

**FIDELIDADE
COMPANHIA
DE SEGUROS, S.A.**

ANNUAL
REPORT
2019

**20
19**

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**REPORT OF
THE BOARD
OF DIRECTORS
CONSOLIDATED
ACCOUNTS**

1.

CORPORATE BODIES

FIDELIDADE – COMPANHIA DE SEGUROS, S.A.

Presiding Board of the General Meeting

President

Nuno Azevedo Neves

Secretary

Paula Rodrigues Morais

Board of Directors

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

José Manuel Alvarez Quintero

Lingjiang XU

Members

José João Guilherme

Francisco Navarra

João Eduardo de Noronha Gamito de Faria

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

André Simões Cardoso

Tao LI

Yu PEI

Feifei ZHANG

Executive Committee

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

Rogério Miguel Antunes Campos Henriques

Members

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Wai Lam William Mak

André Simões Cardoso

Supervisory Board

Chairman

Pedro Antunes de Almeida

Members

Vasco Jorge Valdez Ferreira Matias

João Filipe Gonçalves Pinto

Alternate

Isabel Gomes de Novais Paiva

Statutory Auditors

Ernst & Young Audit & Associados – SROC, S.A.,
represented by

Ricardo Nuno Lopes Pinto, ROC

2.

OUR GROUP

A. KEY INDICATORS

**€4,077
million**

Total Premiums Written
(includes amounts relating to
investment contracts)

Life: € 2,053 million
Non-life: € 2,023 million

**€20.2
billion**

Net Assets

**€196.8
million**

Net Profits

25.5%

Market Share (PT)

Life: 23.6%
Non-Life: 27.9%

5,914

Employees

**€2,830
million**

Shareholders' Equity

28.3%

**Weight of International
Non-Life Operation**

96.5%

**Non-Life Combined
Ratio**

7.6%

Return On Equity

B. OUR HISTORY

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1800

1808 FOUNDATION OF BONANÇA

"Depois da tempestade vem a Bonança"

1810-20 1816 BONANÇA ADOPTS AN ANCHOR AS ITS FIRST SYMBOL

1830-40 1835 FOUNDATION OF FIDELIDADE
 1845 FIDELIDADE IS PIONEER IN LIFE INSURANCE

1850-60 1850 BONANÇA INSURES REAL COMPANHIA VINICOLA

1870-80 1880 CAMILO CASTELO BRANCO MENTIONS FIDELIDADE IN HIS WORK "A CORJA"

1900

1890 1891 BONANÇA INSURES THE TRAIN STATION OF ROSSIO

1910 1913 MUNDIAL IS PIONEER IN INDUSTRIAL INJURY INSURANCE

1920 1920

1930 1935 FIDELIDADE CELEBRATES ITS 1ST CENTURY

1940 1945 IMPÉRIO RELEASES THE INNOVATIVE POPULAR LIFE INSURANCE
 1942 IMPÉRIO INSURES LARGE RISKS OF GRUPO CUF

1950 1958 JOAQUIM PAÇO D'ARCOS MENTIONS FIDELIDADE IN THE BOOK "CARNAVAL"

1960 1963 CREATION OF THE "HOMEM IMPÉRIO" (IMPÉRIO MAN)

1970 1975 NATIONALISATION OF THE INSURANCE SECTOR
 1978 CREATION OF MUNDIAL CONFIANÇA, E.P.

1979 FOUNDATION OF GRUPO SEGURADOR FIDELIDADE, E.P.

1980 1980 MERGER OF BONANÇA WITH COMMERCIO E INDÚSTRIA, UNIÃO E ULTRAMARINA
 1988 FIDELIDADE GRUPO SEGURADOR, S.A. COMPENSATES FOR THE GREAT FIRE IN CHIADO

1990 1990 REPRIVATISATION OF BONANÇA
 1992 REPRIVATISATION OF IMPÉRIO AND MUNDIAL CONFIANÇA
 1995 CGD HOLDS THE ENTIRE SHARE CAPITAL OF FIDELIDADE

2000

2001 FOUNDATION OF IMPÉRIO BONANÇA, S.A.

2002 MERGER OF FIDELIDADE AND MUNDIAL CONFIANÇA

2003

2004 RELEASE OF THE SINGLE BRAND FIDELIDADE MUNDIAL

2005 MULTICARE IS LEADER IN HEALTH INSURANCE

2006 FIDELIDADE MUNDIAL IS MARKET LEADER

2007 TAKEOVER OF COMPANHIA PORTUGUESA DE RESSEGUROS

2008 LEVE PPR IS LEADER IN RETIREMENT SAVINGS

2009 MULTICARE RELEASES HEALTH GLOBAL OFFER

2010 OPENING OF SHARED AGENCIES OF FIDELIDADE MUNDIAL AND IMPÉRIO BONANÇA ALL OVER THE COUNTRY

2011 START-UP OF UNIVERSAL SEGUROS

2012 MERGER OF IMPÉRIO BONANÇA WITH FIDELIDADE MUNDIAL. CREATION OF FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

2013

2013 NEW BRAND LAUNCH FIDELIDADE

2014 ACQUISITION OF GARANTIA BY FIDELIDADE
 ACQUISITION OF FIDELIDADE BY FOSUN 福星
 ACQUISITION OF ESPÍRITO SANTO SAÚDE (ESPÍRITO SANTO HEALTH CARE) BY FOSUN

2017

2017 REBRANDING UNIVERSAL SEGUROS FOR FIDELIDADE ANGOLA
 LAUNCH OF THE NEW MULTICARE BRAND

2019

2019 FIDELIDADE'S ENTRY INTO THE SOUTH AMERICAN MARKET WITH THE MAJORITY ACQUISITION OF LA POSITIVA

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

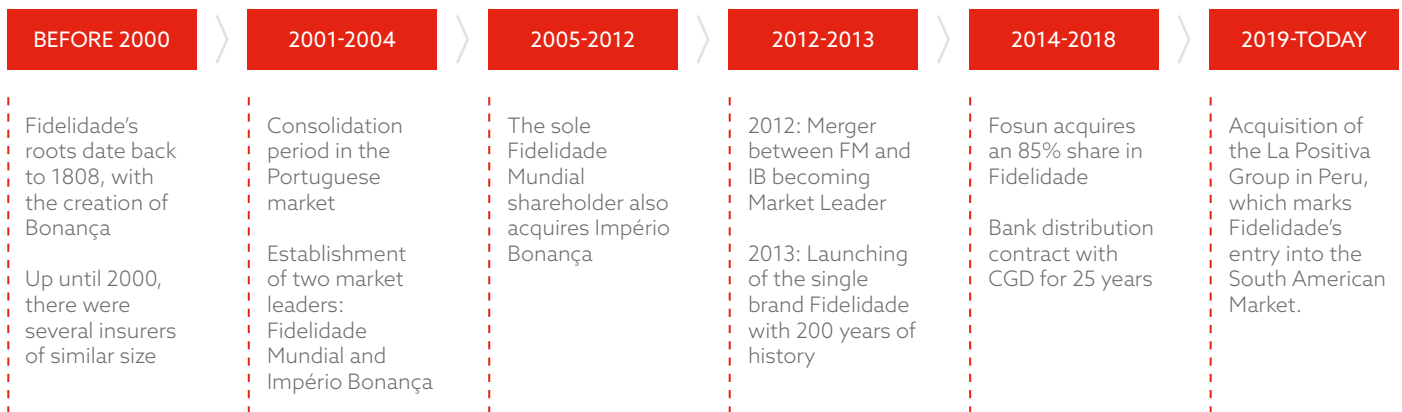
Until 2000 the Portuguese insurance sector was mostly concentrated on six insurers following the reorganisation of the industry in the 1980s.

More recently, after 2000, the Portuguese market began a new phase of consolidation, which gave rise to two major players in the sector: Fidelidade Mundial and Império Bonança.

In 2005, CGD – the sole shareholder of Fidelidade Mundial – acquired Império Bonança, establishing the basis for a new phase in the consolidation of the market. The result was a Portuguese insurance group combining the major Portuguese insurers, enabling the creation of important synergies and consolidation of assets and unique skills within the sector.

The years that followed were marked by progressive integration of the operations of the two companies, culminating in the final merger of FM and IB in 2012 and the launch of the single brand, Fidelidade, in 2013.

In 2014, the company was privatised, with the Fosun Group acquiring approximately 84.99% of Fidelidade’s capital, and the CGD Group remaining the reference shareholder with 15%.



From 2014 on, Fidelidade entered a new phase of development, bolstered by support from the shareholders and focused on two priorities: consolidation of its leadership in the Portuguese market and international expansion.

Applying this strategy, in 2014 the Fidelidade Group acquired Garantia, the leading insurance company in Cape Verde, and Espírito Santo Saúde, a leading healthcare provider in Portugal, now renamed Luz Saúde.

The Group enhanced its strategy of expansion in 2019, completing the acquisition of a majority shareholding in the La Positiva Insurance Group, which has a leading position in Peru and also operates in Bolivia and Paraguay, and also commencing its operation in the Chilean market.

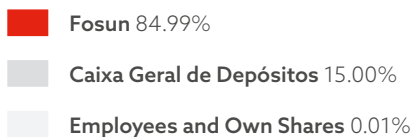
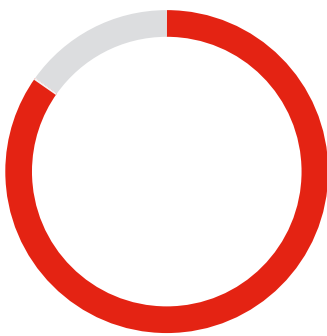
The completion of this expansion process represents another step in consolidating the Fidelidade Group’s internationalisation strategy and marks the start of the Fidelidade Group’s business in Latin America.

C. ABOUT THE FIDELIDADE GROUP

i. Shareholder Structure

Fidelidade's current shareholder structure is the result of the privatisation process that took place in 2014. Fosun now holds approximately 84.99% of the capital, and CGD holds 15.00%. The complementary relationship and ambition of these two shareholders of reference provide a guarantee of the stability and dynamism of the Group's operations.

Shareholder Structure



Description of the Major Shareholders

Fosun

Chinese investment conglomerate of global dimension, focused on the insurance industry and present in several different business sectors.

Caixa Geral de Depósitos

Portuguese state bank, considered the largest financial institution in Portugal, with approx. 4 million clients and with presence in more than 20 countries.

ii. Group Structure

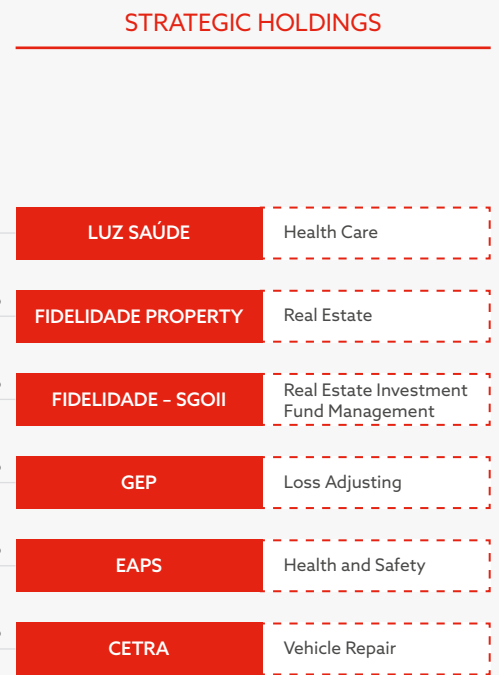
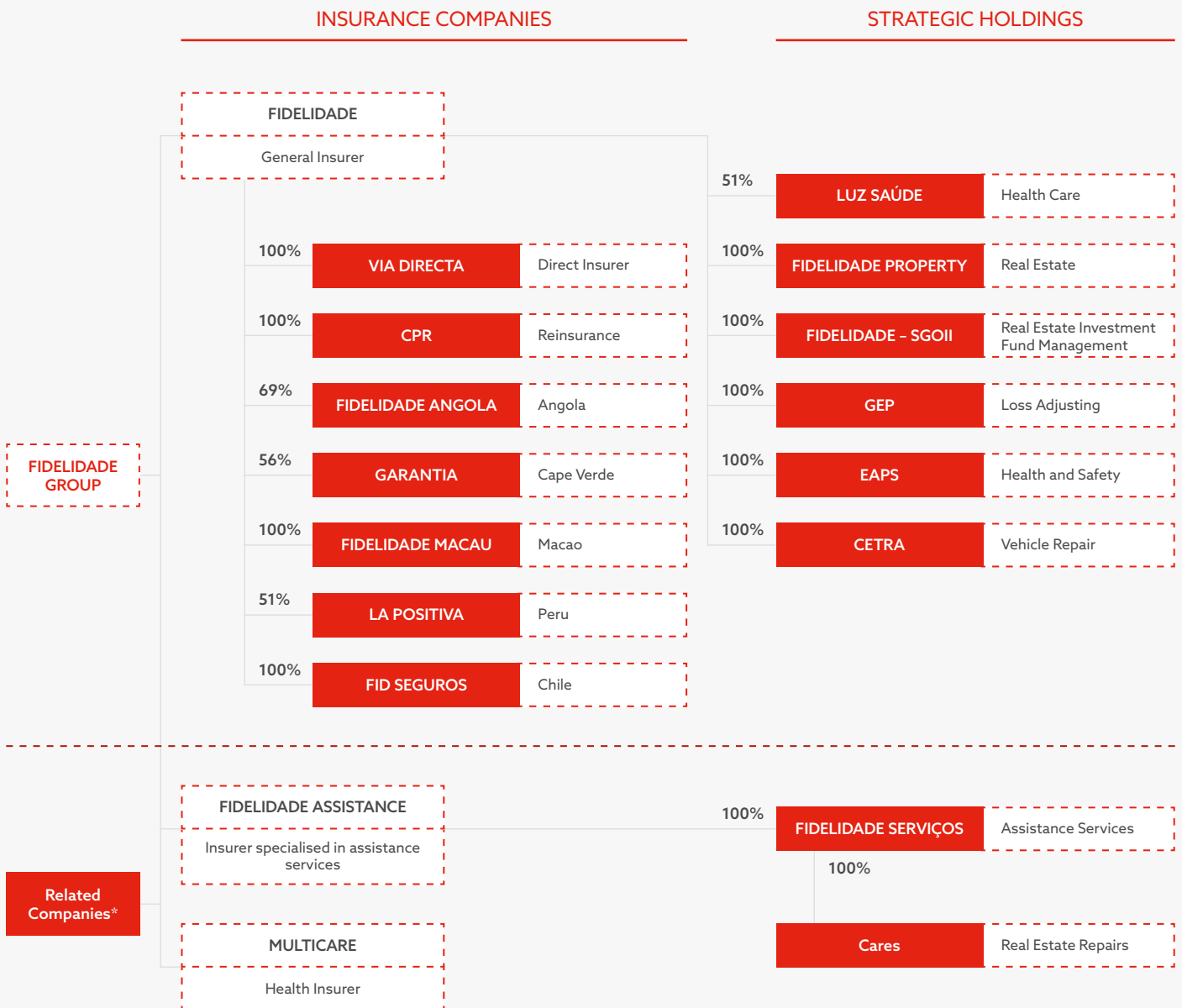
The Fidelidade Group operates in the Portuguese market through its different insurance companies (Fidelidade, Via Directa and Companhia Portuguesa de Resseguro). It also has a presence in the international market through Fidelidade branches (in Spain, France, Luxembourg, Macao - Life Segment, and Mozambique) and through its insurance subsidiaries, Fidelidade Angola, Garantia, Fidelidade Macao (Non-Life segment), La Positiva Group and Fid Chile.

Fidelidade also maintains close ties with other insurance companies that have a similar shareholder structure, Multicare and Fidelidade Assistência. In both cases, these insurers operate in a fully coordinated manner with Fidelidade in order to guarantee a robust offer of products and services.

Lastly, the Fidelidade Group also has strategic shares in companies providing related services, for example Luz Saúde, the leading healthcare provider group in Portugal.

These interests are in line with an approach of vertical integration in the insurance sector and fit within the Group's strategy of guaranteeing operational excellence and quality of the service provided throughout the value chain and of increasing the Group's position as a global service provider of people protection.

SIMPLIFIED ORGANISATION CHART



* Partner companies with a similar shareholder structure (Fosun: 80% and CGD: 20%), but not owned by Fidelidade

iii. Mission and Values

**TO BE FIDELIDADE IS TO BE PRESENT IN THE WORLD IN A SPECIAL WAY
KNOWING HOW TO BE CLOSE AT HAND, DRIVING CHANGE.
REINVENTING THE FUTURE WITH A PRIDE IN OUR PAST.
OVERCOMING CHALLENGES AND LIMITS, TO GO FURTHER EACH DAY.**

Fidelidade's mission is to support the development and construction of a sustainable society. The company is committed to educating, serving, assisting and caring for people throughout their lives with innovative products and services that protect them effectively, so that life does not stop.

From our early origins, we have always been a human company of people thinking about people. We are true in all we say and do. People know they can trust us. This is our commitment that fosters the stability of the relationships with all those who are Fidelidade – clients, employees, partners, shareholders and society itself.

It is sharing our values that makes us Fidelidade!

Be proud of our past, inspire our future.

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

Be innovative, chase the progress.

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

Be outstanding, overcome your limits.

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

Be people driven, be there.

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

iv. Positioning in Portuguese market

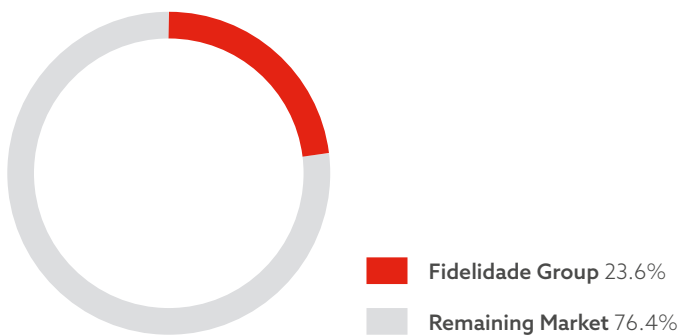
The Fidelidade Group's insurance business acts globally in the Portuguese insurance market, selling products across all lines of business, adopting a multi-brand strategy and operating through the largest commercial network in the country, which includes increasing growth of remote channels.

In 2019, the Fidelidade Group held its position as market leader in both the Life and Non-Life segments, recording an overall market share of 25.5% in the Portuguese market, although this corresponds to a decrease of 9.2 pp compared to the previous year, originating from the financial products component.

However, in the **Life** segment, which is heavily influenced by the behaviour of financial products, it is important to highlight that the Fidelidade Group increased its market share for Life Risk products.

In fact, the success recorded for Life Risk products reflects not only the recent evolution in mortgages, but also the success of the focus on new solutions adapted to the current social and macroeconomic context. 2019 also saw further consolidation of the success of both the Proteção Vital da Família product, an innovative life insurance that accompanies families throughout their life cycle, and the Proteção Vital 65+ product, an insurance dedicated to the needs of the over-65s.

Life Segment – Market Share



Fidelidade Group

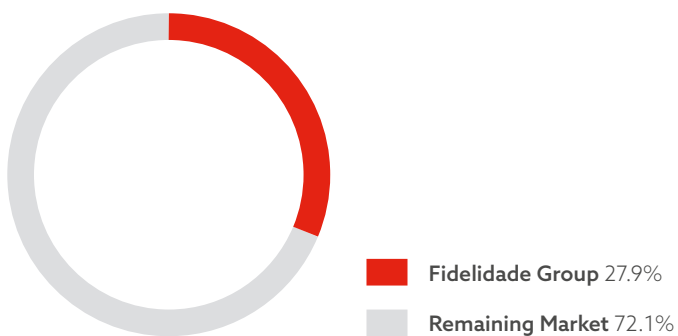
Life Risk **18.3%**
 Annuities **32.9%**
 Life Capitalisation **22.6%**
 Pension Plans **26.2%**

In the **Non-Life** segment, the commercial performance of the Fidelidade Group in the Portuguese market surpassed the positive trend of the market as a whole, with the Group strengthening its market share by 0.4 pp to 27.9%.

This evolution reflects the positive performance of most lines of businesses. Of particular note was the increase in share in some highly competitive lines of business, in particular Workers' Compensation (0.3 pp), Motor (0.3 pp) and Health (0.6 pp).

The Fidelidade Group's performance enabled it to consolidate its position of leadership in most lines of business, and it remained the clear market leader in Non-Life insurance in Portugal.

Non-Life Segment – Market Share



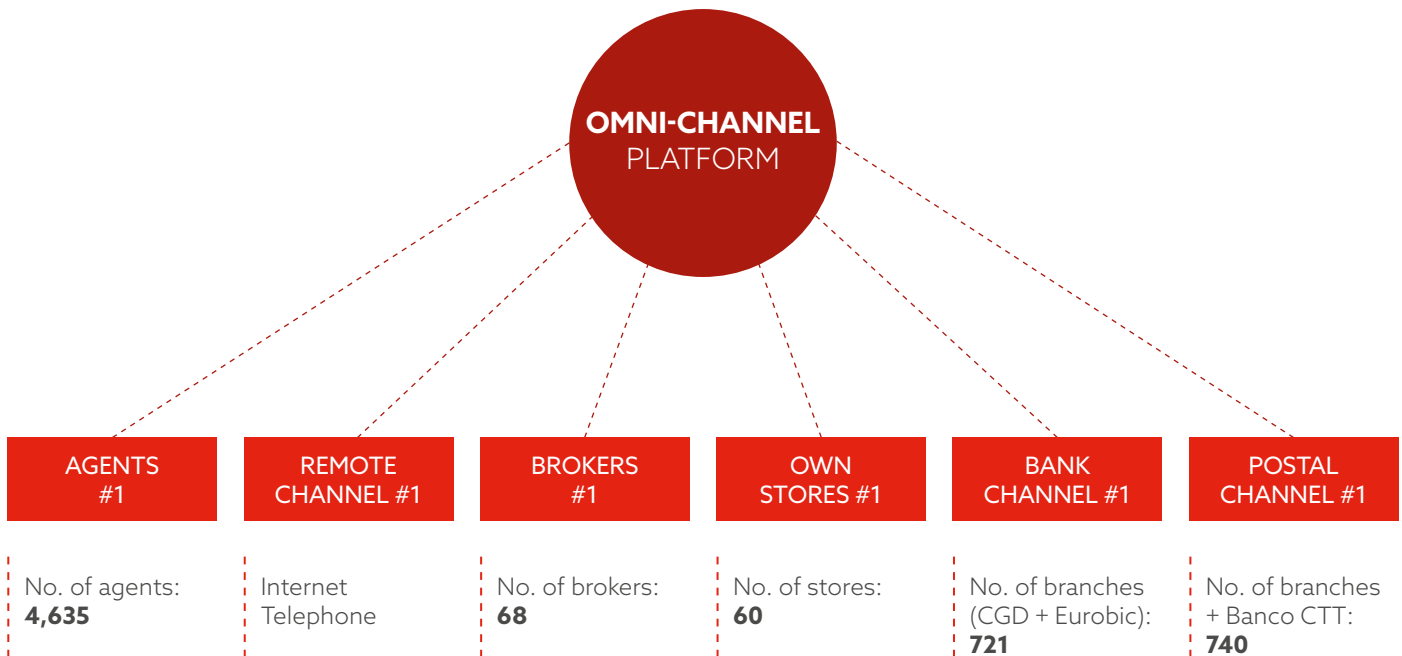
Fidelidade Group

Motor **28.3%**
 Workers' Compensation **26.4%**
 Personal Accidents **14.0%**
 Health **37.2%**
 Home **22.9%**
 Commercial and Industrial Property **28.8%**
 Other Fire and Other Damage **37.4%**
 Third Party Liability **26.0%**
 Transports **34.3%**

v. Distribution Network in Portugal

Fidelidade’s insurers sell products in all business segments through the largest and most diversified distribution network of insurance products operating in the Portuguese market: Fidelidade own stores; agents; brokers; CGD and Eurobic bank branches; the CTT (postal service and bank); internet and telephone channels.

This large distribution network and its geographical presence throughout the country allow us to be close to our clients, offering services that are increasingly customised and differentiated.



Capitalising on its strong presence in the various distribution channels, the Fidelidade Group has been developing an Omni-Channel strategy, ensuring a coherent range of products and a perception of integration by the consumer, regardless of the channel being used, linked to extensive regional penetration, which can provide more personalised services that also enhance proximity.

vi. The Fidelidade Group's offer of brands in Portugal

The Fidelidade Group has a wide range of products and services available to its clients, resulting from its vast accumulated experience and from the constant search for insurance innovations.

Fidelidade's offer includes Life insurance (Risk, Annuities and Financial) and Non-Life insurance, which includes, among many others, products such as Motor Insurance, Workers' Compensation, Health, and Home Insurance, complemented by a unique range of assistance in the different areas.




The Fidelidade Group has also been developing a number of new products to offer more wide-ranging and innovative solutions. These include Fidelidade Pets, covering household pets, that reflects an effort to diversify Fidelidade's product range with a focus on the Family, and the Proteção Vital 65+ insurance, designed for the over-65s.

In the corporate sector, the Group has launched Fidelidade Cyber Safety, a solution that seeks to safeguard companies' financial stability in the wake of a cyber-attack, representing further diversification in the products offered to Small and Medium-Sized Enterprises.

At the same time, after observing market dynamics and trends and focusing on satisfying clients' needs, the Fidelidade Group has sought to identify and develop innovative solutions and business models, creating new value propositions in the different sectors where it provides insurance (Home, Mobility, Health, Leisure and Entertainment).

Of particular note here is the launch of the Smart Drive project, in the area of digital mobility, in partnership with Brisa, which includes telematics-based insurance products and mobility insurance for Via Verde clients.

In Portugal, the Fidelidade Group's products reach clients through three different brands: Fidelidade, Multicare and OK! Telesseguros, all of which are leaders in their segments.

 SEGUROS DESDE 1808	<ul style="list-style-type: none">• Life and Non-life products• Benchmark brand focused on all channels
 FIDELIDADE	<ul style="list-style-type: none">• Health Insurance• Broad offer of health insurance
	<ul style="list-style-type: none">• Online sales of insurance• Focus of Non-Life products (ex. Motor, Property) sold through the remote channel

vii. Focus on Operational Excellence and Service Quality

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 client satisfaction. The skill of the Fidelidade Group in these areas has been identified and recognised by clients.

In recent years, Fidelidade is proud to have been recognised on several occasions as a brand of reference by the Portuguese. It is the insurance company that has won the most awards in Portugal. These awards are the result of the path that Fidelidade has followed, in choosing to be an insurance company made up of people thinking about people.



SUPERBRANDS PORTUGAL 2019

Fidelidade and Multicare attained the status of Superbrands 2019



MARKTEST 2019

Brand with the Best Reputation in the Insurance category (Fidelidade)



MARKTEST 2019

Brand with the Best Reputation in the Health Insurance category (Multicare)



MARKTEST 2019

Brand with the Best Reputation in the Remote Channels category (OK! Teleseguros)



CONSUMERS' CHOICE 2019

OK! Teleseguros was the consumers' choice in the Remote Channels category



CONSUMERS' CHOICE 2019

Fidelidade was the consumers' choice in the Insurance category



EXCELLENTIA CONSUMERS' CHOICE 2019

Fidelidade was the Excellentia 2019 consumers' choice, an award given to the best Customer-Centric company



TRUSTED BRAND 2019

The Portuguese voted Fidelidade a Trusted Brand in 2019



FIVE STARS AWARDS

OK! Teleseguros received the Five Stars 2019 award in the "Remote Channels" category



MARKETEER AWARDS

The Fidelidade brand received the most votes in the Insurance category



PORTUGAL DIGITAL AWARDS 2019

The "Smart Drive" project, a partnership between Fidelidade and Brisa, was distinguished in the Best Digital Product & CX category

viii. International Presence

The Fidelidade Group's international insurance business is an important means of sustained growth and pursuit of medium and long-term goals. The Group currently operates in four continents and twelve countries, with several business units, including local branches, representative offices and subsidiaries.

Initially, Fidelidade's process of internationalisation sought, in particular, to take advantage of markets with which Portugal had greater economic, cultural and language ties. From 2014, with the change in the shareholder structure, the Chinese community also became a priority in terms of developing the international business.

In recent years, with an additional focus on value creation, the Fidelidade Group has been analysing specific opportunities for international expansion in countries with an attractive growth potential and where the Group can use the experience and knowledge it has gained over the last 200 years, in order to add value.

These growth efforts have produced solid results and the international business currently accounts for a significant part of the Group's overall turnover. In 2019, the Fidelidade Group entered a new continent, South America, when it acquired a majority shareholding in the La Positiva Insurance Group, which has a leading position in Peru and also operates in Bolivia and Paraguay, as well as also creating a new insurer in Chile.

The acquisition of such a large company in a new market for the Group is significant in consolidating the internationalisation strategy, at a turning point from the previous focus on Portuguese-speaking markets. With the inclusion of these companies in the Fidelidade Group, the number of Spanish-speaking employees and clients in the Group is similar to that of their Portuguese-speaking counterparts.

The Fidelidade Group regards internationalisation as a strategic priority to diversify business, create synergies and transfer innovation between companies and, above all, between markets. However, it is also a commitment to developing markets where the Group decides to operate, in terms of both developing people and creating infrastructures or providing services and solutions to the people, while always remaining aware that each operation must be financially and operationally sustainable.

PORTUGAL

- Head office and main centre of operations
- Market leader with global share of 25.5%

SPAIN

- Present since 1995
- Focus on the bank assurance channel with BCG, bilateral business and brokers

**FRANCE/
LUXEMBOURG**

- Present since 1997
- Focus on the Portuguese community and their descendants

**MACAO LIFE/
MACAO NON-LIFE**

- Fidelidade's presence in Asia
- 4th largest company in Life and Non-Life business

CAPE VERDE

- Majority share in Garantia, market leader with approximately 60% of global share

PERU

- Acquisition of the insurance La Positiva with a presence in Paraguay and Bolivia

ANGOLA

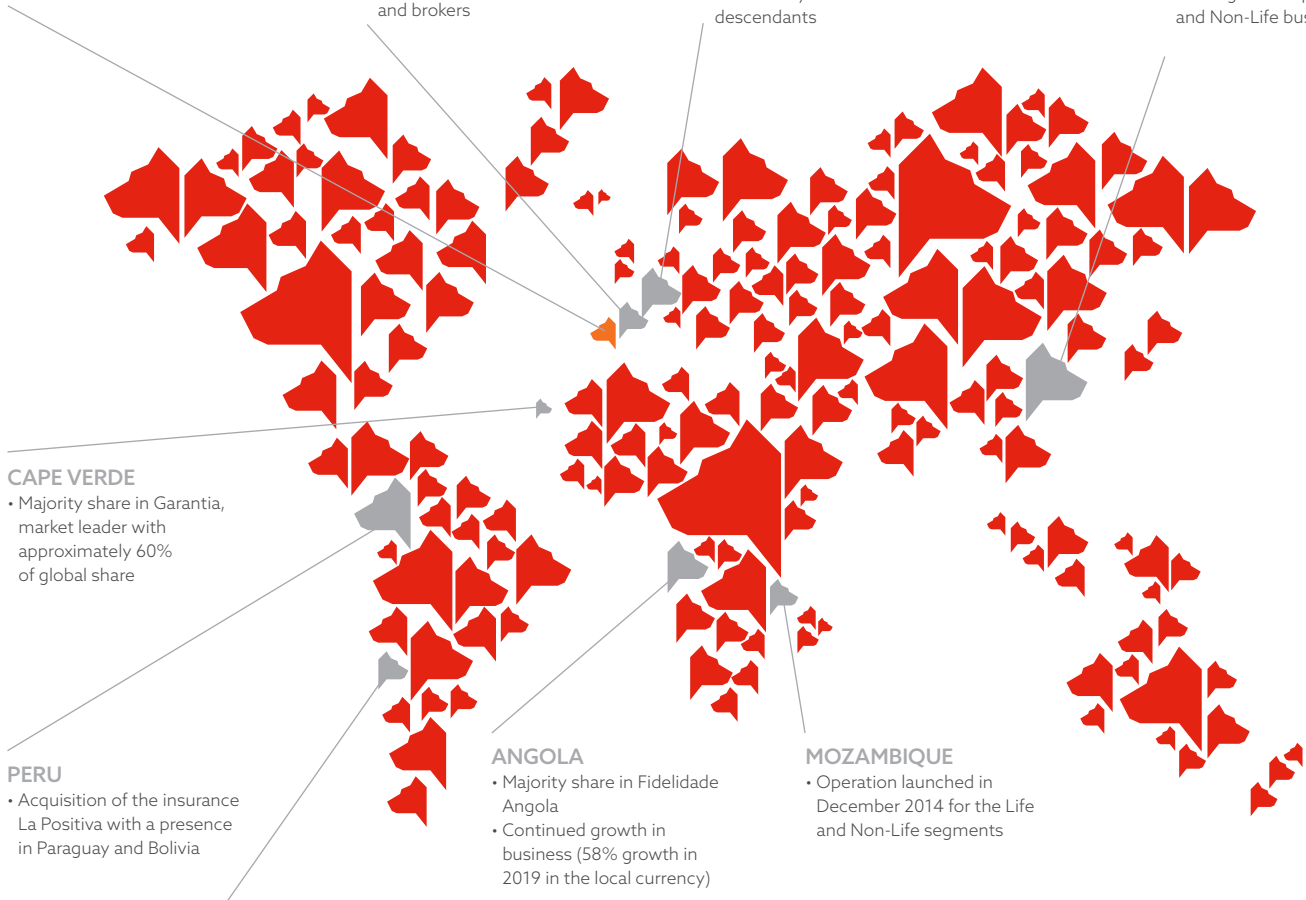
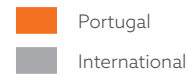
- Majority share in Fidelidade Angola
- Continued growth in business (58% growth in 2019 in the local currency)

MOZAMBIQUE

- Operation launched in December 2014 for the Life and Non-Life segments

CHILE

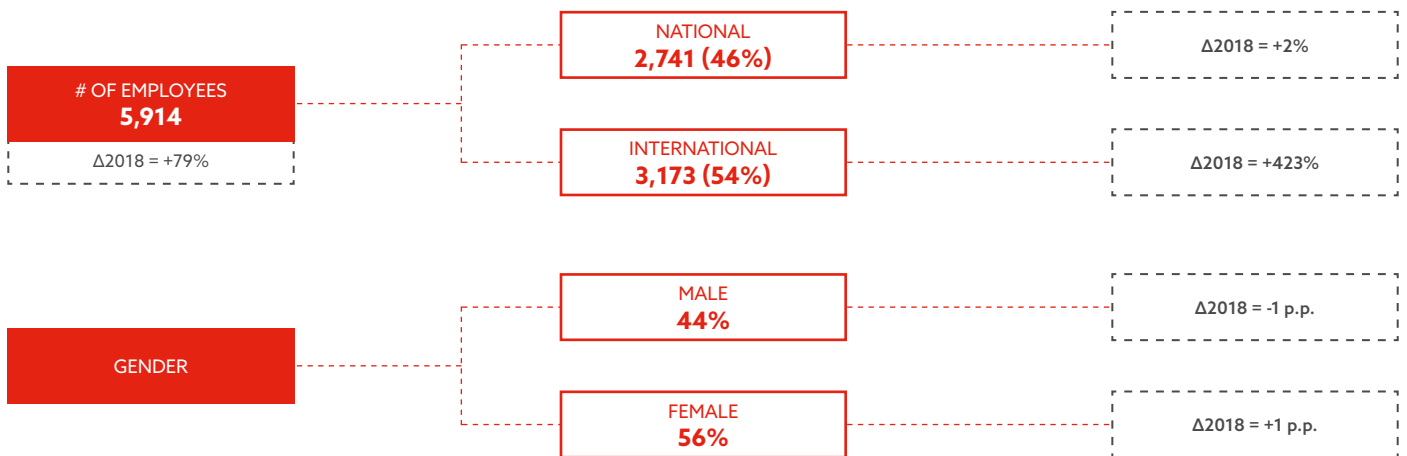
- Operation launched in December 2019 through the insurance company FID Chile



ix. The Fidelidade Group Team

At the end of 2019, the Fidelidade Group had 5,914 employees working in its insurance business, with 46% based in Portugal and 54% in international operations.

The overall number of employees rose dramatically (79%) when compared to 2018, reflecting the evolution of the various Group companies in international operations, with the numbers in Portugal remaining relatively stable. This rise reflects the Group's acquisition of La Positiva and subsequent expansion in the South American market, in line with the Fidelidade Group's increasing internationalisation.



In 2019, the emphasis on rejuvenating and adapting the organisation in order to keep pace with new market challenges continued. This focus, aimed at developing new skills, led to a reduction in the average age of Group employees from 44.2 in 2018 to 40.8 in 2019, reflecting, on the one hand, the lower average age in Portugal (counteracting the natural ageing of the workforce by one more year) and, on the other, the greater weight of employees working abroad, whose average age is lower than that of employees in Portugal.

The length of service of employees in the Fidelidade Group's insurance companies continues to reflect the trend towards rejuvenation mentioned above. In 2019, 58% of employees had been at the company for less than 10 years.

Reflecting the ongoing transformation of the business, 2019 continued the adjustments to the organisation begun in 2014, thanks to the significant involvement of all our People and the important increase in the international team as a result of the Group's international expansion.

Besides the efforts in terms of organisational change and redimensioning of structures, the process of reformulating human resources management policies and practices also continued.

These various initiatives should have a considerable impact in the medium term, cementing the company's position as an organisation which is increasingly recognised for human resource management in Portugal and as a benchmark employer for the younger generation.

D. GROUP STRATEGY

The Fidelidade Group is the uncontested leader in the Portuguese insurance market, standing out in several areas, which give it a competitive advantage over other insurers operating in Portugal:

- Clear market leader, with a client base of over 2.3 million, served by an omni-channel network with a high level of regional penetration;
- Brand leader in value, reputation and client recognition, resulting from a continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, banks, post offices and online channels;
- Technical skills which are unique in the market, having a broad range of insurance products and recognised claims management capability, thereby guaranteeing a high level of client satisfaction;
- Prudent risk management policies and above-average provision levels.

In this context, starting from a particularly strong position in Portugal, the Fidelidade Group is seeking to grow from a local player, with a very strong brand and outstanding technical and multi-channel management skills, to a recognised international player.

Gaining international recognition involves increasing the proportion of international business in the total Non-Life business, assuming a position of reference in the markets where the Group is present. The aim is to base this evolution on creating critical mass, building an identity of excellence in the insurance sector in the international markets where the Group already operates, and growing internationally in attractive and stable markets with growth potential and where the Group's strong skills can represent solid competitive advantage, adding value to clients and partners in those markets.

Accordingly, the Fidelidade Group has the following fundamental strategic objectives:

- Consolidation of its position in the Portuguese market;
- Expansion of the international business;
- Optimisation of investment management;
- Digital Transformation and Analytics.

FIDELIDADE STARTING POINT

- Leadership in the Portuguese market, with a client base of 2.3 million
- Unique brand in the market due to its value and recognition with clients
- Benchmark technical skills, broad product range
- Quality in claims management, recognised for its efficiency

STRATEGIC AREAS

- 1. Consolidation of the position in the Portuguese Market**
- 2. International Business Expansion**
- 3. Optimisation of Investment Management**
- 4. Digital Transformation and Analytics**

Throughout 2019, these strategic directions provided the guiding principle for activity within the Fidelidade Group, giving rise to a wide range of initiatives that were implemented by the different Group companies.

Consolidation of the position in the Portuguese market

Despite the Fidelidade Group's leading position, different factors point to the need for constant evolution in the approach to the market. Of particular note are the extreme levels of competition experienced in some lines of business in recent years.

In this context, and in preparation for the future, the Fidelidade Group is taking a structured and coherent approach to maintain and strengthen its position in the Portuguese market.

Accordingly, the Group has a series of on-going initiatives in several areas:

- Improvement in product profitability;
- Innovation in the range of products and services;
- Improvement in performance and efficacy of sales in the distribution channels;
- Implementation of an omni-channel strategy, combining the various channels, and their product ranges and service levels, to guarantee an integrated client experience;
- Enhancement of the organisation, to become more client-focused, more efficient, more agile, and capable of supporting business growth.

Enhancing interaction with clients and focusing on prevention are both guiding principles in the Fidelidade's Group's strategy, in a context where striking a balance between current profits and processes of transformation is top of the Group's agenda.

As market leader, the Fidelidade Group's aim is to understand the trends where it is operating and identify new market directions, triggering the initiatives needed to meet clients' expectations. All this will lead to greater proximity to the client and the creation of more frequent and relevant interactions with people, with added value and recognition in the long term.

Success in implementing these initiatives should enable the Fidelidade Group not only to strengthen its position in the Portuguese market, but also to acquire skills and transfer this knowledge to current international operations and those it intends to develop in the future.

Expansion of the international business

Throughout Fidelidade's process of internationalisation, the Group has targeted markets where Portugal has greater economic, cultural and language ties. For the most part, Fidelidade followed its natural partner in the bank channel (CGD), concentrating its operations in markets where the Bank was present.

In Europe, this strategy led to a presence in France and Luxembourg, two countries well known for their large communities of Portuguese immigrants, and also in Spain. Fidelidade's presence in Macao followed the same logic.

In Africa, in a more recent development, the Fidelidade Group also expanded to markets where, for historical and cultural reasons, ties with Portugal are more evident – Angola, Cape Verde and Mozambique.

International expansion continues to be a strategic priority for the Fidelidade Group, as a means of diversifying its business and guaranteeing new paths for growth. The Fidelidade Group's goal is to act in new markets where it can use its skills base to offer competitive advantage, while complying scrupulously with all criteria to remain financially and operationally sustainable.

Accordingly, the Fidelidade Group has been actively analysing opportunities in specific countries in Africa and Latin America, where the economic environment and the level of development of their insurance markets appear favourable to a successful entry.

In this context, in 2019 the Fidelidade Group acquired a majority shareholding in the La Positiva Insurance Group, which has a leading position in Peru and also operates in Bolivia and Paraguay.

The acquisition of the shareholding in the La Positiva Group is today a symbol of the importance of international expansion in the Fidelidade Group and its classification as a strategic priority, as a means of guaranteeing new growth paths.

However, international expansion is not only about identifying markets where the Group's skills can produce competitive advantage. Nowadays, internationalisation, per se, is a means of transferring knowledge, skills and innovation between all the companies belonging to the Group.

Skills transfer between companies also enables expansion in the different markets, promoting innovative and competitive solutions, and thereby contributing to economic development and to the creation of infrastructures in all the locations where the Group operates.

This is an extremely important step in cementing the Fidelidade Group's position as a reference in the international insurance industry.

Optimisation of investment management

The Group's aim in this area is to guarantee the right fit for the market and regulatory context in which it operates, naturally seeking optimisation of return and risk, but safeguarding the level of prudence that has always characterised the company's activity.

In recent years, the financial markets have been characterised by very low interest rates. This situation presents a challenge for business profitability, especially in the Life segment.

In this environment, the investment strategy involves implementing a policy of greater diversification of financial investments that guarantees appropriate exposure to different classes of assets, geographies and currencies, and also enables restructuring of the real estate investments portfolio, with emphasis on the commercial and services areas.

Naturally, this investment policy requires constant monitoring, to ensure control over the exposures incurred and appropriate alignment between assets and liabilities. Implementation of this policy is also based on the assumption that the company's capital needs are properly safeguarded, taking into account the criteria included in the European Solvency II regulations.

Digital Transformation and Analytics

The Fidelidade Group has also remained focused on digitalisation, with various initiatives that can provide the Group's insurance companies with tools able to respond to the potential disruptive impact of new business models based on the new technologies. As market leader, the Fidelidade Group's focus is on understanding the trends where it is operating and identifying new market directions, in order to generate ideas for innovation projects.

In this context, and in preparation for the future, the Fidelidade Group has been developing various initiatives in several areas:

- Development of MyFidelidade and new Apps (e.g. MySavings, MyPets), which allow clients to use the internet to take out new products, obtain simulations, follow their insurance portfolio, report claims, etc.;

- New products and suggestions linked to the use of new technologies, particularly in the Health line of business (e.g. launch of the innovative telemedicine service), the Motor line of business (e.g. launch of telematics-based products such as "Fidelidade Drive") and the Home line of business (e.g. the new "Fidelidade Casa" product that offers a range of unique covers in the Portuguese market);
- Digital transformation of business processes and client relations. In loss adjusting process, for example, digitalisation has enabled the company to test innovative solutions for Motor insurance, creating a new concept of loss adjusting that allows quotes to be validated using intelligent algorithms and, at the same, damage to be assessed solely from photographs.

The Group's work to innovate in products and services, to digitalise and to promote improvement in service quality follows the developing trends in technology and capitalises on its potential to make a positive change regarding some of the main challenges facing society.

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

3.

OUR

PERFORMANCE

A. MACROECONOMIC ENVIRONMENT

In 2019, the Portuguese economy continued to display economic growth, following the positive trend that began in 2014.

In fact, this trend has largely been the result of the favourable external climate in financial markets and increased exports, as well as high levels of confidence of economic agents and positive improvements in the labour market.

However, although the results are positive, the most recent projections from Banco de Portugal suggest a deceleration in economic activity, indicating GDP growth of 2.0% in 2019, lower than the figure for 2018 (2.4%), but still above the euro area average (1.4%).

The slowdown in Exports and Domestic Consumption, both of which recorded high levels of growth in previous years, is the main reason for this change compared to 2018.

Notwithstanding estimated growth of 2.8% in 2019, Exports slowed by 1.0 pp when compared to the previous year.

Private Consumption also continued on an upward trend (+2.3%), but with more moderate growth than in the previous year (-0.8 pp), reflecting, on the one hand, real growth in families' disposable income, but on the other, deteriorating consumer confidence.

Similarly, Public Consumption followed the same trend as Private Consumption, recording a slowdown in 2019 when compared to the previous year. Growth of only 0.5% reflected a reversal of a one-off effect of expenditure relating to the 2017 wildfires (which had an impact on intermediate consumption in 2018).

It is also important to note the strong growth in Gross Fixed Capital Formation in 2019 (7.3% in 2019, compared to 5.8% in 2018), largely driven by the construction sector and influenced by buoyant residential construction and the execution of large infrastructure projects.

Projections for the labour market suggest an increase in employment levels (+1.0%) and, consequently, a fall in the unemployment rate to 6.3% at the end of 2019.

Inflation, measured by the rate of change in the HICP, is expected to decrease markedly in 2019 (from 1.2% in 2018 to 0.3% in 2019), reflecting both the drop in energy prices, in line with the evolution in oil prices, and the positive impact of some non-energy prices, including, for example, the fall in the price of public transportation travel cards and in education costs (as a result of the entitlement to free school textbooks being extended and the decline in higher education tuition fees).

The most noteworthy of the risks with potential negative effects at global level is uncertainty resulting from the possibility of an intensification of trade barriers due to tensions between China and the United States and the potential extension of these barriers to other countries. There is also the possibility of a slowdown in global economic activity, associated with the pass-through of recent weakness in manufacturing to other sectors of activity, especially services.

B. INSURANCE MARKET ENVIRONMENT

i. Evolution of the Portuguese Insurance Market

In 2019, following two consecutive years of growth, the Portuguese insurance sector recorded a decline in total direct insurance premiums, which stood at EUR 12.2 billion (a decrease of 5.8% compared to the previous year).

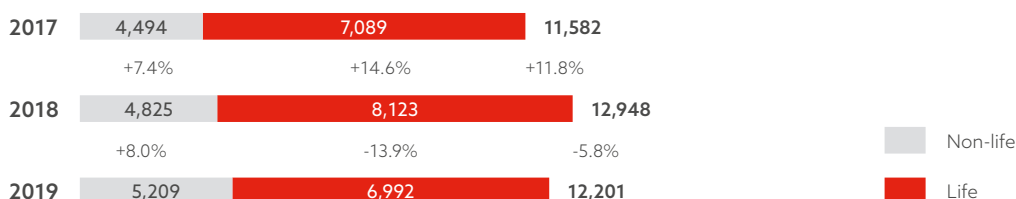
The Life segment, which recorded a decrease of 13.9% to EUR 7.0 billion, was the main catalyst for the decline in premiums recorded in the sector as a whole. After two consecutive years of growth (14.6% in 2018 and 6.2% in 2017), total premiums in this segment contracted once again in 2019, reflecting the performance of financial products.

Meanwhile, in contrast to the evolution in the Life segment, total premiums in the Non-Life segment continued the upward trend seen in recent years (7.1% in 2017 and 7.4% in 2018), recording a premiums increase of 8.0% compared to the previous year, with direct insurance premiums rising to EUR 5.2 billion.

Portuguese Insurance Market

Source: ASF

(million euros)



ii. Evolution of the Life insurance market in Portugal

In 2019, the Life segment recorded a drop in direct insurance premiums of 13.9% compared to the previous year, which represents a decrease in premiums of around EUR 1.1 billion to EUR 7.0 billion. The performance of financial products was the main cause for this decline in total premiums for this segment.

Of note is the fall in contributions for products not linked to investment funds, which fell significantly compared to the previous year, reflecting the current climate of low interest rates, combined with a decrease in families' savings rates and the current prudential regulations applicable to the sector (Solvency II) which are more sensitive to the risks inherent to financial guarantees.

Insurance linked to investment funds, which is less sensitive to the aforementioned macroeconomic and prudential context, also recorded a fall in premiums, albeit less accentuated.

Meanwhile, Life Risk products consolidated the growth trend seen in recent years, as a result of buoyancy in the real estate market and the corresponding increase in new mortgage agreements.

Life Insurance Premiums

Source: ASF

(million euros)



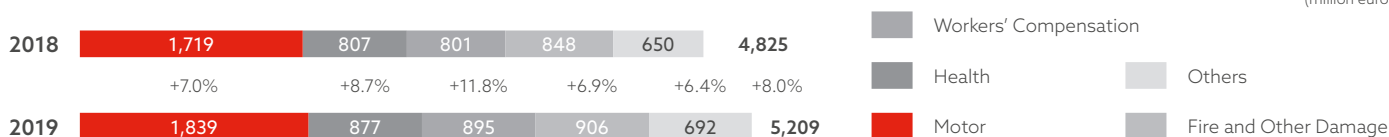
iii. Evolution of the Non-Life insurance market in Portugal

The Non-Life segment maintained the positive evolution seen in recent years, confirming signs of the economic recovery that began in 2015. Premiums in this segment grew at a higher rate than in the previous year (+8.0%, compared to +7.4% in 2018) and this increase was seen across all the main lines of business.

Non-Life Insurance Premiums

Source: ASF

(million euros)



The Workers' Compensation line of business continued to display double-digit growth (+11.8%), reflecting the effect of growth in economic activity, with a positive impact on the wage bill and a decrease in the unemployment rate, as well as tariff adjustments that Companies have been implementing in recent years to rebalance the technical results. This important development in recent years has meant that this line of business is now the second most important in the Non-Life segment (overtaking the Health line of business).

Total premiums in the Motor and Health lines of business also continued to grow in 2019, consolidating the trend seen in previous years.

The Health line of business, boosted not only by greater awareness among the population of the importance of health insurance as a complement to the National Health Service but also by employers' increasing inclusion of health insurance in employees' benefits plans, recorded growth of 8.7% (compared to 7.4% in 2018), bringing direct insurance premiums to EUR 877 million.

The Motor line of business, which is still by far the most important Non-Life line of business, also grew at a noticeable pace (7.0%), recording EUR 1.8 billion. This increase in premiums, essentially due to growth in the average premium associated with the rise in vehicle ownership, meant that the Motor line of business maintained its structural weight in the total Non-Life premiums (35% of all Non-Life premiums).

The Fire and Other Damage line of business, where Home Insurance products are particularly significant, displayed robust growth of 6.9%, with total premiums of EUR 906 million. Increases in business investment and buoyancy in residential construction in 2019 were important factors in this evolution.

The other less significant lines of business in the Non-Life segment also grew when compared to the previous year. Their aggregate increased 6.4%, totalling EUR 692 million.

C. EVENTS SUMMARY 2019

JANUARY	<p>La Positiva - Peru: Completion of the process to acquire the La Positiva group, marking Fidelidade's entry into the Latin American market.</p> <p>Fidelidade Access Digital Clients Panel: creation of a Facebook group with the aim of inviting clients to share ideas, opinions and suggestions on products and services and also Fidelidade's communication campaigns</p> <p>Accidents Medical Care Unit - Coimbra: Opening of a new healthcare provider within the area of workers' compensation, in Coimbra</p>
FEBRUARY	<p>Fidelidade Cyber Safety: launch of a new product aimed at Small and Medium-sized Enterprises that wish to safeguard their financial stability in the wake of a cyber-attack</p> <p>Fidelidade Automóvel - New classic car product: Launch of a new product aimed at clients who, in addition to their regular vehicle, own classic cars with the following features: quality, historical importance, rarity, or exclusivity</p>
MARCH	<p>Fidelidade Studio: Inauguration of a new space at the Campus of Nova School of Business and Economics, in Carcavelos, which seeks to create a new experience and increase proximity between the younger generation and the insurance sector</p>
APRIL	<p>Artificial Intelligence (AI): In partnership with Culturgest, organisation of the Cycle of Conferences "Artificial Intelligence: Applications, Implications and Speculations" to promote examination and reflection on current applications of Artificial Intelligence</p> <p>Faustudo App: Launch of the pilot project "Faustudo", an application for the provision of services in the home, which is fully digital, including to receive quotes, submit requests, make payments and evaluate service providers</p>
MAY	<p>Brisa Partnership: Establishment of a partnership with Brisa in the area of social mobility, covering telematics-based insurance products and mobility insurance for Via Verde clients.</p> <p>Multicare - 1 Million People: Launch of a new communication campaign to commemorate reaching 1 million Health clients, making Fidelidade the No. 1 health insurer in Portugal</p>
JUNE	<p>Multicare Santé: Launch of the new product Multicare Santé, health insurance designed for the French community in Portugal that guarantees payment of health expenses as a complement to reimbursements from French Social Security</p> <p>Real Estate Project Award: The new offices of the law firm Vieira de Almeida & Associados, a project by Fidelidade Property, won the award in the sub-category "Urban Rehabilitation Offices" in the first edition of the Expresso and SIC Notícias Real Estate Awards</p>

JULY	<p>A Fidelidade contínua com Portugal: Launch of the communication campaign “A Fidelidade continua com Portugal” [Fidelidade keeps going with Portugal], which was tailored to each of the different regions of Portugal with the aim of strengthening the brand’s close relationship with every client and enhancing the commercial network throughout the country</p> <p>China Reinsurance Partnership: Establishment of a cooperation agreement with China Reinsurance, the largest reinsurer in China, which will allow Fidelidade to diversify its business scope and develop new international corporate growth opportunities</p>
AUGUST	<p>GEP Cape Verde: Start of “GEP Cabo Verde”’s international business, as a result of the expansion of the Fidelidade Group’s loss adjusting management firm (GEP)</p> <p>Summer Festivals: Fidelidade was the official insurance company at several summer festivals, including NOS Alive, NOS Primavera Sound and Vodafone Paredes de Coura</p>
SEPTEMBER	<p>Just in Case: Launch of the pilot project “Just in Case”, an application that helps travellers prepare and plan their trips and provides assistance and travel insurance functions on demand</p> <p>Cascais Padel Masters: Fidelidade, together with Multicare, was the Official Insurer of the Cascais Padel Masters, a competition which is part of the World Padel Tour</p>
OCTOBER	<p>Television Programme “Por Falar Nisso” [Speaking of Which]: Multicare launched a television programme in partnership with Júlio Machado Vaz, a well-known professional in the field of psychiatry, with the aim of promoting careful and proactive reflection on the main issues, challenges and behaviours of modern society</p> <p>Pensar Maior 2019 [Think Bigger 2019]: Fidelidade held a national meeting of staff, shareholders and partners all in one place with the aim of enhancing the Group culture, summing up the decade and preparing for the future</p>
NOVEMBER	<p>Fidelidade Automóvel - reformulation: Restructuring of the motor product range with the aim of providing a solution for different client profiles and responding to their real needs</p> <p>Legal Team Award: Fidelidade’s legal team was distinguished as “In-house Legal Team of the Year” in the insurance industry in the Iberian Peninsula in the III Edition of Iberian Lawyer’s Gold Awards</p>
DECEMBER	<p>Real Estate portfolio: Fidelidade sold a portfolio of real estate assets that included several offices used by central services, which will be relocated in the future to the new headquarters at Entrecampos.</p> <p>Fid Seguros - Chile: Fidelidade continued its international expansion with the opening of FID Seguros in Chile, thereby strengthening its position in the Latin American market</p>

D. FIDELIDADE GROUP ACTIVITY

i. The Fidelidade Group's main areas of activity

The Fidelidade Group's robust performance throughout 2019 was based on various actions that can be split into three areas:

- I. Products and Services
- II. Distribution
- III. People and Organisation

I. Products and Services

The constant effort to innovate in its range of products and services is a feature of the Fidelidade Group, which is seeking to increasingly position itself in the market as a company with integrated service solutions associated with people protection, going beyond the insurance business.

Besides complying with the legal requirements of the insurance sector, which often simply means paying claims in a timely manner, the objective is to go further, exceeding our clients' expectations by providing exemplary service quality and a wide range of cover and services which respond to the broadest of needs.

The Group's work to innovate in products and services, to digitalise and to promote improvement in service quality follows the developing trends in technology and capitalises on its potential to make a positive change regarding some of the main challenges facing society. Accordingly, the range of products and services has been clearly developed in recent years, supported by a greater level of vertical integration within the Fidelidade Group, in response to market needs.

In the **Motor** line of business, in 2019 the Fidelidade Group restructured "**Fidelidade Automóvel**" with the aim of providing a solution for different client profiles and responding to their real needs. The various plans were simplified, and a solution was created for more digital clients, who did not previously have a specific offer. Being aware of market developments and the need to create solutions increasingly targeted to specific segments, Fidelidade also launched the new product "**Fidelidade Automóvel Clássicos**". This insurance is designed for clients who, in addition to their regular vehicle, own classic cars with the following features: quality, historical importance, rarity or exclusivity.

Additionally, the Fidelidade Group prepared itself for the launch of telematics products, which record driving behaviour in real time with the aim of contributing to better and safer driving. The client can assess different aspects of his/her driving, such as the number of breaks during a long journey or abrupt acceleration or braking, and these are automatically recorded in an application which informs the driver of possibilities for improvement and encourages safe driving. This new service also provides economic benefits for the client: on one hand, it tends to reduce the motor insurance premium and, on the other, it encourages saving by offering several discount options.

Following the launch of the **Fidelidade Drive** App in 2017, and its consolidated growth in 2018, with the introduction of new functions (such as the possibility of clients' winning prizes, regardless of the points they have), 2019 marked the start of a partnership in the area of digital mobility, between Fidelidade and Brisa, the largest private operator of transport infrastructures in Portugal. This partnership includes telematics-based insurance products and mobility insurance for Via Verde clients, with specific advantages within Via Verde's ecosystem of services. The partnership was launched with the **Smart Drive** project, based on an app that provides members of Via Verde's "Viagens&Vantagens" loyalty scheme who are not yet Fidelidade clients with an innovative experience of immersing in the mobility ecosystem of the two brands, by means of an invitation to use Via Verde's Smart Drive app and take advantage of its benefits.

Regarding roadside assistance, and following the launch of the OK! Telesseguros app containing the function to request assistance and report claims using geo-referencing, the Fidelidade Assistance application, available since 2016, simplified how requests can be made, enabling clients to manage vehicle assistance using this means. Since its launch, use of the Fidelidade Assistance app has increased steadily year by year, and it is increasingly the channel that clients prefer to use to report claims.

In loss adjusting, digitalisation is also transforming the Fidelidade Group's business model, enabling efficiency gains in processes and a response more tuned to clients' needs. Vehicle loss adjusting has seen new advances, and there is now a new concept of loss adjusting that enables quotes from repair shops to be validated using intelligent algorithms and, at the same time, damage to be assessed solely from photographs, in addition to the possibility of video loss adjusting.

The **Health** line of business has also been one of the main growth areas within the Fidelidade Group. "**Orientação Médica Online**", an innovative service and pioneer in the Portuguese market developed by Multicare, operates 24 hours a day, 7 days a week. Using this service, Multicare clients have free access to consults with general practitioners and family doctors, 24 hours a day, and can also obtain prescriptions for medicines or complementary diagnostic tests without leaving their home. Since its launch, the Fidelidade Group has been encouraging clients to use the service more and more and has provided new services that demonstrate the Group's commitment to continually enhancing the value proposition of services made available to clients.

As part of this, in 2019 Online Medicine was extended to include Oncology Nutrition and Psycho-Oncology, in addition to Paediatric and Dermatology specialisations. Quit Smoking and Stress Management programmes were also developed, enhancing Fidelidade's positioning as a company that uses technology for prevention and to promote healthier lifestyles.

In terms of products, in 2019 the Group consolidated on the success of the new **Multicare 60+** product, an innovative health insurance designed specifically for the over-60s with differentiating advantages. Also, being aware of the growing number of French citizens living in Portugal, the Group launched **Multicare Santé**, a product specifically for the French community that guarantees payment of health expenses as a complement to reimbursements from the French Social Security.

In the **Workers' Compensation** line of business there has been continued effort to rebalance the technical results, also by working in close cooperation with our selected network of healthcare providers. In cooperation with Luz Saúde, specific medical treatment units were set up, which has allowed the company to guarantee better service quality for its clients and greater control over the healthcare services provided.

In the **Home Insurance** line of business, in 2019 priority was given to boosting the "**Fidelidade Casa**" insurance, which accompanies clients throughout their lives, providing a range of innovative services suited and adjusted to clients' needs, in line with their particular circumstances at any given moment of time, and also "**Fidelidade Alojamento Local**", a solution for owners of holiday lettings which combines a response to mandatory insurance requirements under the law and, at the same time, protection of property within the scope of the holiday letting business.

In the field of home insurance loss adjusting, in 2018 Fidelidade began conducting video loss adjusting in less complex processes, thereby facilitating assessment of damage at a distance without the need for loss adjusters to travel to the claim location. This solution combines with the repair service provided by CARES, another company in the Fidelidade Group, making it possible to provide Clients, at their claim location, with a proposal for repair of the damage and a service which can meet their needs.

In the **Personal Accidents** line of business, the year was marked by efforts to boost two products in particular. The first, "**Fidelidade GO**", is a product designed to meet the needs of students studying abroad that aims to attract younger age groups who tend not to have many dealings with the world of insurance. The second is "**OK! Bike**", a product from OK! Telesseguros that provides a response to new trends in mobility and which differs from the rest of the market mainly due to the "**Assistência GEO**" cover (which locates the insured person in the event of an accident and/or sudden illness, via the OK! Telesseguros app).

Also in the Non-Life segment, the Group endeavoured to build on the success of "**Fidelidade Pets**" following its launch in 2018. This insurance for pets demonstrates a clear commitment to diversifying Fidelidade's product range and focusing on the family and providing services that go beyond mere risk coverage.

In the corporate client sphere, Fidelidade launched **Fidelidade Cyber Safety**, a product conceived for Portuguese firms wishing to safeguard their financial stability in the wake of a cyber-attack. This presents a new focus for Fidelidade on diversifying its products for SMEs.

New solutions have also been rolled out in the Fidelidade Group's Life segment, which is adapting to the new macroeconomic situation, with the aim of increasingly responding to clients' needs.

In the **Life Financial** area, which has been heavily affected by the environment of low interest rates and a low rate of saving by private individuals, the Fidelidade Group has been renewing its offer of products.

Of particular note is the launch, in 2019, of **Flexi-Mais**, a product which includes four investment options (three of which are unit-linked) suitable for different risk profiles, and of **Fidelidade Savings**, a product with innovative investment options and distribution, which clients can access 24 hours a day, 7 days a week, on the MySavings App.

In **Life Risk**, following the success of the “**Proteção Vital das Famílias**” product, in 2019 Fidelidade launched “**Proteção Vital 65+**”, which complements the product range for this line of business, and contributes decisively to the development of Funeral Insurance in Portugal.

“**Proteção Vital das Famílias**” is an innovative and wide-ranging life insurance policy aimed at families. Included in its basic covers, besides funeral services, are new Health, Assistance and Accident covers, which are combined in a single contract. These covers are adjusted throughout the lifecycle of the various members of the family. “**Proteção Vital 65+**”, on the other hand, is insurance designed specifically for the over-65s and aims to remove the burden on families of bearing funeral costs and managing tasks associated with funeral services, while also providing peace of mind on this subject.

In addition to these new products, the Fidelidade Group has been positioning itself to benefit from renewed interest in the Portuguese real estate market, which, because of insurance attached to mortgages, plays a dominant role in the evolution of this line of business.

Lastly, in terms of service to the client, during 2019 important steps were taken to develop solutions to improve clients’ experiences on “MyFidelidade”. Using this App, clients can manage their Motor, Home and Health insurance on a single site, intuitively and with easy access. In addition, they can request motor assistance, follow claims procedures and submit requests for medical expense reimbursements in real time, as well as search Multicare’s network of healthcare providers and Fidelidade’s network of repair shops.

II. Distribution

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

The Fidelidade Group’s distribution platform is composed of own stores, agents, brokers, banks, the post office, and phone and online channels, thereby enabling it to offer a vast distribution network and geographical presence with more personalised services that increase proximity.

Enhancing interaction with clients and offering increasingly customised services are both guiding principles in Fidelidade’s strategy. In a context where striking a balance between current profits and processes of transformation is top of the Group’s agenda, digitalisation and technology play a very important role in the search for solutions to satisfy those principles.

However, although the digitalisation process ensures proximity and immediate feedback from clients, the Fidelidade Group has always been founded on a sales force based in agencies, stores and brokers’ centres, and the Group continues to place emphasis on improving these partners’ skills.

Accordingly, in 2019 the communication campaign “A Fidelidade continua com Portugal” [Fidelidade keeps going with Portugal] was launched. The campaign was tailored to each of the different regions of Portugal, strengthening the brand’s close relationship with every client and acknowledging the strength and importance of the commercial network throughout the country.

Focus was also placed on simplifying certain processes by digital means and by continuing to provide agents with training. This training included the Mercury Project, which was designed to prepare a change in behaviour in the commercial areas so as to increase business in the traditional network, through training. At the same time, a range of initiatives have been implemented in the banking and postal networks to boost sales of Non-Life products, in an effort to take greater advantage of the sales potential of these two outlets.

III. People and Organisation

Thinking about the Fidelidade Group's People and the Organisation is helping to build Fidelidade's future.

In an ever changing world, with ever greater uncertainty, protecting people and providing simpler and more agile solutions that represent greater proximity to and support for our clients and partners is only possible if technology and innovation are combined with the most important factor: Fidelidade People make the difference.

Following the working plan defined for People Management, Fidelidade has been implementing new models and new ways of working, some of which are highlighted below:

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

In addition, the Fidelidade Group has continued to focus on rejuvenation and capturing new talent, and on developing essential business skills, for example, leadership training, commercial training and training in new products and new regulations in the sector;

- **Transformation of the Organisation** – the Fidelidade Group has been adjusting its organisation, by reviewing and building organisational structures that better respond to the challenges of the business and which guarantee the introduction of new skills and ways of working. The Fidelidade Group has also sought to implement workforce monitoring and planning processes, which are essential in ensuring the right people for the Organisation's structures and functions;
- **Change Management and Business Partnerships** – with the aim of understanding and working alongside the business in order to support business unit leaders in managing their people, the Fidelidade Group has been working on rejuvenating the structure, retaining knowledge, promoting mobility and succession, and preparing leaders to motivate their teams with a focus on Fidelidade People, the market, proximity to the client and results;
- **Corporate Culture** – as a means of developing a corporate culture, which promotes the company's cultural identity (Vision; Values) and the commitment and recognition of the People who contribute daily to the Group's success, Fidelidade has been implementing a number of initiatives around communication, for example, the creation of a modern and agile Intranet, which is now its main channel of internal communication.

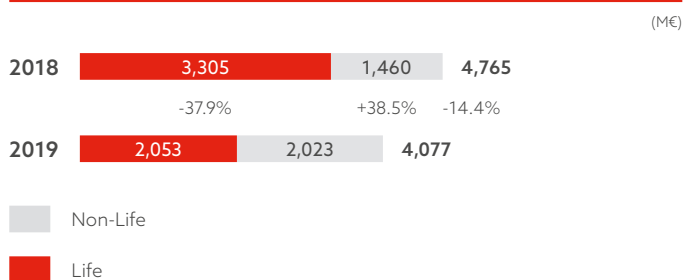
ii. Key activity indicators

In 2019, which was marked by the trends described above, the Fidelidade Group performed positively, recording total premiums written of EUR 4,077 million.

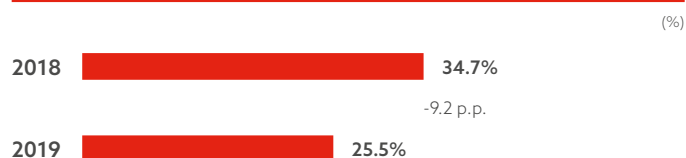
For its business in Portugal, the Fidelidade Group attained EUR 3,103 million, a decrease of 31.0% compared to the previous year, originating from the Life segment and thus following the general trend in the market. This equated to a total market share of 25.5%, with the Fidelidade Group maintaining its position as clear leader in the Portuguese market.

2019 was also marked by an important increase of 259.3% in premiums from the international business, which totalled EUR 974 million, reflecting, on one hand, strengthening of the existing international operations and, on the other, the contribution from the expansion into Latin America.

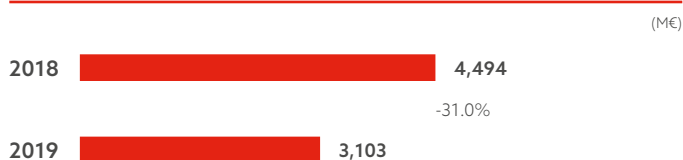
Total Premiums Written – Life and Non-Life



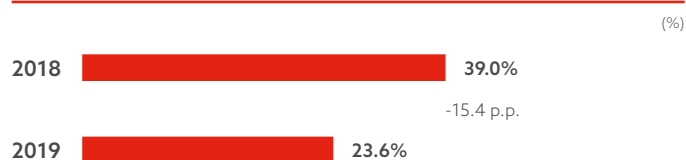
Total Market Share in Portugal



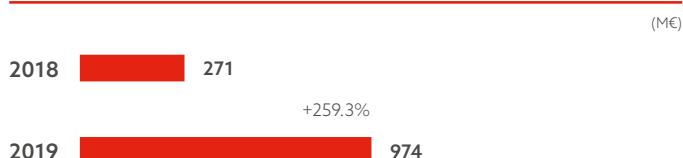
Premiums Written – Portugal



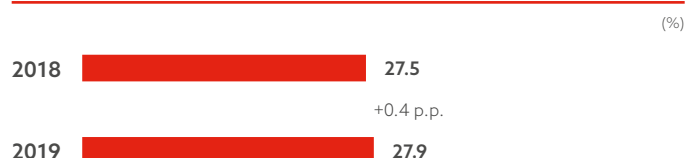
Life Market Share in Portugal



Premiums Written – International Business



Non-Life Market Share in Portugal



i. Life Segment

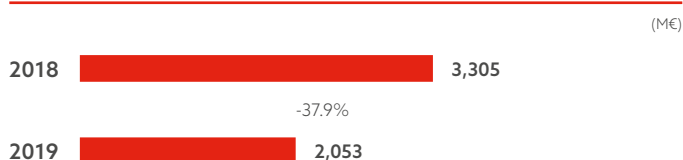
Key activity indicators – Life Segment

In 2019, the Fidelidade Group saw a decrease in premiums in the Life segment, reflecting, on one hand, market conditions for financial products and the climate of low interest rates, and, on the other, the fact that in 2018 the Fidelidade Group recorded particularly high premiums, enabling it to achieve a market share of 39%.

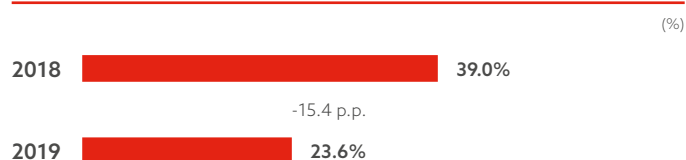
Overall, the Fidelidade Group attained Life premiums of EUR 2,053 million, a decrease of 37.9% compared to 2018, as a result of the business in Portugal, where the insurance sector as a whole recorded a decrease in this segment of the business.

Despite the fall in premiums, Fidelidade remains the clear leader in the Portuguese market, with a market share of 23.6%.

Total Premiums Written Life



Life Market Share in Portugal



Evolution of the Life segment by line of business

The Life segment is composed of Life Risk and Annuities products and Life Financial products, with the latter being responsible for the great majority of premiums, representing over 80% of the total.

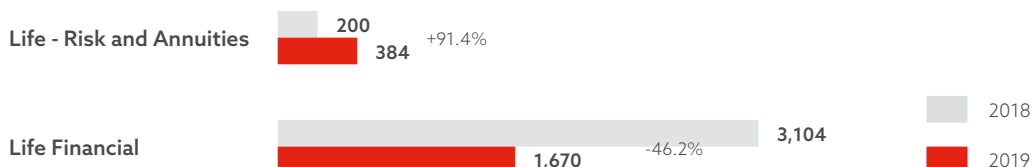
In 2019, the evolution of the Life Financial segment was the main critical variable in the overall performance of the Life segment. In an environment dominated by low interest rates and a low rate of savings by families, the Fidelidade Group followed the downward trend seen in the market in this segment.

On the other hand, of note this year is the positive performance in Life Risk and Annuities products, which grew in relation to 2018 to a total of EUR 384 million, benefiting both from increased sales of the "Proteção Vital 65+" product and from the positive contribution from the international business, resulting from the acquisition of a majority shareholding in the La Positiva Group.

Risk products, which are traditionally life insurance products associated with bank loans and mortgages, also benefited from the upturn in the Portuguese economy that has enabled recovery of the real estate market and greater flexibility of banks when granting credit.

Life Segment Premiums

(million euros)



Evolution of the Life segment by distribution channel

The banking and postal channels continue to be the most significant for Life segment products. Together, they represented around 80% of Life premiums. Compared to the previous year, these channels decreased by around 50%, following the overall trend of a fall in Life segment premiums.

Focus on the bancassurance distribution model allowed the banking channel operation to continue to be a reference for Life products, offering products most suited to market needs.

On the other hand, there was consolidated growth in premiums from the international business, which tripled in relation to the previous year, heavily influenced by the positive contribution of the group's expansion into Latin America.

Life Segment

(million euros)

Distribution Channel	2019	2018	Var
Traditional	247	377	-34.5%
Bank and Postal	1,406	2,792	-49.6%
Fidelidade Group in Portugal	1,653	3,169	-47.8%
International	400	136	195.4%
Fidelidade Group	2,053	3,305	-37.9%

ii. Non-Life Segment

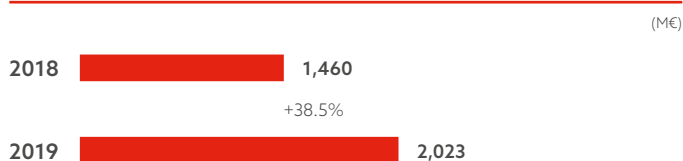
Key activity indicators - Non-Life Segment

In 2019, the Fidelidade Group recorded very positive performance in the Non-Life segment, with growth of 38.5% compared to the previous year, with premiums totalling EUR 2,023 million, as a result of both growth in the Portuguese market and the impact of the expansion into Latin America.

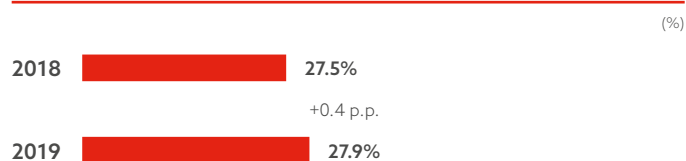
The Fidelidade Group's commercial performance in Portugal exceeded the positive trend of the overall market, allowing the Group to strengthen its leadership position, increasing its market share by 0.4 pp to 27.9%.

Contributing to the Fidelidade Group's positive performance in the Non-Life segment was the enhancement of the range of products and services, with a strong emphasis on differentiation and innovation, and the creation of integrated solutions supported by the high level of vertical integration within the Fidelidade Group, responding to market expectations, in addition to the important contribution to the Non-Life portfolio from the Latin America operations.

Total Premiums Written Non-Life



Non-Life Market Share in Portugal



Evolution of the Non-Life segment by line of business

Most of the Non-Life lines of business displayed positive performance throughout 2019, heavily influenced by the positive contributions both from the business in Portugal and from the expansion to the Latin American market.

The Workers' Compensation line of business displayed double-digit growth for the fifth year in a row, which, besides the positive contribution from the expansion to new markets, reflects the Fidelidade Group's competitive position in Portugal regarding capacity to respond, service levels, product quality and reputation.

The Motor line of business continues to be, clearly, the most significant line of business in the Non-Life segment, representing around one third of the total for this segment. The Fidelidade Group recorded an important increase in premiums written in this line of business, as a result of both the improved structure of vehicle ownership in Portugal, with an increase in numbers and in quality, and the positive contribution from the Latin America operation.

Restructuring of the "Fidelidade Automóvel" product, which is now more adjusted to different client profiles, the launch of the new product "Fidelidade Automóvel Clássicos", aimed at a more specific client segment, and the creation of the application for telematics-based insurance products (Smart Drive), in partnership with Brisa, also contributed to the positive performance of this line of business.

Health premiums also continued to rise, consolidating the position of this line of business as the second most important in the Non-Life segment. Contributing to this growth was the Group's capacity to capitalise on the product and service innovations introduced in recent years, for example, the launch of Multicare 60+, an innovative health insurance designed specifically for the over-60s, and the "Orientação Médica Online" service, which was enhanced in 2019, expanding the existing areas and including new specialities, such as Dermatology.

Evolution of the Non-Life segment by distribution channel

All of Fidelidade's distribution channels in Portugal performed positively, and Non-Life product sales in 2019 were higher than those in previous year.

It is of particular note that the traditional channels (agents, own stores and brokers) continued to present the greatest share of product sales in the segment. Although the digitalisation process ensures proximity and immediate feedback from clients, the Fidelidade Group has always continued to place emphasis on improving the skills of its partners in the traditional channel, which explains the considerable growth compared to the previous year.

Similarly, the banking and postal channels performed positively and, as in the Life Risk segment, this is due to positive effects from the granting of mortgages, in particular on Home insurance. At the same time, a range of initiatives have been implemented to boost sales of products not linked to credit, in an effort to take greater advantage of the sales potential of these outlets, with significant results.

Non-Life Segment

(million euros)

Distribution Channel	2019	2018	Var
Traditional	1,276	1,164	9.6%
Bank and Postal	119	109	9.0%
Remote	55	52	6.6%
Fidelidade Group in Portugal	1,450	1,325	9.4%
International	573	136	323.2%
Fidelidade Group	2,023	1,460	38.5%

iii. International Activity

The Fidelidade Group’s international insurance business is an important means of sustained growth and pursuit of its medium and long-term goals. The Group currently operates in four continents: Europe, Africa, Asia and America.

The Fidelidade Group’s international business grew by 259.4% in 2019, recording total premiums written of EUR 974.0 million, due to improvements in ongoing international operations, but also, predominantly, the positive contribution of the expansion into Latin America.

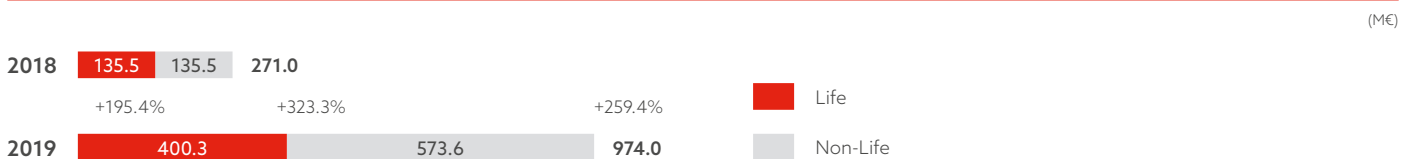
Premiums Written International Business – By geography



If we consider only the international operations that existed in 2018, Fidelidade grew from EUR 271 million to EUR 340 million, this being merely organic growth; this growth occurred both in the Non-Life segment (+14% to EUR 154 million in 2019) and in the Life segment (+38% to EUR 186 million in 2019). In addition, and with the acquisition of La Positiva – that is, with the contributions of its operations in Peru, Chile and Paraguay – the total premiums written abroad reached EUR 974 million in 2019.

This data therefore reflects the positive performance in 2019 of most of the markets where Fidelidade was already operating in 2018, both in Life and Non-Life, with the added contribution from the operations in Latin America, which Fidelidade entered in 2019.

Premiums Written International Business – Life and Non-Life



E. OPERATIONAL AND FINANCIAL PERFORMANCE

Key indicators of the operational and financial performance

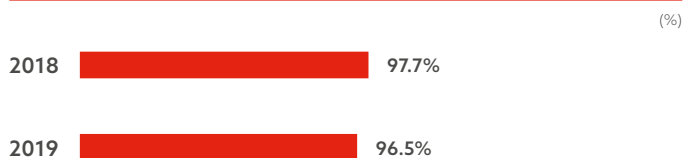
In 2019, the Fidelidade Group reported a net profit of EUR 197 million, which represented a decrease of around 27% when compared to 2018.

This trend was influenced by a fall in investment income, directly related with the context of low interest rates and with the evolution of capital gains made on investments, since, in 2018, the Group's real estate portfolio restructuring programme was completed, leading to the sale of a number of investment properties.

At the beginning of 2019, the acquisition of the Entrecampos land (commonly known as the land of the former Funfair) was completed. In conjunction with a large-scale real estate project, this land will house the Group's new headquarters. The combined effects of low interest rates, the sale of investment properties in 2018 and the acquisition of land for future development of real estate projects, led to a reduction in the investment yield, which stood at 2.7% at the end of 2019.

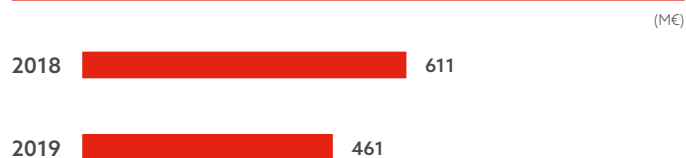
On the other hand, the combined ratio was 96.5% in 2019, 1.2 pp lower than in the previous year, influenced by the positive development of the claims ratio, reflecting cautious claims management and a strict underwriting policy.

Combined Ratio *



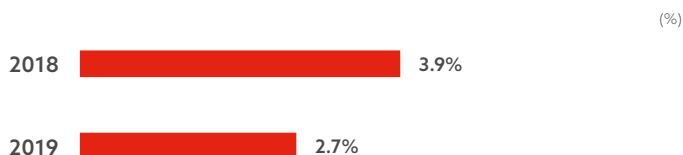
* Adjusted ratio of the financial cost component with Workers' Compensation line of business

Investment Income **

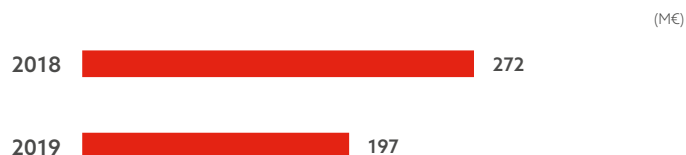


** Includes Investment income from Unit Link products, net gains and impairments. Unrealised gains not considered.

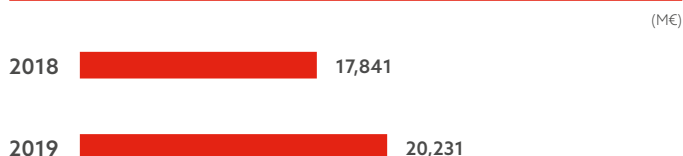
Investment Yield



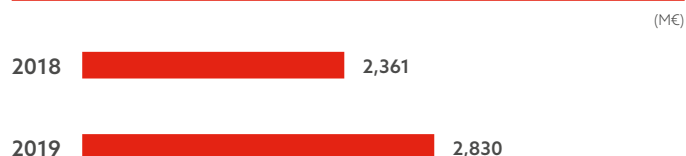
Net Profits



Net Assets



Shareholders' Equity ***



*** Excludes minority interests

iv. Operational Performance

As stated above, operational performance evolved positively in 2019, with the combined ratio falling from 97.7% to 96.5%, a decrease of 1.2pp.

Combined Ratio *



* Ratio adjusted to the technical costs of the insurance activity

v. Financial Performance

In its definition and application, the Fidelidade Group's investment policy reflects the challenges currently facing the insurance business:

- The prolonged environment of low interest rates, which means assets must be sought which have a higher return than traditional fixed rate investments, although also ensuring that an appropriate level of risk is maintained;
- The need to optimise the capital structure, in line with the framework of the Solvency II regulations.

The Fidelidade Group's investment portfolio (including Cash and Bank Deposits) totalled EUR 18.2 billion, corresponding to an increase of around 13% over 2018.

In 2018, the policy of diversifying by class of asset and geographical location was continued, as a means of maximising yields with an appropriate level of risk, in an environment of low interest rates.

F. OTHERS

Pursuant to Article 66 B (7) of the Code of Commercial Companies ("CSC") the Group is exempt from presenting the non-financial statement provided for in Article 66 B (1) of the CSC. The non-financial statement will be presented in the consolidated management report of the parent company, Longrun, SGPS, S.A.

4. **OUTLOOK**

A. FIDELIDADE GROUP FUTURE POSITIONING

Forecasts for the Portuguese economy in 2020 suggest another positive year, with expected growth of 1.7%, which is slightly lower than in 2019. Although the forecasts continue to suggest a significant increase in the Portuguese GFCF (5.4%), a fall in private consumption and further slowing in the growth of exports could condition economic performance in 2020.

However, the growth trend in the Non-Life segment is expected to continue, benefiting from the contribution of some of the more buoyant lines of business, in particular Home, Health and Personal Accidents.

In recent years, the Fidelidade Group has pursued its strategy with generally positive results. It has managed to successfully overcome the challenges of the Portuguese market, despite the difficult environment in which it is working. The Fidelidade Group has been implementing a strategic action plan with a focus on innovation and improved service quality, strengthening of multi-channel distribution, digitalisation of the business and enhancement of the organisation's capabilities, as key pillars. These options and the results that have been achieved today allow the Group to face future challenges with determination and confidence.

For the Fidelidade Group, 2020 will be a year of evolution and transformation, supported by projects that seek to adapt the business to an increasingly digital and global economy. Initiatives to transform the business, which are critical for consolidating its position in Portugal, international expansion and strengthening of the capital position, will remain key areas of action.

The Fidelidade Group is also reaffirming its aim of positioning itself more as a partner for its clients in the provision of protection and assistance services that are an intrinsic part of the insurance business, but it intends to place emphasis on new services in a wider approach to the creation of a more global offer. Accordingly, it has been increasing its emphasis on the concept of an ecosystem based on the development of partnerships with key entities in other business areas and with skills which are complementary to the insurance business, to create broader and more competitive value propositions for its clients in areas such as Mobility, Health or Assistance.

In all these cases, new digital capabilities will enable the development of an offer that can respond to the changes already visible in client profiles, and which will certainly intensify in the coming years. However, the focus will always remain on clients and their needs, maintaining proximity to people, which sometimes is only possible through physical channels involving human contact.

Additionally, international expansion will continue to be a priority, given that the Fidelidade Group aims to position itself as a leading player in the international markets where it operates and to build a clear growth path outside the domestic market. Hence, in 2020, it will continue to analyse opportunities to enter new and attractive markets where it can gain competitive advantage.

Based on the support of its shareholders, its strong operational capabilities and the motivation of its team, the Fidelidade Group is confident of success.

5.

COMPANIES IN THE FIDELIDADE GROUP

The Fidelidade Group operates several insurance companies in the Portuguese market (Fidelidade, Via Directa and Companhia Portuguesa de Resseguro). In addition, besides its branches, the Fidelidade Group is also present in the international market through its insurance subsidiaries (Fidelidade Angola, Garantia, Fidelidade Macao, La Positiva Group and FID Seguros - Chile).

Lastly, the Fidelidade Group also has strategic participations in related service providers, for example Luz Saúde, the leading healthcare provider group in Portugal. These participations favour vertical integration in the insurance sector and fit within the Group's strategy of guaranteeing operational excellence and quality of the service provided throughout the value chain and of enhancing the Group's position as a global service provider associated with people protection.

A summary overview of these companies is presented below, indicating the most important events of 2019, the key indicators and priorities for 2020.

FIDELIDADE

Fidelidade is the largest insurance company in the Portuguese market, with a strong presence in the Life and Non-Life segments. Fidelidade is a major reference in the Portuguese insurance sector, with a wide range of products and services, provided by means of the largest distribution network in Portugal. It is also present in international markets through branches in locations such as Spain, France, Luxembourg, Macao and Mozambique.

2019 was marked by the following aspects:

- Strengthening of the presence in the Portuguese market, with gains in market share in the Life Risk and Non-Life segments, and an increase in share in the main lines of business in the Non-Life segment, in particular Motor, Workers' Compensation and Health;
- Consolidation of the international business, with the creation of synergies and transfer of innovation between companies and, above all, between markets;
- Enhancement of the product range and improvement in the quality of service across the different lines of business, in particular, for private clients, launch of the new Proteção Vital 65+ product, restructuring of the Fidelidade Automóvel product, and creation of the application for telematics-based insurance products (Smart Drive) in partnership with Brisa. For corporate clients, the launch of Fidelidade Cyber Safety can be highlighted, which represents a new focus for Fidelidade, diversifying its products aimed at SMEs;
- Consolidation and strengthening of the current multi-channel distribution networks, with a focus on simplifying certain processes using digital means and continuing to pursue training goals;
- Emphasis on digitalisation, impacting on the gradual transformation of business processes and client relations processes through an omni-channel approach.

In 2020, Fidelidade will continue its strategy of consolidating its position in the Portuguese market, continuing to place emphasis on digital transformation of the business and on international growth, by boosting its operations in the markets where it is already present and assessing new opportunities to enter markets with significant potential for growth.



Via Directa – Companhia de Seguros, S.A, is the insurance company within the Fidelidade Group designed to retail insurance policies through remote channels (telephone and internet), with the vision of providing a service of excellence to its clients and making insurance a simple, accessible and innovative product, supported by new technologies. It is currently the leader among insurers specialising in remote channels.

In terms of management of the OK! Teleseguros brand, 2019 was marked by the following aspects:

- Focus on the strategic products OK! Auto Eléctricos, OK! Bike and OK! Viagem, which provide a response to new mobility trends.
- Reformulation of the Client's Private Area, aiming to improve clients' experience on this platform, with changes to its visual aspect and the browsing capabilities and functions covered. The objective was to make this tool more accessible, more user-friendly and truly useful to clients.
- Development of the Digital Inspections APP using artificial intelligence algorithms, to be used in motor insurance pre-inspection processes.
- Recognition from Portuguese consumers, with the following awards: Five Stars Award 2019, Consumers' Choice 2019 and Reputation Award 2019 (from the Marktest Reputation Index).
- Renewal of the Bureau Veritas Certification for Motor, Home, Personal Accidents and Health Insurance, in line with ISO 9001:2015.
- In partnership with Associação Salvador, launch of a campaign to raise awareness on road safety. Another Social Responsibility initiative included support to the Para dressage athlete, Rita Lagartinho.

During 2020, Via Directa will continue to focus on increasing the turnover of strategic products marketed by OK! Teleseguros, reformulating its product range, and, in particular, its health and travel insurance products, so as to respond to its clients' needs and position itself in the market with solutions that are truly different, and, lastly, optimising its digital platforms, in particular the online simulators on the ok.pt site and on the brand's client app.



The corporate purpose of Companhia Portuguesa de Resseguros, S.A. (CPR) is to perform any operations related to reinsurance in the Non-Life segment in Portugal, and also internationally. Besides managing the existing portfolio, the company has been taking advantage of new business opportunities which are largely a result of its inclusion within the Fidelidade insurance group. Risks with catastrophic exposure are excluded from its scope, except those included in the Personal Accidents Treaty.

The Company only underwrites risks under non-Proportional Treaties, namely with Fidelidade and its branches in Spain and Mozambique.

As Reinsurer of the Fidelidade Group, exceptionally, facultative reinsurance is accepted for risks underwritten by Fidelidade - Companhia de Seguros, S.A. for its major clients. Once again, respecting the maximum prudence criteria, the percentage of this reinsurance retained by the Company is residual or nil, with retrocession being used to pass on the risk.



Fidelidade Angola has been operating in the Angolan market since 2012, and in 2019 was ranked second among Angolan insurance companies in terms of turnover, and first for private capital.

The Company has been operating mainly in the Corporate sector, but 2019 was marked by an emphasis on diversification, in order to attract more individual clients. The company is recognised for the quality of its service and its diversified product range, covering all market segments.

Successfully implementing this strategy required major investment in new sales platforms, customer service improvements and the promotion of synergies with the Company's Shareholders and Partners.

In 2019, Fidelidade Angola became a leading player in the Angolan market. Some of the main highlights were:

- Moving the central services to the new headquarters, located in the Financial City, in Talatona, providing employees with excellent working conditions and contributing to Fidelidade Angola's image as an important and modern company;
- Expanding Fidelidade Angola's presence, with the opening of 5 new stores, in line with the Angolan expansion strategy.
- Creation of a sales team – Fidelidade Especialistas – totally focused on the private clients and small businesses segments and playing a key role in implementing the growth strategy in these segments.
- Fidelidade Ambassadors- Pérola and Matias Damásio – partners who not only transmit an image of trust, but who also play a key role in promoting products and services, contributing to high recognition of the Fidelidade brand.
- Fidelidade was voted a Superbrand, and its visibility and importance had a positive impact on the company's image in Angola.

In 2020, Fidelidade Angola will maintain its strategy of selective growth, consolidating the top position it now has in the insurance sector, and will continue to place emphasis on innovation and improving the quality of customer service. The company will continue its focus on creating value for its shareholders, proactively managing its employees, developing skills to further improve the professionalism of its team, maintaining solvency levels that are appropriate for management of the commitments assumed, and also maintaining its commitment to Angolan citizens and the Angolan society.



In 2015, Fidelidade decided to strengthen its presence in Macao Special Administrative Region (China) by setting up a Non-Life insurer under local law. Fidelidade Macau – Companhia de Seguros, SA, began its operations on 1 October 2015, incorporating, by acquisition, the assets of Fidelidade’s Non-Life branch in Macao, which ceased activity on that date.

Fidelidade Macau is authorised to engage in the insurance business in the Non-Life segment, ensuring the provision of a diversified offer of products and solutions for individuals and companies and responding effectively to market needs, based on a multi-channel distribution system.

2019 was an important year for strengthening the company’s position, with the following highlights:

- Celebration of 20 years in Macao (China), marked by an institutional event with key partners joining the company to celebrate its success and history.
- Solid growth in several lines of business, especially construction-related insurance, in line with the considerable growth in the economy of Macao and the region.
- Excellent results in the technical management of the different lines of business, aided by the fact that there were fewer storms in 2019 than in previous years.
- Excellent financial performance enabled interesting investment results to be obtained.

In 2020, the main strategic guidelines will include boosting commercial activity, both by expanding the sales network (agents and brokers) and by consolidating the distribution agreement with Banco Nacional Ultramarino (BNU). Opportunities arising from Macao’s inclusion in the Greater Bay Area (Guandong-Hong Kong-Macao) mean that Fidelidade Macau is optimistic regarding its business’ growth and profitability, helping to further consolidate its presence in Macao as one of the country’s preferred insurance companies.



Garantia is the leader in the Cape Verde insurance market, operating in both the Life and Non- Life segments, with a diversified range of protection solutions for individuals, companies and self-employed persons. It has developed a multi-channel strategy regarding product distribution, which enables it to respond more effectively to the needs of the Cape Verdean market.

2019 was a year for Garantia to consolidate its leadership in the Cape Verde insurance market, as a result of a series of actions and initiatives of different kinds that added to the Company's positive performance and the results achieved. The following can be highlighted:

- Refurbishment and modernisation of own stores and exclusive agent stores, plus further expansion of the commercial network, with the opening of a store on Brava island and a desk at Santa Catarina do Fogo, to make a current total of 16 stores;
- Launch of "My Garantia" – a reserved area for clients on the Company's website, providing a number of functions;
- Automatising the sending of receipts;
- Launch of the Roadside Assistance 365 days insurance;
- Renewal of quality certification (ISO 9001:2015);
- Adapting the company to data protection legislation;
- Production of the first Sustainability Report.

In 2020, Garantia Seguros will pursue the strategy defined for 2019/2021, which seeks to continue strengthening the Company's leadership in the market, by consolidating innovation and digitalisation projects already implemented and by focusing on the banking channel and health insurance, in order to increase the premiums portfolio.



The La Positiva Group is a Latin American Insurance Group composed of insurance companies in Peru, Bolivia and Paraguay, of which Fidelidade became the majority shareholder at the beginning of 2019. In Peru, the insurance operation is represented by the La Positiva brand, while in Bolivia and Paraguay the brands are Alianza and Alianza Garantía, respectively.

The company is currently the fourth largest insurer in Peru, with a solid presence and market leadership outside the capital, Lima, a geographical area with enormous growth potential.

2019 was a year of transformation for La Positiva, with the following highlights:

- Despite this only being the company's first year as part of the Fidelidade Group, the relationship has led to solid results:
 - Identification of opportunities for improvement as a result of the companies working together and sharing knowledge, in particular in the technology, financial and technical areas;
 - Identification of commercial opportunities with Chinese companies in Peru;
 - Participation in the Fidelidade Group and Fosun's acceleration programme for start-ups, Protechtig
- Attraction of important clients and portfolios within the Peruvian market, particularly in the large corporate clients and international brokers segment;
- Successful adoption of the SOAT Electrónico product, this being an example to be followed in the market;
- Focus on the digital channel, strengthening the company's multi-channel position and therefore being even closer to clients throughout their lives;
- Organisation of a university Hackathon, in partnership with the Catholic University of Peru (CIDE-PUCP), involving over 30 teams from different regions in the country;
- Redefining the company's aim and vision for the future

The future looks promising, not only because of the natural potential of the market and of the regions, but also because of the positioning and competitive advantage that La Positiva has in the Peruvian market. Leveraged by the recognised reputation and experience of the new majority shareholder and by the company's presence in the regions outside the capital, Lima, the ambition is to continue to gain market share, but not forgetting the importance of financial sustainability, proper risk management and profitability.



FID Chile Seguros Generales. S.A. or FID Chile is a new Insurance Company that commenced its operations at the end of 2019.

2019 was marked not only by the Fidelidade Group's arrival in South America, but also by its entry in the Chilean market through a start-up, the subsidiary FID Chile, with registered office in Santiago.

The most recent insurer in the Fidelidade Group obtained authorisation to operate in the Non-Life segment in the Chilean market at the end of the last quarter of the year, and operations began formally at the beginning of 2020.

The aim is for FID Chile's strategic positioning to be leveraged by a strong bond with brokers and other non-traditional channels, and by a wide range of Non-Life products designed for private and corporate clients.

It also intends to be a lean organisation, with processes that are transparent, agile and focused on partners and clients. The operational support is entirely technological, regarding both data management and the creation of analysis models based on artificial intelligence.

2020 will see a major focus on boosting sales, with expansion of the network of partners, agents and brokers, and also non-traditional channels, such as Bancassurance. Increased proximity to FID Chile's clients will be guaranteed by the company's physical presence in 4 regions, with offices located in Santiago, Viña del Mar, La Serena and Valdivia.



GEP – Gestão de Peritagens, S. A. is the company responsible for providing loss adjusting opinions and claims inquiries for the Fidelidade Group.

In 2019 the most important events were:

- Attraction of new clients, contributing to the sustained development of the company's business, in assessing property damage, surveying damage to vehicles and providing expert opinions/inquiries for public entities in motor insurance;
- Improvement of the "Confirma/ MA Value" application – an integrated project that enables automatic acceptance of a repair quote from a repair shop without the need for validation in person;
- Start of the international business with "GEP Cabo Verde";
- Implementation of the digital project in property loss adjusting;
- Trials with technology for the recognition of damage via images;
- Implementation of the LDR concept (Direct Settlement – Repair) as the preferred method of performing property loss adjusting;
- Renewal of the ISO 9001:2015 quality certification with zero "non-conformities" being detected, which happened for the eleventh year in a row;

In 2020, besides continuing to focus on the quality of the services provided, operational efficiency and the creation of differentiated services in the digital area, GEP will also continue investing in innovation, specifically in developing separate applications for the property inquiry and loss adjusting lines of business, incorporating offline and mobile capacity, in internationalisation and in diversifying its business, in particular by implementing the "Digital Loss Adjusting" project, consolidating GEP Cabo Verde's operations and developing its commercial area.



CETRA – Centro Técnico de Reparação Automóvel, S.A, is the company in the Fidelidade Group which, under the brand Fidelidade Car Service, provides motor vehicle repair services.

Aligned with the Group's mission, Fidelidade Car Service aims to contribute positively to its shareholder's strategy in providing Clients with a service of excellence, combined with a perspective of reducing claims costs both by sustained reduction of the average repair cost and by streamlining downtime costs, by adopting the best practices and techniques in the market.

The following achievements can be highlighted in 2019:

- Consolidation of the volume of invoicing in the three areas where FCS operates (Lisbon, Queluz and Porto);
- Important increase in quality indicators, measured by a fall in the complaints rate (from 0.55% in 2018 to 0.3% in 2019) and the Customer Satisfaction Index, collected from the MyCar platform, which was 8 (on a scale of 1 to 10).
- Renewal of CZ certification, with a 5-star rating for the FCS Units in Porto and Queluz, with no Non-Conformities being identified;
- The Online Reputation Management Project allowed us to reach a top position as a multi-make repair shop, in the various digital channels where we are referenced;

In 2020, we plan to adopt the following initiatives:

- Expansion to other locations;
- Boosting the tow services line of business, as a complementary activity;
- Use of increasingly environmentally sustainable solutions to promote internal productivity (e.g. automatisaton and digitalisation of processes via the adoption of paperless solutions);
- Increase in competitiveness and reduction in average repair costs, by optimising management of providers and suppliers of parts and other services;
- Analysis of new lines of business, in order to prepare ourselves for the new ecosystem of auto mobility.



Safemode is the brand under which EAPS – Empresa de Análise, Prevenção e Segurança SA develops and provides services of Risk Analysis, Health and Safety at Work, including Workplace Medicine, for the Fidelidade Group and the market.

Highlights in 2019 were:

- Increased investment in consolidating the range of health and safety at work services;
- Geographical expansion of operations;
- Acquisition of a Mobile Health Unit;
- Opening of an Occupational Health Clinic in Porto;
- As part of the risk analyses conducted for Fidelidade, Safemode increased its interaction with the Commercial and Business Divisions, accompanying clients, providing internal training, supporting Business Managers, collaborating in claims assessments and operating in new locations where the Group operates, namely, Angola, Cape Verde, Spain and Mozambique, and;
- Completion of risk analysis and scoring IT project, ScoreRisk.

In 2020, Safemode's activities will continue to be guided by a focus on quality, innovation and promotion of a prevention and risk management culture within the Insurance Group and among its clients.

FIDELIDADE

PROPERTY

(Europe & International)

Fidelidade Property Europe and Fidelidade Property International (including their subsidiaries) are the companies in the Group which manage real estate, an area which has been gaining significance in the investments portfolio of the insurance segment.

In recent years, these companies have made a series of new and important investments in real estate both in Portugal and in key locations around the world (London, Tokyo and Milan), thereby strengthening the Group's positioning as a benchmark real estate investor in Portugal and internationally.

2019 was a particularly important year for these companies. The following aspects can be highlighted:

- Pursuit of the policy of optimising the current real estate assets in Portugal;
- Purchase of the former Lisbon "Feira Popular" land;
- Management and Sale of a real estate portfolio that mostly includes buildings occupied by companies in the Fidelidade Group;
- Continuing the projects currently in progress in the area of urban rehabilitation in Lisbon;
- Purchase of the Pegasus Office Park in Brussels;
- Strengthening the structure and internal skills in order to meet new challenges.

In 2020, these companies will continue their current strategy of optimising the current portfolio and developing new projects with the right risk/return profile, contributing decisively to the profitability and robustness of the investment portfolio of the Group's insurers.

FIDELIDADE

**REAL ESTATE INVESTMENT
MANAGEMENT**

Fidelidade – SGOII, S.A. is a Real Estate Investment Undertakings Management Company operating in Southern Europe.

The main purpose of the company is to manage real estate investment funds that attract investors throughout different market cycles, in particular to obtain long-term cash-flow stability.

The investment strategy of the Funds managed by Fidelidade – SGOII, S.A. is aimed at core tertiary assets mainly located in markets in Southern Europe, where efforts are made to obtain yields through disciplined management throughout the cycle, from acquisition of the real estate to its sale. The Management Company has a professional investment approach, with an emphasis on management processes that add value to the assets.

In 2019, the following aspects can be highlighted:

- Completion of the management company's first full year of activity;
- Stabilising the new framework of the closed Real Estate Investment Fund "IMOFID", as a "core" fund, with a capital increase of around EUR 120 million, which meant new real estate investments could be made;
- Start of the transformation process of "IMOFID" into an open investment fund and;
- Re-award of the management of the closed real estate investment fund "Saudeinveste" to Fundger - Sociedade Gestora de Investimentos Imobiliários, S.A., following the resolution of proceedings with the Competition Authority;

For 2020, the company plans to finalise the process of opening the "IMOFID" fund to the market, which will allow external capital to be attracted, enabling growth of the fund, in terms of volume of assets and of yields.

LUZ SAÚDE

Luz Saúde is one of the market leaders in private healthcare services in Portugal. The Company manages fifteen private hospitals, one NHS hospital under Public-Private Partnership rules, twelve private clinics operating on an out-patient basis and two senior residences.

2019 was a particularly important year. The following aspects can be highlighted:

- Luz Saúde had 1,650 beds, maintaining its growth trend in 2019, driven by development in the private healthcare segment;
- Over two million out-patient consults were performed, 600,000 emergency consults and 68,000 surgeries and deliveries, with a total of EUR 586 million in operating profits;
- The expansion of Hospital da Luz Lisboa (the largest private hospital in Portugal) was completed, increasing its capacity by 80% and further strengthening its leadership position in the market, and the gradual opening of the new installed capacity began;
- Focus on the ramp-up of Hospital de Vila Real (inaugurated in September 2018), and on increasing the activity of other recently acquired units, such as Hospital da Luz de Coimbra, Hospital da Luz Torres de Lisboa and Hospital da Luz Funchal.
- Continued investment in the three strategic areas that are an important source of competitive advantage:
 - 1) **digitalisation** of clients' access to health services via the development of a full Digital Clinical Centre, in combination with the My Luz app, and the implementation of an advanced system of customer relationship management (CRM);
 - 2) **implementation** of a broad project of medicine based on organisation-wide value, which will radically alter the approach to treatment and prevention of certain pathologies, and the provision of services to clients, and;
 - 3) **leveraging** the enormous amount of data currently held in the organisation to develop advanced analytics and data science projects, focused on three areas: clinical, operational and clients.

6.

RISK

MANAGEMENT

A. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The new solvency rules (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet these requirements. The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of the Company's daily activities, enabling the Company to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are attained.

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

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

To ensure compliance with these policies, processes and procedures, the Company has established a series of key functions, which are allocated to the following bodies: the Risk Management Division (actuarial and risk management functions), the Audit Division and the Compliance Division.

Alongside the areas with key functions, risk management and internal control systems are also the responsibility of the following committees: Risk Committee, Underwriting Policy Acceptance and Supervision Committee, Life and Non-Life Products Committees and Assets and Liabilities Management Committee.

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

Regarding the reporting requirements, the Company prepared and disseminated, on its Internet site, the "Solvency and Financial Condition Report", with reference to 31/12/2018, which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information in the "Solvency and Financial Condition Report" for the year 2019, it is important to mention that the Company, based on preliminary quarterly data reported to the ASF and on information currently available, continues to comply comfortably with the capital requirements.

B. MANAGEMENT OF FINANCIAL RISKS AND HEDGE ACCOUNTING

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

The derivative financial instruments are recognised at their fair value at the contract date. They are also recognised in off-balance sheet accounts at their notional value. Subsequently, derivatives are measured at their fair value, which is calculated on the basis of quotes obtained in active markets or using models that incorporate valuation techniques accepted in the market.

These derivatives are used to hedge Fidelidade's exposure to the currency fluctuation risk inherent in its activity.

For all operations concerning hedge derivatives, the Fidelidade Group prepares formal documentation, in the terms defined by IAS39.

Assessments of hedge effectiveness are periodically performed and documented by comparing the changes in the fair value of the hedging instrument and that of the hedged item (part attributable to the hedged risk). In order to enable the use of hedge accounting, this ratio must fall within a range of 80% to 125%. Prospective effectiveness assessments are also performed, in order to estimate the future effectiveness of the hedge.

Positive and negative revaluations of hedge derivatives are recognised in specific asset and liability headings and valuations of hedged items are recognised in the balance sheet headings where those financial instruments are recognised.

The Fidelidade Group began using hedge accounting in 2015.

7.

SOCIAL

RESPONSIBILITY

Within the framework of its sustainability and business strategy, the Fidelidade Group has maintained and expanded the FIDELIDADE COMUNIDADE Programme, which structures and shapes its activities and responses to the problems of society and the planet and through which it establishes a transparent and efficient *modus operandi*, with criteria for assessing and accompanying projects on the ground, and creating important synergies and partnerships.

The Fidelidade Group's priority areas in terms of corporate social responsibility continue to be based on strengthening the social sector, in the areas of ageing, health prevention and inclusion of persons with disabilities or incapacities, by gaining greater understanding of these issues in the interests of developing the respective communities and with regard to the respective impacts on the strategy and prosperity of the business. The issue of ageing relates to the current and future development of socio-demographic features of the Portuguese population and society and has direct consequences on the search for new forms of health prevention, alongside the appearance of new diseases and disorders identified for the 21st century. The inclusion of people with disabilities or incapacities enhances the development of local communities, by (re)creating better and more appropriate long-term care and through maximum (re)capacitating of these citizens for active living, whenever possible, thereby contributing to reducing social inequality. Overall, these are the issues that give shape to the "Fidelidade Comunidade" Award, as part of the mission of consolidating and promoting the third sector, in the form of giving financial support to institutions that act in these areas.

In parallel, within the framework of EU Directive 201/95/EU as regards disclosure of non-financial and diversity information, the Fidelidade Group includes relevant concerns on environmental and social issues, respect for human rights, combating corruption, and supply chains and outsourcing. Environmental issues identify the main impacts of the Group's activities on the environment and, consequently, on the health and safety of stakeholders. Social issues point out good practice to ensure gender equality, working conditions, social dialogue, preventing human rights violations, and indicate management and action tools to combat corruption and attempts at bribery, by means of a strict compliance exercise. Within these areas, the Group has a vast internal programme in practice to provide support for employee development, in general, and help for those most in need, in particular regarding legal, financial, medical, social and family matters. This programme, which we call "NOS - Social Support", has managed to create and enable appropriate responses to resolve complicated situations, contributing to staff's well-being.

The ultimate goal of all these concerns is to define, prevent and mitigate real and potential hostile effects resulting from the Fidelidade Group's activity in the communities where it operates at national level, working towards an increasingly fairer and more global vision of policies, results and own risks. The desired result is to conduct ever more responsible business that is beneficial for all those that are part of its value chain.

In 2019, the Fidelidade Group continued to support areas that are of special importance within the scope of its activities and that prioritise the protection of people, property, the environment and economic activity, now and in the future. This performance is reported annually in the Sustainability Report, which is certified by an external entity.

8.

FINAL

REMARKS

In concluding this report, the Board of Directors would like to express its thanks to all those who have contributed to the development and continued robustness of the company, and in particular:

- The supervisory authorities, in particular the Insurance and Pension Funds Supervisory Authority, for their special supervision of the sector and timely intervention;
- The Portuguese Insurance Association, for its efforts in representing insurers in common fields of interest;
- The Presiding Board of the General Meeting, the Supervisory Board and the Statutory Auditors, for their interest, availability and constant commitment to accompanying and checking the activity;
- The insurance distribution networks and the reinsurers, for the motivation, team spirit, openness and commitment they demonstrate in developing our business;
- The employees of all companies included in the Fidelidade Group, who, with their professionalism, dedication and skill, made it possible to achieve the results seen and to continually enhance the value of the companies;
- The clients for their preference and for the constant stimulus to improve service quality.

Lisbon, 31 January 2020

THE BOARD OF DIRECTORS

Jorge Manuel Baptista Magalhães Correia
José Manuel Alvarez Quintero
Lingjiang XU
José João Guilherme
Francisco Ravara Cary
João Eduardo de Noronha Gamito de Faria
António Manuel Marques de Sousa Noronha
Rogério Miguel Antunes Campos Henriques
Wai Lam William MAK
André Simões Cardoso
Tao LI
Yu PEI
Feifei ZHANG

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

ASSETS	Notes	2019			2018
		Gross amount	Impairment, depreciation / amortisation and adjustments	Net amount	
Cash and cash equivalents	4 and 12	867,586,052	-	867,586,052	1,034,494,244
Investments in associates and joint ventures	5 and 12	3,979,082	-	3,979,082	2,307,146
Financial assets held for trading	6 and 12	21,839,020	-	21,839,020	16,613,601
Financial assets initially recognised at fair value through profit or loss	6 and 12	971,896,241	-	971,896,241	862,624,857
Hedge derivatives	7 and 12	3,676,945	-	3,676,945	4,384,369
Available-for-sale investments	8 and 12	11,096,526,124	-	11,096,526,124	10,051,670,036
Loans and accounts receivable	9 and 12	1,385,052,726	-	1,385,052,726	2,094,147,312
Deposits in ceding companies	9	146,916	-	146,916	542,606
Other deposits	9	1,362,123,759	-	1,362,123,759	2,050,386,112
Loans made	9	22,782,051	-	22,782,051	43,218,594
Other	9	-	-	-	-
Held-to-maturity investments	10	1,074,167,759	-	1,074,167,759	-
Properties	11 and 12	3,011,023,966	(175,026,808)	2,835,997,158	2,074,966,320
Properties for own use	11	799,876,489	(175,026,808)	624,849,681	522,933,205
Investment properties	11	2,211,147,477	-	2,211,147,477	1,552,033,115
Other tangible assets	12 and 13	360,033,851	(265,074,731)	94,959,120	64,244,320
Inventories	14	13,607,322	-	13,607,322	12,837,610
Goodwill	15	461,176,930	-	461,176,930	416,606,539
Other intangible assets	16	214,557,221	(87,587,506)	126,969,715	22,951,541
Technical provisions on reinsurance ceded		434,885,261	-	434,885,261	309,675,439
Provision for unearned premiums	17	120,621,995	-	120,621,995	57,665,413
Mathematical provision for life insurance	17	16,559,063	-	16,559,063	13,081,699
Claims provision	17	297,475,840	-	297,475,840	238,928,327
Profit sharing provision	17	228,363	-	228,363	-
Assets for post-employment and long-term benefits	36	4,302,237	-	4,302,237	7,299,079
Other debtors for insurance and other operations		590,250,764	(60,489,873)	529,760,891	484,289,912
Accounts receivable for direct insurance operations	18	297,895,319	(18,096,894)	279,798,425	183,550,171
Accounts receivable for other reinsurance operations	18	28,692,236	(7,583,945)	21,108,291	23,810,665
Accounts receivable for other operations	18	263,663,209	(34,809,034)	228,854,175	276,929,076
Tax assets		229,857,742	-	229,857,742	291,444,202
Recoverable tax assets	19	6,093,516	-	6,093,516	822,035
Deferred tax assets	19	223,764,226	-	223,764,226	290,622,167
Accruals and deferrals	20	87,424,166	-	87,424,166	86,088,426
Non-current assets held for sale	21	4,327,134	-	4,327,134	4,423,242
TOTAL ASSETS		20,836,170,543	(588,178,918)	20,247,991,625	17,841,068,195

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2019	2018
LIABILITIES			
Technical provisions		5,893,946,393	4,194,148,880
Provision for unearned premiums	22	513,765,169	290,601,873
Mathematical provision for life insurance	22	3,163,842,270	1,907,427,795
Claims provision		2,014,203,841	1,802,260,856
Life	22	185,205,108	119,112,004
Workers' compensation	22	972,896,063	869,497,915
Other	22	856,102,670	813,650,937
Provision for profit sharing	22	85,369,984	81,104,520
Provision for interest rate commitments	22	29,392,059	22,683,110
Provision for portfolio stabilisation	22	26,462,475	26,254,032
Equalisation provision	22	29,119,191	27,302,513
Provision for unexpired risks	22	31,791,404	36,514,181
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	23	8,925,001,690	9,276,469,443
Financial liabilities held for trading	24	82,034,738	22,170,498
Other financial liabilities		1,043,486,017	839,246,659
Hedge Derivatives	7 and 24	25,705,957	11,154,763
Deposits received from reinsurers	24	156,495,712	132,825,003
Loans	24	656,263,672	633,948,491
Others	24	205,020,676	61,318,402
Liabilities for post-employment and other long-term benefits	36	86,959	85,688
Other creditors for insurance and other operations	25	391,152,991	301,863,176
Accounts payable for direct insurance operations	25	122,969,673	99,397,208
Accounts payable for other reinsurance operations	25	124,650,597	65,564,989
Accounts payable for other operations	25	143,532,721	136,900,979
Tax liabilities		217,474,116	170,388,629
Tax payable liabilities	19	52,475,293	40,103,668
Deferred tax liabilities	19	164,998,823	130,284,961
Accruals and deferrals	26	235,946,141	193,427,883
Other provisions	27	132,640,930	111,303,234
Liabilities from a group for disposal classified as held for sale	21	1,081,671	529,650
TOTAL LIABILITIES		16,922,851,646	15,109,633,740

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

(continuation)

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2019	2018
SHAREHOLDERS' EQUITY			
Paid-in Capital	28	457,380,001	457,380,001
(Treasury shares)	28	(148,960)	(148,960)
Other Capital Instruments	28	378,019,900	378,019,900
Revaluation reserves		362,479,791	(7,586,835)
Adjustments in fair value of financial assets	29	317,151,963	(69,068,228)
Revaluation of properties for own use	29	79,176,879	90,246,089
Adjustments in fair value of hedging instruments in cash flow hedging	29	(1,752,411)	(1,541,534)
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	29	39,125,118	69,070,536
Exchange differences	29	(71,221,758)	(96,293,698)
Deferred tax reserve	29	(79,763,189)	15,744,242
Other reserves	29	1,221,009,402	831,878,726
Retained earnings	29	293,863,104	413,681,379
Net income for the year	29	196,817,165	271,573,231
TOTAL SHAREHOLDERS' EQUITY		2,829,657,214	2,360,541,684
Non-controlling interests	30	495,482,765	370,892,771
TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		3,325,139,979	2,731,434,455
TOTAL LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY		20,247,991,625	17,841,068,195

Lisbon, 27 February 2020

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

STATEMENTS OF PROFIT AND LOSS	Notes	2019				2018
		Technical - life	Technical - non-life	Non-technical	Total	
Earned premiums net of reinsurance		814,544,638	1,268,713,673	-	2,083,258,311	1,392,341,745
Gross premiums written	31	904,727,162	2,023,329,685	-	2,928,056,847	1,920,923,691
Reinsurance ceded premiums	31	(90,244,524)	(698,926,301)	-	(789,170,825)	(513,440,004)
Provision for unearned premiums (change)	21 and 31	830,669	(70,829,342)	-	(69,998,673)	(15,975,359)
Provision for unearned premiums, reinsurers' share (change)	17 and 31	(768,669)	15,139,631	-	14,370,962	833,417
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	32	1,215,867	-	-	1,215,867	1,224,954
Claims costs, net of reinsurance		(363,453,537)	(804,469,456)	-	(1,167,922,993)	(931,088,889)
Amounts paid		(379,437,121)	(777,762,211)	-	(1,157,199,332)	(928,215,165)
Gross amounts	33 and 34	(427,718,878)	(1,170,071,740)	-	(1,597,790,618)	(1,285,991,720)
Reinsurers' share	33	48,281,757	392,309,529	-	440,591,286	357,776,555
Claims Provision (change)		15,983,584	(26,707,245)	-	(10,723,661)	(2,873,724)
Gross amount	33	5,978,847	4,508,265	-	10,487,112	45,009,093
Reinsurers' share	33	10,004,737	(31,215,510)	-	(21,210,773)	(47,882,817)
Other technical provisions, net of reinsurance	33	(7,056,327)	3,450,974	-	(3,605,353)	(5,964,059)
Mathematical provision for life insurance, net of reinsurance		(363,086,043)	-	-	(363,086,043)	(121,678,700)
Gross amount	22 and 33	(366,530,918)	-	-	(366,530,918)	(123,575,640)
Reinsurers' share	33	3,444,875	-	-	3,444,875	1,896,940
Profit sharing, net of reinsurance	22 and 33	(9,523,171)	(823,110)	-	(10,346,281)	(16,625,891)
Operating costs and expenses, net		(143,274,789)	(443,336,168)	-	(586,610,957)	(387,936,146)
Acquisition expenses	34	(119,498,720)	(369,810,889)	-	(489,309,609)	(364,874,933)
Deferred cost acquisition (change)	21	638,328	4,097,628	-	4,735,956	4,773,153
Administrative expenses	34	(44,201,967)	(159,217,272)	-	(203,419,239)	(98,674,053)
Commissions and reinsurance profit sharing	34	19,787,570	81,594,365	-	101,381,935	70,839,687
Financial income		254,365,038	61,134,734	94,684,764	410,184,536	391,495,758
From Interest on financial assets not recognised at fair value through profit or loss	37	245,666,815	46,955,942	8,215,469	300,838,226	295,893,641
Other	37	8,698,223	14,178,792	86,469,295	109,346,310	95,602,117
Financial expenses		(11,752,884)	(10,123,009)	(52,760,840)	(74,636,733)	(57,172,176)
Other	34 and 38	(11,752,884)	(10,123,009)	(52,760,840)	(74,636,733)	(57,172,176)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		75,793,818	1,795,609	4,188,494	81,777,921	281,752,598
Available-for-sale investments	39	115,796,739	1,797,854	7,375,947	124,970,540	356,817,706
Loans and accounts receivable	39	-	(2,245)	-	(2,245)	(30,104)
Held-to-maturity investments	39	-	-	-	-	-
Financial liabilities recognised at amortised cost	22 and 39	(40,002,921)	-	-	(40,002,921)	(75,038,389)
Other	39	-	-	(3,187,453)	(3,187,453)	3,385
Net income on financial assets and liabilities recognised at fair value through profit or loss		(160,825,136)	(18,279,432)	(13,350,781)	(192,455,349)	(319,889,261)
Net income on financial assets and liabilities held for trading	40	(175,447,491)	(20,825,235)	(30,998,189)	(227,270,915)	(259,827,473)
Net income on financial assets and liabilities initially recognised at fair value through profit or loss	40	23,760,984	8,573,883	17,647,408	49,982,275	(35,333,586)
Other	40	(9,138,629)	(6,028,080)	-	(15,166,709)	(24,728,202)
Exchange differences	41	104,251,043	15,698,405	5,115,038	125,064,486	190,176,170

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

(continuation)

(amounts in euros)

STATEMENTS OF PROFIT AND LOSS	Notes	2019				2018
		Technical - life	Technical - non-life	Non-technical	Total	
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	42	(15,025)	44,738,079	72,599,090	117,322,144	37,662,886
Impairment losses (net of reversals)		(55,930,308)	(22,879,748)	(67,313,605)	(146,123,661)	(189,378,557)
Available-for-sale investments	43	(55,805,702)	(26,197,194)	(40,649,154)	(122,652,050)	(245,626,850)
Loans and accounts receivable at amortised cost	43	-	(150,576)	-	(150,576)	(91,380)
Other	43	(124,606)	3,468,022	(26,664,451)	(23,321,035)	56,339,673
Other technical income/expenses, net of reinsurance	44	(4,108,790)	(27,945,684)	-	(32,054,474)	4,699,149
Other income/expenses	45	-	-	(21,883,245)	(21,883,245)	12,897,268
Gains and losses of associates and joint ventures (equity method)	46	-	-	89,292	89,292	676,244
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	21	-	-	-	-	113,075,199
NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS		131,144,394	67,674,867	21,368,207	220,187,468	396,268,292
Current income tax - current taxes	19	-	-	(17,309,784)	(17,309,784)	(47,306,885)
Current income tax - deferred taxes	19	-	-	14,558,241	14,558,241	(68,972,692)
NET INCOME AFTER TAX AND BEFORE NON-CONTROLLING INTERESTS		131,144,394	67,674,867	18,616,664	217,435,925	279,988,715
Non-controlling interests	30	-	-	(20,618,760)	(20,618,760)	(8,415,484)
NET INCOME FOR THE YEAR	29	131,144,394	67,674,867	(2,002,096)	196,817,165	271,573,231

Lisbon, 27 February 2020

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2019 AND 2018 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	Paid-in capital and other capital instruments	Revaluation reserves	Deferred tax reserves	Legal reserve	Other reserves	
					Share premiums	Other reserves
Balance at 31 December 2017	902,531,555	804,507,878	(220,888,608)	150,524,235	115,103,280	367,807,798
Appropriation of net income	-	-	-	27,962,420	-	146,947,145
Capital increase	76,230,000	-	-	-	67,276,000	-
Redemption of capital supplementary contributions	(143,510,614)	-	-	-	-	-
Net gains through adjustments in fair value of available-for-sale investments	-	(779,133,586)	231,622,797	-	-	-
Net gains through adjustments in fair value of hedging instruments in cash flow hedging	-	(362,246)	18,199	-	-	-
Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency	-	(15,327,119)	3,392,949	-	-	-
Exchange differences	-	(4,164,172)	304,411	-	-	-
Revaluation of properties for own use	-	40,850,729	(8,970,201)	-	-	-
Disposals of properties for own use	-	(7,307,827)	(1,153,925)	-	-	-
Actuarial gains and losses	-	-	(247,573)	-	-	757,287
Recognition of non-controlling interests	-	(46,650,492)	11,666,193	(429,790)	-	(44,069,649)
Others	-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-
Balance at 31 December 2018	835,250,941	(7,586,835)	15,744,242	178,056,865	182,379,280	471,442,581
Appropriation of net income	-	-	-	35,649,060	-	364,110,449
Net gains through adjustments in fair value of available-for-sale investments	-	422,968,834	(101,260,159)	-	-	-
Net gains through adjustments in fair value of hedging instruments in cash flow hedging	-	(416,548)	87,475	-	-	-
Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency	-	(29,945,418)	6,994,960	-	-	-
Exchange differences	-	29,860,842	(2,761,881)	-	-	-
Revaluation of properties for own use	-	(2,625,817)	(1,630,090)	-	-	-
Disposals of properties for own use	-	(9,755,487)	1,496,381	-	-	-
Actuarial gains and losses	-	-	1,751,170	-	-	(8,093,294)
Recognition of non-controlling interests	-	(40,019,780)	(185,287)	(782,335)	-	(1,753,303)
Others	-	-	-	-	-	99
Net income for the year	-	-	-	-	-	-
Balance at 31 December 2019	835,250,941	362,479,791	(79,763,189)	212,923,590	182,379,280	825,706,532

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2019 AND 2018 FINANCIAL YEARS

(continuation)

(amounts in euros)

	Retained earnings	Net income for the year	Sub-total	Non-controlling interests	Total
Balance at 31 December 2017	344,940,239	216,232,495	2,680,758,872	36,453,744	2,717,212,616
Appropriation of net income	41,322,930	(216,232,495)	-	-	-
Capital increase	-	-	143,506,000	-	143,506,000
Redemption of capital supplementary contributions	-	-	(143,510,614)	-	(143,510,614)
Net gains through adjustments in fair value					
of available-for-sale investments	-	-	(547,510,789)	-	(547,510,789)
Net gains through adjustments in fair value					
of hedging instruments in cash flow hedging	-	-	(344,047)	-	(344,047)
Net gains through adjustments in fair value of hedging					
instruments in hedging of net investments in a foreign currency	-	-	(11,934,170)	-	(11,934,170)
Exchange differences	-	-	(3,859,761)	-	(3,859,761)
Revaluation of properties for own use	-	-	31,880,528	-	31,880,528
Disposals of properties for own use	8,461,752	-	-	-	-
Actuarial gains and losses	-	-	509,714	-	509,714
Recognition of non-controlling interests	21,221,126	-	(58,262,612)	334,439,027	276,176,415
Others	(2,264,668)	-	(2,264,668)	-	(2,264,668)
Net income for the year	-	271,573,231	271,573,231	-	271,573,231
Balance at 31 December 2018	413,681,379	271,573,231	2,360,541,684	370,892,771	2,731,434,455
Appropriation of net income	(128,186,278)	(271,573,231)	-	-	-
Net gains through adjustments in fair value					
of available-for-sale investments	-	-	321,708,675	-	321,708,675
Net gains through adjustments in fair value					
of hedging instruments in cash flow hedging	-	-	(329,073)	-	(329,073)
Net gains through adjustments in fair value of hedging					
instruments in hedging of net investments in a foreign currency	-	-	(22,950,458)	-	(22,950,458)
Exchange differences	-	-	27,098,961	-	27,098,961
Revaluation of properties for own use	-	-	(4,255,907)	-	(4,255,907)
Disposals of properties for own use	8,259,106	-	-	-	-
Actuarial gains and losses	-	-	(6,342,124)	-	(6,342,124)
Recognition of non-controlling interests	700,972	-	(42,039,733)	124,589,994	82,550,261
Others	(592,075)	-	(591,976)	-	(591,976)
Net income for the year	-	196,817,165	196,817,165	-	196,817,165
Balance at 31 December 2019	293,863,104	196,817,165	2,829,657,214	495,482,765	3,325,139,979

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

	2019	2018
NET INCOME FOR THE YEAR	196,817,165	271,573,231
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments		
Gross amount		
Appreciation	433,095,119	(676,672,966)
Impairment	65,303,631	104,976,243
Disposal	(64,045,874)	(230,754,862)
Life insurance contracts with profit sharing	(7,312,449)	30,336,798
Exchange differences		
Gross amount	(4,071,593)	(6,822,125)
Life insurance contracts with profit sharing	-	(196,674)
Deferred tax	(100,774,434)	228,915,620
Current tax - Life insurance contracts with profit sharing	(485,725)	2,707,177
Net gains through adjust. in fair value of hedging instruments in cash flow hedging		
Gross amount	(416,548)	(362,246)
Deferred tax	87,475	18,199
Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency		
Gross amount	(29,945,418)	(15,327,119)
Deferred tax	6,994,960	3,392,949
Change in potential gains due to exchange differences		
Gross amount	29,860,842	(4,164,172)
Deferred tax	(2,761,881)	304,411
Items that maybe not be reclassified subsequently to gains and losses		
Change in potential gains on properties for own use		
Gross amount	(2,625,817)	40,850,729
Deferred tax	(1,630,090)	(8,970,201)
Actuarial deviations		
Post-employment benefits	(5,692,655)	(437,209)
Health benefits	(2,400,639)	1,194,496
Current tax	744,156	79,233
Deferred tax	1,007,014	(326,806)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	314,930,074	(531,258,525)
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	511,747,239	(259,685,294)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2019 AND 2018 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	2019	2018
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Operating cash flows prior to changes in assets and liabilities		
Premiums received, net of reinsurance	2,138,886,022	1,407,483,687
Claims paid, net of reinsurance	(985,840,003)	(813,057,548)
Commissions on insurance, investment and services contracts, net	(258,840,942)	(170,028,965)
Profit-sharing payments, net of reinsurance	(18,765,830)	(23,759,117)
Payments to suppliers	(270,947,229)	(173,930,683)
Payments to employees	(226,374,979)	(175,085,912)
Contributions to pension funds	(8,920,000)	(9,662,260)
Others	(99,467,445)	(61,292,353)
	269,729,594	(19,333,151)
(Increases) / decreases in operating assets		
Debtors - direct insurance and reinsurance operations	116,588,307	52,085,251
Debtors - other operations	59,192,558	(37,528,446)
Other assets	(5,271,481)	994,518
	170,509,384	15,551,323
(Increases) / decreases in operating liabilities		
Financial liabilities on investment contracts	(384,008,642)	626,473,025
Deposits received from reinsurers	23,670,709	(1,144,040)
Creditors - direct insurance and reinsurance operations	(29,422,110)	(9,326,221)
Creditors - other operations	(31,891,647)	(84,682,747)
Other liabilities	9,537,606	2,667,058
	(412,114,084)	533,987,075
Net cash from operating activities before tax	28,124,894	530,205,247
Payments of income tax	(13,169,611)	(38,948,269)
Net cash from operating activities	14,955,283	491,256,978
CASH FLOWS GENERATED BY INVESTING ACTIVITIES		
Receipts on the sale or redemption of		
Financial assets recognised at fair value through profit or loss	358,835,470	275,422,765
Available-for-sale investments	4,916,128,052	5,529,614,915
Loans and accounts receivable	2,903,858,628	1,763,851,712
Investment properties	46,524,671	39,185,239
Tangible and intangible assets	42,826,614	7,886,096
Non-current assets (or groups for disposal) classified as held for sale	99,305	400,962,498
Net income from financial assets	363,745,683	451,720,220
Other receipts	75,987,106	137,398,547
	8,708,005,529	8,606,041,993
Payments on the acquisition or origination of		
Financial assets recognised at fair value through profit or loss	(429,760,947)	(644,856,904)
Available-for-sale investments	(4,487,449,879)	(5,201,942,195)
Held-to-maturity investments	(1,076,682,052)	-
Loans and accounts receivable	(2,194,916,862)	(2,675,447,055)
Investment properties	(412,862,619)	(136,996,084)
Tangible and intangible assets	(177,797,819)	(172,171,650)
Others	(96,951,128)	(122,533,731)
	(8,876,421,306)	(8,953,947,619)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2019 AND 2018 FINANCIAL YEARS

(continuation)

(amounts in euros)

	2019	2018
Business combinations		
Disposal of subsidiaries, associates and joint ventures	50,001	267,317,671
Acquisition of subsidiaries, associates and joint ventures	(119,521,778)	(3,092,855)
Net cash from investing activities	(287,887,554)	(83,680,811)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Lease payments	(28,856,724)	-
Interest received	2,807,413	2,945,750
Other loans obtained	22,315,181	60,822,887
Other interest paid	(3,039,421)	(5,372,723)
Capital increase	-	143,506,001
Supplementary contributions	-	(143,510,615)
Net cash from financing activities	(6,773,551)	58,391,300
Increase (decrease) net of cash and equivalents	(279,705,822)	465,967,467
Cash and equivalents at start of the year	1,034,494,244	568,526,777
Entry into the consolidation perimeter	112,797,630	-
Cash and equivalents at end of the year	867,586,052	1,034,494,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office 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, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or "ASF"), by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Fidelidade Group became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A..

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

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

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

The Group's insurance Companies held by the Company include Via Directa - Companhia de Seguros, S.A. ("Via Directa"), Companhia Portuguesa de Resseguros, S.A. ("CPR"), Garantia - Companhia de Seguros de Cabo Verde, S.A. ("Garantia"), Fidelidade Angola - Companhia de Seguros, S.A. ("Universal") and Fidelidade Macau - Companhia de Seguros, S.A. ("Fidelidade Macau").

This report presents consolidated financial information resulting from the consolidation of Fidelidade and its subsidiaries. It has been prepared from the financial statements of each of the companies in the Group, at 31 December 2019.

Fidelidade's financial statements at 31 December 2019 were approved by the Board of Directors on 27 February 2020. On the date of issue of the financial statements, these were pending approval by the General Meeting.

2. ACCOUNTING POLICIES

2.1. Basis of presentation and consolidation principles

2.1.1. Basis of presentation

The consolidated financial statements at 31 December 2019 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 3/2018-R, of 29 March, of the ASF, and the remaining regulatory standards issued by the ASF.

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

In 2019 the Group adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2019. These standards are listed in Note 2.21. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

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

The accounting policies used by the Group in the preparation of its financial statements relating to 31 December 2019 are consistent with those used in the preparation of the financial statements for the years presented. The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, available-for-sale investments and real estate, both for own use and for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

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

2.1.2. Consolidation principles

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

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

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

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

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

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

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

2.2. Investments in subsidiaries

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

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

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

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

2.3. Business combinations and goodwill

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

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

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

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

Until 1 January 2004, as permitted by the previous accounting policies, goodwill was fully deducted from the equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1, the Group did not change that policy and goodwill from transactions prior to 1 January 2004 continues to be deducted from the reserves.

2.4. Investment in associates and joint ventures

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

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

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

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

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

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

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

2.5. Conversion of foreign currency balances and transactions

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

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

Exchange rate differences calculated on exchange rate conversion are recognised in the income statement, with the exception of those resulting from non-monetary financial instruments recognised at fair value, such as securities classified as available-for-sale investments, which are recognised in a specific heading of shareholders' equity until they are disposed of.

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

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

2.6. Financial instruments

a) Financial assets

Financial assets are recognised at the contract date (trade date) at fair value. In the case of financial assets recognised at fair value through profit or loss, the costs directly attributable to the transaction are recognised in the "Direct investment expenditure" heading and in "Commissions on securities and investments operations". In other situations, these costs are added to the value of the asset. Regarding their initial recognition, these assets are classified in one of the following categories defined in IAS 39:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, essentially corresponding to securities acquired with the objective of making a profit as a result of short-term fluctuations in market prices. This category also includes derivative financial instruments, except those which meet hedge accounting requirements; and

- Financial assets whose initial recognition is irrevocably classified at fair value through profit or loss ("Fair Value Option"). This designation is limited to situations where its adoption leads to the production of more relevant financial information, namely:
 - If its application eliminates or significantly reduces an accounting mismatch which would otherwise occur as a result of inconsistent measuring of related assets and liabilities or recognition of related profits and losses;
 - Groups of financial assets, financial liabilities or both which are managed and the performance of which is assessed based on fair value, in line with formally documented risk management and investment strategies and information is reported to internal management bodies.

It is also possible to classify within this category financial instruments which contain one or more embedded derivative, unless:

- The embedded derivatives do not significantly modify the cash flows which would otherwise be produced by the contract;
- It is evident, with little or no analysis, that the embedded derivatives should not be separated out.

Financial assets classified in this category are recognised at fair value, and the profits and losses generated by their subsequent changes in value are recognised as income for the year, in "Net income on financial assets and liabilities recognised at fair value through profit or loss".

ii) Held-to-maturity investments

Securities with fixed or determinable payments and with a defined maturity date, which the Fidelidade Group intends and is capable of holding until maturity, are classified within this category.

These financial assets are recognised at amortised cost less impairment losses. In line with this method, the value of the financial instrument at each balance sheet date corresponds to its initial cost, less capital repayments made and impairment losses and adjusted for amortisation, based on the effective interest rate method, on any difference between the initial cost and the repayment value.

Interest is recognised on the basis of the effective interest rate method, which enables the amortised cost to be calculated and the interest to be split over the period of the operations. The effective interest rate is the rate that, since it discounts the estimated future cash-flows associated with the financial instrument, enables the current value of the financial instrument to be matched with its value at the date it is initially recognised.

iii) Loans and accounts receivable

These are financial assets with fixed or determinable payments which are not quoted in an active market. This category includes deposits with ceding companies, loans made, deposits with credit institutions and also amounts receivable for the provision of services or disposal of assets, recognised in "Other debtors for insurance and other operations".

These assets are initially recognised at fair value, less any commissions included in the effective interest rate, plus all incremental costs directly attributable to the transaction. The assets are subsequently recognised in the balance sheet at amortised cost, less impairment losses. Interest is recognised based on the effective interest rate method.

iv) Available-for-sale investments

Available-for-sale investments include:

- Non-derivative financial instruments which the Group intends to hold indefinitely;
- Financial instruments that are designated as available-for-sale upon initial recognition;
- Financial instruments that do not meet the criteria of the other categories.

The following financial instruments so designated on initial recognition or which do not fit within the categories mentioned above:

- Variable-income securities not classified as financial assets at fair value through profit or loss, including stable equity investments;
- Bonds and other debt instruments classified on initial recognition as available-for-sale;
- Units held in investment funds.

Available-for-sale investments are measured at fair value, except for equity instruments not quoted in an active market the fair value of which cannot be reliably measured, which continue to be recognised at cost. Revaluation gains or losses are recognised directly in shareholders' equity, in "Revaluation reserve for adjustments in fair value of financial assets". At the time of sale or if impairment is determined, the cumulative changes in fair value are transferred to the income or expenses for the year, and are recognised in "Net income on financial assets and liabilities not recognised at fair value through profit or loss" or "Impairment losses (net of reversals)", respectively.

Interest on the debt instruments classified in this category is determined on the basis of the effective interest rate method, and is recognised in "Income", in the profit and loss statement.

Dividends on equity instruments classified in this category are recognised in "Income", when the Group's right to receive them is established.

Fair value

As stated above, financial assets in the categories of "Financial assets at fair value through profit or loss" and "Available-for-sale investments" are recognised at fair value.

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

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

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

- Bid prices published by financial information services, namely Bloomberg and Reuters, including market prices available for recent transactions;
- Bid prices obtained from financial institutions which operate as market-makers;

- Internal valuation models, which take into account the market data which would be used to define a price for the financial instrument, reflecting the market interest rates and volatility, and the liquidity and credit risk associated with the instrument.

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

v) Derecognition

These assets are derecognised upon expiration of the contractual rights of the Group to receive their cash flows or when the Group has transferred substantially all the risks and the benefits associated with their ownership.

vi) Transfers between categories of financial assets

The Group follows the rules of IAS 39 and IFRS 7 for reclassifying financial instruments which allow an entity to transfer financial assets at fair value through profit or loss or held for trading to portfolios of available-for-sale investments, loans and accounts receivables or held-to-maturity investments, provided that those financial assets meet the criteria of each category, as follows: (i) if, on the date of reclassification, a financial instrument has the characteristics of a debt instrument for which there is no active market; or (ii) when there is a rare and highly unlikely event which is repeated within a short period, that is, when that event may be considered as a rare circumstance.

Transfers of available-for-sale investments to the loans and accounts receivable and held-to-maturity investments categories are also permitted, in certain circumstances.

The Group has not adopted this possibility to date.

b) Financial liabilities

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

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

i) Financial liabilities at fair value through profit or loss

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

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

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

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

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

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

Embedded derivatives

Derivatives embedded in other financial instruments are separated from the host contract and treated as autonomous derivatives within the scope of IAS 39, whenever:

- The embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, as defined in IAS 39;
- The entire combined financial instrument is not recognised at fair value with the respective changes recognised in the income statement; and
- Their separation is probable and can be reliably measured (evaluating their cost / benefit and materiality).

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

Hedge derivatives

These are derivatives used to hedge the Group's exposure to the risks inherent to its activity, namely hedging of the fair value of foreign currency assets (currency fluctuation risk), hedging of a net investment in a foreign operating unit, and cash flow hedging. Classification as hedging derivatives and use of the hedging accounting rules, as described below, is dependent on the requirements defined in IAS 39 being met.

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

- Risk management objectives and strategy associated with the performance of the hedging operation, in line with the defined hedging policies;
- Description of the hedged risk(s);

- Identification and description of the hedged and hedging financial instruments;
- Method for assessing the hedge's effectiveness and the frequency of assessment.

Assessments of hedge effectiveness are periodically performed and documented by comparing the change in the fair value of the hedging instrument and of the hedged item (the part attributable to the hedged risk). In order to enable the use of hedge accounting, in line with IAS 39, this ratio must fall within a range of 80% to 125%. Prospective effectiveness assessments are also performed, in order to estimate the future effectiveness of the hedge.

Fair value hedge derivatives are recognised at fair value, and the results are assessed daily and recognised in gains and expenses for the year. If the hedge is shown to be effective through the determination of an effectiveness of between 80% and 125%, the Group also recognises in the income statement for the year the change in fair value of the hedged item attributable to the hedged risk. If the hedge relationship ceases to be effective, the cumulative change in fair value reflected in the hedged item is recognised in the income statement up until its maturity.

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

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

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

The Group began using hedge accounting in 2015.

Trading derivatives

These include all derivatives not associated with effective hedging relationships, in line with IAS 39:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IAS 39, due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or due to the effectiveness assessment being outside the range allowed by IAS 39;
- Derivatives used for trading purposes.

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

d) Impairment of financial assets

The Group periodically performs impairment analyses of its financial assets, including assets recognised at amortised cost and available-for-sale investments.

In line with IAS 39, the following events are deemed to constitute indicators of impairment:

- Significant financial difficulties of the issuer or the debtor;

- Breach of contract clauses, such as late payment of capital or interest;
- Restructuring of operations as a result of financial difficulties of the debtor or of the issuer of the debt;
- Probability that the debtor will go bankrupt or encounter financial difficulties;
- Disappearance of an active market for that financial asset as a result of financial difficulties of the issuer;
- Adverse changes in industry conditions.

Financial assets at amortised cost

Evidence of impairment is identified on an individual basis with regard to financial assets where the amount of exposure is significant, and on a collective basis regarding homogeneous assets the outstanding balances of which are not individually significant.

Whenever evidence of impairment is identified in assets analysed individually, the potential impairment loss corresponds to the difference between the present value of the expected future cash flows (recoverable value), discounted at the asset's original effective interest rate, and the value recorded on the balance sheet at the time of analysis.

Assets which are not the object of specific analysis are included in a collective analysis of impairment, and for this purpose are classified in homogeneous groups with similar risk characteristics. Future cash flows are estimated on the basis of historical information regarding defaults and recoveries in assets with similar characteristics.

In addition, assets which are individually assessed and for which no objective evidence of impairment has been found are also collectively assessed for impairment, in the terms set out in the previous paragraph.

Impairment losses calculated collectively incorporate the time effect of estimated discounted cash flows receivable on each operation, at the balance sheet date.

The amount of impairment calculated is recognised in costs, in "Impairment losses (net of reversals)", and is reflected on the balance sheet as a deduction from the value of the asset to which it relates.

Available-for-sale investments

As stated in Note 2.6. a), available-for-sale investments are recognised at fair value, and changes in the fair value are reflected in shareholders' equity, in "Revaluation reserves for adjustments in fair value of financial assets".

Whenever there is objective evidence of impairment, the accumulated capital losses which have been recognised in reserves are transferred to costs for the year in the form of impairment losses, and are recognised in "Impairment losses (net of reversals)".

Besides the aforementioned evidence of impairment, the following specific evidence is also considered with regard to equity instruments:

- i) Significant changes adversely affecting the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment may not be fully recovered;
- ii) A prolonged or significant fall in market value below cost.

On each of the financial statements' reference dates the Group analyses the existence of impairment losses on available-for-sale investments, considering for the purpose the nature and specific and individual characteristics of the assets being assessed.

Besides the results of this analysis, the events presented below are considered signs of objective evidence of impairment in equity instruments:

- Existence of potential capital losses greater than 50% of the respective acquisition cost;
- Situations where the financial instrument's fair value remains below the respective acquisition cost for a period greater than 12 months.

Another indication of potential impairment is the existence of potential capital losses greater than 30%. Recognition of impairment according to this criterion is optional in a case-by-case basis.

Impairment losses on equity instruments cannot be reversed, and therefore any potential capital gains occurring after the recognition of impairment losses are reflected in "Revaluation reserves for adjustments in fair value of financial assets". If additional capital losses are subsequently determined, impairment is always considered to exist, and these are therefore recognised in the income statement.

Impairment losses on debt instruments can be reversed in the results for the year if in a subsequent period the fair value of that asset increases, and that increase is clearly related to an event occurring after the impairment recognition.

The Group also periodically performs impairment analyses of financial assets recognised at cost, namely unquoted equity instruments the fair value of which cannot be reliably measured. In this case, the recoverable value corresponds to the best estimate of the future flows receivable from the asset, discounted at a rate which adequately reflects the risk associated with holding the asset.

The amount of the impairment loss is recognised directly in the income statement. Impairment losses on these assets also cannot be reversed.

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

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

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

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

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

If the amount recognised on the balance sheet is higher than the fair value less costs to sell, impairment losses are recognised in "Impairment losses (net of reversals)".

2.8. Investment properties

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

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

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

2.9. Properties for own use

Properties for own use are recognised at their fair value, determined on the basis of experts' assessments, less depreciation and accumulated impairment losses. Costs of repair, maintenance and other expenses associated with their use are recognised as expenses for the year, except for expenses on items where capitalisation criteria are met, which are recognised separately in "Other tangible assets" and depreciated throughout their useful life.

Properties for own use are valued with the frequency considered appropriate to ensure that their balance sheet value does not differ significantly from their fair value. The Group has set a maximum period of 2 years between evaluations.

Any change in the fair value of these assets is recognised directly in shareholders' equity in "Revaluation reserves for revaluation of properties for own use". Depreciation is calculated using the straight line method, at rates corresponding to the estimated useful life of the properties for own use. Land is not depreciated.

An impairment loss is recognised in "Impairment losses (net of reversals)" in the income statement for the year whenever the net book value of property for own use is greater than its fair value, after reversal of any previously registered revaluation reserves. Impairment losses may be reversed, also with an impact on the income statement for the year, if an increase in the asset's recoverable value subsequently occurs.

2.10. Other tangible assets

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

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

	Years of useful life
Furniture and materials	2 - 12
Machinery and tools	4 - 10
IT equipment	4
Interior installations	8 - 10
Transport material	4
Safety equipment	4 - 10

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

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

2.11. Inventories

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

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

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

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

2.12. Leases

As described in note 2.20.1. Adopted Standards (New or Revised), the Group adopted IFRS 16 – “Leases” on 1 January 2019, replacing IAS 17 – “Leases”.

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

Lessee

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

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

After that date, the lessee shall measure the liability:

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

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

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

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

Lessor

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

2.13. Intangible assets

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

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

Amortisation is recognised systematically throughout the estimated useful life of the assets, which normally corresponds to a period of 3 to 6 years.

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

2.14. Income tax

The companies in the Group with their head office in Portugal are subject to taxation under the Corporate Income Tax Code (CIT Code) and the companies with their head offices abroad are also subject to the same type of tax (CIT), pursuant to the legislation in force in those countries. Additionally, there is a Municipal Surcharge, the aggregate rate of which, in 2018 and 2019 was 22.5%, and a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

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

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

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

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

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

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

The main situations giving rise to temporary differences correspond to i) impairments, ii) provisions temporarily not accepted for fiscal purposes, iii) fair value adjustments on financial available-for-sale investments, and iv) fair value adjustments on land and buildings.

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

Income tax (current or deferred) is recognised in the income statement for the year, except for cases in which the originating transactions have been recognised in other shareholders' equity headings (for example, in the case of revaluations of available-for-sale investments). The corresponding tax, in these cases, is also recognised in shareholders' equity and does not affect the income statement for the year.

2.15. Provisions and contingent liabilities

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

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

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

2.16. Employee benefits

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

Defined benefit plan - Liabilities with pensions and healthcare

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

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

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 35). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

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

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

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

Defined contribution plan

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

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

Other long-term benefits

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

Short-term benefits

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

2.17. Insurance and investment contracts

a) Classification of contracts

Transactions associated with insurance and reinsurance contracts issued and with reinsurance contracts held by the Group are recognised in accordance with ASF regulations. Under the transition to the new PCES, the classification principles for contracts established by IFRS 4 - "Insurance contracts", were incorporated into these regulations according to which contracts without a significant insurance risk are considered to be investment contracts and recognised in line with IAS 39 requirements.

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

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

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

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

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

b) Recognition of income and costs

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

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

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

c) Provision for unearned premiums and deferred acquisition costs

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

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

d) Claims provision

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

Claims provision for workers' compensation

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

The mathematical provision for workers' compensation relates to:

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

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

	Mandatorily Redeemable	Non-Redeemable
Mortality table	TD 88/90	INE 2010_2012 by gender
Discount rate	5.25%	3.44%
Management costs	2.40%	3%

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

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

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

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

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

This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	3.44%
Rate of inflation	2%
Management costs	2%

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

Claims provision for motor insurance

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

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

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

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

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

Claims provision for other types of insurance

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

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

Analysis of sufficiency of the claims provisions

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

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

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

e) Mathematical provision for life insurance

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

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

f) Profit-sharing provision

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

Provision for profit sharing to be allocated

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

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

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

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

- The balances of the net capital gains to be allocated to the insured persons which transited from the former "Fund for Future Appropriations" are used in the first place to cover the losses arising each year in the technical accounts of the respective life insurance products with a profit-sharing component, which were reflected as losses for the Group, and are recognised in its profit and loss up to the limit of the losses they seek to compensate. The Group has been using this procedure since 2011;
- The amounts corresponding to the insured persons' potential sharing of the loss of the related portfolios are reflected in this provision until the corresponding positive balance is reached. Thus, amounts arising from the former "Fund for Future Appropriations" which are still available after the use referred to above in i) are used to offset potential capital losses of the respective portfolios;
- If the balance of the provision for profit sharing to be allocated is positive after the movements above, and there are losses to be recovered, calculated in previous years in the technical accounts of the respective products and which have been recognised in the Group income statement due to the fact that the income from the related portfolios was not sufficient to cover the costs resulting from the guaranteed technical rates, that positive balance is recognised in the Group income statement up until these losses are recovered. This movement can be reversed, also having an impact on the income statement, when the balance arising from the potential gains/losses ceases to be positive.

Provision for allocated profit sharing

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

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

g) Provision for interest rate commitments

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

h) Provision for portfolio stabilising

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

i) Equalisation provision

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

j) Provision for unexpired risks

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

k) Technical provisions for reinsurance ceded

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

l) Liabilities to subscribers of Unit-linked products

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

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

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

m) Liabilities to subscribers of other investment contracts

Liabilities to subscribers of other regulated products, classified as investment contracts under IFRS 4, and which do not include a discretionary profit-sharing component, are valued in accordance with the requirements of IAS 39 and recognised in "Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts".

n) Impairment of debtor balances related with insurance and reinsurance contracts

For each date the financial statements are presented, the Group assesses the existence of evidence of impairment on assets from insurance or reinsurance contracts, namely accounts receivable from insured persons, agents, reinsurers and reinsured, and technical provisions for reinsurance ceded.

If impairment losses are identified, the balance sheet value of the respective assets is reduced in the profit and loss statement for the year, with the cost being recognised in "Impairment losses (net of reversals)".

2.18. Revenue

Revenue or income is recognised whenever it is likely that economic benefits will result for the Group and when these can be reliably assessed.

(i) Fees from financial instruments

The fees related to financial instruments, such as commissions charged or paid on contracting of operations, are included in the amortised cost and recognised in the statement of gains and losses throughout the operation, by the effective interest rate method.

(ii) Provision of services – healthcare segment

Revenue is recognised whenever it is probable that the Group will obtain economic benefits that can be reliably estimated, being measured by the fair value of the instalments received or receivable, net of discounts given and any taxes. The revenue associated with the transaction is recognised with reference to its stage of completion as at the reporting date.

Revenue from activities carried out in the private healthcare segment is recognised based on the services rendered during that period, valued at the prices of those services as set out in a defined price list, regardless of the actual invoice date.

In the case of activities carried out in the public healthcare segment (under the PPP), revenue is recognised in accordance with the services provided valued by the contractual prices agreed with the contracting public entity. Under the agreement, invoicing is monthly for an amount equivalent to 1/12 of 90% of the annual amount agreed for each year. There is an adjustment invoice for services actually provided, during the first six months of the following year. The difference between the amounts invoiced and the actual production is recorded under "Other payables" or "Other receivables" on an accrual basis.

Revenue from senior residences is recognised based on lifetime rights-of-use (ROUs). This recognition is made according to the characteristics of each type of agreement:

- In lifetime ROUs with no conveyance rights, or with the right to only one conveyance, the value of the agreement is initially recognised as deferred income. Once the member moves into the Club, the revenue is recognised for a period that takes into account the age of the member (or of the assignor, if allowed) on the entry date, and the average life expectancy taken from the GRF95 actuarial tables;
- In lifetime ROUs with unlimited conveyance rights, the agreement value is immediately recognised as income and an accrued expense for the unit's portion of the total cost of the buildings is recorded as a cost of sales. The accrued expense is later recognised as revenue in the same period as the depreciation of the corresponding property, plant and equipment.

(iii) Fees for other services provided

Fees for services provided are normally recognised as earnings throughout the period of service provision or on a one-off basis if they relate to payment for the performance of single acts.

2.19. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include amounts recognised in the balance sheet with a maturity of less than three months from the date of their acquisition, readily convertible to cash and with low risk of a change in value, and cash and deposits with credit institutions which do not have an investment purpose.

2.20. Critical accounting estimates and most relevant judgements in the application of the accounting policies

When applying the accounting principles described above, the Boards of Directors of Fidelidade and the Group companies are required to make estimates. The estimates with the greatest impact on the Group's consolidated financial statements include those presented below.

Determination of impairment losses on financial assets

Impairment losses on financial assets are determined in line with the methodology defined in Note 2.6. d). Accordingly, the determination of impairment takes into account the conclusions of the specific evaluation conducted by the Group on the basis of knowledge regarding the situation of the issuers of the financial instruments in question.

The Group considers that impairment determined on the basis of this methodology adequately reflects the risk associated with its portfolio of financial assets, taking into account the rules defined by IAS 39.

Valuation of financial instruments not traded in active markets

In line with IAS 39, the Group recognises all financial instruments at fair value, with the exception of those recognised at amortised cost. Valuation models and techniques such as those described in Note 2.6. a) are used to value financial instruments not traded in liquid markets. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date. To guarantee adequate separation between functions, such financial instruments are valued by a body that is independent from the trading function.

Impairment of investments in subsidiaries, associates and joint ventures

The Group conducts an annual valuation, with reference to the end of the financial year, of the recoverable value of investments in subsidiaries, associates and joint ventures. Whenever possible, the recoverable value is assessed on the basis of valuation methods based on discounted future cash flow models, considering the strategy for each entity, market conditions and the time value and business risks, for which certain assumptions or judgements are used to establish estimates of fair value. In the remaining cases, the recoverable value is assessed on the basis of the Shareholders' Equity of each company.

Alternative methods and the use of different assumptions and estimates may lead to different valuations of investments in subsidiaries, associates and joint ventures, with an impact on the Group's results.

Valuation of Properties for Own Use and Investment Properties

As stated in notes 2.8 and 2.9 Properties for Own Use and Investment Properties are valued at each balance sheet date, to ensure that their balance sheet value does not differ significantly from their fair value. The Group has set a maximum period of 2 years between valuations performed by qualified experts.

As stated in note 11, properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value). If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration. The valuation techniques normally used are the market method, the cost method and the income method, as described in note 11.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Group's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

The Group considers that the valuations obtained based on these methods correspond to the best estimate of the fair value of these assets at the balance sheet date.

Provisions and contingent liabilities

As stated in note 2.15, provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed.

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

The decision to recognise provisions and measurement of these takes into account the Group's assessment of the risks and uncertainties associated with the processes in progress and the expectation regarding expenditure of resources, which uses as a reference the best available information at the date the financial statements are closed.

Employee benefits

As stated in Note 2.16., the Group liabilities for post-employment and other long term benefits granted to its employees are determined on the basis of actuarial assessments. These assessments incorporate, in particular, financial and actuarial assumptions on mortality, disability, wage and pensions growth, assets returns and discount rates. The assumptions adopted correspond to the best estimate of the Group and its actuaries regarding the future performance of the respective variables.

Impairment of goodwill

As stated in Note 2.3., at least once a year the Group performs analyses of impairment of the goodwill recognised in the balance sheet. These analyses are conducted on the basis of estimates of future cash flows to be generated for each unit, discounted at appropriate rates.

The projections produced incorporate a wide range of assumptions as to the evolution of the future activity of the units, which may or may not reflect future performance. However, these assumptions reflect the Group's best estimate on the balance sheet date.

Determination of liabilities on insurance and reinsurance contracts

The Group's liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.17. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the insurance companies in the Group, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

Owing to the nature of the insurance activity, determining the claims provisions and other liabilities on insurance and reinsurance contracts is highly subjective and the actual amounts payable in the future may differ significantly from the estimates.

The Group considers, however, that the liabilities on insurance and reinsurance contracts recognised in the consolidated financial statements adequately reflect the best estimates at the balance sheet date of the amounts to be disbursed by the Group.

Determination of income tax

The companies in the Group determine income tax (both current and deferred) based on the rules defined by the tax framework in force. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised result from the best understanding of the responsible bodies of Fidelidade - Companhia de Seguros, S.A. and of the companies in the Group with regard to the correct presentation of their operations, which may, however, be questioned by the Tax Authorities.

2.21. Adoption of standards (new and revised) issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretation Committee" (IFRIC), as endorsed by the European Union

2.21.1. Adopted Standards (New or Revised)

During the course of 2019 the Group adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2019. The relevant changes for the Group were as follows:

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 16 - Leases	13-01-2016	2017/1986	01-01-2019
IFRIC 23 - Uncertainty over Income Tax Treatments	07-06-2017	2018/1595	01-01-2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendment)	07-02-2018	2019/402	01-01-2019
IFRS 3 - Business Combinations. Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IFRS 11 - Joint Arrangements . Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IAS 12 - Income Tax consequences on dividends of equity instruments. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IAS 23 - Borrowing Costs eligible for capitalisation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019

IFRS 16 - "Leases" came into force on 1 January 2019, replacing IAS 17 - "Leases", which was in force until 31 December 2018.

The new standard introduces significant changes in accounting of lease contracts from the perspective of the lessee, which must recognise on its balance sheet a right-of-use asset and a liability for the obligations inherent to those contracts. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-of-use asset.

The Group applied the simplified approach in the transition, not re-expressing comparative information. The Group chose to apply the standard to contracts previously identified as leases in line with IAS 17 and IFRIC 4, and not to apply it to contracts that were not previously identified as containing a lease, applying the earlier standard.

2.21.2. Standards, Interpretations, Amendments and Revisions with Mandatory Application in Future Accounting Periods

The following standards, interpretations, amendments and revisions, with mandatory application in future accounting periods, had been endorsed by the European Union up to the date these financial statements were approved:

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 9 - Financial Instruments	24-07-2014	2016/2067	01-01-2022
IFRS 9 - Prepayment Features with Negative Compensation (Amendment)	12-10-2017	2018/498	01-01-2022
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendment)	12-10-2017	2019/239	01-01-2022
IAS 1 - Definition of Material (Amendment)	31-10-2018	2019/2075	01-01-2020
IAS 8 - Definition of Material (Amendment)	31-10-2018	2019/2075	01-01-2020
IFRS 9 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020
IAS 39 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020
IFRS 17 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020

In order to ensure consistency in the insurance sector between the application of IFRS 9 - Financial instruments and the new Insurance Contracts standard (IFRS 17), the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allows insurance companies to defer the application of IFRS 9 to periods after 1 January 2022, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Group's liabilities related with the insurance activity account for over 90 per cent of all of its liabilities, and the Group's activity is therefore deemed to be predominantly connected with insurance as defined in the terms of the amendment to IFRS 4. In this context and taking into consideration the information received from ASF, Fidelidade meets the requirements imposed by the said amendment and has chosen to defer the application of IFRS 9 to periods after 1 January 2022.

The Group is developing business models and is assessing the impact of applying IFRS 9.

2.21.3. Standards, Interpretations, Amendments and Revisions Not Yet Endorsed by the European Union

The following standards, interpretations, amendments and revisions, of mandatory application in future accounting periods, had not been endorsed by the European Union up to the date these financial statements were approved:

Standards / Interpretations	Date of issue	Applicable to accounting periods beginning on or after
IFRS 17 - Insurance Contracts	18-05-2017	01-01-2022
IFRS 3 - Business Combinations (Amendment)	22-10-2018	01-01-2020
IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendment)	23-01-2020	01-01-2022

These standards have not been endorsed by the European Union and, as such, have not been applied by the Group for the year ended 31 December 2019.

3. GROUP COMPANIES AND TRANSACTIONS DURING THE PERIOD

The Group's structure in terms of its subsidiaries, by sectors of activity, and the respective financial data taken from their statutory individual accounts at 31 December 2019 and 2018, except when expressly indicated otherwise, can be summarised as follows:

(amounts in euros)

Operating sector/entity	2019					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	16,802,567,666	14,197,429,909	2,605,137,757	144,406,401	4,004,501,040
Via Directa - Companhia de Seguros, S.A.	100.00%	79,637,408	52,654,171	26,983,237	810,106	50,448,564
Companhia Portuguesa de Resseguros, S.A.	100.00%	18,004,069	4,736,990	13,267,079	70,151	1,169,324
Fidelidade Angola - Companhia de Seguros, S.A. (b)	69.51%	91,754,503	72,032,812	19,721,691	1,160,585	286,485,651
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	30,373,400	18,108,084	12,265,316	1,543,323	11,608,321
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	59,802,055	30,946,691	28,855,364	4,618,727	11,533,050
La Positiva Seguros Y Reaseguros S.A.A. (l)	51.00%	496,498,497	306,037,692	190,460,805	(249,594)	1,015,807,377
Fid Chile Seguros Generales S.A.	99.00%	7,508,899	69,059	7,439,840	(24,006)	35,243
Property						
Fidelidade - Property Europe, S.A.	100.00%	1,330,945,850	16,070,368	1,314,875,482	7,013,772	37,455,529
Fidelidade - Property International, S.A.	100.00%	223,135,212	6,604,901	216,530,311	(4,346,774)	725,439
Fundo de Investimento Imobiliário Fechado Saudeinveste (e)	98.85%	173,829,701	16,430,304	157,399,397	12,084,965	14,120,715
Fundo de Investimento Imobiliário Fechado IMOFID (e)	100.00%	178,411,669	1,321,991	177,089,678	1,748,993	4,134,865
FPI (AU) 1 PTY LIMITED (f)	100.00%	580,250	1,199	579,051	(25,247)	971
FPI (UK) 1 LIMITED (g)	100.00%	42,782,566	52,359	42,730,207	(851,466)	121,297
FPE (IT) Società per Azioni	95.76%	384,131,969	823,756	383,308,213	15,937,466	21,446,843
FPE (Lux) Holding S.à r.l.	100.00%	147,603,815	7,257,149	140,346,666	(10,473,096)	9,727,947
Thomas More Square (Lux) Holdings S.à r.l. (g)	99.30%	138,436,540	124,916	138,311,624	176,578	204,822
Thomas More Square (Lux) S.à r.l. (g)	100.00%	416,145,718	241,199,716	174,946,002	14,791,367	28,558,272
Godo Kaisha Moana (h)	97.00%	129,134,910	10,618	129,124,292	(5,067,115)	3
Godo Kaisha Praia (h)	100.00%	538,741,369	332,285,359	206,456,010	17,645,421	37,549,395
Fundo Broggi	100.00%	393,940,781	3,277,801	390,662,980	21,446,113	24,378,883
Broggi Retail S.R.L.	100.00%	202,996	13,608	189,388	(25,662)	4
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	811,118	307,542	503,576	233,131	1,276,543
FPE (BE) Holding S.A.	100.00%	158,307,620	5,620,552	152,687,068	7,687,068	11,598,790

(continuation)

(amounts in euros)

Operating sector/entity	2019					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Healthcare						
Luz Saúde, S.A.	50.85%	830,404,806	565,715,342	264,689,464	16,583,972	590,099,298
Other sectors						
Cetra - Centro Técnico de Reparação						
Automóvel, S.A.	100.00%	7,872,503	2,626,709	5,245,794	75,463	7,663,102
E.A.P.S. - Empresa de Análise,						
Prevenção e Segurança, S.A.	100.00%	1,188,919	859,733	329,186	(170,906)	3,070,917
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,275,910	2,750,734	525,176	169,278	22,324,553
FCM Beteiligungs GmbH	100.00%	3,796,138	277,571	3,518,567	181,708	397,405
FID III (HK) LIMITED (i)	100.00%	767	22,632	(21,865)	(3,922)	-
Fidelidade - Consultoria						
e Gestão de Risco, Lda. (j)	100.00%	29,827	28,471	1,356	604	108,767
Fidelidade - Assistência e Serviços, Lda. (j)	80.00%	16,668	14,975	1,693	772	68,438
FID Loans 1 (Ireland) Limited	100.00%	352,272,960	8,783,593	343,489,367	7,814,492	14,714,396
Universal - Assistência e Serviços, Lda. (b)	80.00%	242,925	239,465	3,460	4,190	509,956
FID LatAm SGPS, S.A.	100.00%	319,683	7,453	312,230	(6,942)	5,847
GEP Cabo Verde Gestão de Peritagens, Lda. (c)	75.00%	51,498	10,247	41,251	(4,094)	54,139
FID Perú, S.A. (l)	100.00%	140,721,170	235,544	140,485,626	836,681	2,227,563
FID Chile, SpA. (m)	100.00%	11,929,747	6,748	11,922,999	38,989	7
FID Chile & MT JV SpA (m)	99.00%	11,285,226	892,483	10,392,743	(1,677,876)	35,240
FID I&D, S.A.	100.00%	50,000	-	50,000	-	-

(a) The shareholders' equity includes net income for the year

(b) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 536.2617 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 414.89188 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.0097 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.03465 MOP for the profit and loss headings.

(e) Amounts recorded in available-for-sale investments.

(f) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 1.5995 AUD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.61088 AUD for the profit and loss headings.

(g) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 0.8508 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.87777 GBP for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 121.94 JPY for balance sheet headings and an average monthly exchange rate of 1 EUR/ 122.00576 JPY for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 8.7473 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.7715 HKD for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 68.7000 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 69.43667 MZN for the profit and loss headings.

(l) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

(m) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 844.2350 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 792.58092

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	16,275,614,962	14,043,010,031	2,232,604,931	278,236,439	2,820,187,838
Via Directa - Companhia de Seguros, S.A.	100.00%	73,856,266	49,275,375	24,580,891	1,066,797	47,791,709
Companhia Portuguesa de Resseguros, S.A.	100.00%	29,484,321	16,581,726	12,902,595	1,111,217	1,338,940
Fidelidade Angola - Companhia de Seguros, S.A. (b)	69.13%	107,129,922	86,528,728	20,601,194	1,375,653	181,321,768
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	27,050,226	16,069,089	10,981,137	1,322,766	10,639,328
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	66,762,850	43,133,814	23,629,036	2,313,653	9,958,057
Property						
Fidelidade - Property Europe, S.A.	100.00%	849,584,306	23,501,287	826,083,019	57,932,543	80,926,676
Fidelidade - Property International, S.A.	100.00%	226,578,642	5,701,558	220,877,084	(104,650,065)	23,195,529
Fundo de Investimento Imobiliário Fechado Saudeinveste (e)	98.85%	178,377,912	33,063,479	145,314,433	10,851,951	12,901,416
Fundo de Investimento Imobiliário Fechado IMOFID (e)	100.00%	55,587,126	246,430	55,340,696	351,447	861,080
FPI (AU) 1 PTY LIMITED (f)	100.00%	610,274	14,182	596,092	(317,624)	384,704
FPI (UK) 1 LIMITED (g)	100.00%	41,522,682	45,871	41,476,811	(81,499,636)	8,081,652
FPE (IT) Società per Azioni	95.76%	366,965,783	1,195,036	365,770,747	2,724,365	4,179,172
FPE (Lux) Holding S.à r.l.	100.00%	153,295,273	2,475,511	150,819,762	1,442,257	7,630,730
Thomas More Square (Lux) Holdings S.à r.l. (g)	99.30%	131,501,150	124,299	131,376,851	(25,982)	6,024
Thomas More Square (Lux) S.à r.l. (g)	100.00%	372,674,052	220,599,062	152,074,990	11,126,980	24,861,276
Godo Kaisha Moana (h)	97.00%	130,034,988	10,090	130,024,898	13,803,020	13,838,428
Godo Kaisha Praia (h)	100.00%	522,791,038	339,855,774	182,935,264	29,078,480	39,356,305
Fundo Broggi	100.00%	372,067,771	2,850,904	369,216,867	4,169,871	7,093,610
Broggi Retail S.R.L.	100.00%	234,065	19,016	215,049	(23,713)	936
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,217,982	510,104	707,878	(792,122)	146,521

(continuation)

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Healthcare						
Luz Saúde, S.A.	50.36%	754,263,063	505,756,239	248,506,824	14,209,885	545,076,376
Other sectors						
Cetra - Centro Técnico de Reparação						
Automóvel, S.A.	100.00%	6,297,884	1,127,554	5,170,330	306,853	7,940,852
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	978,794	878,702	100,092	(88,265)	2,797,438
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,542,006	3,046,107	495,899	150,593	24,322,514
FCM Beteiligungs GmbH	100.00%	3,656,525	267,728	3,388,797	(32,063)	-
FID I (HK) LIMITED (i)	100.00%	-	-	-	-	-
FID III (HK) LIMITED (i)	100.00%	815	18,307	(17,492)	(4,966)	-
Fidelidade - Consultoria e Gestão de Risco, Lda. (j)	100.00%	19,182	18,810	372	2,659	71,721
Fidelidade - Assistência e Serviços, Lda. (j)	80.00%	13,977	10,773	3,204	2,910	99,589
FID Loans 1 (Ireland) Limited	100.00%	265,270,697	13,018,072	252,252,625	2,166,001	8,841,979
FID Loans 2 (Ireland) Limited	100.00%	1	-	1	-	-
Universal - Assistência e Serviços, Lda. (b)	80.00%	470	-	470	-	-
FID LatAm SGPS, S.A.	100.00%	298,166	59,695	238,471	(5,812)	4,040
GEP Cabo Verde Gestão de Peritagens, Lda. (c)	75.00%	45,345	-	45,345	-	-
FID Perú, S.A. (l)	100.00%	122,763,912	64,293	122,699,619	154,773	250,099
FID Chile, SpA. (m)	100.00%	1,258	-	1,258	-	-

(a) The shareholders' equity includes net income for the year

(b) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 353.0155 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 303.6658 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 9.2365 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.1678 MOP for the profit and loss headings.

(e) Amounts recorded in available-for-sale investments.

(f) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 1.62200 AUD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.5849 AUD for the profit and loss headings.

(g) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 0.89453 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.89774 GBP for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 125.8500 JPY for balance sheet headings and an average monthly exchange rate of 1 EUR/ 127.8800 JPY for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 8.9675 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.9026 HKD for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 70.2400 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 71.29333 MZN for the profit and loss headings.

(l) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 3.86670 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3,83865 PEN for the profit and loss headings.

(m) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 794,6300 CLP for balance sheet headings and profit and loss headings.

The financial data at 31 December 2019 was taken from the non audited provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Group's financial statements are expected.

The subsidiaries, grouped according to the nature of their main business, are the following:

INSURANCE

Fidelidade - Companhia de Seguros, S.A. is a public limited liability company resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. ("Império Bonança") in Companhia de Seguros Fidelidade-Mundial, S.A. ("Fidelidade Mundial"), in accordance with the public deed dated 31 May 2012, effective 1 January 2012. This operation was authorised by ASF through a resolution of its Board of Directors dated 23 February 2012. The Company's purpose is to perform the "Non-life" and "Life" insurance activity, as set out in the statute governing this activity.

Via Directa - Companhia de Seguros, S.A. (OK Teleseguros), with its head office in Lisbon, at Avenida José Malhoa, n.º 13 - 4.º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance.

Companhia Portuguesa de Resseguros, S.A., with its head office in Lisbon, at Largo do Calhariz n.º 30, was set up on 22 September 1979 with the corporate purpose of performing any operations regarding reinsurance of non-life lines of business, both in Portugal and abroad, in addition to participating in the redistribution in the market of certain risks of a specific type or dimension.

Fidelidade Angola - Companhia de Seguros, S.A., (previously Universal Seguros, S.A.), with its head office in Luanda, at Rua 1.º Congresso MPLA, n.º 11, 1.º A, Ingombota, was set up on 2 June 2009 with the corporate purpose of performing insurance activities in the life and non-life lines of business in the national territory of the Republic of Angola.

Garantia - Companhia de Seguros de Cabo Verde, S.A. resulted from the split of the former Instituto de Seguros e Providência Social, EP which occurred on 30 October 1991, pursuant to Decree-Law No. 136/91, of 2 October, with all the assets and liabilities related to the insurance business being transferred to it. The Company has its head office in Chã de Areia, C.P. 138, Cidade da Praia, in the Republic of Cape Verde, and branches in the Sal, São Vicente, Boavista, São Nicolau, Fogo and Santo Antão islands. In order to attract clients to purchase insurance policies, the company also has a network of agents. The Company is engaged in the activity of direct insurance and reinsurance in all lines of business and operations, and may also perform related and complementary activities.

Fidelidade Macau - Companhia de Seguros, S.A., with its head office in Macao at Avenida da Praia Grande, n.º 567, BNU Building, 14.º, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

La Positiva Seguros Y Reaseguros S.A.A., with its head office in Lima, Peru, at Calle Francisco Masías N.º 370, San Isidro District, Province and Department of Lima, was set up on 27 September 1937 with the corporate purpose of providing the services of a general risk insurance and reinsurance company, assuming as insurer and reinsurer all the risks that, in accordance with the law, may be subject to that contract, both in Peru and abroad. It may also develop any other subsidiary or business that, in line with the General Law of the Financial System, the Insurance System and the Banks and Insurance Supervisory Organisation, a general risk insurance and reinsurance company may undertake, while complying with the requirements of the legal regulations.

Fid Chile Seguros Generales, S.A., with its head office in Santiago, Chile, at Av. Vitacura 2939, piso 16, oficina 1601, Las Condes, was set up on 15 November 2019 with the corporate purpose of performing, on the basis of premiums, insurance and reinsurance operations for the risks included in the first group referred in to Article 8 of Decree with legal force no. 251 of 1931 or the subsequent legal or regulatory provisions that may replace or modify it, and any other business that the applicable law or the Financial Market Commission, by means of a general rule, declares to be related with or complementary to the business of the insurance companies of the first group.

PROPERTY

Fidelidade – Property Europe, S.A., using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A..

Fidelidade – Property International, S.A. with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

Fundo de Investimento Imobiliário Fechado Saudeinveste was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

Fundo de Investimento Imobiliário Fechado IMOFID (previously Bonança I) was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

FPI (AU) 1 PTY LIMITED, with its head office at Grosvenor Place Level 18, 225 George Street, Sydney, NSW 2000, Australia, was set up on 17 December 2014 with the corporate purpose of purchasing property.

FPI (UK) 1 LIMITED, with its head office at Legalinx Limited, One Fetter Lane, London, EC4A 1BR, England, was set up on 18 December 2014 with the corporate purpose of purchasing property.

FPE (IT) Società per Azioni, with its head office at Via Maria Teresa 11 Cap 20123, Milan, Italy, was set up on 2 July 2015 with the corporate purpose of purchasing property.

FPE (Lux) Holding S.à r.l., a special purpose vehicle with its head office at 18, rue Robert Stümper, L-2257 Luxembourg, was set up on 2 February 2016.

Thomas More Square (Lux) Holdings S.à r.l., a special purpose vehicle with its head office at 18, rue Robert Stümper, L-2257 Luxembourg, was set up on 6 January 2016.

Thomas More Square (Lux) S.à r.l., a special purpose vehicle with its head office at 18, rue Robert Stümper, L-2257 Luxembourg, was set up on 6 January 2016.

Godok Kaisha Moana, a special purpose vehicle with its head office at Tokyo Kyodo Accounting Office 3-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan, was set up on 27 March 2014.

Godok Kaisha Praia, with its head office at Tokyo Kyodo Accounting Office 3-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan, was set up on 27 March 2014 with the corporate purpose of the sale and purchase of property and property investments and management.

Fundo Broggi, set up on 24 March 2017 under Italian law, is an alternative real estate closed-end fund. The fund is managed by IDEa FIMIT - Società di Gestione del Risparmio S.p.A., an Italian investment funds management company.

Broggi Retail S.R.L. is an Italian company, 100% held by IDEa FIMIT - Società di Gestione del Risparmio S.p.A., in its capacity as Fundo Broggi's management company, and in the interest of Fundo Broggi. Its corporate purpose is, among others, the management, restructuring, appreciation and maintenance of real estate assets, both its own and those of third parties.

Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. with its head office in Lisbon, at Largo do Chiado, n° 8, 1° andar, was set up on 8 February 2018 with the corporate purpose of managing, on behalf of the participants and in their exclusive interest, one or more public or private, closed or open real estate investment undertakings, and managing the property included in the applications portfolios or collective interest bodies managed by it.

FPE (BE) Holding S.A., with its head office at 97 Rue Royale, 4th floor, 1000 Brussels, Belgium, was set up on 15 March 2019 with the corporate purpose of performing, in its own name, all business and transactions of holdings and real estate investment entities. This may include, in particular, various transactions related with shares and other securities, management of investment in securities, granting of loans to subsidiaries in certain circumstances and different types of real estate transactions.

HEALTHCARE

Luz Saúde, S.A., with its head office in Lisbon, at Rua Carlos Alberto da Mota Pinto, 17 - 9°, was set up on 6 July 2000 with the legal character of a "Holding Company", pursuant to Decree-Law No. 495/88, of 30 December, and is one of the largest healthcare groups in terms of revenues in this expanding market in Portugal. The Group provides services via 18 units in the North, Centre and South of the country, and has a strong presence in Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal, and in Oporto, where it operates Hospital da Arrábida.

OTHER SECTORS

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, n° 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, n° 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

GEP - Gestão de Peritagens Automóveis, S.A., with its head office in Lisbon, at Avenida 5 de Outubro n° 35 8° Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

FCM Beteiligungs GmbH, with its head office in Garstedter Weg 14, 22453 Hamburg, Germany, was set up on 6 May 2014 with the corporate purpose of acquiring, alienating, holding or managing its own investments in other companies in Germany and abroad, and is active in the import, export, wholesale and retail of textiles and all types of fashion items, including related complementary businesses, in particular, with the management of Tom Tailor GmbH, in Hamburg. The company may act in its own name in these activities.

The companies **FID I (HK) LIMITED** and **FID III (HK) LIMITED** are special purpose vehicles with their head office at Level 54 Hopewell Centre 183, Queen's Road East, Hong Kong, and were set up on 4 November 2014.

Fidelidade - Consultoria e Gestão de Risco, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

Fidelidade - Assistência e Serviços, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

FID Loans 1 (Ireland) Limited and **FID Loans 2 (Ireland) Limited** are special purpose vehicles, with their head office at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland, and were set up on 13 June 2017.

Universal - Assistência e Serviços, Lda., with its head office at Rua Pedro de Castro Van Dunen Loy s/n, Morro Bento, Luanda, was set up on 21 April 2017 with the purpose of providing assistance services and claims management support services, and services in accounting, technical consultancy, human resource management, training, IT support, risk analysis and prevention, laboratory support, planning and monitoring of environmental recovery interventions, and facilities management. It also provides services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

FID LatAm SGPS, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 February 2018 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

GEP Cabo Verde Gestão de Peritagens, Lda., with its head office at Rua Serpa Pinto, n° 9 - 4° andar Dto, Plateau, Ilha de Santiago, Cape Verde, was set up on 5 June 2018 with the main corporate purpose of providing and managing motor vehicle and property loss adjusting services and inquiries, providing claims management assistance and support services, providing and managing any repair, restoration, assembly and improvement works to be made to any property, and hiring any entities to perform such works, acquiring and supplying various materials, products and tools, and performing any operations that are related or complementary to the aforementioned activities.

FID Perú, S.A., with its head office in Lima, Peru, at Av. Victor Andrés Belaunde 147, San Isidro District, Province and Department of Lima, was set up on 9 July 2018 with the corporate purpose of investments and the holding of securities, including, but not limited to, shares in other companies, either national or foreign, in any form.

FID Chile, SpA., with its head office in Santiago, Chile, was set up on 16 October 2018 with the corporate purpose of making all kinds of investments, in tangible and intangible assets, all kinds of securities and property, and setting up and participating in other companies and/or legal persons of any kind, regardless of their purpose, managing those investments and assessing their results, and carrying on any other type of investment that the partners agree.

FID Chile & MT JV SpA, with its head office in Santiago, Chile, was set up on 14 January 2019 with the corporate purpose of forming and creating one or more companies the purpose of which is to develop the insurance business in Chile, participating in those companies, receiving income from those participations, and carrying on any other type of investment that the partners agree.

FID I&D, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 27 December 2019 with the purpose of providing consultancy services and services for the development of new digital solutions and platforms, analytical models, new solutions based on artificial intelligence models and Machine Learning and other advanced analytics models, as well as the sale and distribution of those solutions and models.

The main movements in the Group's subsidiaries during 2019 were as follows:

On 4 January 2019 the Group acquired 194,224,590 shares in the company Positiva Seguros y Reaseguros S.A.A. for EUR 94,087,966, representing a participation of 51% in the company's share capital.

On 14 January 2019 the company Fid Chile & MT JV SpA was set up with share capital of EUR 6,096,320 and with a participation of the Group of 97.86%.

Throughout the year capital increases were made to the share capital of the company Fid Chile & MT JV SpA., in the amount of EUR 6,972,270, bringing it to a total of EUR 13,068,590 and a participation of 99% at 31 December 2019.

During 2019 the Group acquired shares in Luz Saúde, S.A., increasing its participation in the share capital from 50.36% at 31 December 2018 to 50.85% at the end of 2019, for EUR 2,672,121.

Throughout the year the Group made capital increases to the share capital of the company FID Chile, SpA., in the amount of EUR 13,167,630, bringing it to a total of EUR 13,168,935 at 31 December 2019.

In February 2019 the Group acquired shares in Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., increasing its participation in the share capital from 33.67% at 31 December 2018 to 34.78% at the end of the year, for EUR 25,000.

In February 2019 the company FID I (HK) LIMITED was fully liquidated.

On 15 March 2019 the company FPE (BE) Holding was set up with share capital of EUR 145,000,000 with the Group holding 100% of its shares.

In 2019 there were increases in the supplementary contribution of FID LatAm SGPS, S.A., of EUR 80,702.

During 2019, the Group granted supplementary contributions to Fidelidade - Property Europe, S.A., of EUR 518,000,000.

From June to December 2019 the Group increased the capital of the company FID Loans 1 (Ireland) Limited, by EUR 90,000,000, bringing it to a total of EUR 340,000,000 at the end of the year.

In June 2019 the Group increased the share capital of the company FID Perú, S.A. by EUR 11,947,749, bringing it to a total of EUR 137,491,143.

In July 2019, the Group increased the share capital of the company Fidelidade Angola - Companhia de Seguros, S.A by EUR 2,236,138, increasing its shareholding from 70% to 70.03%.

In September 2019 the company FID Loans 2 (Ireland) Limited was fully liquidated.

In December 2019, the Group granted a supplementary contribution to the company E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A., of EUR 400,000.

In December 2019 the Group granted a supplementary contribution to the company FPE (IT) Società per Azioni of EUR 1,600,000.

On 15 February 2019 the company Fid Chile Seguros Generales S.A. was set up, with share capital of EUR 7,142,971, with the Group holding 99%. The company obtained authorisation to commence its business in November 2019.

In December 2019 the Group granted a supplementary contribution to the company Cares - Assistência e Reparações, S.A. of EUR 600,000.

On 27 December 2019 the company FID I&D, S.A. was set up, with share capital of EUR 50,000, with the Group holding 100%.

4. CASH AND CASH EQUIVALENTS

At 31 December 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Cash and cash equivalents		
Headquarters	3,433,544	32,219,162
Branch offices	484,915	532,133
	3,918,459	32,751,295
Sight deposits		
Domestic currency	599,439,821	823,119,452
Foreign currency	264,227,772	178,623,497
	863,667,593	1,001,742,949
	867,586,052	1,034,494,244

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

At 31 December 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019		2018	
	Effective share %	Balance sheet value	Effective share %	Balance sheet value
Valued at acquisition cost				
Associates				
HL - Sociedade Gestora do Edifício, S.A.	10.00%	611,797	10.00%	611,797
Valued by the equity accounting method				
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (a)	34.78%	1,259,736	33.67%	1,355,056
Highgrove - Investimentos e Participações, SGPS, S.A.	0.00%	-	0.00%	-
Genomed - Diagnósticos de Medicina Molecular, S.A.	37.50%	263,447	37.50%	340,293
Serfun Portugal, SGPS, S.A.	49.00%	15,046	0.00%	-
Promotores e Inversiones Investa S.A.	13.25%	781,463	0.00%	-
Transacciones Especiales S.A.	44.48%	1,047,593	0.00%	-
		3,367,285		1,695,349
		3,979,082		2,307,146

(a) Values at March 2019 and March 2018, respectively (accounting period March 2018 to March 2019 and March 2017 to March 2018).

The financial data of the associates and joint ventures, measured using the equity method, was as follows at 31 December 2019 and 2018:

(amounts in euros)

Operating sector/entity	2019					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Health						
Genomed - Diagnósticos						
de Medicina Molecular, S.A. (b)	37.50%	1,767,333	1,264,984	502,349	(17,043)	1,344,208
Other sectors						
Audatex Portugal - Peritagens Informatizadas						
Derivadas de Acidentes, S.A. (c)	34.78%	4,833,016	1,210,773	3,622,243	909,022	6,005,239
HL - Sociedade Gestora do Edifício, S.A.	10.00%	90,717,383	86,709,706	4,007,676	1,632,859	2,790,315
Serfun Portugal, SGPS, S.A.	49.00%	37,551	6,845	30,706	(19,294)	-
Promotores e Inversiones Investa S.A. (d)	13.25%	11,134,625	6,474,995	4,659,630	(323,805)	78,213
Transacciones Especiales S.A. (d)	44.48%	2,288,188	57,936	2,230,252	500,942	465,738

(a) Shareholders' equity includes net income for the year.

(b) Values at November 2018.

(c) Values at March 2019 (accounting period March 2018 to March 2019).

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Health						
Genomed - Diagnósticos						
de Medicina Molecular, S.A. (b)	37.50%	1,770,814	1,057,627	713,187	(17,043)	1,344,208
Other sectors						
Audatex Portugal - Peritagens Informatizadas						
Derivadas de Acidentes, S.A. (c)	33.67%	5,839,258	1,814,709	4,024,549	1,311,328	6,737,996
Highgrove - Investimentos						
e Participações, SGPS, S.A.	0.00%	-	-	-	-	-
HL - Sociedade Gestora do Edifício, S.A.	10.00%	89,849,259	84,498,578	5,350,681	1,632,859	2,790,315

(a) Shareholders' equity includes net income for the year.

(b) Values at November 2018.

(c) Values at March 2018 (accounting period March 2017 to March 2018).

The associates and joint ventures, grouped according to the nature of their principal business, are:

HEALTHCARE

Genomed - Diagnósticos de Medicina Molecular S.A. was set up on 4 November 2004 with its head office in Lisbon, at Avenida Egas Moniz 1600-190 Lisboa, with the corporate purpose of providing support services in the diagnosis, prevention and treatment of human diseases through implementation of the most innovative methodologies, and also, promoting activities of diagnosis, research and development in the field of Molecular Medicine.

OTHER SECTORS

Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., with its head office in Lisbon, at Rua Basílio Teles, n° 24 - 3°, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to Insurance Companies, loss adjusters, repair workshops or other interested parties.

HL - Sociedade Gestora do Edifício, S.A. was set up on 21 December 2009, with its head office at Linda a Velha, Rua Mário Dionísio, n° 2, with the sole corporate purpose of exercising the activities of conception, design, construction and maintenance of the infrastructures of the Loures Hospital, including the exercise of all the other activities, as a principal or accessory, pursuant to the provisions of the Management Contract signed as part of the "Tender for the signing of the Management Contract for the conception, design, construction, financing, conservation and operation of the Loures Hospital".

Serfun Portugal, SGPS, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 1 February 2019 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

Promotores e Inversiones Investa S.A., with its head office in Lima, Peru, has the main purpose of securities intermediation, which includes the sale and purchase of shares and fixed income and over-the-counter securities, on its own behalf and on behalf of third parties, the provision of consultancy and information services to investors and the structuring of corporate finance.

Transacciones Especiales S.A., with its head office in Lima, Peru, has the corporate purpose of making all kinds of investments in securities and real estate, and also the purchase, sale, import, export and trading in general of all categories of goods.

The main movements in the Group's associates and joint ventures during 2019 were as follows:

On 1 February 2019 the company Serfun Portugal, SGPS, S.A. was set up with share capital of EUR 24,500 and with the Company holding a 49% share.

On 4 January 2020 the companies Promotores e Inversiones Investa S.A. and Transacciones Especiales S.A. became part of the Longrun group, through the acquisition of 51% of the company La Positiva by Fidelidade and Fid LatAm.

6. FINANCIAL ASSETS HELD FOR TRADING AND FINANCIAL ASSETS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Held for trading (Note 7)	At fair value through profit or loss	Total	Held for trading (Note 7)	At fair value through profit or loss	Total
Investments related to						
Unit-linked contracts	191,848	126,811,469	127,003,317	27,806	29,207,461	29,235,267
Other investments						
Debt instruments						
Public Issuers						
Public Debt						
Domestic issuers	-	-	-	-	10,236	10,236
	-	-	-	-	10,236	10,236
Other entities						
Bonds and other securities						
Domestic issuers	-	53,587,807	53,587,807	-	21,822,000	21,822,000
Foreign issuers	-	419,668,322	419,668,322	-	538,806,056	538,806,056
	-	473,256,129	473,256,129	-	560,628,056	560,628,056
Equity instruments						
Foreign issuers	-	1,721,709	1,721,709	-	-	-
	-	1,721,709	1,721,709	-	-	-
Other financial instruments						
Participation units						
Domestic issuers	-	1,385,459	1,385,459	-	907,128	907,128
	-	1,385,459	1,385,459	-	907,128	907,128
Credit and other receivables	-	368,721,475	368,721,475	-	271,871,976	271,871,976
Derivative instruments with positive fair value						
Interest rate swaps	20,221	-	20,221	-	-	-
Exchange rate futures	21,421,904	-	21,421,904	16,492,997	-	16,492,997
Others	205,047	-	205,047	92,798	-	92,798
	21,647,172	-	21,647,172	16,585,795	-	16,585,795
	21,839,020	971,896,241	993,735,261	16,613,601	862,624,857	879,238,458

Investments in Unit-linked contracts are assets managed by the Group in which the risk is borne by the policyholder. Accordingly, the assets are recognised at fair value, and the liability to the insured is recognised in the "Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts" accounting heading.

At 31 December 2019 and 2018, the heading "Financial assets initially recognised at fair value through profit or loss" includes fixed-income securities with embedded derivatives of EUR 473,256,129 and EUR 560,628,056, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

In 2019, the Company recognised net gains with the valuation of these investments of EUR 42,767,686. In 2018, the Group recognised net losses with the valuation of these investments of EUR 28,893,839.

At 31 December 2019 and 2018, investments allocated to Unit-linked contracts were composed as follows:

(amounts in euros)

	2019	2018
Financial assets initially recognised		
at fair value through profit or loss		
Debt instruments		
Public debt		
Domestic issuers	489,123	621,277
Foreign issuers	14,104,562	9,321,857
Other issuers		
Domestic issuers	4,346,275	99,479
Foreign issuers	63,893,940	4,277,131
Equity instruments		
Domestic issuers	35,274,473	7,585,794
Foreign issuers	9,229,722	7,506,801
Accounts receivable	190	190
Transactions to be settled	(526,816)	(205,068)
	126,811,469	29,207,461
Financial assets held for trading		
Derivative instruments	191,848	27,806
Other assets		
Current deposits	11,419,235	10,752,353
Term deposits	300,091	300,100
	11,719,326	11,052,453
Total (Note 23)	138,722,643	40,287,720

7. DERIVATIVES

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

The Group controls the risks of its derivative activities by approval procedures for operations, definition of exposure limits per product and counterparty, and monitoring of the evolution of the respective income.

At 31 December 2019 and 2018, these operations were valued in line with the criteria in Note 2.6.c). On these dates, the notional amount and the book value had the following breakdown:

(amounts in euros)

	Notional Amount			2019		Book Value		
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		Total
				Assets (Note 6)	Liabilities (Note 23)	Assets	Liabilities (Note 23)	
Fair value hedge								
Interest rate swaps	849,382,319	-	849,382,319	63,064	(71,099,500)	-	-	(71,036,436)
Exchange rate futures	1,857,250,000	492,250,000	2,349,500,000	19,112,281	(8,704,016)	3,403,359	(2,288,718)	11,522,906
Interest rate futures	162,700,000	-	162,700,000	2,309,623	-	-	-	2,309,623
Exchange rate forwards	117,466,330	5,588,040	123,054,370	354,052	(2,231,222)	-	(150,605)	(2,027,775)
Cash flow hedge								
Interest rate swaps	-	146,600,000	146,600,000	-	-	-	(3,771,157)	(3,771,157)
Hedge of a net investment in a foreign operation								
Exchange rate futures	-	31,500,000	31,500,000	-	-	50,805	(1,849,656)	(1,798,851)
Exchange rate forwards	-	525,892,728	525,892,728	-	-	222,781	(17,645,821)	(17,423,040)
	2,986,798,649	1,201,830,768	4,188,629,417	21,839,020	(82,034,738)	3,676,945	(25,705,957)	(82,224,730)

(amounts in euros)

	Notional Amount			2018		Book Value		
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		Total
				Assets (Note 6)	Liabilities (Note 23)	Assets	Liabilities (Note 23)	
Fair value hedge								
Interest rate swaps	59,959,631	-	59,959,631	27,806	(4,897,075)	-	-	(4,869,269)
Exchange rate futures	3,229,750,000	740,250,000	3,970,000,000	16,487,277	(7,810,641)	4,122,951	(112,884)	12,686,703
Interest rate futures	813,200,000	-	813,200,000	5,720	(9,251,700)	-	-	(9,245,980)
Exchange rate forwards	58,818,663	-	58,818,663	92,798	(211,082)	-	-	(118,284)
Cash flow hedge								
Interest rate swaps	-	177,000,000	177,000,000	-	-	-	(3,417,493)	(3,417,493)
Hedge of a net investment in a foreign operation								
Exchange rate futures	-	42,875,000	42,875,000	-	-	261,418	(44,018)	217,400
Exchange rate forwards	-	504,787,027	504,787,027	-	-	-	(7,580,368)	(7,580,368)
	4,161,728,294	1,464,912,027	5,626,640,321	16,613,601	(22,170,498)	4,384,369	(11,154,763)	(12,327,291)

The interest rate swaps contracted by the Group and classified as derivatives held for trading are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 23).

The interest rate swaps contracted by the Group and classified as hedge derivatives are to hedge the exposure to interest rates of contracted loans. The hedged risk is the variable reference rate to which the Group's financing agreements are associated.

To mitigate the risk of exchange fluctuations of financial instruments, EUR/USD and EUR/GBP futures listed on the Chicago Mercantile Exchange (CME) were contracted, in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities. In the case of EUR/JPY, EUR/GBP, EUR/USD and EUR/AUD risks, the instruments contracted are over-the-counter forwards.

The distribution of the Group's derivative financial instrument operations at 31 December 2019 and 2018, by period to maturity, was as follows:

(amounts in euros)

	2019					Total
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	561,730,622	287,651,697	849,382,319
Exchange rate futures	2,349,500,000	-	-	-	-	2,349,500,000
Interest rate futures	162,700,000	-	-	-	-	162,700,000
Exchange rate forwards	123,054,370	-	-	-	-	123,054,370
Cash flow hedge						
Interest rate swaps	-	-	-	18,000,000	128,600,000	146,600,000
Hedge of a net investment in a foreign operation						
Exchange rate futures	31,500,000	-	-	-	-	31,500,000
Exchange rate forwards	338,076,848	187,815,880	-	-	-	525,892,728
	3,004,831,218	187,815,880	-	579,730,622	416,251,697	4,188,629,417

(amounts in euros)

	2018					Total
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	49,437,008	10,522,623	59,959,631
Exchange rate futures	3,220,000,000	750,000,000	-	-	-	3,970,000,000
Interest rate futures	813,200,000	-	-	-	-	813,200,000
Exchange rate forwards	58,818,664	-	-	-	-	58,818,664
Cash flow hedge						
Interest rate swaps	-	-	-	27,000,000	150,000,000	177,000,000
Hedge of a net investment in a foreign operation						
Exchange rate futures	42,875,000	-	-	-	-	42,875,000
Exchange rate forwards	77,146,867	393,290,210	34,349,950	-	-	504,787,027
	4,212,040,531	1,143,290,210	34,349,950	76,437,008	160,522,623	5,626,640,322

The distribution of the Group's derivative financial operations at 31 December 2019 and 2018, by counterparty type, was as follows:

(amounts in euros)

	2019		2018	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
Financial institutions				
Caixa Geral Depósitos Group	849,382,319	(71,036,436)	59,959,631	(4,869,269)
Other institutions	146,600,000	(3,771,157)	177,000,000	(3,417,493)
Futures				
Exchange rate futures				
On a stock exchange				
Chicago	2,381,000,000	9,724,055	4,012,875,000	12,904,103
Interest rate futures	162,700,000	2,309,623	813,200,000	(9,245,980)
Exchange rate forwards				
Financial institutions	648,947,098	(19,450,815)	563,605,690	(7,698,652)
	4,188,629,417	(82,224,730)	5,626,640,321	(12,327,291)

In 2019 and 2018 the following gains and losses related to fair value hedge accounting were generated:

(amounts in euros)

	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Derivatives	43,750,951	(80,013,953)	(36,263,002)	23,106,727	(103,972,663)	(80,865,936)
Hedged assets	30,247,239	(9,150,946)	21,096,293	58,221,547	(2,083,813)	56,137,734
	73,998,190	(89,164,899)	(15,166,709)	81,328,274	(106,056,476)	(24,728,202)

In 2019 and 2018, the following movements were generated in the Revaluation Reserve, relating to hedge accounting:

(amounts in euros)

	2019		2018	
	Cash flow hedge	Hedge of a net investment in a foreign operation	Cash flow hedge	Hedge of a net investment in a foreign operation
Interest rate swaps	(1,752,411)	-	(1,541,534)	-
Exchange rate futures	-	57,447,240	-	60,281,696
Exchange rate forwards	-	(18,322,122)	-	8,788,840
	(1,752,411)	39,125,118	(1,541,534)	69,070,536

8. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019					
	Amount before impairment	Accumulated impairment (Note 43)	Net amount	Exchange differences	Fair value reserve	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	1,694,594,845	-	1,694,594,845	-	79,110,101	1,773,704,946
Foreign issuers	1,926,052,463	-	1,926,052,463	873,213	70,586,654	1,997,512,330
Other public issuers						
Domestic issuers	33,435,081	-	33,435,081	-	384,142	33,819,223
Foreign issuers	34,758,050	-	34,758,050	-	521,243	35,279,293
International financial organisations	67,462	-	67,462	-	40,969	108,431
Other issuers						
Domestic issuers	117,278,286	(49,979,822)	67,298,464	-	1,627,316	68,925,780
Foreign issuers	4,888,070,807	(5,545)	4,888,065,262	78,677,705	127,679,377	5,094,422,344
Group companies	381,687,182	-	381,687,182	-	1,200,121	382,887,303
	9,075,944,176	(49,985,367)	9,025,958,809	79,550,918	281,149,923	9,386,659,650
Equity instruments						
Recognised at fair value						
Domestic issuers	106,220,658	(13,648,723)	92,571,935	-	10,019,400	102,591,335
Foreign issuers	888,840,592	(290,345,254)	598,495,338	33,340,528	76,558,048	708,393,914
	995,061,250	(303,993,977)	691,067,273	33,340,528	86,577,448	810,985,249
Other instruments						
Participation bonds						
Residents	3,002,884	-	3,002,884	-	-	3,002,884
Investment units						
Residents	101,523,518	(24,338,600)	77,184,918	-	26,765,937	103,950,855
Non-residents	784,375,090	(250,456)	784,124,634	1,089,101	6,713,751	791,927,486
	888,901,492	(24,589,056)	864,312,436	1,089,101	33,479,688	898,881,225
	10,959,906,918	(378,568,400)	10,581,338,518	113,980,547	401,207,059	11,096,526,124

(amounts in euros)

	2018					
	Amount before impairment	Accumulated impairment (Note 43)	Net amount	Exchange differences	Fair value reserve	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	2,428,402,153	-	2,428,402,153	(583,762)	156,186,443	2,584,004,834
Foreign issuers	2,267,182,607	-	2,267,182,607	-	(8,935,454)	2,258,247,153
Other public issuers						
Foreign issuers	3,423,528	-	3,423,528	-	121,233	3,544,761
International financial organisations	126,857	-	126,857	-	57,466	184,323
Other issuers						
Domestic issuers	101,449,120	(49,979,822)	51,469,298	-	190,287	51,659,585
Foreign issuers	3,758,284,590	(4,798,972)	3,753,485,618	(10,223,831)	(120,454,124)	3,622,807,663
Group companies	321,967,381	-	321,967,381	-	(1,557,154)	320,410,227
	8,880,836,236	(54,778,794)	8,826,057,442	(10,807,593)	25,608,697	8,840,858,546
Equity instruments						
Recognised at fair value						
Domestic issuers	107,860,626	(12,742,701)	95,117,925	-	(1,257,055)	93,860,870
Foreign issuers	1,424,080,715	(406,963,311)	1,017,117,404	29,409,676	(96,397,062)	950,130,018
	1,531,941,341	(419,706,012)	1,112,235,329	29,409,676	(97,654,117)	1,043,990,888
Other instruments						
Participation bonds						
Residents	5,203	-	5,203	-	-	5,203
Investment units						
Residents	124,091,212	(31,670,547)	92,420,665	-	35,625,305	128,045,970
Non-residents	36,497,661	(816,577)	35,681,084	-	3,274,300	38,955,384
Others	(185,955)	-	(185,955)	-	-	(185,955)
	160,408,121	(32,487,124)	127,920,997	-	38,899,605	166,820,602
	10,573,185,698	(506,971,930)	10,066,213,768	18,602,083	(33,145,815)	10,051,670,036

9. LOANS AND ACCOUNTS RECEIVABLE

At 31 December 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Gross amount	Impairment loss (Note 43)	Net amount	Gross amount	Impairment loss (Note 43)	Net amount
Deposits in ceding companies	146,916	-	146,916	542,606	-	542,606
Other deposits						
Term deposits	1,324,678,274	-	1,324,678,274	1,972,461,828	-	1,972,461,828
Margin accounts	37,445,485	-	37,445,485	77,924,284	-	77,924,284
	1,362,123,759	-	1,362,123,759	2,050,386,112	-	2,050,386,112
Loans made						
Mortgage loans	3,210	-	3,210	21,671,182	-	21,671,182
Loans over policies	1,168,352	(10,596)	1,157,756	1,164,138	(10,596)	1,153,542
Debt securities	22,090,155	(469,070)	21,621,085	20,717,092	(323,222)	20,393,870
Others	366,689	(366,689)	-	361,961	(361,961)	-
	23,628,406	(846,355)	22,782,051	43,914,373	(695,779)	43,218,594
	1,385,899,081	(846,355)	1,385,052,726	2,094,843,091	(695,779)	2,094,147,312

10. HELD-TO-MATURITY INVESTMENTS

At 31 December 2019, these headings were composed as follows:

(amounts in euros)

	2019					
	Nominal Ammount	Amortised Cost	Interest receivable	Balance sheet value	Market Value (1)	Unrecognised potencial gains
Debt instruments						
Public debt						
Domestic issuers	302,950,000	351,611,336	7,095,642	358,706,978	360,210,701	1,503,723
Foreign issuers						
Italy	662,600,000	677,356,190	3,583,817	680,940,007	694,457,280	13,517,273
Spain	31,000,000	34,378,691	142,083	34,520,774	35,213,520	692,746
	996,550,000	1,063,346,217	10,821,542	1,074,167,759	1,089,881,501	15,713,742

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.4.

11. PROPERTIES

In 2019 and 2018, the "Properties" headings saw the following movements:

(amounts in euros)

	Own Use			Investment Properties	Total
	Right of Properties	Right-of-Use	Total		
Balances at 31 December 2017					
Gross amount	540,459,856	-	540,459,856	1,416,559,384	1,957,019,240
Accumulated depreciation and impairment	(107,867,438)	-	(107,867,438)	-	(107,867,438)
	432,592,418	-	432,592,418	1,416,559,384	1,849,151,802
Entry/ (Exits) to the consolidation perimeter	18,384,837	-	18,384,837	-	18,384,837
Additions					
Acquisitions made in the year	63,091,081	-	63,091,081	84,292,960	147,384,042
Subsequent expenditure	204,324	-	204,324	23,648,977	23,853,301
Revaluations					
As a credit to the income statement (Note 42)	-	-	-	36,981,125	36,981,125
As a credit to shareholders' equity	40,850,728	-	40,850,728	-	40,850,728
Additions/reversals of impairment in the year (Note 43)	1,140,709	-	1,140,709	-	1,140,709
Depreciation for the period	(16,114,093)	-	(16,114,093)	-	(16,114,093)
Exchange differences	(8,291,103)	-	(8,291,103)	18,275,715	9,984,613
Transfers to non-current assets held for sale	101,114	-	101,114	12,406,100	12,507,214
Transfers	967,064	-	967,064	(967,064)	(0)
Disposals and write-offs (net)	-	-	-	(39,185,239)	(39,185,239)
Other movements	(9,993,876)	-	(9,993,876)	21,157	(9,972,719)
Balances at 31 December 2018					
Gross amount	675,836,432	-	675,836,432	1,552,033,115	2,227,869,547
Accumulated depreciation and impairment	(152,903,227)	-	(152,903,227)	-	(152,903,227)
	522,933,205	-	522,933,205	1,552,033,115	2,074,966,320
IFRS 16 Adoption	-	40,576,993	40,576,993	-	40,576,993
Entry/ (Exits) to the consolidation perimeter	35,490,314	877,585	36,367,899	175,137,886	211,505,785
Additions					
Acquisitions made in the year	41,095,879	21,654,660	62,750,539	215,537,853	278,288,392
Subsequent expenditure	481,877	-	481,877	272,604,043	273,085,920
Revaluations					
As a credit to the income statement (Note 42)	-	-	-	60,515,688	60,515,688
As a credit to shareholders' equity	2,509,009	-	2,509,009	-	2,509,009
Additions/reversals of impairment in the year (Note 43)	31,642	-	31,642	-	31,642
Depreciation for the period	(26,415,037)	(10,301,336)	(36,716,373)	-	(36,716,373)
Exchange differences	(6,904,181)	(1,275)	(6,905,456)	34,645,523	27,740,067

(continuation)

(amounts in euros)

	Own Use			Investment Properties	Total
	Right of Properties	Right-of-Use	Total		
Transfers from non-current assets held for sale	-	-	-	4,270,662	4,270,662
Transfers to non-current assets held for sale	-	-	-	(4,171,357)	(4,171,357)
Transfers	29,434,483	20,375,535	49,810,018	(49,537,451)	272,566
Disposals and write-offs (net)	(42,953,612)	-	(42,953,612)	(46,838,691)	(89,792,303)
Other movements	(4,728,573)	692,514	(4,036,059)	(3,049,795)	(7,085,854)
Balances at 31 December 2019					
Gross amount	712,176,094	87,700,395	799,876,489	2,211,147,477	3,011,023,966
Accumulated depreciation and impairment	(161,201,088)	(13,825,720)	(175,026,808)	-	(175,026,808)
	550,975,006	73,874,675	624,849,681	2,211,147,477	2,835,997,158

Entries in the consolidation perimeter refer, in 2019, to the acquisition of La Positiva Group and in 2018, to the acquisition of the company Capital Criativo Health Care Investments II, SA.

In 2019 disposals of Own Use include 42,776,656, related to the disposal of "Calhariz" properties.

In 2018 additions for acquisitions include EUR 28,260,006 related to the acquisition of the land "Feira Popular" in Lisbon. The total investment forecast is EUR 273,900,040.

As stated in Note 2.9. above, properties for own use are valued at fair value, in line with the option set out in IAS 16.

If the Group had opted to value land for own use using the cost model, its balance sheet value would be EUR 437,128,328.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.8.

Properties are valued in line with the treatment mentioned in Notes 2.8 and 2.9, by experts who are qualified for the purpose. The Group considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 - "Fair Value Measurement".

In the case of properties for own use, the respective gains and losses are accounted for in the equity heading "Revaluation reserves - Revaluation of properties for own use", provided that:

- The accumulated value of the revaluation reserves after the adjustment is positive; or
- The revaluation is positive and exceeds the value of any negative revaluations which may have been recognised in past periods as a charge to profit or loss.

Gains and losses resulting from revaluation of investment properties are recognised in profit and loss.

Valuation methods

Properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value), i.e., the price at which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, where the property is put up for sale on the market, the conditions of sale permit a regular and ordered sale, and the period for negotiating the sale is normal, taking into account the nature of the property. If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration.

The valuation techniques which are normally used are:

a) Market method: consists of valuing the property by comparison, based on transactions and/or real purchase offers for land and buildings which have identical physical and functional characteristics, and which are located in the same area of the real estate market;

b) Cost method: consists of determining the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of conservation and estimated useful life, plus the required profit margins. Alternatively this method may be based on the fair value of the property in its current state, subtracting from that value, after conclusion of works, all the associated costs and margins which have not yet been made;

c) Income method: consists of calculating the value of the property based on the ratio between the annual effective rent and an appropriate capitalisation rate.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Group's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

Properties for own use

Buildings for own use are depreciated throughout the respective useful life defined in each valuation.

At 31 December 2019 and 2018, the fair value reserves associated with properties for own use were EUR 79,176,879 and EUR 90,246,089 respectively (Note 29).

At 31 December 2019 and 2018, the breakdown of the properties for own use according to their respective valuation date, was as follows:

(amounts in euros)

	2019	2018
2019	153,604,111	-
2018	397,379,895	451,141,320
2017	-	71,791,885
	550,984,006	522,933,205

12. ALLOCATION OF INVESTMENTS AND OTHER ASSETS

At 31 December 2019 and 2018, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

(amounts in euros)

	2019					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	43,401,196	9,595,862	170,553,929	23,286,142	620,748,923	867,586,052
Investments in associates and joint ventures	-	-	-	-	3,979,082	3,979,082
Financial assets held for trading	2,737,313	426,261	6,627,225	2,667,579	9,380,642	21,839,020
Financial assets initially recognised at fair value through profit or loss	151,194,345	8,339,644	290,139,080	91,158,786	431,064,386	971,896,241
Hedge Derivatives	24,989	-	1,895,714	1,482,656	273,586	3,676,945
Available-for-sale investments	1,789,061,816	1,013,710,108	6,911,481,885	1,292,406,939	89,865,376	11,096,526,124
Loans and accounts receivable	465,852,671	7,138,353	588,876,906	82,372,588	240,812,208	1,385,052,726
Held-to-maturity investments	-	-	1,074,167,759	-	-	1,074,167,759
Properties	347,442	5,678,211	-	118,798,505	2,639,259,656	2,764,083,814
Other tangible assets	-	-	-	-	166,872,463	166,872,463
	2,452,619,772	1,044,888,439	9,043,742,498	1,612,173,195	4,202,256,322	18,355,680,226

(amounts in euros)

	2018					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	73,807,050	19,312,290	442,092,146	12,884,304	486,398,454	1,034,494,244
Investments in associates and joint ventures	-	-	61,918	-	2,245,228	2,307,146
Financial assets held for trading	1,821,998	61,925	9,912,800	1,813,234	3,003,644	16,613,601
Financial assets initially recognised at fair value through profit or loss	104,373,966	4,598,084	219,485,034	63,679,928	470,487,845	862,624,857
Hedge Derivatives	11,695	12,997	2,242,836	1,855,423	261,418	4,384,369
Available-for-sale investments	1,650,930,508	180,505,362	6,904,812,187	1,232,594,195	82,827,784	10,051,670,036
Loans and accounts receivable	164,901,736	7,296,610	1,349,456,132	440,513,711	131,979,123	2,094,147,312
Properties	345,954	9,264,643	-	168,670,076	1,896,685,647	2,074,966,320
Other tangible assets	-	-	-	-	64,244,320	64,244,320
	1,996,192,907	221,051,911	8,928,063,053	1,922,010,871	3,138,133,463	16,205,452,205

13. OTHER TANGIBLE ASSETS

In 2019 and 2018, the other tangible assets headings saw the following movements:

(amounts in euros)

	2019						Accumulated depreciation and impairment
	Opening balances		Balance of IFRS 16 adoption		Entries in consolidation perimeter		
	Gross amount	Accumulated depreciation and impairment	Gross amount	Accumulated depreciation and impairment	Additions	Gross amount	
Equipment							
Administrative	25,226,704	(23,578,508)	(138,029)	13,108	2,062,404	1,810,738	-
Machinery and tools	10,936,520	(7,737,182)	-	-	334,655	-	-
IT equipment	21,085,714	(17,656,332)	-	-	3,730,360	1,497,339	-
Interior installations	25,868,227	(20,822,601)	-	-	2,666,218	3,461,317	-
Transport material	2,225,853	(1,392,856)	(53,432)	49,445	753,515	63,480	-
Hospital equipment	174,337,319	(135,566,519)	(40,933,131)	14,548,738	4,113,137	-	-
Other equipment	39,531,272	(32,560,113)	-	-	441,471	2,256,351	-
Security equipment	2,115,523	(1,894,335)	-	-	34,560	-	-
Other equipment	37,415,749	(30,665,778)	-	-	406,911	2,256,351	-
Artistic assets	2,080,450	-	-	-	1,632	17,882	-
Other tangible assets	5,970,930	(4,780,378)	(141,369)	3,539	(608,832)	-	-
Tangible assets in progress	995,664	-	-	-	9,221,695	-	-
Advances on tangible assets	5,000	-	-	-	480,765	-	-
	308,263,652	(244,094,489)	(41,265,961)	14,614,830	23,197,020	9,107,107	-
Leasing							
Equipment							
Administrative	-	-	138,029	(13,108)	-	-	-
Machinery and tools	-	-	5,639	-	-	-	-
IT equipment	33,274	(33,274)	3,621,178	-	10,649	893,480	-
Transport material	277,967	(202,810)	5,591,540	(49,445)	1,546,951	26,835	-
Hospital equipment	-	-	43,154,927	(14,548,738)	11,067,168	-	-
Other tangible assets							
Other assets	-	-	147,324	(3,539)	-	-	-
	311,241	(236,084)	52,658,637	(14,614,830)	12,624,768	920,315	-
	308,574,892	(244,330,572)	11,392,677	(1)	35,821,788	10,027,422	-

(continuation)

(amounts in euros)

	2019					Closing balances		
	Transfers and adjustments	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Other movements	Gross amount	Accumulated depreciation and impairment	Net amount
Equipment								
Administrative	6,203	(1,772,687)	(99,587)	(154,801)	(268,347)	28,346,168	(25,238,970)	3,107,198
Machinery and tools	5,435	(867,666)	(53,520)	-	-	11,137,609	(8,519,367)	2,618,242
IT equipment	10,696	(3,267,351)	36,294	(5,933)	635,581	25,641,685	(19,575,317)	6,066,368
Interior installations	250,622	(1,507,022)	90,674	(25,054)	(595,059)	31,542,024	(22,154,702)	9,387,322
Transport material	467,027	(677,412)	(54,503)	(67,764)	301,428	3,028,386	(1,413,605)	1,614,781
Hospital equipment	7,799,613	(6,055,886)	-	(71,917)	(11,375,781)	144,099,762	(137,304,189)	6,795,573
Other equipment	(7,916,846)	(1,110,962)	39,217	(40,873)	12,174,110	33,231,685	(20,418,058)	12,813,627
Security equipment	(2)	(75,214)	169	-	-	2,150,282	(1,969,581)	180,701
Other equipment	(7,916,844)	(1,035,748)	39,048	(40,873)	12,174,110	31,081,403	(18,448,477)	12,632,926
Artistic assets	-	-	(8,556)	-	-	2,091,408	-	2,091,408
Other tangible assets	(1)	(202,244)	-	-	1,192,053	5,220,729	(3,787,031)	1,433,698
Tangible assets in progress	(433,705)	-	-	-	-	9,783,654	-	9,783,654
Advances on tangible assets	(4,472)	-	-	-	-	481,293	-	481,293
	184,572	(15,461,230)	(49,981)	(366,342)	2,063,985	294,604,403	(238,411,239)	56,193,164
Leasing								
Equipment								
Administrative	-	(31,330)	-	-	-	138,029	(44,438)	93,591
Machinery and tools	-	(3,222)	-	-	-	5,639	(3,222)	2,417
IT equipment	-	(1,670,628)	(1,659)	-	-	4,558,581	(1,705,561)	2,853,020
Transport material	-	(2,592,138)	(116)	(37,477)	12,191	7,266,447	(2,692,949)	4,573,498
Hospital equipment	-	(7,421,917)	-	(907,325)	(223,326)	53,314,770	(22,193,981)	31,120,789
Other tangible assets								
Other assets	-	(19,928)	-	-	(1,215)	145,983	(23,341)	122,642
	-	(11,739,163)	(1,775)	(944,803)	(212,350)	65,429,448	(26,663,492)	38,765,956
	184,572	(27,200,393)	(51,755)	(1,311,145)	1,851,635	360,033,851	(265,074,731)	94,959,120

(amounts in euros)

	2018				
	Opening balances		Entries in consolidation perimeter	Additions	Transfers and adjustments
	Gross amount	Accumulated depreciation and impairment			
Equipment					
Administrative	25,939,620	(24,485,325)	44,066	1,323,413	2,239
Machinery and tools	8,524,984	(7,212,121)	-	2,717,417	(2)
IT equipment	18,335,614	(15,986,075)	-	2,255,125	1,136,741
Interior installations	24,437,721	(20,125,875)	-	846,668	976,852
Transport material	2,370,301	(1,548,804)	20,036	429,239	(2,008)
Hospital equipment	158,335,048	(124,442,781)	-	14,631,449	1,472,628
Other equipment	40,588,823	(34,851,633)	1,011,898	4,239,447	(2,137,920)
Artistic assets	2,032,819	-	-	46,902	13,000
Leased equipment	356,585	(219,871)	-	-	(1)
Other tangible assets	5,776,589	(4,784,927)	25,271	306,008	156,227
Tangible assets in progress	-	-	-	1,017,987	3,152
Advances on tangible assets	53,581	-	-	5,000	(53,581)
	286,751,685	(233,657,412)	1,101,271	27,818,655	1,567,327

(continuation)

(amounts in euros)

	2018					
	Amortizações do exercício	Diferenças de câmbio	Alienações e abates líquidos	Saldos finais		
				Valor bruto	Amortizações e imparidade acumulada	Valor líquido
Equipment						
Administrative	(952,902)	(218,738)	(4,176)	25,226,704	(23,578,507)	1,648,197
Machinery and tools	(681,985)	(147,202)	(1,755)	10,936,518	(7,737,182)	3,199,336
IT equipment	(2,230,422)	(98,548)	16,947	21,085,714	(17,656,332)	3,429,382
Interior installations	(1,015,693)	(74,047)	-	25,868,227	(20,822,601)	5,045,626
Transport material	(329,921)	(105,597)	(250)	2,225,853	(1,392,857)	832,996
Hospital equipment	(11,225,542)	-	-	174,337,319	(135,566,517)	38,770,802
Other equipment	(1,848,319)	(31,138)	-	39,531,272	(32,560,114)	6,971,158
Artistic assets	-	(12,270)	-	2,080,451	-	2,080,451
Leased equipment	(55,700)	-	(5,856)	311,241	(236,084)	75,157
Other tangible assets	(288,616)	-	-	5,970,930	(4,780,378)	1,190,552
Tangible assets in progress	-	-	(25,476)	995,663	-	995,663
Advances on tangible assets	-	-	-	5,000	-	5,000
	(18,629,100)	(687,540)	(20,566)	308,574,892	(244,330,572)	64,244,320

Entries in the consolidation perimeter refer, in 2019, to the acquisition of La Positiva, SA and, in 2018, to the acquisition of Capital Criativo Health Care Investments II, SA.

At 31 December 2019 and 2018, the heading "Tangible assets" includes fully amortised assets still in use of EUR 211,904,106 and 204,301,548 respectively.

14. INVENTORIES

At 31 December 2019 and 2018, the breakdown of this heading was as follows:

(amounts in euros)

	2019	2018
Hospital Goods	13,178,237	12,375,818
Real estate	-	7,812
Goods	102,070	68,589
Products and works in progress	161,875	199,134
Salvage	13,498	15,060
Other inventories	151,642	171,197
	13,607,322	12,837,610
Impairment of goods (Note 42)	-	-
	13,607,322	12,837,610

15. GOODWILL

The Group's recognition of goodwill at 31 December 2019 and 2018 was as follows:

(amounts in euros)

	2019			2018		
	Gross Amount	Impairment Loss (Note 43)	Net Amount	Gross Amount	Impairment Loss (Note 43)	Net Amount
Goodwill recognised in Goodwill						
Cetra - Centro Técnico de Reparação Automóvel, S.A.	8,665	-	8,665	8,665	-	8,665
Fidelidade Angola - Companhia de Seguros, S.A.	2,198,780	-	2,198,780	2,198,780	-	2,198,780
Garantia - Companhia de Seguros de Cabo Verde, S.A.	342,311	-	342,311	342,311	-	342,311
Luz Saúde, S.A.	359,254,032	-	359,254,032	359,254,032	-	359,254,032
Hospital da Luz Guimarães, S.A.	16,025,075	-	16,025,075	16,025,075	-	16,025,075
Godo Kaisha Moana	710,601	-	710,601	710,601	-	710,601
S.C.H. - Soc. Clínica Hospitalar S.A.	3,126,025	-	3,126,025	3,126,025	-	3,126,025
C.C.H. - Capital Criativo Care Investments S.A.	8,720,683	-	8,720,683	8,720,683	-	8,720,683
Capital Criativo Health Care Investments II, SA	26,683,569	-	26,683,569	26,220,367	-	26,220,367
Audatex	(5,002)	-	(5,002)	-	-	-
La Positiva Seguros y Reaseguros S.A.	44,112,191	-	44,112,191	-	-	-
	461,176,930	-	461,176,930	416,606,539	-	416,606,539

The following movements occurred in this heading in 2019 and 2018:

(amounts in euros)

Goodwill (net) at 31 December 2017	390,401,491
GK Kita Aoyoma Support 2	(15,319)
Acquisition of 90% of Capital Criativo Health Care Investments II, SA	26,220,367
Goodwill (net) at 31 December 2018	416,606,539
Acquisition of 90% of Capital Criativo Health Care Investments II, SA	463,202
Acquisition of Audatex stock	(5,002)
Acquisition of 91.50% of La Positiva Seguros y Reaseguros S.A.	44,112,191
	461,176,930

The determination of goodwill for the main companies acquired is as follows:

(amounts in euros)

Acquisition of 55.89% of Garantia - Companhia de Seguros de Cabo Verde, S.A.	6.260.184
Fair value of assets and liabilities of corporate acquisition (55.89%) at 30 de April 2014	5.917.873
	342.311
Acquisition of 98.21% of Luz Saúde, S.A.	457.827.530
Fair value of assets and liabilities of corporate acquisition (98.21%) in September 2014	98.683.752
	359.143.778
Acquisition of 68% of Fidelidade Angola - Companhia de Seguros, S.A.	6.059.590
Fair value of assets and liabilities of corporate acquisition (70%) in 2011	3.860.810
	2.198.780
Acquisition of 96.996% of Godo Kaisha Moana	102.843.643
Fair value of assets and liabilities of corporate acquisition (96.996%) in 2016	102.133.042
	710.601
Acquisition of 100% of Hospital da Luz Guimarães, S.A.	25.237.564
Fair value of assets and liabilities of corporate acquisition (100%) in 2016	9.212.489
	16.025.075
Acquisition of 81.35% of S.C.H. - Sociedade Clínica Hospitalar S.A.	3.091.338
Fair value of assets and liabilities of corporate acquisition (81.35%) in March 2017	(34.687)
	3.126.025
Acquisition of 100% of C.C.H. - Capital Criativo Care Investments S.A.	7.163.382
Fair value of assets and liabilities of corporate acquisition (100%) in August 2017	(1.557.301)
	8.720.683
Acquisition of 90% of Capital Criativo Health Care Investments II, SA	19.990.000
Fair value of assets and liabilities of corporate acquisition (100%) in April 2018	(6.693.569)
	26.683.569
Acquisition of 91.50% of La Positiva Seguros y Reaseguros S.A.	193.775.700
Fair value of assets and liabilities of corporate acquisition (91.50%) in April 2019	156.264.004
Exchange difference	6.600.495
	44.112.191

Goodwill acquired in a business combination represents a payment made by an acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

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

The recoverable amount is determined as the asset’s value in use or its fair value less selling costs, whichever is higher.

The impairment tests incorporate current available information, including macro-economic conditions, the situation of financial markets and others. All tests concluded that the recoverable amount of the asset exceeds the respective carrying amount, and therefore, there is no recognition of impairment losses.

Following the acquisition of the new companies during 2019, the Group assessed the fair value of the assets acquired and liabilities assumed in line with IFRS 3 – “Business Combinations”. No significant differences were identified between the accounting values of the assets and liabilities and their fair values. The breakdown of the net assets and goodwill established as part of the transactions taking place in 2019 is as follows:

(amounts in euros)

	2019 La Positiva Seguros y Reaseguros S.A.
Fair value of Assets and Liabilities	
Assets acquired	1,670,220,485
Liabilities acquired	1,449,778,109
Total Net Assets	220,442,376
% Assets held	156,264,004
Acquisition price	193,775,700
Inicial Goodwill	37,511,696
Exchange difference	6,600,495
Goodwill	44,112,191

16. OTHER INTANGIBLE ASSETS

In 2019 and 2018, the other intangible assets headings saw the following movements:

(amounts in euros)

	2019				
	Opening balances		Entries in consolidation perimeter	Additions	Transfers and adjustments
	Gross amount	Accumulated depreciation and impairment			
Automatic data processing systems (software)	71,059,580	(65,596,523)	11,222,255	5,393,652	(5,749,994)
Other intangible assets	335,605	(280,810)	82,301,595	-	18,217
Brand	-	-	82,268,662	-	-
Other assets	335,605	(280,810)	32,932	-	18,217
Intangible assets in progress	17,433,689	-	-	11,521,970	5,016,307
	88,828,874	(65,877,333)	93,523,850	16,915,622	(715,469)

(continuation)

(amounts in euros)

	2019					
	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Closing balances		
				Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing systems (software)	(8,339,026)	(112,532)	-	95,356,867	(87,479,454)	7,877,413
Other intangible assets	(36,006)	2,786,649	-	85,233,301	(108,052)	85,125,249
Brand	-	2,786,662	-	85,055,325	-	85,055,325
Other assets	(36,006)	(14)	-	177,977	(108,052)	69,925
Intangible assets in progress	-	(4,914)	-	33,967,053	-	33,967,053
	(8,375,032)	2,669,203	-	214,557,221	(87,587,506)	126,969,715

(amounts in euros)

	2018					
	Opening balances		Entries in consolidation perimeter	Additions	Transfers and adjustments	Depreciation for the year
	Gross amount	Accumulated depreciation and impairment				
Automatic data processing systems (software)	69,136,542	(61,584,020)	2,639	1,892,505	862,729	(4,741,041)
Other intangible assets	335,606	(302,172)	-	-	36,371	(27,133)
Intangible assets in progress	12,627,248	-	-	6,727,621	(1,897,553)	-
	82,099,396	(61,886,192)	2,639	8,620,126	(998,453)	(4,768,174)

(continuação)

(amounts in euros)

	2018				
	Exchange differences	Disposals and write-offs (net)	Closing balances		
			Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing systems (software)	(101,378)	(4,920)	71,059,579	(65,596,523)	5,463,056
Other intangible assets	-	12,124	335,606	(280,810)	54,796
Intangible assets in progress	-	(23,627)	17,433,689	-	17,433,689
	(101,378)	(16,423)	88,828,874	(65,877,333)	22,951,541

At 31 December 2019 and 2018, the values recognised in "Intangible assets in progress" refer to costs incurred with the development of new IT applications (software).

In 2019 and 2018, the Group recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 29,162,470 and EUR 24,675,625, respectively.

17. TECHNICAL PROVISIONS FOR REINSURANCE CEDED

At 31 December 2019 and 2018, technical provisions for reinsurance ceded were composed as follows:

(amounts in euros)

	2019			2018		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	2,100,931	118,521,064	120,621,995	818,263	56,847,150	57,665,413
Mathematical provision	16,559,063	-	16,559,063	13,081,699	-	13,081,699
Claims provision						
Reported claims	25,166,714	226,801,503	251,968,217	6,823,732	206,977,336	213,801,068
Claims incurred but not reported (IBNR)	20,221,481	25,286,142	45,507,623	2,659,117	22,468,142	25,127,259
	45,388,195	252,087,645	297,475,840	9,482,849	229,445,478	238,928,327
Provision for profit sharing	-	228,363	228,363	-	-	-
	64,048,189	370,837,072	434,885,261	23,382,811	286,292,628	309,675,439

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2019 and 2018, is set out in the following table:

(amounts in euros)

	2019			2018		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life Insurance	2,104,165	(3,234)	2,100,931	818,263	-	818,263
Non-life insurance						
Personal accidents and passengers	3,294,142	(1,217,892)	2,076,250	2,578,156	(1,199,799)	1,378,357
Health	29,405,892	9,004	29,414,896	27,961,594	12,840	27,974,434
Fire and other damage	58,125,249	(5,755,706)	52,369,543	26,193,586	(4,187,632)	22,005,954
Motor	4,172,780	(83,146)	4,089,634	570,941	(71,936)	499,005
Marine, aviation and transport	3,831,485	(78,112)	3,753,373	299,646	(26,449)	273,197
Third party liability	18,168,034	(982,968)	17,185,066	2,314,549	(161,976)	2,152,573
Credit and suretyship	7,036,769	121,413	7,158,182	60,514	(2,859)	57,655
Legal protection	1,474	(117)	1,357	4,721	(117)	4,604
Assistance	108,741	(2,077)	106,664	103,093	(2,077)	101,016
Other	3,956,328	(1,590,229)	2,366,099	4,072,622	(1,672,267)	2,400,355
	128,100,894	(9,579,830)	118,521,064	64,159,422	(7,312,272)	56,847,150
	130,205,059	(9,583,064)	120,621,995	64,977,685	(7,312,272)	57,665,413

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2019 and 2018:

(amounts in euros)

	2019				
	Opening balance	Entry in consolidation perimeter	Liabilities originated in the year	Exchange differences	Closing balance
Provision for unearned premiums					
Life Insurance	818,263	1,921,492	(768,669)	133,079	2,104,165
Non-life insurance					
Personal accidents and passengers	2,578,156	726,745	(40,392)	29,633	3,294,142
Health	27,961,594	1,628,342	(157,544)	(26,500)	29,405,892
Fire and other damage	26,193,586	19,173,001	15,476,385	(2,717,723)	58,125,249
Motor	570,941	13,346,228	(9,892,854)	148,465	4,172,780
Marine, aviation and transport	299,646	3,429,798	259,224	(157,183)	3,831,485
Third party liability	2,314,549	6,006,367	9,476,926	370,192	18,168,034
Credit and suretyship	60,514	6,754,847	267,678	(46,270)	7,036,769
Legal protection	4,721	-	(2,764)	(483)	1,474
Assistance	103,093	-	11,975	(6,327)	108,741
Others	4,072,622	209,578	(259,003)	(66,869)	3,956,328
	64,159,422	51,274,906	15,139,631	(2,473,065)	128,100,894
	64,977,685	53,196,398	14,370,962	(2,339,986)	130,205,059
Deferred acquisition costs					
Life Insurance	-	-	(3,234)	-	(3,234)
Non-life insurance					
Personal accidents and passengers	(1,199,799)	-	(16,570)	(1,523)	(1,217,892)
Health	12,840	-	713	(4,549)	9,004
Fire and other damage	(4,187,632)	(875,829)	(885,914)	193,669	(5,755,706)
Motor	(71,936)	(45,033)	(10,655)	44,478	(83,146)
Marine, aviation and transport	(26,449)	(198,693)	(6,842)	153,872	(78,112)
Third party liability	(161,976)	(340,264)	(463,598)	(17,130)	(982,968)
Credit and suretyship	(2,859)	103,601	(62)	20,733	121,413
Legal protection	(117)	-	-	-	(117)
Assistance	(2,077)	-	-	-	(2,077)
Others	(1,672,267)	(21,093)	82,038	21,093	(1,590,229)
	(7,312,272)	(1,377,311)	(1,300,890)	410,643	(9,579,830)
	(7,312,272)	(1,377,311)	(1,304,124)	410,643	(9,583,064)
	57,665,413	51,819,087	13,066,838	(1,929,343)	120,621,995

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Provision for unearned premiums				
Life Insurance	129,360	688,903	-	818,263
Non-life insurance				
Personal accidents and passengers	3,185,093	(605,512)	(1,425)	2,578,156
Health	26,368,998	2,101,202	(508,606)	27,961,594
Fire and other damage	28,282,964	(312,194)	(1,777,184)	26,193,586
Motor	389,253	145,561	36,127	570,941
Marine, aviation and transport	169,096	184,866	(54,316)	299,646
Third party liability	2,533,044	(231,883)	13,388	2,314,549
Credit and suretyship	57,811	2,724	(21)	60,514
Legal protection	4,271	2,199	(1,749)	4,721
Assistance	78,809	34,493	(10,209)	103,093
Others	5,249,565	(1,176,942)	(1)	4,072,622
	66,318,904	144,514	(2,303,996)	64,159,422
	66,448,264	833,417	(2,303,996)	64,977,685
Deferred acquisition costs				
Non-life insurance				
Personal accidents and passengers	(1,460,726)	264,229	(3,302)	(1,199,799)
Health	13,320	6,815	(7,295)	12,840
Fire and other damage	(4,083,093)	(159,891)	55,352	(4,187,632)
Motor	(62,835)	(7,204)	(1,897)	(71,936)
Marine, aviation and transport	(23,599)	(1,771)	(1,079)	(26,449)
Third party liability	(178,122)	17,008	(862)	(161,976)
Credit and suretyship	(3,024)	164	1	(2,859)
Legal protection	(117)	-	-	(117)
Assistance	(2,077)	-	-	(2,077)
Others	(2,015,917)	343,651	(1)	(1,672,267)
	(7,816,190)	463,001	40,917	(7,312,272)
	58,632,074	1,296,418	(2,263,079)	57,665,413

Information on the claims provision for reinsurance ceded, at 31 December 2019 and 2018, is set out below:

(amounts in euros)

	2019			2018		
	Reported	Not reported	Total	Reported	Not reported	Total
Life Insurance	25,166,714	20,221,481	45,388,195	6,823,732	2,659,117	9,482,849
Non-life insurance						
Workers' compensation	3,329,291	1,597,602	4,926,893	2,291,148	1,281,139	3,572,287
Personal accidents and passengers	18,475,650	1,128,892	19,604,542	17,777,756	1,609,464	19,387,220
Health	56,912,069	5,802,018	62,714,087	53,163,678	6,033,119	59,196,797
Fire and other damage	99,473,212	8,355,581	107,828,793	99,622,539	7,144,079	106,766,618
Motor	14,076,964	3,423,118	17,500,082	4,120,597	1,472,315	5,592,912
Marine, aviation and transport	8,648,436	360,838	9,009,274	6,952,321	635,116	7,587,437
Third party liability	20,607,172	4,110,540	24,717,712	14,174,404	3,808,439	17,982,843
Credit and suretyship	466,021	(225)	465,796	1,396	10,510	11,906
Assistance	3,691	8,024	11,715	3,258	-	3,258
Others	4,808,997	499,754	5,308,751	8,870,239	473,961	9,344,200
	226,801,503	25,286,142	252,087,645	206,977,336	22,468,142	229,445,478
	251,968,217	45,507,623	297,475,840	213,801,068	25,127,259	238,928,327

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2019 and 2018:

(amounts in euros)

	2019					
	Opening balance	Entry in consolidation perimeter	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	9,482,849	32,595,284	69,625,650	(66,315,588)	-	45,388,195
Non-life insurance						
Workers' compensation	3,572,287	300,912	1,326,352	(593,791)	321,133	4,926,893
Personal accidents and passengers	19,387,220	2,165,937	(805,460)	(3,397,763)	2,254,608	19,604,542
Health	59,196,797	2,052,474	261,833,270	(263,590,259)	3,221,805	62,714,087
Fire and other damage	106,766,618	23,022,282	71,110,779	(116,849,564)	23,778,678	107,828,793
Motor	5,592,912	7,044,132	20,703,432	(23,233,187)	7,392,793	17,500,082
Marine, aviation and transport	7,587,437	3,048,354	(84,569)	(4,686,044)	3,144,096	9,009,274
Third party liability	17,982,843	8,280,166	5,681,058	(15,701,381)	8,475,026	24,717,712
Credit and suretyship	11,906	568,703	733,328	(1,429,749)	581,608	465,796
Assistance	3,258	-	53,780	(43,847)	(1,476)	11,715
Others	9,344,200	221,422	(1,808,815)	(7,137,462)	4,689,406	5,308,751
	229,445,478	46,704,382	358,743,155	(436,663,047)	53,857,677	252,087,645
	238,928,327	79,299,666	428,368,805	(502,978,635)	53,857,677	297,475,840

(amounts in euros)

	2018				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	10,723,527	7,245,391	(8,486,069)	-	9,482,849
Non-life insurance					
Workers' compensation	3,550,307	1,368,090	(1,274,631)	(71,479)	3,572,287
Personal accidents and passengers	16,317,885	4,560,137	(1,494,744)	3,942	19,387,220
Health	54,718,849	238,376,790	(234,242,893)	344,051	59,196,797
Fire and other damage	161,740,967	53,788,990	(107,385,433)	(1,377,906)	106,766,618
Motor	10,392,321	15,147,262	(19,824,306)	(122,365)	5,592,912
Marine, aviation and transport	8,059,758	1,092,256	(1,567,828)	3,251	7,587,437
Third party liability	13,983,238	7,434,958	(3,392,018)	(43,335)	17,982,843
Credit and suretyship	10,906	1,000	-	-	11,906
Assistance	-	10,784	(6,996)	(530)	3,258
Others	8,606,503	9,866,608	(9,128,911)	-	9,344,200
	277,380,734	331,636,091	(378,310,764)	(1,264,371)	229,445,478
	288,104,261	338,881,482	(386,796,833)	(1,264,371)	238,928,327

Liabilities originated in the year and the claims paid are not deducted from the reinsurers' portion of the processed reimbursements.

18. OTHER DEBTORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accounts receivable for direct insurance operations		
Premiums pending collection	191,658,528	86,397,125
Brokers	49,770,223	68,649,478
Claims reimbursements	28,521,040	25,415,718
Co-insurers	19,030,568	15,081,833
Funding Institute of Agriculture and Fisheries (IFAP)	6,453,627	456,485
Workers' compensation fund	2,259,920	2,156,558
Others	201,414	263,171
	297,895,319	198,420,368
(Adjustments to premiums pending collection - Note 43)	(14,027,641)	(9,799,351)
(IFAP adjustments - Note 43)	-	(137,408)
(Adjustments for doubtful debts - Note 43)	(4,069,253)	(4,933,438)
	(18,096,894)	(14,870,197)
	279,798,425	183,550,171
Accounts receivable for other reinsurance operations		
Reinsurers' current accounts	25,997,648	27,080,425
Reinsureds' current accounts	2,694,588	2,470,877
	28,692,236	29,551,302
(Adjustments for doubtful debts - Note 43)	(7,583,945)	(5,740,637)
	21,108,291	23,810,665
Accounts receivable for other operations		
Clients - current accounts	111,165,201	100,776,340
Transactions to be settled	82,177,935	113,822,820
Aggregate tax	33,847,557	61,025,216
Property rentals	2,137,712	3,983,104
Other suppliers and services provided	3,075,077	2,009,996
Debtors - items held under custody	2,060,720	365,738
Funding Institute of Agriculture and Fisheries (IFAP)	953,240	9,473,942
Other shareholders	664,246	-
Others	27,581,521	13,839,353
	263,663,209	305,296,509
(Adjustments for doubtful debts - Note 43)	(34,809,034)	(28,367,433)
	228,854,175	276,929,076
	529,760,891	484,289,912

In the years 2019 and 2018 the value under the heading "Clients - current accounts" includes the amount of EUR 108,179,187 and EUR 99,680,126, respectively, corresponding to the hospital sector.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. In 2018, the heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. Fidelidade recorded EUR 113,822,820 as an amount receivable from Fosun Industrial Holdings, Limited resulting from the exercise, on 15 October 2018, of a put option on the wholly owned subsidiary FF Investment Luxembourg 1 S.à r.l. This amount was calculated in accordance with the contract conditions and is linked to a participation in the Folli Follie Group, held by FF Investment Luxembourg 1 S.à r.l.. The payment of this amount was guaranteed by Fosun International Limited and was paid on 23 January 2019. In 2019, the heading includes the amount receivable of EUR 74,739,328 relating to the sale of the Largo do Calhariz property.

Balances receivable from IFAP correspond, essentially, to bonuses and compensation for excess claims regarding crop insurance campaigns from 2013 to 2019.

At 31 December 2018, the balance of the heading "Aggregate tax" corresponds to the amount of tax payable by the companies in the Longrun Portugal, SGPS, S.A. Group, as a result of applying the Special Rules for the Taxation of Corporate Groups (SRTCG).

19. TAX ASSETS AND LIABILITIES

The balances for tax assets and liabilities at 31 December 2019 and 2018 were as follows:

(amounts in euros)

	2019	2018
Current tax assets		
Income tax recoverable	(9,460,855)	-
Payments on account	15,351,084	-
Others	203,287	822,035
	6,093,516	822,035
Current tax liabilities		
Others		
Stamp duty	(9,614,810)	(8,692,369)
Motor insurance guarantee fund	(2,395,634)	(2,080,309)
Workers' compensation fund	(4,464,917)	(4,205,551)
National civil protection authority tax	(1,686,031)	(1,561,970)
Insurance and pension funds supervisory authority tax	(2,301,540)	(2,066,192)
National medical emergency institute tax	(3,125,582)	(2,863,815)
Social Security	(6,318,337)	(5,396,585)
Withholdings	(7,250,414)	(8,236,796)
Others	(15,318,028)	(5,000,081)
	(52,475,293)	(40,103,668)
Deferred tax assets	223,764,226	290,622,167
Deferred tax liabilities	(164,998,823)	(130,284,961)
	58,765,403	160,337,206
Total	12,383,626	121,055,573

At 31 December 2019 and 2018, the balances relating to current income tax assets and liabilities break down as follows:

(amounts in euros)

	2019	2018
Income tax estimate recognised as a charge to the income statement	(17,309,784)	(47,306,885)
Income tax estimate recognised as a charge to reserves	1,076,169	3,626,298
Withholding tax	2,326,560	2,117,508
Payments on account	15,351,084	7,652,985
Others	(5,736,547)	608,028
	(4,292,518)	(33,302,066)

At 31 December 2019 and 2018 the heading "Income tax estimate recognised as a charge to the income statement" corresponds to the amount of the estimate of CIT plus Municipal and State Surcharge and autonomous taxation.

In 2019 a tax gain was recognised relating to SIFIDE which is expected to be obtained following an application presented during the year.

In 2019 and 2018, the income tax registered in reserves is the result of the change in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.

Movements of deferred taxes during 2019 and 2018 were:

(amounts in euros)

	2019				Closing balance
	Opening balance	Change in Shareholders' equity	Income statement	Others	
Assets					
Valuation of available-for-sale investments	84,575,087	(72,204,445)	(1,061,428)	16,927	11,326,141
Properties					
For own use	9,575,006	4,589,932	2,216,636	(7,868,292)	8,513,282
Investment properties	28,659,477	-	(5,679,830)	(1)	22,979,646
Provisions and impairment temporarily not allowed for fiscal purposes	148,046,316	1,007,014	3,980,107	1,219,855	154,253,292
Employee benefits	15,274,086	(839,887)	(719,496)	(1)	13,714,702
Carry-forward tax losses	1,567,174	-	174,031	200,623	1,941,828
Others	2,925,021	7,037,108	4,171,341	(3,098,135)	11,035,335
	290,622,167	(60,410,278)	3,081,361	(9,529,024)	223,764,226
Liabilities					
Devaluation of available-for-sale investments	(67,568,618)	(28,350,560)	426,837	632,890	(94,859,451)
Properties					
For own use	(22,743,562)	(5,735,323)	3,598,743	(1,981,581)	(26,861,723)
Investment properties	(20,677,571)	-	(1,732,345)	(526,427)	(22,936,343)
Others	(19,295,210)	(2,760,370)	9,135,662	(7,421,388)	(20,341,306)
	(130,284,961)	(36,846,253)	11,428,897	(9,296,506)	(164,998,823)
	160,337,206	(97,256,531)	14,510,258	(18,825,530)	58,765,403

(amounts in euros)

	2018			Closing balance
	Opening balance	Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	1,483,880	73,236,891	9,854,316	84,575,087
Properties				
For own use	8,778,674	(5,422,449)	6,218,781	9,575,006
Investment properties	34,911,032	-	(6,251,555)	28,659,477
Provisions and impairment temporarily not allowed for fiscal purposes	193,333,650	4,259,335	(49,546,669)	148,046,316
Employee benefits	15,358,015	(839,887)	755,958	15,274,086
Carry-forward tax losses	2,087,134	-	(519,960)	1,567,174
Others	1,670,842	25,802	1,228,377	2,925,021
	257,623,227	71,259,692	(38,260,752)	290,622,167
Liabilities				
Devaluation of available-for-sale investments	(213,479,024)	155,938,444	(10,028,038)	(67,568,618)
Properties				
For own use	(19,019,380)	(3,476,930)	(247,252)	(22,743,562)
Investment properties	(18,855,442)	-	(1,822,129)	(20,677,571)
Others	(5,132,639)	-	(14,162,571)	(19,295,210)
	(256,486,485)	152,461,514	(26,259,990)	(130,284,961)
	1,136,742	223,721,206	(64,520,742)	160,337,206

In 2019 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between income tax and the profit in the year before tax, may be represented as follows:

(amounts in euros)

	2019	2018
Current tax		
Estimated tax for the year	18,312,248	42,903,820
State and municipal surcharge	716,257	2,702,918
Autonomous taxation	959,143	863,805
	19,987,648	46,470,543
Others	(2,677,864)	836,342
	17,309,784	47,306,885
Deferred tax	(14,558,241)	68,972,692
Total tax in income statement	2,751,543	116,279,577
Consolidated income before tax and non-controlling interests	220,187,468	396,268,292
Tax burden	1.25%	29.34%

Reconciliation between the nominal tax rate and the effective tax rate in 2019 and 2018 was as follows:

(amounts in euros)

	2019		2018	
	Rate	Tax	Rate	Tax
Income before tax		220,187,468		396,268,292
Income tax calculated at nominal rate	14.50%	31,916,354	30.20%	119,685,762
Permanent differences to be deducted				
Dividends from equity instruments	(0.48%)	(1,052,664)	(7.10%)	(28,135,750)
Real estate fair value adjustments	(3.71%)	(8,161,071)	(13.63%)	(53,996,309)
Impairment losses non-deductible	(14.37%)	(31,641,448)	0.00%	-
Provision not relevant for tax purposes	(0.00%)	(1,506)	(4.48%)	(17,736,686)
Negative equity variations	0.00%	-	0.06%	233,940
Reimbursement of non-deductible tax and over estimation of CIT	(0.36%)	(793,873)	0.00%	-
Post-employment benefits and other long term benefits to employees	0.00%	-	(0.06%)	(242,654)
Adjustments in respect of previous periods	0.00%	-	(0.14%)	(558,095)
Others	0.00%	-	(0.25%)	(976,918)

(continuation)

(amounts in euros)

	2019		2018	
	Rate	Tax	Rate	Tax
Permanent differences to be added				
Impairment losses non-deductible	0.89%	1,965,950	23.66%	93,751,981
Real estate fair value adjustments	0.14%	299,532	0.00%	-
Capital gains (computed in fiscal terms)	0.36%	792,953	0.00%	-
Under estimation of CIT	0.25%	560,623	0.07%	280,587
Other penalties	0.00%	2,061	0.95%	3,760,129
Post-employment benefits and other long term benefits to employees	0.00%	6,242	0.00%	-
Adjustments in respect of previous periods	0.04%	88,808	0.00%	-
Others	3.31%	7,287,222	0.00%	-
Tax benefits				
Net job creation	(0.12%)	(258,121)	(0.10%)	(399,463)
DTI	(0.99%)	(2,187,484)	0.00%	-
Others	(4.22%)	(9,286,373)	(0.06%)	(250,751)
Autonomous taxation	0.44%	977,040	0.22%	863,804
Municipal and state surcharge	0.82%	1,802,309	0.00%	-
Deferred taxes assets and liabilities - Effect of tax rate change	4.74%	10,434,989	0.00%	-
	1.25%	2,751,543	29.34%	116,279,577

The tax authorities have the option of inspecting the four prior years in Portugal (six years for years in which losses have been reported). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Board of Directors of Fidelidade and of the companies in the Group, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

20. ACCRUALS AND DEFERRALS (ASSETS)

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accrued income	61,482,565	57,874,837
Deferred expenses		
Commission on the issue of financial products	8,906,871	12,415,896
Insurance	975,174	1,846,919
Rents and leases	1,232,146	4,352,126
Assistance for IT equipment	1,543,487	1,095,589
Advertising	2,200,347	22,765
Portuguese Insurers Association subscriptions	323,371	576,370
Software licences	2,041,762	2,440,852
Others	8,718,443	5,463,072
	87,424,166	86,088,426

At 31 December 2019 and 2018, the heading "Accrued income" includes:

- Estimates of the profit commissions receivable from life reinsurers, of EUR 4,503,645 and EUR 4,706,500, respectively;
- Services provided and not invoiced by Luz Saúde in the amount of EUR 45,037,774 and EUR 42,092,756, relating to 2019 and 2018, respectively.

The heading "Deferred expenses - Commissions on the issue of financial products" corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

21. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2019 and 2018, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

(amounts in euros)

	2019	2018
Non-current assets held for sale		
Investment properties	4,171,357	4,270,662
Deferred tax assets	155,777	152,579
	4,327,134	4,423,242
Liabilities of a group for sale classified as held for sale		
Deferred tax liabilities	1,081,671	529,650
	1,081,671	529,650
Gains and losses on non-current assets classified as held for sale		
Gains		
Rents	-	6,446,440
Gains made	-	129,736,408
	-	136,182,848
Losses		
Realized Losses	-	(19,444,937)
Other Losses	-	(3,662,713)
	-	(23,107,649)
	-	113,075,199

At 31 December 2019 this balance refers to the property in P. Guilherme Gomes Fernandes, 2 to 18, in Oporto, which was not sold until the end of 2019, as it did not meet all the conditions negotiated for the sale. The promissory contract of sale is maintained by what is expected to happen in 2020.

22. TECHNICAL PROVISIONS

At 31 December 2019 and 2018, technical provisions for direct insurance and reinsurance accepted were composed as follows:

(amounts in euros)

	2019			2018		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	4,590,354	509,174,815	513,765,169	1,634,440	288,967,433	290,601,873
Mathematical provision for life insurance	3,163,842,270	-	3,163,842,270	1,907,427,795	-	1,907,427,795
Claims provision						
Reported claims	134,285,469	1,710,239,126	1,844,524,595	95,344,285	1,599,325,371	1,694,669,656
Claims incurred but not reported (IBNR)	50,919,639	118,759,607	169,679,246	23,767,719	83,823,481	107,591,200
	185,205,108	1,828,998,733	2,014,203,841	119,112,004	1,683,148,852	1,802,260,856
Provision for profit sharing	85,368,234	1,750	85,369,984	81,083,957	20,563	81,104,520
Provision for interest rate commitments	29,392,059	-	29,392,059	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,462,475	-	26,462,475	26,254,032	-	26,254,032
Equalisation provision	-	29,119,191	29,119,191	-	27,302,513	27,302,513
Provision for unexpired risks	228,864	31,562,540	31,791,404	-	36,514,181	36,514,181
	3,495,089,364	2,398,857,029	5,893,946,393	2,158,195,338	2,035,953,542	4,194,148,880

At 31 December 2019 and 2018, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

(amounts in euros)

	2019			2018		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	4,594,787	(4,433)	4,590,354	1,634,440	-	1,634,440
Non-life insurance						
Workers' compensation	63,345,801	(3,431,019)	59,914,782	16,444,781	(2,867,377)	13,577,404
Personal accidents and passengers	11,132,673	(2,548,296)	8,584,377	8,958,948	(2,301,418)	6,657,530
Health	42,691,587	(4,078,279)	38,613,308	34,829,317	(4,392,424)	30,436,893
Fire and other damage	157,122,686	(24,952,654)	132,170,032	95,334,622	(22,352,115)	72,982,507
Motor	238,098,530	(35,922,255)	202,176,275	168,772,802	(35,088,063)	133,684,739
Marine, aviation and transport	6,978,046	(281,504)	6,696,542	1,910,766	(255,845)	1,654,921
Third party liability	33,627,878	(4,339,306)	29,288,572	11,598,946	(3,142,840)	8,456,106
Credit and suretyship	9,358,099	(199,606)	9,158,493	194,527	(10,098)	184,429
Legal protection	2,302,609	(970,815)	1,331,794	2,242,573	(963,376)	1,279,197
Assistance	17,340,991	(3,687,100)	13,653,891	16,249,303	(3,556,325)	12,692,978
Others	10,565,707	(2,978,958)	7,586,749	10,793,263	(3,432,534)	7,360,729
	592,564,607	(83,389,792)	509,174,815	367,329,848	(78,362,415)	288,967,433
	597,159,394	(83,394,225)	513,765,169	368,964,288	(78,362,415)	290,601,873

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2019 and 2018 were as follows:

(amounts in euros)

	2019				
	Opening balance	Entry in consolidation perimeter	Liabilities originated in the year	Exchange differences	Closing balance
Provision for unearned premiums					
Life insurance	1,634,440	3,739,976	(830,669)	51,040	4,594,787
Non-life insurance					
Workers' compensation	16,444,781	35,991,150	9,177,120	1,732,750	63,345,801
Personal accidents and passengers	8,958,948	1,084,132	947,636	141,957	11,132,673
Health	34,829,317	3,818,537	6,658,228	(2,614,495)	42,691,587
Fire and other damage	95,334,622	45,980,378	18,068,671	(2,260,985)	157,122,686
Motor	168,772,802	47,724,664	17,936,714	3,664,350	238,098,530
Marine, aviation and transport	1,910,766	4,583,137	914,877	(430,734)	6,978,046
Third party liability	11,598,946	11,485,134	10,517,016	26,782	33,627,878
Credit and suretyship	194,527	3,431,095	5,956,145	(223,668)	9,358,099
Legal protection	2,242,573	-	60,115	(79)	2,302,609
Assistance	16,249,303	-	1,096,466	(4,778)	17,340,991
Others	10,793,263	4,178,019	(503,646)	(3,901,929)	10,565,707
	367,329,848	158,276,246	70,829,342	(3,870,829)	592,564,607
	368,964,288	162,016,222	69,998,673	(3,819,789)	597,159,394
Deferred acquisition costs					
Life insurance	-	-	(4,433)	-	(4,433)
Non-life insurance					
Workers' compensation	(2,867,377)	-	(559,411)	(4,231)	(3,431,019)
Personal accidents and passengers	(2,301,418)	-	(182,636)	(64,242)	(2,548,296)
Health	(4,392,424)	5	(127,687)	441,827	(4,078,279)
Fire and other damage	(22,352,115)	(268,648)	(2,377,706)	45,815	(24,952,654)
Motor	(35,088,063)	(558)	(184,088)	(649,546)	(35,922,255)
Marine, aviation and transport	(255,845)	(70,394)	4,752	39,983	(281,504)
Third party liability	(3,142,840)	(166,301)	(1,038,627)	8,462	(4,339,306)
Credit and suretyship	(10,098)	(37,738)	1,122	(152,892)	(199,606)
Legal protection	(963,376)	-	(7,439)	-	(970,815)
Assistance	(3,556,325)	-	(130,823)	48	(3,687,100)
Others	(3,432,534)	(326,459)	504,915	275,120	(2,978,958)
	(78,362,415)	(870,093)	(4,097,628)	(59,656)	(83,389,792)
	(78,362,415)	(870,093)	(4,102,061)	(59,656)	(83,394,225)
	290,601,873	161,146,129	65,896,612	(3,879,445)	513,765,169

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Provision for unearned premiums				
Life insurance	1,542,377	92,063	-	1,634,440
Non-life insurance				
Workers' compensation	14,930,169	1,457,127	57,485	16,444,781
Personal accidents and passengers	9,625,403	(607,688)	(58,767)	8,958,948
Health	36,979,495	3,385,835	(5,536,013)	34,829,317
Fire and other damage	95,429,856	2,819,164	(2,914,398)	95,334,622
Motor	162,822,957	7,557,903	(1,608,058)	168,772,802
Marine, aviation and transport	1,973,873	77,142	(140,249)	1,910,766
Third party liability	11,726,205	304,704	(431,963)	11,598,946
Credit and suretyship	187,131	11,389	(3,993)	194,527
Legal protection	2,118,131	128,065	(3,623)	2,242,573
Assistance	14,206,867	2,049,940	(7,504)	16,249,303
Others	12,083,446	(1,300,285)	10,102	10,793,263
	362,083,533	15,883,296	(10,636,981)	367,329,848
	363,625,910	15,975,359	(10,636,981)	368,964,288
Deferred acquisition costs				
Non-life insurance				
Workers' compensation	(2,655,666)	(206,268)	(5,443)	(2,867,377)
Personal accidents and passengers	(2,126,911)	(176,750)	2,243	(2,301,418)
Health	(3,873,185)	(677,425)	158,186	(4,392,424)
Fire and other damage	(21,461,352)	(889,154)	(1,609)	(22,352,115)
Motor	(32,712,208)	(2,073,270)	(302,585)	(35,088,063)
Marine, aviation and transport	(308,757)	48,709	4,203	(255,845)
Third party liability	(2,825,983)	(335,235)	18,378	(3,142,840)
Credit and suretyship	(11,759)	1,675	(14)	(10,098)
Legal protection	(879,770)	(84,054)	448	(963,376)
Assistance	(2,993,940)	(562,375)	(10)	(3,556,325)
Others	(3,989,414)	556,881	(1)	(3,432,534)
	(73,838,945)	(4,397,266)	(126,204)	(78,362,415)
	289,786,965	11,578,093	(10,763,185)	290,601,873

At 31 December 2019 and 2018, the claims provisions on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019			2018		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance	134,285,469	50,919,639	185,205,108	95,344,285	23,767,719	119,112,004
Non-life insurance						
Workers' compensation						
Mathematical provision	667,131,296	1,132,004	668,263,300	628,048,468	1,270,152	629,318,620
Provision for whole life assistance	182,614,623	7,959,018	190,573,641	175,405,716	7,962,649	183,368,365
Provision for temporary assistance	87,646,854	26,412,268	114,059,122	53,656,688	3,154,242	56,810,930
	937,392,773	35,503,290	972,896,063	857,110,872	12,387,043	869,497,915
Other						
Personal accidents and passengers	29,214,526	6,180,364	35,394,890	29,791,008	3,452,729	33,243,737
Health	61,085,425	8,523,759	69,609,184	48,853,034	6,682,763	55,535,797
Fire and other damage	152,966,503	19,646,038	172,612,541	153,214,065	18,423,824	171,637,889
Motor	417,971,788	22,273,551	440,245,339	405,722,926	20,481,839	426,204,765
Marine, aviation and transport	12,150,109	3,040,646	15,190,755	9,773,206	2,037,758	11,810,964
Third party liability	90,135,689	21,667,089	111,802,778	81,890,812	19,172,508	101,063,320
Credit and suretyship	1,227,661	83,291	1,310,952	587,566	78,946	666,512
Legal protection	15,758	8,663	24,421	15,504	7,417	22,921
Assistance	139,929	79,846	219,775	119,474	55,965	175,439
Others	7,938,965	1,753,070	9,692,035	12,246,904	1,042,689	13,289,593
	772,846,353	83,256,317	856,102,670	742,214,499	71,436,438	813,650,937
	1,710,239,126	118,759,607	1,828,998,733	1,599,325,371	83,823,481	1,683,148,852
	1,844,524,595	169,679,246	2,014,203,841	1,694,669,656	107,591,200	1,802,260,856

The movement in the claims provisions on direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019					
	Opening balance	Entry in consolidation perimeter	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	119,112,004	70,714,417	417,607,164	(422,345,176)	116,699	185,205,108
Non-life insurance						
Workers' compensation	869,497,915	57,661,788	231,231,098	(187,018,242)	1,523,504	972,896,063
Personal accidents and passengers	33,243,737	4,091,159	13,215,004	(15,157,406)	2,396	35,394,890
Health	55,535,797	6,718,946	246,810,159	(241,100,322)	1,644,604	69,609,184
Fire and other damage	171,637,889	28,053,978	173,016,862	(200,904,926)	808,738	172,612,541
Motor	426,204,765	29,142,474	462,187,943	(478,197,222)	907,379	440,245,339
Marine, aviation and transport	11,810,964	4,588,616	8,915,769	(10,206,645)	82,051	15,190,755
Third party liability	101,063,320	11,556,498	31,207,449	(32,324,132)	299,643	111,802,778
Credit and suretyship	666,512	2,412,769	184,889	(1,953,218)	-	1,310,952
Legal protection	22,921	-	3,153	(1,653)	-	24,421
Assistance	175,439	-	101,088	(56,752)	-	219,775
Others	13,289,593	1,949,303	11,675,738	(17,222,599)	-	9,692,035
	1,683,148,852	146,175,531	1,178,549,152	(1,184,143,117)	5,268,315	1,828,998,733
	1,802,260,856	216,889,948	1,596,156,316	(1,606,488,293)	5,385,014	2,014,203,841

(amounts in euros)

	2018				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	132,483,735	266,281,095	(279,721,459)	68,633	119,112,004
Non-life insurance					
Workers' compensation	834,126,539	188,817,425	(156,710,898)	3,264,849	869,497,915
Personal accidents and passengers	28,348,292	15,151,224	(10,258,659)	2,880	33,243,737
Health	53,170,668	200,495,551	(201,589,486)	3,459,064	55,535,797
Fire and other damage	243,287,613	104,516,574	(188,362,773)	12,196,475	171,637,889
Motor	448,080,627	351,895,895	(375,135,099)	1,363,342	426,204,765
Marine, aviation and transport	12,757,645	3,941,778	(4,919,791)	31,332	11,810,964
Third party liability	99,658,815	14,711,237	(13,486,803)	180,071	101,063,320
Credit and suretyship	704,990	337,602	(376,080)	-	666,512
Legal protection	23,563	(189)	(453)	-	22,921
Assistance	152,629	32,597	(9,945)	158	175,439
Others	12,195,570	18,634,404	(17,540,381)	-	13,289,593
	1,732,506,951	898,534,098	(968,390,368)	20,498,171	1,683,148,852
	1,864,990,686	1,164,815,193	(1,248,111,827)	20,566,804	1,802,260,856

Liabilities originated in the year and the claims paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Group.

At 31 December 2019 and 2018, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019	2018
Life insurance	228,864	-
Non-life insurance		
Workers' compensation	997,564	1,331,772
Personal accidents and passengers	476,269	123,364
Health	4,912,646	3,755,245
Fire and other damage	4,144,483	3,513,090
Motor	16,064,597	21,835,879
Marine, aviation and transport	-	190,202
Third party liability	1,801,686	1,191,885
Credit and suretyship	-	64,500
Legal protection	225,411	67,471
Assistance	2,932,315	4,440,773
Others	7,569	-
	31,562,540	36,514,181
	31,791,404	36,514,181

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019			
	Opening balance	Entry in consolidation perimeter	Appropriations for the year	Closing balance
Life insurance	-	-	228,864	228,864
Non-life insurance				
Workers' compensation	1,331,772	-	(334,208)	997,564
Personal accidents and passengers	123,364	-	352,905	476,269
Health	3,755,245	-	1,157,401	4,912,646
Fire and other damage	3,513,090	-	631,393	4,144,483
Motor	21,835,879	-	(5,771,282)	16,064,597
Marine, aviation and transport	190,202	-	(190,202)	-
Third party liability	1,191,885	-	609,801	1,801,686
Credit and suretyship	64,500	-	(64,500)	-
Legal protection	67,471	-	157,940	225,411
Assistance	4,440,773	-	(1,508,458)	2,932,315
Others	-	239,986	(232,417)	7,569
	36,514,181	239,986	(5,191,627)	31,562,540
	36,514,181	239,986	(4,962,763)	31,791,404

(amounts in euros)

	2018		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	6,113,713	(4,781,941)	1,331,772
Personal accidents and passengers	249,939	(126,575)	123,364
Health	229,934	3,525,311	3,755,245
Fire and other damage	7,784,688	(4,271,598)	3,513,090
Motor	29,135,581	(7,299,702)	21,835,879
Marine, aviation and transport	12,971	177,231	190,202
Third party liability	950,506	241,379	1,191,885
Credit and suretyship	61,889	2,611	64,500
Legal protection	384	67,087	67,471
Assistance	4,682,786	(242,013)	4,440,773
Others	124	(124)	-
	49,222,515	(12,708,334)	36,514,181

At 31 December 2019 and 2018, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	138,841,645	(840,057)	138,001,588	18,126,916	156,128,504
Life group risk	967,846,391	(720)	967,845,671	17,868,206	985,713,877
Life individual capitalisation	130,832,912	(384,621)	130,448,291	193,023	130,641,314
Life group capitalisation	1,035,402	-	1,035,402	-	1,035,402
	1,238,556,350	(1,225,398)	1,237,330,952	36,188,145	1,273,519,097
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	146,422,685	(5,950)	146,416,735	11,646,185	158,062,920
Life group capitalisation	327,172,209	-	327,172,209	4,027,640	331,199,849
Life individual PPR	1,452,937,849	(15,475)	1,452,922,374	33,506,264	1,486,428,638
	1,926,532,743	(21,425)	1,926,511,318	49,180,089	1,975,691,407
	3,165,089,093	(1,246,823)	3,163,842,270	85,368,234	3,249,210,504

(amounts in euros)

	2018				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	80,654,625	(454,754)	80,199,871	17,840,152	98,040,023
Life group risk	136,612,685	-	136,612,685	17,251,872	153,864,557
Life individual capitalisation	51,336,426	(136,574)	51,199,852	116,715	51,316,567
Life group capitalisation	3,121,591	-	3,121,591	-	3,121,591
	271,725,327	(591,328)	271,133,999	35,208,739	306,342,738
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	185,319,880	(7,465)	185,312,415	11,636,533	196,948,948
Life group capitalisation	320,985,471	-	320,985,471	4,438,363	325,423,834
Life individual PPR	1,130,015,406	(19,496)	1,129,995,910	29,800,322	1,159,796,232
	1,636,320,757	(26,961)	1,636,293,796	45,875,218	1,682,169,014
	1,908,046,084	(618,289)	1,907,427,795	81,083,957	1,988,511,752

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019							Closing balance
	Opening balance	Entry in consolidation perimeter	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Portfolio recomposition	Income distributed	
Direct insurance and reinsurance accepted								
Mathematical provision								
Insurance contracts	271,133,999	824,157,081	93,076,917	-	(639,287)	-	49,602,242	1,237,330,952
Investment contracts with a discretionary profit sharing component	1,636,293,796	-	273,454,001	-	5,536	7,462,032	9,295,953	1,926,511,318
	1,907,427,795	824,157,081	366,530,918	-	(633,751)	7,462,032	58,898,195	3,163,842,270
Profit sharing provision								
Insurance contracts	35,208,739	-	3,998,013	11,484	-	-	(3,030,091)	36,188,145
Investment contracts with a discretionary profit sharing component	45,875,218	-	5,525,158	7,300,965	-	-	(9,521,252)	49,180,089
	81,083,957	-	9,523,171	7,312,449	-	-	(12,551,343)	85,368,234
	1,988,511,752	824,157,081	376,054,089	7,312,449	(633,751)	7,462,032	46,346,852	3,249,210,504

(amounts in euros)

	2018							Closing balance
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Portfolio recomposition	Income distributed		
Direct insurance and reinsurance accepted								
Mathematical provision								
Insurance contracts	234,524,916	37,921,797	-	(381,831)	-	(930,883)	271,133,999	
Investment contracts with a discretionary profit sharing component	1,528,417,490	85,653,843	-	5,944	8,681,711	13,534,808	1,636,293,796	
	1,762,942,406	123,575,640	-	(375,887)	8,681,711	12,603,925	1,907,427,795	
Profit sharing provision								
Insurance contracts	34,491,745	6,191,340	(3,058,972)	-	-	(2,415,374)	35,208,739	
Investment contracts with a discretionary profit sharing component	76,258,081	10,233,096	(27,081,152)	-	-	(13,534,807)	45,875,218	
	110,749,826	16,424,436	(30,140,124)	-	-	(15,950,181)	81,083,957	
	1,873,692,232	140,000,076	(30,140,124)	(375,887)	8,681,711	(3,346,256)	1,988,511,752	

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.17. f).

23. FINANCIAL LIABILITIES OF THE DEPOSIT COMPONENT OF INSURANCE CONTRACTS AND ON INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS

Information on movements in this account heading for 2019 and 2018 is set out below:

(amounts in euros)

	2019					
	Opening balance	Issues	Redemptions	Income and expenditure	Portfolio recomposition	Closing balance
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	24,925,020	100,609,413	(3,559,306)	1,358,452	(101,121)	123,232,458
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	14,641,455	188,410	(925,355)	891,603	(27,173)	14,768,940
	40,287,720	100,797,823	(4,484,661)	2,250,055	(128,294)	138,722,643
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	6,260,810,306	444,160,579	(505,399,307)	15,050,917	(7,434,859)	6,207,187,636
Life individual fixed rate	2,970,703,013	604,005,279	(1,025,105,561)	24,952,004	101,121	2,574,655,856
Capitalisation OP. Individual fixed rate	4,668,404	-	(232,849)	-	-	4,435,555
	9,236,181,723	1,048,165,858	(1,530,737,717)	40,002,921	(7,333,738)	8,786,279,047
	9,276,469,443	1,148,963,681	(1,535,222,378)	42,252,976	(7,462,032)	8,925,001,690

(amounts in euros)

	2018					
	Opening balance	Issues	Redemptions	Income and expenditure	Portfolio recomposition	Closing balance
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	149,201,722	1,765,933	(125,571,891)	(470,744)	-	24,925,020
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	25,670,399	194,679	(10,351,801)	(830,777)	(41,045)	14,641,455
	175,593,366	1,960,612	(135,923,692)	(1,301,521)	(41,045)	40,287,720
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	5,113,993,681	1,660,140,798	(538,942,736)	34,259,229	(8,640,666)	6,260,810,306
Life individual fixed rate	3,288,976,315	1,182,053,183	(1,541,087,288)	40,760,803	-	2,970,703,013
Capitalisation OP. Individual fixed rate	5,076,378	-	(426,331)	18,357	-	4,668,404
	8,408,046,374	2,842,193,981	(2,080,456,355)	75,038,389	(8,640,666)	9,236,181,723
	8,583,639,740	2,844,154,593	(2,216,380,047)	73,736,868	(8,681,711)	9,276,469,443

"Other investment contracts" corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

24. FINANCIAL LIABILITIES HELD FOR TRADING AND OTHER FINANCIAL LIABILITIES

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Financial liabilities held for trading		
Fair Value Hedge (Note 7)	82,034,738	22,170,498
Financial Leases - put option	85,752,618	-
Other financial liabilities		
Hedge Derivatives		
Fair Value Hedge (Note 7)	2,439,323	112,884
Cash flow Hedge (Note 7)	3,771,157	3,417,493
Hedges of a net investment in a foreign operation	19,495,477	7,624,386
	25,705,957	11,154,763
Deposits received from reinsurers		
Life	28,358,895	3,460,629
Non-life	128,136,817	129,364,374
	156,495,712	132,825,003
Loans		
Bank loans	656,263,672	633,948,491
Others		
Finance leases	116,038,078	53,956,942
Others	3,229,980	7,361,460
	957,733,399	839,246,659
	1,125,520,755	861,417,157

The heading "Bank loans" at 31 December 2019 includes loans obtained by companies from the Group consolidation perimeter paying interest at an average annual rate of 1.46%.

The heading "Put option financial liability" relates to a sale option contracted between Fid Perú and the minority shareholders of La Positiva Seguros Y Reaseguros S.A.A. on the purchase date of that company.

During 2019, the movements in the finance leases was as follows:

(amounts in euros)

Movement	Lease liability
Value at 31 December 2018	53,956,942
Value at 1 January 2019	59,011,838
Increase for the period	31,917,239
Additions	28,495,460
Interest increment	3,058,198
Others	363,581
Decrease for the period	28,856,724
Payments made	28,856,724
Exchange realignment	8,781
Value at 31 December 2019	116,038,076

The amounts recorded during the year are recognised in accordance with the implementation of the principles defined in IFRS 16 - "Leases".

25. OTHER CREDITORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accounts payable for direct insurance operations		
Brokers	72,294,384	50,485,989
Policyholders	41,439,819	36,004,409
Co-insurers	9,235,470	12,906,810
	122,969,673	99,397,208
Accounts payable for other reinsurance operations		
Reinsurers' current accounts	122,640,436	63,855,459
Insured's current accounts	2,010,161	1,709,530
	124,650,597	65,564,989
Accounts payable for other operations		
Suppliers' current accounts	70,170,616	76,343,292
Transactions to be settled	16,843,563	8,935,281
Deposit guarantee	12,208,236	26,267,953
Group companies	10,590,831	180,077
Other internal regularisation accounts	7,571,920	1,188,129
Advances from clients	4,625,512	3,722,688
Employees	1,366,151	63,662
Aggregate tax	828,204	6,373,408
Pension funds	672,702	394,808
Miscellaneous creditors	18,655,036	13,071,151
	143,532,771	136,900,979
	391,153,041	301,863,176

The heading "Other internal regularisation accounts" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

26. ACCRUALS AND DEFERRALS (LIABILITIES)

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Deferred income		
Rents and leases	13,433,752	9,208,541
Others	10,246,665	1,734,304
	23,680,417	10,942,845
Accrued expenses		
Interest payable	779,676	564,951
Holiday and holiday subsidies payable	41,139,205	36,394,120
Insurance	6,494,312	3,492,006
Variable remuneration payable to employees	9,608,526	6,375,776
Performance bonus	12,002,711	13,946,880
Seniority bonus	2,544,462	722,212
Other employee costs	551,456	315,140
Provision for finder's fees	622,833	413,009
Commissions payable	67,390,727	57,806,623
Deferred payments - marketing	5,261,744	6,755,564
Municipal tax on real estate	1,702,178	1,410,166
Audit	509,973	362,538
Advertising	1,080,265	529,024
Electricity	594,867	604,901
Invoices pending conferral	7,982,868	4,894,011
Medical fees	30,465,410	25,313,657
Health services	9,500,145	10,397,122
Outsourcing (except accounting and computing)	2,967,037	5,105,902
Others	11,067,329	7,081,436
	212,265,724	182,485,038
	235,946,141	193,427,883

27. OTHER PROVISIONS

Information on the above account heading movements for 2019 and 2018 is set out below:

(amounts in euros)

	2019							Closing balances
	Opening balances	Entry in consolidation perimeter	Increases	Recoveries and cancellations	Uses	Others	Actuarial gains and losses from equity	
Provisions for tax	3,078,249	-	2,884	-	-	4,514,402	-	7,595,535
Provisions for the cost								
of employee benefits (Note 36)								
Health benefits	21,053,229	-	-	(668,951)	-	-	2,400,639	22,784,917
Pension costs	2,696,282	-	-	(68,783)	-	-	796,230	3,423,729
Provision for Workers'								
compensation fund	51,536,302	-	1,200,000	-	-	-	-	52,736,302
Provision for restructuring	13,380,073	-	-	(9,793,790)	-	-	-	3,586,283
Provision for judicial contingencies	1,579,677	3,025,218	-	(726,569)	(30,335)	-	-	3,847,991
Others	17,979,422	-	23,981,051	-	(3,294,300)	-	-	38,666,173
	111,303,234	3,025,218	25,183,935	(11,258,093)	(3,324,635)	4,514,402	3,196,869	132,640,930

(amounts in euros)

	2018							Closing balances
	Opening balances	Increases	Recoveries and cancellations	Uses	Others	Actuarial gains and losses from equity		
Provisions for tax	3,280,111	-	(221,155)	-	19,293	-	3,078,249	
Provisions for the cost								
of employee benefits (Note 36)								
Health benefits	22,964,031	-	(716,306)	-	-	(1,194,496)	21,053,229	
Pension costs	2,599,565	-	(60,299)	-	-	157,016	2,696,282	
Provision for Workers'								
compensation fund	50,036,302	1,500,000	-	-	-	-	51,536,302	
Provision for restructuring	21,177,446	10,762,278	(18,559,651)	-	-	-	13,380,073	
Provision for judicial contingencies	1,291,707	-	-	-	287,970	-	1,579,677	
Others	113,063,828	293,247	(95,352,487)	(25,166)	-	-	17,979,422	
	214,412,990	12,555,525	(114,909,898)	(25,166)	307,263	(1,037,480)	111,303,234	

The Group set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

Following the plan, 214 employees left in 2018, which led to EUR 18,559,651 being used. 231 employees were hired during the same period.

In carrying out the plan, 230 employees left in 2019, which led to EUR 9,793,790 being used. 300 employees were hired during the same period.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2019 and 2018, the "Other Provisions" headings include the constitution of EUR 23,401,488 and the uses of EUR 51,378,501, respectively, which are registered under the heading "Impairment Losses (net of reversals)".

The heading "Provisions for costs of employee benefits – Health benefits" represents the liabilities assumed by the Group in relation to employees' health benefits. The heading "Provisions for costs of employee benefits – Pension costs" represents the liabilities assumed by the Group resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Group to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 36).

28. PAID-IN CAPITAL

The share capital of EUR 457,380,000 is composed of 145.2 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade's equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614 Euros, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

The shareholder structure at 31 December 2019 and 2018 was as follows:

(amounts in euros)

Shareholders	2019		2018	
	Number of Shares	% Share	Number of Shares	% Share
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	123,403,140	84.9884%
Caixa Geral de Depósitos, S.A.	21,780,000	15.0000%	21,780,000	15.0000%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.0025%	3,560	0.0025%
Own Shares	13,300	0.0092%	13,300	0.0092%
	145,200,000	100%	145,200,000	100%

The Group became a part of the Fosun Group as of 15 May 2014 when Longrun Portugal, SGPS, S.A. acquired 80% of Fidelidade's share capital.

The income of 2018 and 2017 was applied as indicated below:

(amounts in euros)

	2018	2017
Application of income for the year		
Legal Reserve	27,962,420	27,962,420
Free Reserves	146,947,145	146,947,145
Retained earnings	96,663,666	41,322,930
	271,573,231	216,232,495

The income per share at 31 December 2019 and 2018 was as follows:

(amounts in euros)

	2019	2018
Net Income for the year	196,817,165	271,573,231
Number of shares (at the end of the year)	145,200,000	145,200,000
Income per Share (in Euros)	1.36	1.87

29. RESERVES, RETAINED EARNINGS AND INCOME FOR THE YEAR

At 31 December 2019 and 2018, reserves and retained earnings were composed as follows:

(amounts in euros)

	2019	2018
Revaluation reserves		
Fair value adjustments		
Available-for-sale investments		
Gross gains	361,189,703	(32,342,937)
Amount attributable to policyholders	(44,037,740)	(36,725,291)
	317,151,963	(69,068,228)
Revaluations of properties for own use (Note 11)	79,176,879	90,246,089
Adjustments in fair value of hedging instruments in cash flow hedging	(1,752,411)	(1,541,534)
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	39,125,118	69,070,536
	433,701,549	88,706,863
Exchange differences		
Gross gains	(71,221,758)	(96,293,698)
	362,479,791	(7,586,835)
Deferred tax reserve		
Available-for-sale investments	(83,873,024)	16,681,981
Properties for own use	(7,526,329)	(6,384,137)
Adjustments in fair value of hedging instruments in cash flow hedging	367,983	323,699
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	(8,583,118)	(15,578,078)
Exchange differences	5,971,406	8,733,912
Actuarial gains and losses		
Post-employment benefits	25,830,072	24,835,104
Health benefits	2,359,422	1,603,220
Tax (paid)/deducted from potential capital gains or losses	(14,309,601)	(14,471,459)
	(79,763,189)	15,744,242
Revaluation Reserves, net of deferred taxes	282,716,602	8,157,407

(continuation)

(amounts in euros)

	2019	2018
Other reserves		
MEP reserves	90	-
Legal reserve	212,923,590	178,056,865
Share premiums	182,379,280	182,379,280
Actuarial gains and losses		
Post-employment benefits	(56,878,729)	(51,186,074)
Health benefits	(7,490,227)	(5,089,588)
Merger reserves	91,335,345	91,335,345
Other reserves	798,740,053	436,382,898
	1,221,009,402	831,878,726
Retained earnings	293,863,104	413,681,379
Income for the year	196,817,165	271,573,231
	1,994,406,273	1,525,290,743

In accordance with the legislation in force, at least 10% of net profits for each year, in the case of insurance companies, or 5% in the case of other companies, must be transferred to the legal reserve, until it totals the amount of share capital or up to 20% of the capital, respectively. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

"Revaluation reserves" reflects potential capital gains and losses on available-for-sale investments and properties for own use.

The following is an assessment of consolidated profit at 31 December 2019 and 2018:

(amounts in euros)

	2019	2018
Contribution to consolidated net income		
Insurance		
Fidelidade - Companhia de Seguros, S.A.	144,406,401	278,236,439
Via Directa - Companhia de Seguros, S.A.	810,106	1,066,797
Companhia Portuguesa de Resseguros, S.A.	70,151	1,111,217
Fidelidade Angola - Companhia de Seguros, S.A.	1,160,585	1,375,653
Fidelidade Macau - Companhia de Seguros, S.A.	4,618,727	2,313,653
Garantia - Companhia de Seguros de Cabo Verde, S.A.	1,543,323	1,322,766
Positiva Seguros y Reaseguros	(249,594)	-
La Positiva Vida Seguros Y Reaseguros S.A.	22,255,579	-
Alianza Vida Seguros y Reaseguros S.A.	4,375,025	-
Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.	3,824,893	-
Alianza Garantía Seguros Y Reaseguros S.A.	(814,167)	-
La Positiva S.A. - Entidad Prestadora de Salud	(318,749)	-
FID Chile Seguros Generales, S.A.	(24,006)	-

(continuation)

(amounts in euros)

	2019	2018
Property		
Fidelidade - Property Europe, S.A.	6,468,645	57,932,543
Fidelidade - Property International, S.A.	(4,346,774)	(104,650,065)
Fundo de Investimento Imobiliário Fechado Saudeinveste	12,084,965	10,851,951
Fundo de Investimento Imobiliário Fechado IMOFID	1,748,993	351,447
Highgrove - Investimentos e Participações, SGPS, S.A. (Equity accounting method)	-	(1,720)
FPI (UK) 1 LIMITED	(851,466)	(81,499,636)
FPI (AU) 1 PTY LIMITED	(25,247)	(317,624)
FPE (Lux) Holding S.à r.l.	(10,473,096)	1,442,257
Thomas More Square (Lux) Holdings S.à r.l.	176,578	(25,982)
Thomas More Square (Lux) S.à r.l.	14,791,367	11,126,980
FPE (IT) Società per Azioni	15,937,466	2,724,365
Godo Kaisha Praia	17,645,421	29,078,481
Godo Kaisha Moana	(38,149)	(35,406)
Fundo Broggi (Maranello)	21,446,113	4,169,871
Broggi Retail S.R.L.	(25,662)	(23,713)
FPE (BE) Holding	7,687,068	-
Health		
Luz Saúde, S.A. (consolidated accounts excluding minority interests)	8,800,529	8,949,969
Other sectors		
GEP - Gestão de Peritagens Automóveis, S.A.	169,278	150,593
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	(170,906)	(88,265)
Cetra - Centro Técnico de Reparação Automóvel, S.A.	75,463	306,853
Fidelidade - Consultoria e Gestão de Risco, Lda.	604	2,659
Fidelidade - Assistência e Serviços, Lda.	772	2,910
FCM Beteiligungs GmbH	181,708	(32,063)
FID III (HK) LIMITED	(3,922)	(4,966)
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	(233,131)	(792,122)
FID Loans 1 Irl	7,809,130	2,166,001
FID Loans 2 Ireland Limited	-	-
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (Equity accounting method)	316,158	441,524
Serfun Portugal (Equity accounting method)	(9,454)	-
Universal - Assistência e Serviços, Lda.	4,190	-
FID Latam, SGPS, S.A.	(6,942)	(5,812)
GEP Cabo Verde Gestão de Peritagens, Lda	(4,094)	-
FF Investment Luxembourg 1 S.a.r.l	-	-
FID PERÚ, S.A.	836,681	154,773
Fid Chile SpA	38,989	-
Fid Chile & MT JV SpA	(1,677,876)	-
Alianza SAFI, S.A.	214,413	-

(continuation)

(amounts in euros)

	2019	2018
Full Assistance S.R.L.	(717,251)	-
Worldwide Security Corporation S.A.	(535,602)	-
FID I&D, S.A.	-	-
Elimination of dividends	(46,313,138)	(81,387,169)
Other consolidation adjustments		
Non - controlling interests (Note 30)	(20,618,760)	(8,415,484)
Elimination of impairment losses (net of reversals)	(6,889,547)	154,992,659
Property adjustments	1,677,422	3,104,938
Hedge accounting	22,950,458	8,536,692
Correction of results from previous years	22,057	(810,128)
Elimination of gains and losses on intra-group transactions	127,925	-
Elimination of exchange differences on intra-group transactions	(9,262,078)	4,981,529
Others	(23,850,407)	(37,232,134)
	196,817,165	271,573,231

30. NON-CONTROLLING INTERESTS

The value of the shares of third parties in subsidiaries breaks down as follows per entity:

(amounts in euros)

	% Non-controlling interests	2019	2018
Fundo de Investimento Imobiliário Fechado Saudeinveste	1.15%	1,801,214	1,667,920
Garantia - Companhia de Seguros de Cabo Verde, S.A.	44.11%	5,516,488	5,113,676
Fidelidade Angola - Companhia de Seguros, S.A.	30.49%	7,514,812	7,837,076
Luz Saúde, S.A.	49.15%	336,527,244	333,658,738
FPE (IT) Società per Azioni	4.24%	14,080,718	14,096,054
Fidelidade - Assistência e Serviços, Lda.	20.00%	339	641
Fidelidade Macau - Companhia de Seguros, S.A.	0.01%	1,801	1,474
Godó Kaisha Praia	3.00%	5,667,102	5,064,511
Godó Kaisha Moana	3.00%	2,958,644	2,867,828
Thomas More Square (Lux) Holdings Sarl	0.70%	(5,889)	(53,027)
Thomas More Square (Lux) Sarl	0.70%	252,565	91,366
Fundo Broggi	4.24%	1,447,475	536,672
Broggi Retail S.R.L	4.24%	(2,571)	(1,483)
Universal Assistência e Serviços, Lda	44.39%	1,318	(11)
GEP Cabo Verde Gestão de Peritagens, Limitada	36.03%	9,861	11,336
FID CHILE & MT JV SpA	1.00%	91,790	-

(continuation)

(amounts in euros)

	% Non-controlling interests	2019	2018
La Positiva Seguros y Reaseguros S.A.	8.50%	12,870,251	-
La Positiva Vida Seguros Y Reaseguros S.A.	45.31%	79,170,970	-
Alianza Vida Seguros y Reaseguros S.A.	55.41%	8,998,588	-
Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.	46.88%	16,011,547	-
Alianza SAFI, S.A.	74.70%	554,385	-
Alianza Garantía Seguros Y Reaseguros S.A.	72.99%	2,049,375	-
La Positiva S.A. - Entidad Prestadora de Salud	33.16%	684,861	-
Full Assistance S.R.L.	50.29%	(447,168)	-
Worldwide Security Corporation S.A.	50.99%	(275,577)	-
FID CHILE SEGUROS GENERALES, S.A.	1.00%	2,622	-
		495,482,765	370,892,771

The part of the consolidated profit attributable to minority shareholders in 2019 and 2018 is as follows:

(amounts in euros)

	% Non-controlling interests	2019	2018
Fundo de Investimento Imobiliário Fechado Saudeinveste	1.15%	(129,736)	(124,559)
Garantia - Companhia de Seguros de Cabo Verde, S.A.	44.11%	(680,690)	(583,412)
Fidelidade Angola - Companhia de Seguros, S.A.	30.49%	(1,199,877)	(2,161,948)
Luz Saúde, S.A.	49.15%	(4,331,644)	(4,515,940)
FPE (IT) Società per Azioni	4.24%	15,338	18,863
Fidelidade - Assistência e Serviços, Lda.	20.00%	313	(184)
Fidelidade Macau - Companhia de Seguros, S.A.	0.01%	(289)	(145)
Godo Kaisha Praia	3.00%	(439,960)	(794,750)
Godo Kaisha Moana	3.00%	1,146	1,064
Thomas More Square (Lux) Holdings Sarl	0.70%	101	182
Thomas More Square (Lux) Sarl	0.70%	(103,389)	(77,775)
Fundo Broggi	4.24%	(910,803)	(177,886)
Broggi Retail S.R.L.	4.24%	1,089	1,006

(continuation)

(amounts in euros)

	% Non-controlling interests	2019	2018
Universal Assistência e Serviços, Lda	44.39%	(1,860)	-
GEP Cabo Verde Gestão de Peritagens, Limitada	36.03%	1,475	-
FID CHILE & MT JV SpA	1.00%	28,304	-
La Positiva Seguros y Reaseguros S.A.	8.50%	52,278	-
La Positiva Vida Seguros Y Reaseguros S.A.	45.31%	(9,177,370)	-
Alianza Vida Seguros y Reaseguros S.A.	55.41%	(2,450,207)	-
Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.	46.88%	(1,832,328)	-
Alianza SAFI, S.A.	74.70%	(160,168)	-
Alianza Garantía Seguros Y Reaseguros S.A.	72.99%	594,284	-
La Positiva S.A. - Entidad Prestadora de Salud	33.16%	(639,433)	-
Full Assistance S.R.L.	50.29%	461,078	-
Worldwide Security Corporation S.A.	50.99%	282,994	-
FID CHILE SEGUROS GENERALES, S.A.	1.00%	594	-
		(20,618,760)	(8,415,484)

31. EARNED PREMIUMS, NET OF REINSURANCE

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written						
Life insurance						
Insurance contracts without profit sharing	371,311,926	(89,185,464)	282,126,462	180,521,412	(14,586,896)	165,934,516
Insurance contracts with profit sharing	93,722,540	(1,059,060)	92,663,480	54,908,539	(1,013,114)	53,895,425
Investment contracts with a discretionary profit sharing component	439,692,696	-	439,692,696	225,096,144	-	225,096,144
	904,727,162	(90,244,524)	814,482,638	460,526,095	(15,600,010)	444,926,085
Non-life insurance						
Workers' compensation	279,613,700	(7,692,865)	271,920,835	217,746,228	(8,236,399)	209,509,829
Personal accidents and passengers	45,976,661	(15,526,542)	30,450,119	32,325,405	(8,727,845)	23,597,560
Health	395,267,340	(332,216,142)	63,051,198	320,861,105	(295,578,452)	25,282,653
Fire and other damage	395,108,462	(181,605,960)	213,502,502	264,081,107	(105,715,160)	158,365,947
Motor	657,562,684	(18,872,343)	638,690,341	481,214,990	(3,087,768)	478,127,222
Marine, aviation and transport	39,764,237	(23,235,718)	16,528,519	19,942,932	(11,903,215)	8,039,717
Third party liability	86,542,184	(39,464,346)	47,077,838	40,002,955	(11,752,189)	28,250,766
Credit and suretyship	34,173,266	(25,863,875)	8,309,391	744,102	(424,035)	320,067
Legal protection	5,858,704	(4,272,034)	1,586,670	5,629,006	(4,135,634)	1,493,372
Assistance	48,181,830	(38,041,126)	10,140,704	43,687,020	(36,225,260)	7,461,760
Others	35,280,617	(12,135,350)	23,145,267	34,162,746	(12,054,037)	22,108,709
	2,023,329,685	(698,926,301)	1,324,403,384	1,460,397,596	(497,839,994)	962,557,602
	2,928,056,847	(789,170,825)	2,138,886,022	1,920,923,691	(513,440,004)	1,407,483,687
Change in provision for unearned premiums						
Life insurance						
Insurance contracts without profit sharing	770,551	(784,119)	(13,568)	(77,299)	703,890	626,591
Insurance contracts with profit sharing	56,453	15,450	71,903	(26,839)	(14,987)	(41,826)
Investment contracts with a discretionary profit sharing component	3,665	-	3,665	12,075	-	12,075
	830,669	(768,669)	62,000	(92,063)	688,903	596,840

(continuation)

(amounts in euros)

	2019			2018		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Non-life insurance						
Workers' compensation	(9,177,120)	-	(9,177,120)	(1,457,127)	-	(1,457,127)
Personal accidents and passengers	(947,636)	(40,392)	(988,028)	607,688	(605,512)	2,176
Health	(6,658,228)	(157,544)	(6,815,772)	(3,385,835)	2,101,202	(1,284,633)
Fire and other damage	(18,068,671)	15,476,385	(2,592,286)	(2,819,164)	(312,194)	(3,131,358)
Motor	(17,936,714)	(9,892,854)	(27,829,568)	(7,557,903)	145,561	(7,412,342)
Marine, aviation and transport	(914,877)	259,224	(655,653)	(77,142)	184,866	107,724
Third party liability	(10,517,016)	9,476,926	(1,040,090)	(304,704)	(231,883)	(536,587)
Credit and suretyship	(5,956,145)	267,678	(5,688,467)	(11,389)	2,724	(8,665)
Legal protection	(60,115)	(2,764)	(62,879)	(128,065)	2,199	(125,866)
Assistance	(1,096,466)	11,975	(1,084,491)	(2,049,940)	34,493	(2,015,447)
Others	503,646	(259,003)	244,643	1,300,285	(1,176,942)	123,343
	(70,829,342)	15,139,631	(55,689,711)	(15,883,296)	144,514	(15,738,782)
	(69,998,673)	14,370,962	(55,627,711)	(15,975,359)	833,417	(15,141,942)
Earned premiums						
Life insurance						
Insurance contracts without profit sharing	372,082,477	(89,969,583)	282,112,894	180,444,113	(13,883,006)	166,561,107
Insurance contracts with profit sharing	93,778,993	(1,043,610)	92,735,383	54,881,700	(1,028,101)	53,853,599
Investment contracts with a discretionary profit sharing component	439,696,361	-	439,696,361	225,108,219	-	225,108,219
	905,557,831	(91,013,193)	814,544,638	460,434,032	(14,911,107)	445,522,925
Non-life insurance						
Workers' compensation	270,436,580	(7,692,865)	262,743,715	216,289,101	(8,236,399)	208,052,702
Personal accidents and passengers	45,029,025	(15,566,934)	29,462,091	32,933,093	(9,333,357)	23,599,736
Health	388,609,112	(332,373,686)	56,235,426	317,475,270	(293,477,250)	23,998,020
Fire and other damage	377,039,791	(166,129,575)	210,910,216	261,261,943	(106,027,354)	155,234,589
Motor	639,625,970	(28,765,197)	610,860,773	473,657,087	(2,942,207)	470,714,880
Marine, aviation and transport	38,849,360	(22,976,494)	15,872,866	19,865,790	(11,718,349)	8,147,441
Third party liability	76,025,168	(29,987,420)	46,037,748	39,698,251	(11,984,072)	27,714,179
Credit and suretyship	28,217,121	(25,596,197)	2,620,924	732,713	(421,311)	311,402
Legal protection	5,798,589	(4,274,798)	1,523,791	5,500,941	(4,133,435)	1,367,506
Assistance	47,085,364	(38,029,151)	9,056,213	41,637,080	(36,190,767)	5,446,313
Others	35,784,263	(12,394,353)	23,389,910	35,463,031	(13,230,979)	22,232,052
	1,952,500,343	(683,786,670)	1,268,713,673	1,444,514,300	(497,695,480)	946,818,820
	2,858,058,174	(774,799,863)	2,083,258,311	1,904,948,332	(512,606,587)	1,392,341,745

In 2019 and 2018, premiums for life insurance contracts may be broken down as follows:

(amounts in euros)

	2019	2018
Direct insurance gross premiums written	902,310,586	460,026,095
Individual contracts	569,297,668	275,589,771
Group contracts	333,012,918	184,436,324
	902,310,586	460,026,095
Periodic	231,907,358	219,404,522
Non-periodic	670,403,228	240,621,573
	902,310,586	460,026,095
Contracts without profit sharing	368,895,350	179,973,406
Contracts with profit sharing	533,415,236	280,052,689
	902,310,586	460,026,095
Reinsurance accepted gross premiums written	2,416,576	500,000
Gross premiums written from direct insurance and reinsurance accepted	904,727,162	460,526,095
Reinsurance balance	(9,494,254)	(123,964)

32. FEES FROM INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS OR SERVICE CONTRACTS

In 2019 and 2018, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 1,215,867 and EUR 1,224,954 respectively.

33. CLAIMS COSTS, NET OF REINSURANCE

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance						
Direct insurance and reinsurance accepted	427,718,878	(5,978,847)	421,740,031	285,539,563	(12,835,105)	272,704,458
Reinsurance ceded	(48,281,757)	(10,004,737)	(58,286,494)	(8,290,702)	1,211,932	(7,078,770)
	379,437,121	(15,983,584)	363,453,537	277,248,861	(11,623,173)	265,625,688
Non-life insurance						
Direct insurance and reinsurance accepted						
Workers' compensation	183,052,025	43,683,354	226,735,379	165,833,556	40,200,842	206,034,398
Personal accidents and passengers	19,091,510	(2,121,770)	16,969,740	13,687,750	4,872,487	18,560,237
Health	281,242,232	7,330,955	288,573,187	230,225,272	4,409,131	234,634,403
Fire and other damage	178,616,437	(25,374,152)	153,242,285	196,414,674	(62,085,047)	134,329,627
Motor	452,781,316	(15,481,577)	437,299,739	357,189,955	(21,287,439)	335,902,516
Marine, aviation and transport	9,815,237	(1,285,880)	8,529,357	5,131,367	(915,431)	4,215,936
Third party liability	25,535,337	(752,995)	24,782,342	13,224,788	1,554,082	14,778,870
Credit and suretyship	1,476,803	(1,822,195)	(345,392)	405,213	(38,478)	366,735
Legal protection	119,169	1,501	120,670	98,916	(642)	98,274
Assistance	1,437,188	44,337	1,481,525	744,500	22,967	767,467
Other	16,904,486	(8,729,843)	8,174,643	17,496,166	1,093,540	18,589,706
	1,170,071,740	(4,508,265)	1,165,563,475	1,000,452,157	(32,173,988)	968,278,169
Reinsurance ceded						
Workers' compensation	(573,085)	(1,033,473)	(1,606,558)	(1,245,383)	(93,458)	(1,338,841)
Personal accidents and passengers	(3,397,763)	2,037,286	(1,360,477)	(1,458,288)	(3,065,393)	(4,523,681)
Health	(255,716,178)	(295,485)	(256,011,663)	(222,628,681)	(4,133,898)	(226,762,579)
Fire and other damage	(87,781,950)	22,716,500	(65,065,450)	(99,632,648)	53,596,445	(46,036,203)
Motor	(22,668,787)	(4,514,377)	(27,183,164)	(11,681,682)	4,677,044	(7,004,638)
Marine, aviation and transport	(4,338,780)	1,722,259	(2,616,521)	(1,481,244)	475,572	(1,005,672)
Third party liability	(9,490,929)	1,740,158	(7,750,771)	(2,538,896)	(4,042,941)	(6,581,837)
Credit and suretyship	(1,429,749)	127,719	(1,302,030)	-	(1,000)	(1,000)
Assistance	(43,847)	(9,932)	(53,779)	(6,996)	(3,786)	(10,782)
Other	(6,868,461)	8,724,855	1,856,394	(8,812,035)	(737,700)	(9,549,735)
	(392,309,529)	31,215,510	(361,094,019)	(349,485,853)	46,670,885	(302,814,968)
	777,762,211	26,707,245	804,469,456	650,966,304	14,496,897	665,463,201
	1,157,199,332	10,723,661	1,167,922,993	928,215,165	2,873,724	931,088,889

"Claims paid" includes costs with claims management and refunds processed by the Group.

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2019 and 2018:

(amounts in euros)

	2019						Total
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	
Direct insurance and reinsurance accepted							
Insurance contracts	238,665,843	(7,762,272)	230,903,571	660,505	93,076,917	3,998,013	328,639,006
Investment contracts with a discretionary profit sharing component	189,053,035	1,783,425	190,836,460	6,488,745	273,454,001	5,525,158	476,304,364
	427,718,878	(5,978,847)	421,740,031	7,149,250	366,530,918	9,523,171	804,943,370
Reinsurance ceded							
Insurance contracts	(48,281,757)	(10,004,737)	(58,286,494)	(92,923)	(3,444,875)	-	(61,824,292)
	(48,281,757)	(10,004,737)	(58,286,494)	(92,923)	(3,444,875)	-	(61,824,292)
Net							
Insurance contracts	190,384,086	(17,767,009)	172,617,077	567,582	89,632,042	3,998,013	266,814,714
Investment contracts with a discretionary profit sharing component	189,053,035	1,783,425	190,836,460	6,488,745	273,454,001	5,525,158	476,304,364
	379,437,121	(15,983,584)	363,453,537	7,056,327	363,086,043	9,523,171	743,119,078

(amounts in euros)

	2018						Total
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	
Direct insurance and reinsurance accepted							
Insurance contracts	118,039,195	(11,599,915)	106,439,280	1,848,968	37,921,797	6,191,340	152,401,385
Investment contracts with a discretionary profit sharing component	167,500,368	(1,235,190)	166,265,178	15,162,310	85,653,843	10,233,096	277,314,427
	285,539,563	(12,835,105)	272,704,458	17,011,278	123,575,640	16,424,436	429,715,812
Reinsurance ceded							
Insurance contracts	(8,290,702)	1,211,932	(7,078,770)	-	(1,896,940)	-	(8,975,710)
	(8,290,702)	1,211,932	(7,078,770)	-	(1,896,940)	-	(8,975,710)
Net							
Insurance contracts	109,748,493	(10,387,983)	99,360,510	1,848,968	36,024,857	6,191,340	143,425,675
Investment contracts with a discretionary profit sharing component	167,500,368	(1,235,190)	166,265,178	15,162,310	85,653,843	10,233,096	277,314,427
	277,248,861	(11,623,173)	265,625,688	17,011,278	121,678,700	16,424,436	420,740,102

In 2019 and 2018, changes in other technical provisions include the allocation of the provision to stabilise the portfolio and the provision for unexpired risks of EUR 660,505 and of EUR 1,848,968, respectively. In 2019 and 2018, this heading also includes the allocation of EUR 6,488,745 and EUR 15,162,310 respectively, to the provision for interest rate commitments.

34. NET OPERATING COSTS, BY TYPE AND FUNCTION

In 2019 and 2018, the Group's operating costs, by type, were as follows:

(amounts in euros)

	2019	2018
Employee costs (Note 35)	399,088,676	328,760,982
External supplies and services		
Electricity	9,593,681	8,953,635
Fuel	3,014,404	2,671,250
Water	1,404,845	1,209,052
Printed Material	429,910	395,443
Office Supplies	2,652,138	794,826
Conservation and repair	31,733,969	17,586,038
Rents and leases	16,940,123	26,671,087
Representation expenses	2,362,648	2,214,099
Communication	10,881,605	9,026,511
Travel and accommodation	7,589,673	5,586,228
Insurance	3,432,944	2,726,864
Expenditure with self-employed workers	90,343,609	79,330,522
Advertising and publicity	22,301,687	17,525,703
Litigation and notary expenses	1,578,452	663,428
Security and surveillance	5,879,781	4,427,737
Specialist work	104,519,799	90,871,782
Contributions	1,548,594	1,440,694
Cleanliness, hygiene and comfort	2,891,361	2,170,608
Expenses with premium collections	1,923,461	2,441,175
Software licences	9,954,231	6,998,139
Subcontracts	127,678,750	116,242,488
Others	112,302,159	98,665,670
	570,957,824	498,612,979
Taxes and charges	27,027,074	19,863,800
Depreciation and amortisation for the year (Notes 11, 13 and 16)	72,306,902	46,478,596
Other provisions	(9,475,646)	(50,975,872)
Commissions	17,091,534	13,883,255
Interest paid	17,735,312	14,291,766
	1,094,731,675	870,915,506

In 2019 the cost with interest related to leasings are as follow:

(amounts in euros)

	2019	
	Financial leasing	Operational leasing
Land and Buildings	5,868	295,011
Lands	-	1,168
Buildings	5,868	293,843
Machinery and tools equipment	-	24
IT equipment	-	61,577
Transport material	2,130	21,232
Other equipment	666,363	2,005,994
Other equipment	666,363	2,005,994
	674,361	2,383,837

In 2019 the group also incurred in the following costs related with leasings:

(amounts in euros)

	2019		
	Depreciation of right-use assets	Expense relating to short-term leases	Expense relating to low value assets
Land and Buildings	10,239,419	-	-
Buildings	10,239,419	-	-
Machinery and tools equipment	-	-	161,934
IT equipment	1,670,628	-	365,997
Transport material	2,592,138	90,633	-
Other equipment	-	-	399,988
Other equipment	-	-	399,988
	21,955,433	90,633	927,919

In 2019 and 2018, the balance of reinsurance commissions and profit sharing is as follows:

(amounts in euros)

	2019		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	15,734,029	4,053,541	19,787,570
Related to non-life insurance	77,234,209	4,360,156	81,594,365
	92,968,238	8,413,697	101,381,935

(amounts in euros)

	2018		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	1,331,954	4,479,479	5,811,433
Related to non-life insurance	60,738,783	4,289,471	65,028,254
	62,070,737	8,768,950	70,839,687

In the 2019 and 2018 profit and loss statement, these costs were as follows:

(amounts in euros)

	2019			Total
	Life technical account	Non-life technical account	Non-technical account	
Claims costs - amounts paid				
Cost allocations	11,876,779	142,538,054	-	154,414,833
Technical costs	415,842,099	1,027,533,686	-	1,443,375,785
	427,718,878	1,170,071,740	-	1,597,790,618
Acquisition costs				
Cost allocations	28,041,561	112,885,169	-	140,926,730
Brokerage commissions	90,179,230	247,427,017	-	337,606,247
Others	1,277,929	9,498,703	-	10,776,632
	119,498,720	369,810,889	-	489,309,609
Administrative expenses				
Cost allocations	44,067,163	149,353,695	-	193,420,858
Brokerage remuneration	134,573	8,354,000	-	8,488,573
Others	231	1,509,577	-	1,509,808
	44,201,967	159,217,272	-	203,419,239

(continuation)

(amounts in euros)

	2019			Total
	Life technical account	Non-life technical account	Non-technical account	
Financial expenses (Note 38)				
Cost allocations	10,880,478	9,941,404	52,516,986	73,338,868
Others	872,406	181,605	243,854	1,297,865
	11,752,884	10,123,009	52,760,840	74,636,733
Other cost allocations (Note 45)	-	-	532,630,386	532,630,386
Total operating costs allocations	94,865,981	414,718,322	585,147,372	1,094,731,675

(amounts in euros)

	2018			Total
	Life technical account	Non-life technical account	Non-technical account	
Claims costs - amounts paid				
Cost allocations	7,983,785	129,225,596	-	137,209,381
Technical costs	277,555,778	871,226,561	-	1,148,782,339
	285,539,563	1,000,452,157	-	1,285,991,720
Acquisition costs				
Cost allocations	29,585,343	108,456,959	-	138,042,302
Brokerage commissions	57,028,164	168,101,926	-	225,130,090
Others	55,348	1,647,193	-	1,702,541
	86,668,855	278,206,078	-	364,874,933
Administrative expenses				
Cost allocations	20,413,889	67,748,607	-	88,162,496
Brokerage remuneration	74,704	8,968,371	-	9,043,075
Others	265	1,468,217	-	1,468,482
	20,488,858	78,185,195	-	98,674,053
Financial expenses (Note 38)				
Cost allocations	10,144,090	8,570,712	37,621,826	56,336,628
Others	540,664	172,554	122,330	835,548
	10,684,754	8,743,266	37,744,156	57,172,176
Other cost allocations (Note 45)	-	-	451,164,699	451,164,699
Total operating costs allocations	68,127,107	314,001,874	488,786,525	870,915,506

35. EMPLOYEE COSTS

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Remuneration		
Statutory bodies	14,041,028	10,541,311
Employees	290,323,088	225,094,778
Remuneration expenses	57,060,286	49,647,612
Post-employment benefits	9,387,829	16,639,642
Termination of employment benefits	4,519,200	4,743,943
Mandatory insurance	3,625,205	2,765,960
Social action costs	12,510,313	14,519,426
Other employee costs	7,621,727	4,808,310
	399,088,676	328,760,982

In 2019 and 2018, the costs of post-employment benefits were as follows:

(amounts in euros)

	2019	2018
Post-employment benefits		
Defined benefit plan (Note 36)	7,023,276	14,427,578
Individual retirement plan	1,413,750	1,370,732
Employee transfer	(53,497)	(49,787)
Other costs	1,004,300	891,119
	9,387,829	16,639,642

In 2019 and 2018, the heading "Post-employment benefits - Employee transfer" corresponds to the cost of post-employment benefits for employees of the Group's Insurance Companies who were assigned to other entities in the Group.

In 2019 and 2018, the number of employees working for the Group, by category, was as follows:

	2019	2018
Senior management	90	93
Line management	663	566
Technical	4,005	3,579
Administrative	4,833	4,934
Ancillary	620	609
	10,211	9,781

In 2018, the Group established an estimate for seniority bonuses of EUR 164,939. In 2019, the Group established an estimate for optional career benefits of EUR 466,244. "Accruals and deferred income" includes EUR 1,962,822 for seniority bonuses.

36. RETIREMENT PENSIONS AND OTHER LONG-TERM BENEFITS

At 31 December 2019 and 2018, the headings "Assets for post-employment benefits and other long-term benefits" and "Liabilities for post-employment benefits and other long-term benefits" were as follows:

(amounts in euros)

	2019	2018
Assets		
Defined benefit plan	4,302,237	7,299,079
Liabilities		
Defined contribution plan	(86,959)	(85,688)
	4,215,278	7,213,391

Regarding 2019 and 2018, in the "Defined contribution plan" the Company recorded a cost of EUR 1,234,412 and EUR 1,215,889 respectively, with the payment of EUR 86,959 and EUR 85,688 still pending, which corresponds to December 2020 and 2019 contributions that were paid in January 2020 and 2019.

Defined Contribution Plan

Within the scope of the new collective employment agreement applicable to companies in the Insurance Sector of the Fidelidade Group, published on 8 February 2019, all permanent employees and, also, those whose employment contracts are suspended due to illness or workplace accidents, covered by this Collective Labour Regulation Instrument (CLR), are entitled to an individual retirement plan ("IRP"), a defined contribution plan which replaces the system of retirement pensions set out in the former CLRI's.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Group and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Group's contributions to the individual retirement plan are made in line with that set out in Chapter VIII of the aforementioned CLRI and correspond to the sum resulting from the application of 3.25% to each employee's basic annual salary.

In addition, in line with the provisions in Clause 57 of the aforementioned CLRI, the Group's first annual contribution to the IRP will be confirmed in the month following that in which the employment contract has been valid for one year and will occur as soon as the Pension Fund Contract is duly approved by the Insurance and Pension Funds Supervisory Authority.

At 31 December 2019 and 2018, the liabilities and assets of the Individual Retirement Plan of the Fidelidade Group companies were:

(amounts in euros)

	Fidelidade	CPR	Via Directa	Total
Liabilities at 31 December 2018	25,118,934	24,657	245,091	25,388,682
Expenses for the year	1,205,328	-	29,084	1,234,412
Liabilities at 31 December 2019	26,324,262	24,657	274,175	26,623,094
Assets at 31 December 2018	25,035,511	24,657	242,824	25,302,992
Contributions	1,203,672	-	29,469	1,233,141
Assets at 31 December 2019	26,239,183	24,657	272,293	26,536,133
Difference	1.00	1.00	0.99	1.00
Funding level	99.68%	100.00%	99.31%	99.67%

Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity, the Group granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity. Currently, this Plan covers pension fund beneficiaries (retired employees) and workers covered by the 2008 CEA, who took early retirement before 31 December 2018.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millenniumbcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former-Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2019 and 2018, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

	2019	2018
Actuarial method	Projected	Projected
	Unit Credit	Unit Credit
Mortality table		
Men	TV 73/77 (-2)	TV 73/77 (-2)
Women	TV 88/90 (-2)	TV 88/90 (-2)
Discount rate	1.00%	2.00%
Salary growth rate	2.40%	2.10%
Pensions growth rate	0.75%	0.75%
Pre-retirement growth rates	1.25%	1.25%
Exclusions table	n/a	n/a

The following table provides a comparison between the actuarial and financial assumptions used to determine pension costs for 2019 and 2018 and the actual amounts:

	2019		2018	
	Assumptions	Real	Assumptions	Real
Salary growth rate	2.40%	4.57%	2.10%	0.88%
Pensions growth rate	0.75%	0.23%	0.75%	0.24%

At 31 December 2019 and 2018, the Group's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

(amounts in euros)

	2019			2018		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Liabilities for past services						
Active employees	10,252,540	39,465	10,292,005	6,420,919	29,557	6,450,476
Retired and pre-retired	159,625,021	226,629	159,851,650	168,201,342	249,105	168,450,447
	169,877,561	266,094	170,143,655	174,622,261	278,662	174,900,923
Autonomous pension fund	134,619,929	437,302	135,057,231	139,569,520	466,049	140,035,569
Mathematical provisions	39,388,661	-	39,388,661	42,164,433	-	42,164,433
	174,008,590	437,302	174,445,892	181,733,953	466,049	182,200,002
Difference	4,131,029	171,208	4,302,237	7,111,692	187,387	7,299,079
Funding level	102.43%	164.34%	102.53%	104.07%	167.25%	104.17%

Pursuant to Standard No. 5/2007-R, of 27 April, of the ASF, insurance companies must ensure at the end of each year:

a) the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and

b) the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2019 and 2018, the Group's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Group's pension fund.

The Group's defined benefit pension funds have the following average duration:

Fidelidade – Companhia de Seguros, S.A.:	
Fidelidade Pension Fund	7.98 years
Mundial Confiança Pension Fund	6.68 years
Império Bonança Pension Fund	11.19 years
Companhia Portuguesa de Resseguros, S.A. Pension Fund	5.14 years
Fidelidade Property Europe, S.A. Pension Fund	17.22 years

At 31 December 2019 and 2018, the number of beneficiaries was as follows:

	2019	2018
Active employees	916	947
Retired and pre-retired	2,017	2,095
Annuity holders	426	466
	3,359	3,508

The movements in the pension fund and in the mathematical provisions during 2019 and 2018 were as follows:

(amounts in euros)

	Fidelidade	Others	Total
Balances at 31 December 2017	193,236,864	536,517	193,773,381
Contributions	9,662,260	-	9,662,260
Change in mathematical provisions	(2,295,035)	-	(2,295,035)
Pensions paid	(19,036,221)	(52,361)	(19,088,582)
(Payments)/ Receipts relating to other benefits	(154,117)	-	(154,117)
Net income of pension funds	320,202	(18,107)	302,095
Balances at 31 December 2018	181,733,953	466,049	182,200,002
Contributions	8,920,000	-	8,920,000
Change in mathematical provisions	(2,775,772)	-	(2,775,772)
Pensions paid	(19,298,322)	(52,547)	(19,350,869)
(Payments)/ Receipts relating to other benefits	(635,312)	-	(635,312)
Net income of pension funds	6,064,043	23,800	6,087,843
Balances at 31 December 2019	174,008,590	437,302	174,445,892

At 31 December 2019 and 2018 the Group's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

At 31 December 2019 and 2018, the pension fund net assets were composed as follows, according to the respective valuation sources:

(amounts in euros)

	Market value			2019 Others			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	-	20,432	20,432	-	-	-	-	20,432	20,432
Equity instruments	542,662	199	542,861	-	-	-	542,662	199	542,861
Debt instruments									
Public debt	5,439,060	24,993	5,464,053	11,434,613	-	11,434,613	16,873,674	24,993	16,898,666
Other entities	38,748,558	61,866	38,810,423	40,042,674	-	40,042,674	78,791,231	61,866	78,853,097
	44,187,618	86,858	44,274,476	51,477,287	-	51,477,287	95,664,905	86,858	95,751,763
Real Estate	14,267,910	9,924	14,277,834	-	-	-	14,267,910	9,924	14,277,834
Investment funds									
American shares	-	-	-	-	-	-	-	-	-
European shares	2,734,655	54,019	2,788,674	-	-	-	2,734,655	54,019	2,788,674
Real Estate	4,291,029	41,919	4,332,948	-	-	-	4,291,029	41,919	4,332,948
Debt instruments									
Public debt	-	1,510	1,510	-	-	-	-	1,510	1,510
Other issuers	1,483,457	210,828	1,694,285	-	-	-	1,483,457	210,828	1,694,285
Treasury	1,928,551	-	1,928,551	-	-	-	1,928,551	-	1,928,551
Others	693,616	1,387	695,003	-	-	-	693,616	1,387	695,003
	11,131,309	309,663	11,440,972	-	-	-	11,131,309	309,663	11,440,972
Others	13,013,144	10,226	13,023,370	-	-	-	13,013,144	10,226	13,023,370
	83,142,642	437,302	83,579,944	51,477,287	-	51,477,287	134,619,929	437,302	135,057,231

(amounts in euros)

	2018								
	Market value			Others			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	13,836,592	59,618	13,896,211	-	-	-	13,836,592	59,618	13,896,211
Equity instruments	758,582	199	758,781	-	-	-	758,582	199	758,781
Debt instruments									
Public debt	19,128,613	24,993	19,153,606	-	-	-	19,128,613	24,993	19,153,606
Other entities	81,458,265	61,866	81,520,131	-	-	-	81,458,265	61,866	81,520,131
	100,586,878	86,858	100,673,737	-	-	-	100,586,878	86,858	100,673,737
Real Estate	12,157,600	9,924	12,167,524	-	-	-	12,157,600	9,924	12,167,524
Investment funds									
American shares	-	39,724	39,724	-	-	-	-	39,724	39,724
European shares	2,607,770	16,626	2,624,396	-	-	-	2,607,770	16,626	2,624,396
Real Estate	4,192,286	32,522	4,224,808	-	-	-	4,192,286	32,522	4,224,808
Debt instruments									
Public debt	244,909	63,483	308,392	-	-	-	244,909	63,483	308,392
Other issuers	1,349,657	126,155	1,475,812	-	-	-	1,349,657	126,155	1,475,812
Treasury	2,108,169	18,217	2,126,386	-	-	-	2,108,169	18,217	2,126,386
	10,502,791	296,727	10,799,518	-	-	-	10,502,791	296,727	10,799,518
Others	1,727,076	12,723	1,739,800	-	-	-	1,727,076	12,723	1,739,800
	139,569,520	466,049	140,035,569	-	-	-	139,569,520	466,049	140,035,569

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

(amounts in euros)

	2019			2018		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	-	-	-	6,591,633	59,618	6,651,251
Debt instruments	302,190	-	302,190	608,737	-	608,737
Investment funds						
Real Estate	2,213,971	6,441,773	8,655,744	2,246,896	20,019	2,266,915
Debt instruments						
Public debt	-	-	-	-	10,304	10,304
Other issuers	1,023,916	157,109	1,181,025	1,550,928	126,155	1,677,083
Treasury	-	-	-	-	18,217	18,217
Others	582,742	844,887	1,427,629	-	1,262	1,262
	3,820,629	7,443,769	11,264,398	3,797,824	175,957	3,973,781
	4,122,819	7,443,769	11,566,588	10,998,194	235,575	11,233,769

The change in the difference between the Group's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2019 and 2018, can be demonstrated as follows:

(amounts in euros)

	Liabilities			Cover			Difference		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Position at 31									
December 2017	181,105,027	323,765	181,428,792	193,236,864	536,517	193,773,381	12,131,837	212,752	12,344,589
Current services expenses	135,475	1,108	136,583	-	-	-	(135,475)	(1,108)	(136,583)
Net defined									
benefit interest	2,288,295	5,834	2,294,129	2,506,668	3,753	2,510,421	218,373	(2,080)	216,293
Normal cost for the year	2,423,770	6,942	2,430,712	2,506,668	3,753	2,510,421	82,898	(3,188)	79,710
Increased liabilities									
for early retirements	14,359,652	(6,481)	14,353,171	-	-	-	(14,359,652)	6,481	(14,353,171)
Other changes in the									
income statement	-	-	-	(154,117)	-	(154,117)	(154,117)	-	(154,117)
Changes having an									
impact in the income									
statement (Note 35)	16,783,422	461	16,783,883	2,352,551	3,753	2,356,304	(14,430,871)	3,293	(14,427,578)
Actuarial gains and losses									
return on plan assets,									
not included in									
interest income	-	-	-	(2,186,467)	6,481	(2,179,986)	(2,186,467)	6,481	(2,179,986)
resulting from changes									
in financial assumptions	(1,451,214)	(23,037)	(1,474,251)	-	(28,341)	(28,341)	1,451,214	(5,304)	1,445,910
resulting from									
differences between									
assumptions and									
actual amounts	(483,718)	29,835	(453,883)	-	-	-	483,718	(29,835)	453,883
Changes with an impact									
on shareholders' equity	(1,934,932)	6,798	(1,928,134)	(2,186,467)	(21,860)	(2,208,327)	(251,535)	(28,658)	(280,193)
Contributions to the plan									
paid by entity	-	-	-	9,662,261	-	9,662,261	9,662,261	-	9,662,261
Change in mathematical									
provisions	(2,295,035)	-	(2,295,035)	(2,295,035)	-	(2,295,035)	-	-	-
Payments made									
by the plan									
pensions paid	(19,036,221)	(52,362)	(19,088,583)	(19,036,221)	(52,362)	(19,088,583)	-	-	-
Position at 31									
December 2018	174,622,261	278,662	174,900,923	181,733,953	466,049	182,200,002	7,111,692	187,387	7,299,079
Current services expenses	106,233	899	107,132	-	-	-	(106,233)	(899)	(107,132)
Net defined									
benefit interest	2,456,174	5,471	2,461,645	2,598,407	3,912	2,602,319	142,233	(1,560)	140,673
Normal cost for the year	2,562,407	6,370	2,568,777	2,598,407	3,912	2,602,319	36,000	(2,459)	33,541

(continuation)

(amounts in euros)

	Liabilities			Cover			Difference		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Increased liabilities for									
early retirements	6,424,596	-	6,424,596	-	-	-	(6,424,596)	-	(6,424,596)
Other changes in the									
income statement	-	-	-	(635,312)	-	(635,312)	(635,312)	-	(635,312)
Changes having an impact in the income statement (Note 35)	8,987,003	6,370	8,993,373	1,963,095	3,912	1,967,007	(7,023,908)	(2,459)	(7,026,367)
Actuarial gains and losses									
return on plan assets, not included in									
interest income	-	-	-	3,465,634	5,949	3,471,583	3,465,634	5,949	3,471,583
resulting from changes									
in financial assumptions	11,726,879	19,436	11,746,315	-	13,939	13,939	(11,726,879)	(5,497)	(11,732,376)
resulting from									
differences between									
assumptions and									
actual amounts	(3,384,488)	14,172	(3,370,316)	-	-	-	3,384,488	(14,172)	3,370,316
Changes with an impact on shareholders' equity	8,342,391	33,608	8,375,999	3,465,634	19,888	3,485,522	(4,876,757)	(13,720)	(4,890,477)
Contributions to the plan									
paid by entity	-	-	-	8,920,002	-	8,920,002	8,920,002	-	8,920,002
Change in mathematical									
provisions	(2,775,772)	-	(2,775,772)	(2,775,772)	-	(2,775,772)	-	-	-
Payments made									
by the plan									
pensions paid	(19,298,322)	(52,547)	(19,350,869)	(19,298,322)	(52,547)	(19,350,869)	-	-	-
Position at 31									
December 2019	169,877,561	266,094	170,143,655	174,008,590	437,302	174,445,892	4,131,029	171,208	4,302,237

Medical assistance

The Group contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2019 and 2018, these liabilities totalled EUR 22,784,917 and EUR 21,053,229, respectively, and were covered by provisions (Note 27). The actuarial deviations determined at 31 December 2019 and 2018 relating to this benefit amounted to EUR 8,093,294 and EUR (754,482), respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

Sensitivity analysis

At 31 December 2019, the sensitivity of the defined benefit liabilities assumed by Fidelidade, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios	2019	A	B	C
Financial Assumptions				
Discount Rate	1.00%	0.75%	1.25%	1.00%
Salary Growth Rate	2.40%	2.40%	2.40%	2.40%
Pre-retirement Salary Growth Rate	1.25%	1.25%	1.25%	1.25%
Pensions Growth Rate	0.75%	0.75%	0.75%	0.75%
Demographic Assumptions				
Mortality table				
> Women	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)
> Men	TV 73/77 (-2)	TV 73/77 (-2)	TV 73/77 (-2)	TV 88/90 (-2)
Age of Retirement	0	0	0	0

(amounts in euros)

Liabilities at 31 December 2019					
Scenarios		2019	A	B	C
Retirees	Old age	52,784,791	53,861,422	51,745,731	57,644,821
	Early retirement	14,355,730	14,668,849	14,053,366	15,569,650
	Disability	9,039,651	9,354,522	8,740,842	9,506,677
Pensioners	Widow/Widower	4,577,391	4,676,030	4,482,489	4,591,054
	Orphan	164,679	172,509	157,375	165,918
Pre-Retirees	Pension up to Retirement Age	28,964,401	29,170,204	28,761,415	29,064,847
	Costs up to Retirement Age	7,601,800	7,656,457	7,547,888	7,628,650
	Pension after Retirement Age				
	> CEA Plan	2,438,812	2,520,443	2,360,967	2,626,113
	> Complementary Plan	309,107	321,836	297,046	314,308
Active employees	CEA Plan	4,332,158	4,590,693	4,091,479	4,580,593
	Complementary Plan	5,920,381	6,329,408	5,541,733	6,228,934
Total		130,488,901	133,322,373	127,780,331	137,921,565

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 42,164,433.

37. INCOME

In 2019 and 2018, the investment income headings were composed as follows:

(amounts in euros)

	2019				2018			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for life insurance								
Properties	-	-	44,366	44,366	-	-	36,116	36,116
Financial assets held for trading	(52,829)	-	-	(52,829)	(3,526)	-	-	(3,526)
Financial assets initially recognised at fair value through profit or loss	2,095,007	-	-	2,095,007	1,892,365	-	-	1,892,365
Available-for-sale investments	81,845,815	5,065,821	-	86,911,636	44,982,304	2,004,861	-	46,987,165
Loans and accounts receivable	5,765,520	-	-	5,765,520	2,113,922	-	-	2,113,922
Sight deposits	9,123	-	-	9,123	1,231	-	-	1,231
	89,662,636	5,065,821	44,366	94,772,823	48,986,296	2,004,861	36,116	51,027,273
Investments related to contracts considered for accounting purposes as investment contracts								
Financial assets held for trading	(4,808,366)	-	-	(4,808,366)	(1,478,510)	-	-	(1,478,510)
Financial assets initially recognised at fair value through profit or loss	11,258,340	161,705	-	11,420,045	7,557,133	151,914	-	7,709,047
Available-for-sale investments	121,233,392	22,728,813	-	143,962,205	166,282,520	22,879,454	-	189,161,974
Loans and accounts receivable	2,028,687	-	-	2,028,687	1,808,020	-	-	1,808,020
Held-to-maturity investments	6,948,172	-	-	6,948,172	-	-	-	-
Sight deposits	41,472	-	-	41,472	15,723	-	-	15,723
	136,701,697	22,890,518	-	159,592,215	174,184,886	23,031,368	-	197,216,254
	226,364,333	27,956,339	44,366	254,365,038	223,171,182	25,036,229	36,116	248,243,527

(continuation)

(amounts in euros)

	2019				2018			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for non-life insurance								
Properties	-	-	10,089,441	10,089,441	-	-	11,021,131	11,021,131
Financial assets initially recognised								
at fair value through profit or loss	3,883,321	206,030	-	4,089,351	2,001,154	-	-	2,001,154
Available-for-sale investments	28,016,410	15,832,579	-	43,848,989	32,555,557	13,862,952	-	46,418,509
Loans and accounts receivable	3,028,827	-	-	3,028,827	3,191,256	-	-	3,191,256
Sight deposits	78,126	-	-	78,126	174,723	-	-	174,723
	35,006,684	16,038,609	10,089,441	61,134,734	37,922,690	13,862,952	11,021,131	62,806,773
Investments not allocated								
Properties	-	-	74,723,694	74,723,694	-	-	63,933,996	63,933,996
Investments in associates and joint ventures	-	569,155	-	569,155	-	-	-	-
Financial assets held for trading	(1,558,305)	-	-	(1,558,305)	(114,866)	-	-	(114,866)
Financial assets initially recognised								
at fair value through profit or loss	12,734,751	-	-	12,734,751	10,605,202	9	-	10,605,211
Available-for-sale investments	1,372,708	1,909,046	-	3,281,754	2,362,522	721,779	-	3,084,301
Loans and accounts receivable	3,382,269	-	-	3,382,269	1,181,670	-	-	1,181,670
Sight deposits	1,551,446	-	-	1,551,446	1,755,146	-	-	1,755,146
	17,482,869	2,478,201	74,723,694	94,684,764	15,789,674	721,788	63,933,996	80,445,458
	278,853,886	46,473,149	84,857,501	410,184,536	276,883,546	39,620,969	74,991,243	391,495,758

38. FINANCIAL EXPENSES

In 2019 and 2018, the financial expenses headings were composed as follows:

(amounts in euros)

	2019				2018			
	Life technical account	Non-life technical account	Non-technical account	Total	Life technical account	Non-life technical account	Non-technical account	Total
Investment Expenses (Note 34)								
Costs allocated	10,880,478	9,941,404	52,516,986	73,338,868	10,144,090	8,570,712	37,621,825	56,336,627
Other Investment expenses	872,406	181,605	243,854	1,297,865	540,664	172,554	122,331	835,549
	11,752,884	10,123,009	52,760,840	74,636,733	10,684,754	8,743,266	37,744,156	57,172,176

39. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES NOT RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Available-for-sale investments	24,867,174	(12,042,844)	12,824,330	37,854,064	(15,411,080)	22,442,984
Loans and accounts receivable	-	-	-	11	-	11
	24,867,174	(12,042,844)	12,824,330	37,854,075	(15,411,080)	22,442,995
Investments related to contracts considered for accounting purposes as investment contracts						
Available-for-sale investments	180,091,750	(77,119,341)	102,972,409	343,921,748	(38,226,444)	305,695,304
Financial liabilities at amortised cost	542	(40,003,463)	(40,002,921)	145	(75,038,534)	(75,038,389)
	180,092,292	(117,122,804)	62,969,488	343,921,893	(113,264,978)	230,656,915
	204,959,466	(129,165,648)	75,793,818	381,775,968	(128,676,058)	253,099,910
Investments allocated to technical provisions for non-life insurance						
Available-for-sale investments	36,797,961	(35,000,107)	1,797,854	38,284,258	(11,344,726)	26,939,532
Loans and accounts receivable	-	(2,245)	(2,245)	-	(30,115)	(30,115)
	36,797,961	(35,002,352)	1,795,609	38,284,258	(11,374,841)	26,909,417
Investments not allocated						
Investments in subsidiaries, associates and joint ventures	(3,187,453)	-	(3,187,453)	3,385	-	3,385
Available-for-sale investments	7,121,100	254,847	7,375,947	1,762,824	(22,938)	1,739,886
	3,933,647	254,847	4,188,494	1,766,209	(22,938)	1,743,271
	245,691,074	(163,913,153)	81,777,921	421,826,435	(140,073,837)	281,752,598

40. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2019 and 2018, these headings were composed as follows:

(amounts in euros)

Realised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	70,852	(683)	70,169	-	-	-
Financial assets and liabilities initially recognised at fair value through profit or loss	399,025	(129,209)	269,816	1,366,410	(598,522)	767,888
	469,877	(129,892)	339,985	1,366,410	(598,522)	767,888
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	405,048	(67,242)	337,806	65,077	(281,315)	(216,238)
Financial assets and liabilities initially recognised at fair value through profit or loss	7,259,664	(2,287,235)	4,972,429	9,097,957	(11,737,655)	(2,639,698)
Others	-	-	-	3,304	(4)	3,300
	7,664,712	(2,354,477)	5,310,235	9,166,338	(12,018,974)	(2,852,636)
	8,134,589	(2,484,369)	5,650,220	10,532,748	(12,617,496)	(2,084,748)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	92,108	(926)	91,182	-	-	-
Financial assets and liabilities initially recognised at fair value through profit or loss	2,562,949	(649,518)	1,913,431	713,810	(1,650,885)	(937,075)
Others	-	-	-	98	(61)	37
	2,655,057	(650,444)	2,004,613	713,908	(1,650,946)	(937,038)
Investments not allocated						
Financial assets and liabilities held for trading	149,343	(2,575,574)	(2,426,231)	136	(127,301)	(127,165)
Financial assets and liabilities initially recognised at fair value through profit or loss	9,796,590	(4,638,480)	5,158,110	1,496,369	(842,615)	653,754
	9,945,933	(7,214,054)	2,731,879	1,496,505	(969,916)	526,589
	20,735,579	(10,348,867)	10,386,712	12,743,161	(15,238,358)	(2,495,197)

(amounts in euros)

Unrealised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	20,329,371	(35,068,883)	(14,739,512)	5,748,187	(41,148,321)	(35,400,134)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	4,037,079	(9,430)	4,027,649	287,316	(5,342,677)	(5,055,361)
Others	2,487,854	(2,599,425)	(111,571)	1,823,329	(3,206,415)	(1,383,086)
	26,854,304	(37,677,738)	(10,823,434)	7,858,832	(49,697,413)	(41,838,581)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	1,071,403,007	(1,232,518,961)	(161,115,954)	46,669,671	(216,284,356)	(169,614,685)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	14,756,794	(265,704)	14,491,090	7,047,794	(19,589,728)	(12,541,934)
Others	48,060,839	(57,087,897)	(9,027,058)	57,922,313	(73,782,928)	(15,860,615)
	1,134,220,640	(1,289,872,562)	(155,651,922)	111,639,778	(309,657,012)	(198,017,234)
	1,161,074,944	(1,327,550,300)	(166,475,356)	119,498,610	(359,354,425)	(239,855,815)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	31,415,536	(52,331,953)	(20,916,417)	10,103,168	(50,964,016)	(40,860,848)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	6,720,093	(59,641)	6,660,452	1,882,509	(4,846,885)	(2,964,376)
Others	23,449,496	(29,477,576)	(6,028,080)	21,579,230	(29,067,068)	(7,487,838)
	61,585,125	(81,869,170)	(20,284,045)	33,564,907	(84,877,969)	(51,313,062)
Investments not allocated						
Financial assets and liabilities held for trading	36,222,850	(64,794,808)	(28,571,958)	9,438,514	(23,046,917)	(13,608,403)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	12,621,683	(132,385)	12,489,298	305,706	(12,922,490)	(12,616,784)
Others	-	-	-	-	-	-
	48,844,533	(64,927,193)	(16,082,660)	9,744,220	(35,969,407)	(26,225,187)
	1,271,504,602	(1,474,346,663)	(202,842,061)	162,807,737	(480,201,801)	(317,394,064)

(amounts in euros)

Total	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	20,400,223	(35,069,566)	(14,669,343)	5,748,187	(41,148,321)	(35,400,134)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	4,436,104	(138,639)	4,297,465	1,653,726	(5,941,199)	(4,287,473)
Others	2,487,854	(2,599,425)	(111,571)	1,823,329	(3,206,415)	(1,383,086)
	27,324,181	(37,807,630)	(10,483,449)	9,225,242	(50,295,935)	(41,070,693)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	1,071,808,055	(1,232,586,203)	(160,778,148)	46,734,748	(216,565,671)	(169,830,923)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	22,016,458	(2,552,939)	19,463,519	16,145,751	(31,327,383)	(15,181,632)
Others	48,060,839	(57,087,897)	(9,027,058)	57,925,617	(73,782,932)	(15,857,315)
	1,141,885,352	(1,292,227,039)	(150,341,687)	120,806,116	(321,675,986)	(200,869,870)
	1,169,209,533	(1,330,034,669)	(160,825,136)	130,031,358	(371,971,921)	(241,940,563)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	31,507,644	(52,332,879)	(20,825,235)	10,103,168	(50,964,016)	(40,860,848)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	9,283,042	(709,159)	8,573,883	2,596,319	(6,497,770)	(3,901,451)
Others	23,449,496	(29,477,576)	(6,028,080)	21,579,328	(29,067,129)	(7,487,801)
	64,240,182	(82,519,614)	(18,279,432)	34,278,815	(86,528,915)	(52,250,100)
Investments not allocated						
Financial assets and liabilities held for trading	36,372,193	(67,370,382)	(30,998,189)	9,438,650	(23,174,218)	(13,735,568)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	22,418,273	(4,770,865)	17,647,408	1,802,075	(13,765,105)	(11,963,030)
Others	-	-	-	-	-	-
	58,790,466	(72,141,247)	(13,350,781)	11,240,725	(36,939,323)	(25,698,598)
	1,292,240,181	(1,484,695,530)	(192,455,349)	175,550,898	(495,440,159)	(319,889,261)

41. EXCHANGE DIFFERENCES

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Investments allocated to technical provisions for life insurance		
Financial assets held for trading	(331,631)	(318,290)
Financial assets initially recognised at fair value through profit or loss	685,251	2,746,799
Available-for-sale investments	7,743,172	22,986,437
Loans and accounts receivable	3,124,366	4,557,691
Sight Deposits	419,192	(2,490,645)
Others	(10,918)	(20,566)
	11,629,432	27,461,426
Investments related to contracts considered for accounting purposes as investment contracts		
Financial assets held for trading	(1,593,141)	(2,934,565)
Financial assets initially recognised at fair value through profit or loss	5,761,971	11,193,660
Available-for-sale investments	82,861,534	110,075,907
Loans and accounts receivable	958,810	2,732,226
Sight Deposits	5,054,436	(1,657,339)
Others	(421,999)	(1,758,288)
	92,621,611	117,651,601
	104,251,043	145,113,027
Investments allocated to technical provisions for non-life insurance		
Financial assets held for trading	(326,520)	(909,919)
Financial assets initially recognised at fair value through profit or loss	161,437	1,151,080
Available-for-sale investments	8,059,766	27,808,955
Loans and accounts receivable	7,551,013	8,738,846
Sight Deposits	395,700	734,630
Others	(142,991)	(559,067)
	15,698,405	36,964,525
Investments not allocated		
Financial assets held for trading	(561,300)	134,401
Financial assets initially recognised at fair value through profit or loss	882,855	3,442,624
Available-for-sale investments	236,546	328,989
Loans and accounts receivable	8,129,057	9,299,145
Sight Deposits	(3,572,114)	(5,106,545)
Others	(6)	4
	5,115,038	8,098,618
	125,064,486	190,176,170

42. NET INCOME ON THE SALE OF NON-FINANCIAL ASSETS WHICH HAVE NOT BEEN RECOGNISED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

Realised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	31,962,672	-	31,962,672	-	-	-
Investment properties	5,624,444	-	5,624,444	429,722	-	429,722
	37,587,116	-	37,587,116	429,722	-	429,722
Investments not allocated						
Properties for own use	-	(316,384)	(316,384)	-	-	-
Investment properties	22,295,990	-	22,295,990	268,598	(16,559)	252,039
Investments in associates and joint ventures	-	(47,480)	(47,480)	-	-	-
	22,295,990	(363,864)	21,932,126	268,598	(16,559)	252,039
	59,883,106	(363,864)	59,519,242	698,320	(16,559)	681,761

(amounts in euros)

Unrealised gains and losses	2019			2018		
	Gains	Losses	Net (Note 11)	Gains	Losses	Net (Note 11)
Investments allocated to technical provisions for life insurance						
Investment properties	1,487	(16,512)	(15,025)	1,395,244	-	1,395,244
	1,487	(16,512)	(15,025)	1,395,244	-	1,395,244
Investments allocated to technical provisions for non-life insurance						
Investment properties	11,079,952	(3,928,989)	7,150,963	9,683,366	(4,570,439)	5,112,927
	11,079,952	(3,928,989)	7,150,963	9,683,366	(4,570,439)	5,112,927
Investments not allocated						
Investment properties	66,760,721	(16,092,951)	50,667,770	31,401,048	(928,094)	30,472,954
Investments in associates and joint ventures	-	(806)	(806)	-	-	-
	66,760,721	(16,093,757)	50,666,964	31,401,048	(928,094)	30,472,954
	77,842,160	(20,039,258)	57,802,902	42,479,658	(5,498,533)	36,981,125

(amounts in euros)

Total	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Investment properties	1,487	(16,512)	(15,025)	1,395,244	-	1,395,244
	1,487	(16,512)	(15,025)	1,395,244	-	1,395,244
Investments allocated to technical provisions for non-life insurance						
Properties for own use	31,962,672	-	31,962,672	-	-	-
Investment properties	16,704,396	(3,928,989)	12,775,407	10,113,088	(4,570,439)	5,542,649
	48,667,068	(3,928,989)	44,738,079	10,113,088	(4,570,439)	5,542,649
Investments not allocated						
Properties for own use	-	(316,384)	(316,384)	-	-	-
Investment properties	89,056,711	(16,092,951)	72,963,760	31,669,646	(944,653)	30,724,993
Investments in associates and joint ventures	-	(48,286)	(48,286)	-	-	-
	89,056,711	(16,457,621)	72,599,090	31,669,646	(944,653)	30,724,993
	137,725,266	(20,403,122)	117,322,144	43,177,978	(5,515,092)	37,662,886

43. IMPAIRMENT LOSSES (NET OF REVERSALS)

Information on impairment losses movements in 2019 and 2018 is set out below:

(amounts in euros)

	2019						Closing balances
	Opening balances	Entry in consolidation perimeter	Increases	Recoveries and cancellations	Use	Others	
Impairment of available-for-sale investments (Note 8)							
Debt instruments	54,778,794	-	889,641	-	(5,683,068)	-	49,985,367
Equity instruments	419,706,012	-	120,079,463	-	(235,791,498)	-	303,993,977
Other instruments	32,487,124	-	1,682,946	-	(9,581,014)	-	24,589,056
Impairment of loans and accounts receivable (Note 9)	695,779	-	150,576	-	-	-	846,355
Impairment of property for own use (Note 11)	10,761,493	-	1,573,058	(1,562,601)	(151,357)	-	10,620,593
Impairment of goodwill (Note 15)	957,001	-	-	-	-	-	957,001
Adjustments to premiums pending collection (Note 18)	9,799,351	-	-	(2,843,372)	-	7,071,662	14,027,641
Value adjustments IFAP (Note 18)	137,408	-	-	(137,408)	-	-	-
Adjustments for doubtful debts (Note 18)	39,041,508	494,791	2,889,870	-	-	4,036,063	46,462,232
	568,364,470	494,791	127,265,554	(4,543,381)	(251,206,937)	11,107,725	451,482,222

(amounts in euros)

	2018					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	Others	
Impairment of available-for-sale investments (Note 8)						
Debt instruments	136,729,609	3,908,070	(3,468,889)	(82,389,996)	-	54,778,794
Equity instruments	313,913,215	242,088,440	-	(136,295,643)	-	419,706,012
Other instruments	37,993,236	3,099,229	-	(8,605,341)	-	32,487,124
Impairment of loans and accounts receivable (Note 9)	617,392	91,380	-	(12,993)	-	695,779
Impairment of property for own use (Note 11)	10,358,899	392,337	(1,533,046)	-	1,543,303	10,761,493
Impairment of goodwill (Note 15)	957,001	-	-	-	-	957,001
Adjustments to premiums pending collection (Note 18)	10,529,419	285,370	-	(1,015,438)	-	9,799,351
Value adjustments IFAP (Note 18)	99,856	37,552	-	-	-	137,408
Adjustments for doubtful debts (Note 18)	40,834,407	-	(4,143,385)	-	2,350,486	39,041,508
	552,033,034	249,902,378	(9,145,320)	(228,319,411)	3,893,789	568,364,470

In 2019 and 2018, the account heading "Impairment losses (net of reversals)" included constitutions of EUR 23,401,488 and uses of EUR 51,378,501 of "Other provisions" (Note 27), respectively.

44. OTHER TECHNICAL INCOME/EXPENSES, NET OF REINSURANCE

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance						
Co-insurance management commissions	50,906	(347,455)	(296,549)	13,664	(31,372)	(17,708)
Pension fund management commissions	717,044	(148,727)	568,317	580,900	-	580,900
Others	9,341	(4,389,899)	(4,380,558)	5,339	-	5,339
	777,291	(4,886,081)	(4,108,790)	599,903	(31,372)	568,531
Related to non-life insurance						
Co-insurance management commissions	641,242	(154,163)	487,079	584,261	(497,663)	86,598
Others	1,285,990	(29,718,753)	(28,432,763)	4,132,914	(88,894)	4,044,020
	1,927,232	(29,872,916)	(27,945,684)	4,717,175	(586,557)	4,130,618
	2,704,523	(34,758,997)	(32,054,474)	5,317,078	(617,929)	4,699,149

45. OTHER INCOME/EXPENSES

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Non-current income and gains		
Tax rebates	2,646,844	7,075,818
Others	3,662,714	3,361,991
	6,309,558	10,437,809
Financial income and gains		
Interest obtained	1,343,065	361,405
Exchange rate gains	1,265,466,802	214,613,901
Cash discounts	875,811	977,819
Others	4,623,298	63,039
	1,272,308,976	216,016,164
Income from other assets		
Gains on other tangible assets	421,435	46,807
	421,435	46,807
Gains with pension plans		
Pension funds management fees (Macao Branch Life)	4,088	3,871
	4,088	3,871
Other non-technical income		
Adjustments to balances	303,834	2,016,178
Provisions of services	528,046,246	487,216,741
	528,350,080	489,232,919
Non-current expenses and losses		
Donations	(1,279,975)	(1,240,593)
Sponsorship	(566,587)	228,861
Gifts to clients	(298,832)	(117,520)
Fines and penalties	(918,056)	(12,808,570)
Miscellaneous contributions	(331,541)	(283,016)
Insufficient tax estimate	(3,268,133)	(1,364,149)
Corrections to previous years	(1,590,003)	(559,421)
Bad debts	(1,058,876)	(5,331,199)
Adjustments to balances	(180,347)	(375,594)
Others	(6,154,481)	(1,858,580)
	(15,646,831)	(23,709,781)

(continuation)

(amounts in euros)

	2019	2018
Financial expenses and losses		
Interest paid	(6,137,512)	(379,897)
Exchange rate losses	(1,269,764,492)	(221,562,134)
Banking services	(691,353)	(774,928)
Others	(1,548,457)	(2,057,437)
	(1,278,141,814)	(224,774,396)
Losses in other assets		
Losses in other intangible assets	-	(9,422)
Losses in other tangible assets	(141,478)	(431,050)
	(141,478)	(440,472)
Other non-technical expenses:		
Allocation of non-technical expenses (Note 34)		
Employee costs	(154,378,737)	(135,487,451)
External supplies and services	(323,162,166)	(305,455,935)
Depreciation for the year	(44,769,615)	(35,924,719)
Interest	(8,938,552)	(7,550,236)
Others	(1,381,316)	33,253,642
	(532,630,386)	(451,164,699)
Cost of goods sold	(2,716,873)	(2,750,954)
	(21,883,245)	12,897,268

46. GAINS AND LOSSES OF ASSOCIATES AND JOINT VENTURES (EQUITY METHOD)

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	316,158	441,524
Highgrove - Investimentos e Participações, SGPS, S.A.	-	266,148
Genomed - Diagnósticos de Medicina Molecular, S.A.	(76,845)	(16,109)
GK Kita Aoyoma Support 2	-	(15,319)
SERFUN PORTUGAL, SGPS, S.A	(9,454)	-
Promotores e Inversiones Investa S.A	(140,567)	-
	89,292	676,244

47. SEGMENT REPORTING

The Group presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Group which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

For the purpose of business segment reporting, the Group has named two segments: "Health" and "Insurance". In the insurer sector it has chosen the following sub-segments:

Sub-segment:	Sub-segment areas:
Life	
Risk	Risk
Capitalisation with profit sharing	Capitalisation with profit sharing
Financial liabilities	Financial liabilities
Non-Life	
Workers' compensation	Workers' compensation
Health	Health
Property	Fire and other damage
	Credit
	Suretyship
	Miscellaneous pecuniary losses on property
Motor	Passengers
	Land vehicles
	Third party liability for land motor vehicles
	Miscellaneous pecuniary losses related to motor
	Legal protection for motor
	Motor assistance
Transported goods	Transported goods
	Marine and transport
	Aviation
Third party liability	Third party liability
Other	Personal accidents
	Legal protection - other
	Assistance - other
	Miscellaneous insurance

For reporting by geographical segment, the Group selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2019 and 2018 was as follows:

2019

(amounts in euros)

	Insurance segment			Health segment	Consolidation adjustments	Total
	Life	Non-life	Not allocated			
Gains and losses						
Earned premiums net of reinsurance	814,544,639	1,268,698,292	(52,891)	-	68,272	2,083,258,311
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,215,867	-	-	-	-	1,215,867
Claims costs, net of reinsurance	(363,474,277)	(845,595,616)	-	(58,138,648)	99,285,548	(1,167,922,993)
Other technical provisions, net of reinsurance	(6,049,605)	2,444,251	-	-	-	(3,605,353)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(373,615,937)	183,613	-	-	-	(373,432,324)
Operating costs and expenses, net	(143,536,367)	(451,217,811)	(25,196)	-	8,168,417	(586,610,957)
Financial income	286,348,634	67,007,781	113,367,455	70,465	(56,609,798)	410,184,536
Financial expenses and net income on financial assets and liabilities	7,439,306	30,034,815	40,953,247	14,096	(21,368,994)	57,072,469
Impairment losses (net of reversals)	(50,430,307)	(24,482,813)	(102,352,179)	(1,292,117)	32,433,755	(146,123,661)
Other income/expenses	(16,756,734)	10,277,283	(8,313,927)	65,129,009	(104,184,059)	(53,848,427)
Current income tax	-	(14,973,250)	40,922,339	3,017,725	(31,718,357)	(2,751,543)
Non-controlling interests	-	-	-	80,317	(20,699,077)	(20,618,760)
	155,685,219	42,376,545	84,498,848	8,880,847	(94,624,293)	196,817,166
Assets						
Cash and cash equivalents and sight deposits	275,150,228	116,892,646	408,111,335	67,431,843	-	867,586,052
Investments in associates and joint ventures	1,452,741,150	713,780,012	1,566,184,367	875,244	(3,729,601,691)	3,979,082
Financial assets held for trading	9,790,799	2,667,579	28,926,924	-	(19,546,282)	21,839,020
Financial assets initially recognised at fair value through profit or loss	449,673,069	91,175,765	448,275,848	1,155,275	(18,383,716)	971,896,241
Hedge derivatives	1,920,703	1,482,657	2,200,026	-	(1,926,441)	3,676,945
Available-for-sale assets	9,826,013,143	1,294,706,061	671,199,265	3,157,544	(698,549,889)	11,096,526,124
Loans and accounts receivable	1,061,861,355	87,719,076	486,231,108	-	(250,758,813)	1,385,052,726
Held-to-maturity investments	1,074,167,759	-	-	-	-	1,074,167,759
Properties	13,080,802	186,163,230	2,243,548,809	393,718,262	(513,945)	2,835,997,158
Other tangible and intangible assets	8,647,694	109,741,630	4,548,916	121,027,507	(8,429,590)	235,536,157
Goodwill	-	-	-	154,226,219	306,950,711	461,176,930
Technical provisions for reinsurance ceded	63,991,620	383,129,104	-	-	(12,235,463)	434,885,261
Asset for post-employment and other long-term benefits	-	-	4,302,237	-	-	4,302,237
Other debtors for insurance and other operations	37,094,337	337,909,230	108,350,197	98,931,757	202,349,357	784,634,877
Tax assets	83,789,909	79,675,476	96,005,086	15,082,495	(32,018,215)	242,534,751
Accruals and deferrals	9,415,549	6,492,111	11,779,728	59,830,732	(93,954)	87,424,166
Non-current assets held for sale	-	155,777	4,171,357	-	-	4,327,134
	14,367,338,116	3,411,690,354	6,083,835,203	915,436,878	(4,262,757,931)	20,515,542,621
Liabilities						
Provision for unearned premiums	4,590,354	511,410,726	-	-	(2,235,912)	513,765,169
Mathematical provision for life insurance	3,163,842,270	-	-	-	-	3,163,842,270
Claims provision	185,205,108	1,848,582,227	-	-	(19,583,494)	2,014,203,841
Provision for profit sharing	85,368,233	1,751	-	-	-	85,369,984
Provision for interest rate commitments	29,392,059	-	-	-	-	29,392,059
Provision for portfolio stabilisation	26,462,475	-	-	-	-	26,462,475
Equalisation provision	-	29,119,191	-	-	-	29,119,191
Provision for unexpired risks	415,113	31,376,292	-	-	-	31,791,404
Financial liabilities	9,006,501,681	157,116,557	514,873,077	418,152,289	(46,121,159)	10,050,522,445
Liabilities for post-employment and other long-term benefits	-	1,881	85,078	-	-	86,959
Other creditors for insurance and other operations	47,742,629	185,544,303	376,385,489	56,236,247	(19,881,691)	646,026,977
Tax liabilities	88,353,861	66,774,724	64,220,841	23,454,039	(12,652,340)	230,151,125
Accruals and deferrals	50,014,836	83,151,877	26,704,666	77,086,759	(1,011,997)	235,946,141
Other provisions	-	75,816,862	45,256,611	11,567,457	-	132,640,930
Liabilities from a group for disposal classified as held for sale	-	1,081,671	-	-	-	1,081,671
	12,687,888,620	2,989,978,062	1,027,525,762	586,496,791	(101,486,593)	17,190,402,641
Total segments						3,128,322,814
Shareholders' equity, reserves, retained earnings and non-controlling interests						3,128,322,814

2019

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	293,334,440	521,210,199	-	814,544,639
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,215,867	1,215,867
Claims costs, net of reinsurance	(163,914,666)	(199,559,611)	-	(363,474,277)
Other technical provisions, net of reinsurance	439,140	(6,488,745)	-	(6,049,605)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(17,200,462)	(356,415,475)	-	(373,615,937)
Operating costs and expenses, net	(77,871,616)	(10,388,129)	(55,276,621)	(143,536,367)
Financial income	51,353,727	44,239,342	190,755,565	286,348,634
Financial expenses and net income on financial assets and liabilities	2,708,416	7,700,902	(2,970,012)	7,439,306
Impairment losses (net of reversals)	(862,137)	(31,127)	(49,537,043)	(50,430,307)
Other income/expenses	(16,174,028)	(98,365)	(484,340)	(16,756,734)
Current income tax	-	-	-	-
Non-controlling interests	-	-	-	-
	71,812,813	168,991	83,703,415	155,685,219
Assets				
Cash and cash equivalents and sight deposits	12,587,531	63,803,723	198,758,974	275,150,228
Investments in associates and joint ventures	59,723,559	-	1,393,017,591	1,452,741,150
Financial assets held for trading	507,354	2,656,220	6,627,225	9,790,799
Financial assets initially recognised at fair value through profit or loss	8,339,644	151,194,345	290,139,080	449,673,069
Hedge derivatives	-	24,989	1,895,714	1,920,703
Available-for-sale assets	1,106,184,751	1,707,091,633	7,012,736,758	9,826,013,143
Loans and accounts receivable	57,102,828	415,888,195	588,870,332	1,061,861,355
Held-to-maturity investments	-	-	1,074,167,759	1,074,167,759
Properties	8,270,547	2,134,766	2,675,489	13,080,802
Other tangible and intangible assets	4,023,622	859,492	3,764,580	8,647,694
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	63,991,620	-	-	63,991,620
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	23,169,165	10,114,122	3,811,050	37,094,337
Tax assets	8,343,124	4,698,831	70,747,954	83,789,909
Accruals and deferrals	190,593	3,339,765	5,885,191	9,415,549
Non-current assets held for sale	-	-	-	-
	1,352,434,338	2,361,806,081	10,653,097,697	14,367,338,116
Liabilities				
Provision for unearned premiums	4,585,609	4,745	-	4,590,354
Mathematical provision for life insurance	1,105,661,010	2,058,181,260	-	3,163,842,270
Claims provision	163,690,849	21,514,259	-	185,205,108
Provision for profit sharing	35,995,121	49,373,112	-	85,368,233
Provision for interest rate commitments	220,204	29,171,855	-	29,392,059
Provision for portfolio stabilisation	26,462,475	-	-	26,462,475
Equalisation provision	-	-	-	-
Provision for unexpired risks	415,113	-	-	415,113
Financial liabilities	3,405,948	2,315,126	9,000,780,607	9,006,501,681
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	14,713,502	11,270,136	21,758,991	47,742,629
Tax liabilities	6,970,072	2,510,735	78,873,054	88,353,861
Accruals and deferrals	8,405,612	6,098,296	35,510,928	50,014,836
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	1,370,525,516	2,180,439,524	9,136,923,580	12,687,888,620

2019

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	262,799,652	56,242,207	226,423,583	628,977,669	16,027,763	46,064,633	32,162,784	1,268,698,292
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(227,406,065)	(43,910,564)	(93,447,794)	(441,190,286)	(6,027,706)	(17,321,245)	(16,291,956)	(845,595,616)
Other technical provisions, net of reinsurance	526,727	(1,169,174)	(2,190,228)	6,997,089	166,274	(552,895)	(1,333,541)	2,444,251
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	(14,040)	(154,982)	(669,847)	15,481	-	1,007,002	183,613
Operating costs and expenses, net	(65,074,368)	(22,589,497)	(110,515,456)	(201,606,067)	(7,579,699)	(24,716,904)	(19,135,819)	(451,217,811)
Financial income	29,809,094	4,022,226	9,116,233	18,913,872	490,734	3,478,774	1,176,848	67,007,781
Financial expenses and net income on financial assets and liabilities	(2,671,985)	4,791,583	7,406,350	16,527,638	532,759	2,934,439	514,032	30,034,815
Impairment losses (net of reversals)	(3,033,526)	(1,142,864)	(4,471,101)	(11,201,659)	175,484	(2,092,814)	(2,716,333)	(24,482,813)
Other income/expenses	(776,631)	(2,276,105)	(2,919,912)	18,288,234	(673,879)	(1,043,966)	(320,458)	10,277,283
Current income tax	(1,530,226)	(683,821)	(4,438,551)	(6,956,773)	(241,070)	(557,784)	(565,025)	(14,973,250)
Non-controlling interests	-	-	-	-	-	-	-	-
	(7,357,328)	(6,730,049)	24,808,142	28,079,869	2,886,140	6,192,237	(5,502,466)	42,376,545
Assets								
Cash and cash equivalents and sight deposits	9,441,633	6,662,175	8,272,674	28,075,533	327,955	2,655,513	61,457,163	116,892,646
Investments in associates and joint ventures	320,276,922	37,916,218	83,569,421	223,095,370	4,748,017	35,892,910	8,281,154	713,780,012
Financial assets held for trading	1,467,566	91,662	336,500	555,754	11,604	181,349	23,144	2,667,579
Financial assets initially recognised at fair value through profit or loss	19,809,661	5,225,404	16,080,665	40,267,670	687,446	5,976,738	3,128,181	91,175,765
Hedge derivatives	629,856	82,179	181,128	483,460	10,291	77,794	17,949	1,482,657
Available-for-sale assets	666,573,568	50,221,288	139,175,345	358,770,797	6,165,420	55,888,079	17,911,564	1,294,706,061
Loans and accounts receivable	38,697,114	11,148,757	10,479,677	17,553,520	4,655,357	2,792,723	2,391,928	87,719,076
Held-to-maturity investments	-	-	-	-	-	-	-	-
Properties	6,818,989	25,806,145	32,227,028	65,066,876	1,729,861	12,232,610	42,281,721	186,163,230
Other tangible and intangible assets	4,541,812	3,069,337	9,533,496	20,918,080	210,474	2,234,934	69,233,497	109,741,630
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	6,374,805	92,059,454	179,964,597	27,007,588	12,769,396	42,703,606	22,249,658	383,129,104
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	22,698,649	65,867,886	95,576,872	102,100,229	8,925,983	32,319,977	10,419,635	337,909,230
Tax assets	12,456,860	5,291,392	16,374,306	37,991,532	931,880	4,700,771	1,928,735	79,675,476
Accruals and deferrals	243,974	283,723	437,797	2,610,654	13,436	118,512	2,784,015	6,492,111
Non-current assets held for sale	3,198	14,707	32,405	86,493	1,841	13,918	3,215	155,777
	1,110,034,606	303,740,327	592,241,911	924,583,557	41,188,961	197,789,434	242,111,559	3,411,690,354

(continuation)

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Liabilities								
Provision for unearned premiums	59,983,216	38,591,493	147,595,780	220,193,367	6,712,359	29,435,490	8,899,021	511,410,726
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	954,314,783	76,653,563	187,629,240	447,165,030	15,276,937	112,595,360	54,947,314	1,848,582,227
Provision for profit sharing	-	-	1,750	-	-	-	1	1,751
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	28,966,342	91,167	-	61,682	-	29,119,191
Provision for unexpired risks	19,857,180	4,912,646	4,152,052	19,473,870	-	1,801,686	(18,821,142)	31,376,292
Financial liabilities	1,338,082	81,760,966	21,744,220	15,525,103	549,851	1,592,374	34,605,961	157,116,557
Liabilities for post-employment and other long-term benefits	-	-	-	1,881	-	-	-	1,881
Other creditors for insurance and other operations	19,879,733	54,317,425	55,264,168	29,039,180	2,687,985	11,149,359	13,206,454	185,544,303
Tax liabilities	21,392,101	4,074,058	12,795,215	24,415,819	538,000	2,096,818	1,462,713	66,774,724
Accruals and deferrals	9,851,126	10,539,220	14,545,033	30,342,750	505,890	3,075,447	14,292,411	83,151,877
Other provisions	75,698,415	-	-	118,447	-	-	-	75,816,862
Liabilities from a group for disposal classified as held for sale	552,021	51,054	112,486	300,244	6,391	48,313	11,162	1,081,671
	1,162,866,657	270,900,425	472,806,286	786,666,858	26,277,413	161,856,529	108,603,895	2,989,978,062

2018

(amounts in euros)

	Insurance segment			Health segment	Consolidation adjustments	Total
	Life	Non-life	Not allocated			
Gains and losses						
Earned premiums net of reinsurance	445,522,926	946,795,661	72,264	-	(49,106)	1,392,341,745
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,224,954	-	-	-	-	1,224,954
Claims costs, net of reinsurance	(265,673,817)	(710,300,547)	-	(48,678,357)	93,563,832	(931,088,889)
Other technical provisions, net of reinsurance	(17,011,278)	11,047,219	-	-	-	(5,964,059)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(138,103,136)	(201,455)	-	-	-	(138,304,591)
Operating costs and expenses, net	(101,316,911)	(289,926,589)	-	-	3,307,354	(387,936,146)
Financial income	309,288,375	68,350,840	102,644,023	(8,618)	(88,778,862)	391,495,758
Financial expenses and net income on financial assets and liabilities	164,265,786	14,369,570	(24,587,898)	9,909	(21,527,150)	132,530,217
Impairment losses (net of reversals)	(166,342,193)	(41,898,732)	(143,562,601)	(1,670,584)	152,845,553	(200,628,557)
Other income/expenses	403,892	30,875,493	11,384,488	60,976,706	(85,367,919)	18,272,660
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(11,400,760)	(7,424,370)	135,398,710	-	(3,498,380)	113,075,200
Current income tax	(31,092,783)	(21,230,042)	(53,649,095)	(1,679,087)	2,621,430	(105,029,577)
Non-controlling interests	-	-	-	(58,657)	(8,356,827)	(8,415,484)
	189,765,055	457,048	27,699,891	8,891,312	44,759,925	271,573,231
Assets						
Cash and cash equivalents and sight deposits	577,861,540	63,996,568	332,912,571	59,723,565	-	1,034,494,244
Investments in associates and joint ventures	1,217,666,334	304,854,829	1,209,626,715	952,090	(2,730,792,822)	2,307,146
Financial assets held for trading	11,796,723	1,813,233	10,889,449	-	(7,885,804)	16,613,601
Financial assets initially recognised at fair value through profit or loss	328,457,084	63,691,704	471,675,675	769,676	(1,969,282)	862,624,857
Hedge derivatives	2,267,528	1,855,423	261,418	-	-	4,384,369
Available-for-sale assets	8,816,278,840	1,307,307,891	492,048,979	59,863	(564,025,537)	10,051,670,036
Loans and accounts receivable	1,521,654,479	441,172,580	355,173,090	-	(223,852,837)	2,094,147,312
Properties	9,613,634	171,653,228	1,489,961,022	403,862,563	(124,127)	2,074,966,320
Other tangible and intangible assets	6,812,596	28,828,819	690,614	63,701,442	-	100,033,471
Goodwill	-	-	-	148,573,534	268,033,005	416,606,539
Technical provisions for reinsurance ceded	23,382,812	321,083,910	-	-	(34,791,283)	309,675,439
Asset for post-employment and other long-term benefits	-	-	7,299,079	-	-	7,299,079
Other debtors for insurance and other operations	49,939,200	170,997,933	221,635,541	91,516,567	184,254,190	718,343,431
Tax assets	175,425,916	94,235,481	30,028,051	13,370,585	1,860,815	314,920,848
Accruals and deferrals	13,253,520	4,053,012	9,546,878	57,732,717	1,502,299	86,088,426
Non-current assets held for sale	-	152,580	4,270,662	-	-	4,423,242
	12,754,410,206	2,975,697,191	4,636,019,745	840,262,602	(3,107,791,383)	18,098,598,360
Liabilities						
Provision for unearned premiums	1,634,440	291,352,998	(62,162)	-	(2,323,403)	290,601,873
Mathematical provision for life insurance	1,907,427,795	-	-	-	-	1,907,427,795
Claims provision	119,112,004	1,728,530,842	-	-	(45,381,990)	1,802,260,856
Provision for profit sharing	81,083,956	20,564	-	-	-	81,104,520
Provision for interest rate commitments	22,683,110	-	-	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	-	26,254,032
Equalisation provision	-	27,302,513	-	-	-	27,302,513
Provision for unexpired risks	-	36,514,181	-	-	-	36,514,181
Financial liabilities	9,288,350,690	130,715,509	369,965,038	357,390,355	(8,534,992)	10,137,886,600
Liabilities for post-employment and other long-term benefits	-	2,266	83,422	-	-	85,688
Other creditors for insurance and other operations	26,761,598	156,925,548	313,693,147	61,131,167	(22,594,765)	535,916,695
Tax liabilities	75,021,731	57,334,106	34,024,788	25,104,436	(8,869,786)	182,615,275
Accruals and deferrals	47,392,152	61,287,965	15,480,783	69,531,225	(264,242)	193,427,883
Other provisions	-	73,876,526	36,922,691	11,754,017	-	122,553,234
Liabilities from a group for disposal classified as held for sale	-	529,650	-	-	-	529,650
	11,595,721,508	2,564,392,668	770,107,707	524,911,200	(87,969,178)	15,367,163,906
Total segments						2,459,861,223
Shareholders' equity, reserves, retained earnings and non-controlling interests						2,459,861,223

2018

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	185,400,256	260,122,670	-	445,522,926
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,224,954	1,224,954
Claims costs, net of reinsurance	(91,672,200)	(174,001,617)	-	(265,673,817)
Other technical provisions, net of reinsurance	(1,848,968)	(15,162,310)	-	(17,011,278)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(11,937,557)	(126,165,579)	-	(138,103,136)
Operating costs and expenses, net	(27,187,862)	(11,100,931)	(63,028,118)	(101,316,911)
Financial income	14,238,983	42,037,253	253,012,139	309,288,375
Financial expenses and net income on financial assets and liabilities	10,386,723	(1,396,855)	155,275,918	164,265,786
Impairment losses (net of reversals)	(7,426,503)	(2,819,483)	(156,096,207)	(166,342,193)
Other income/expenses	560,988	(16,810)	(140,286)	403,892
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(2,753,056)	-	(8,647,704)	(11,400,760)
Current income tax	(8,235,211)	(219,344)	(22,638,228)	(31,092,783)
Non-controlling interests	-	-	-	-
	59,525,593	(28,723,006)	158,962,468	189,765,055
Assets				
Cash and cash equivalents and sight deposits	26,984,245	78,888,505	471,988,790	577,861,540
Investments in associates and joint ventures	40,745,483	-	1,176,920,851	1,217,666,334
Financial assets held for trading	107,435	1,776,488	9,912,800	11,796,723
Financial assets initially recognised at fair value through profit or loss	4,598,084	104,373,966	219,485,034	328,457,084
Hedge derivatives	12,997	11,695	2,242,836	2,267,528
Available-for-sale assets	281,409,313	1,550,026,557	6,984,842,970	8,816,278,840
Loans and accounts receivable	44,961,327	127,237,020	1,349,456,132	1,521,654,479
Properties	9,267,680	345,954	-	9,613,634
Other tangible and intangible assets	3,308,810	717,399	2,786,387	6,812,596
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,382,812	-	-	23,382,812
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	12,233,975	9,673,143	28,032,082	49,939,200
Tax assets	9,759,198	2,287,658	163,379,060	175,425,916
Accruals and deferrals	328,846	1,162,352	11,762,322	13,253,520
Non-current assets held for sale	-	-	-	-
	457,100,205	1,876,500,737	10,420,809,264	12,754,410,206
Liabilities				
Provision for unearned premiums	1,626,030	8,410	-	1,634,440
Mathematical provision for life insurance	216,812,557	1,690,615,238	-	1,907,427,795
Claims provision	99,447,975	19,664,029	-	119,112,004
Provision for profit sharing	35,092,023	45,991,933	-	81,083,956
Provision for interest rate commitments	-	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,821,647	1,300,907	9,283,228,136	9,288,350,690
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	8,257,985	2,530,703	15,972,910	26,761,598
Tax liabilities	5,373,621	3,337,050	66,311,060	75,021,731
Accruals and deferrals	6,124,605	5,409,039	35,858,508	47,392,152
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	402,810,475	1,791,540,419	9,401,370,614	11,595,721,508

2018

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	208,091,959	24,042,704	169,957,871	484,387,545	8,313,074	27,751,811	24,250,697	946,795,661
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(206,740,043)	(20,055,793)	(95,321,325)	(362,191,015)	(3,240,868)	(8,279,829)	(14,471,674)	(710,300,547)
Other technical provisions, net of reinsurance	4,781,941	(3,562,470)	2,558,049	7,665,007	(177,117)	(241,571)	23,380	11,047,219
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(197,937)	-	-	-	(3,518)	(201,455)
Operating costs and expenses, net	(41,865,161)	(16,301,078)	(67,278,052)	(138,994,324)	(2,569,138)	(12,895,605)	(10,023,231)	(289,926,589)
Financial income	24,502,196	4,130,045	12,504,987	21,499,557	609,445	3,983,475	1,121,135	68,350,840
Financial expenses and net income on financial assets and liabilities	(1,844,252)	2,214,743	4,865,511	7,391,331	308,397	1,026,559	407,281	14,369,570
Impairment losses (net of reversals)	(16,859,782)	(2,698,677)	(6,408,592)	(12,790,527)	(407,494)	(2,772,859)	39,199	(41,898,732)
Other income/expenses	281,189	167,744	3,749,555	26,717,498	(8,665)	2,482	(34,310)	30,875,493
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(57,725)	(175,396)	(2,151,380)	(3,956,408)	(111,010)	(623,878)	(348,573)	(7,424,370)
Current income tax	(260,204)	(521,148)	(6,220,432)	(11,102,516)	(296,535)	(1,817,612)	(1,011,595)	(21,230,042)
Non-controlling interests	-	-	-	-	-	-	-	-
	(29,969,882)	(12,759,326)	16,058,255	18,626,148	2,420,089	6,132,973	(51,209)	457,048
Assets								
Cash and cash equivalents and sight deposits	8,699,727	3,208,536	5,503,108	11,477,895	179,468	988,192	33,939,642	63,996,568
Investments in associates and joint ventures	277,023,792	2,491,457	5,991,110	15,921,889	351,851	2,462,039	612,691	304,854,829
Financial assets held for trading	485,937	103,889	385,443	669,126	14,730	126,699	27,409	1,813,233
Financial assets initially recognised at fair value through profit or loss	-	5,707,883	13,725,525	36,408,061	806,084	5,640,487	1,403,664	63,691,704
Hedge derivatives	443,466	126,559	304,332	807,005	17,873	125,065	31,123	1,855,423
Available-for-sale assets	537,093,402	57,367,204	187,422,532	425,308,902	7,968,826	61,799,565	30,347,460	1,307,307,891
Loans and accounts receivable	95,023,085	36,244,227	75,574,281	191,736,265	4,256,233	29,216,115	9,122,374	441,172,580
Properties	7,589,007	28,462,865	35,383,899	81,129,700	2,682,025	14,227,265	2,178,467	171,653,228
Other tangible and intangible assets	3,405,595	2,638,287	6,740,890	13,058,567	204,505	1,542,623	1,238,352	28,828,819
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	4,571,174	87,022,910	170,459,151	9,465,911	7,868,306	20,817,652	20,878,806	321,083,910
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	20,273,904	47,283,292	52,638,553	34,230,722	2,835,293	8,911,298	4,824,871	170,997,933
Tax assets	17,992,011	5,764,627	17,775,653	42,960,298	989,513	6,655,019	2,098,360	94,235,481
Accruals and deferrals	355,456	272,692	625,536	2,433,366	18,060	137,150	210,752	4,053,012
Non-current assets held for sale	-	13,677	32,886	87,205	1,931	13,514	3,367	152,580
	972,956,556	276,708,105	572,562,899	865,694,912	28,194,698	152,662,683	106,917,338	2,975,697,191

(continuation)

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Liabilities								
Provision for unearned premiums	13,632,859	30,392,916	79,680,107	150,579,489	1,696,010	8,599,241	6,772,376	291,352,998
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	872,424,074	65,479,216	212,018,069	431,537,642	11,820,806	101,610,568	33,640,467	1,728,530,842
Provision for profit sharing	-	-	16,905	-	-	-	3,659	20,564
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	27,169,158	71,673	-	61,682	-	27,302,513
Provision for unexpired risks	1,331,772	3,755,245	3,485,649	26,468,106	190,202	1,191,885	91,322	36,514,181
Financial liabilities	1,589,987	79,457,143	27,054,787	3,253,278	560,892	1,975,488	16,823,934	130,715,509
Liabilities for post-employment and other long-term benefits	-	-	-	2,266	-	-	-	2,266
Other creditors for insurance and other operations	19,254,173	54,389,627	42,481,197	23,397,378	2,632,412	7,860,312	6,910,449	156,925,548
Tax liabilities	15,120,773	3,323,669	11,857,733	23,021,457	502,607	1,989,510	1,518,357	57,334,106
Accruals and deferrals	8,366,925	8,196,091	12,670,151	26,531,664	499,644	2,351,189	2,672,301	61,287,965
Other provisions	73,785,011	-	-	91,515	-	-	-	73,876,526
Liabilities from a group for disposal classified as held for sale	-	47,478	114,158	302,714	6,704	46,913	11,683	529,650
	1,005,505,574	245,041,385	416,547,914	685,257,182	17,909,277	125,686,788	68,444,548	2,564,392,668

Geographical markets

2019

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Gains and losses								
Earned premiums net of reinsurance	1,532,412,594	55,927,571	44,279,150	93,545,854	357,024,870	-	68,272	2,083,258,311
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,163,741	52,126	-	-	-	-	-	1,215,867
Claims costs, net of reinsurance	(1,005,496,748)	(44,885,151)	(30,482,108)	(8,000,340)	(178,344,194)	-	99,285,548	(1,167,922,993)
Other technical provisions, net of reinsurance	(5,607,928)	206,262	388,953	30,386	1,376,974	-	-	(3,605,353)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(276,406,886)	(2,249,701)	(1,183,018)	(82,867,217)	(10,725,502)	-	-	(373,432,324)
Operating costs and expenses, net	(372,165,713)	(21,651,467)	(17,550,661)	(4,394,307)	(179,017,225)	-	8,168,417	(586,610,956)
Financial income	314,559,640	52,191,965	2,993,719	27,949,626	69,098,413	971	(56,609,798)	410,184,536
Financial expenses and net income on financial assets and liabilities	34,015,330	39,672,333	11,586,765	(10,302,706)	3,492,623	(22,882)	(21,368,994)	57,072,469
Impairment losses (net of reversals)	(131,282,921)	(42,647,048)	(636,679)	(158,900)	(3,831,868)	-	32,433,755	(146,123,661)
Other income/expenses	79,667,954	(374,429)	(3,696,901)	2,127,520	(27,385,176)	(3,336)	(104,184,059)	(53,848,427)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-	-	-
Current income tax	14,241,654	23,882,681	(1,814,095)	(3,659,642)	(3,683,784)	-	(31,718,357)	(2,751,543)
Non-controlling interests	80,317	-	-	-	-	-	(20,699,077)	(20,618,760)
	185,181,034	60,125,142	3,885,125	14,270,274	28,005,131	(25,247)	(94,624,293)	196,817,166
Assets								
Cash and cash equivalents and sight deposits	581,691,040	102,187,645	14,312,516	57,370,689	111,445,120	579,042	-	867,586,052
Investments in associates and joint ventures	3,120,694,475	277,588,257	11,584	98,268,834	237,017,623	-	(3,729,601,691)	3,979,082
Financial assets held for trading	40,291,253	1,094,049	-	-	-	-	(19,546,282)	21,839,020
Financial assets initially recognised at fair value through profit or loss	555,511,935	390,835,227	-	27,704,134	16,228,661	-	(18,383,716)	971,896,241
Hedge derivatives	5,325,203	-	-	-	278,183	-	(1,926,441)	3,676,945
Available-for-sale assets	9,878,078,352	832,445,703	5,688,112	-	1,078,863,846	-	(698,549,889)	11,096,526,124
Loans and accounts receivable	1,228,288,499	58,965,688	34,918,835	151,775,313	161,863,204	-	(250,758,813)	1,385,052,726
Held-to-maturity investments	1,074,167,759	-	-	-	-	-	-	-
Properties	1,184,132,120	914,772,605	35,419,931	478,463,089	223,723,358	-	(513,945)	2,835,997,158
Other tangible and intangible assets	48,456,118	479,568	3,153,464	265,628	191,610,969	-	(8,429,590)	235,536,157
Goodwill	154,226,219	-	-	-	-	-	306,950,711	461,176,930
Technical provisions for reinsurance ceded	216,589,801	47,399,597	10,535,958	13,565,549	159,029,819	-	(12,235,463)	434,885,261
Asset for post-employment and other long-term benefits	4,302,237	-	-	-	-	-	-	4,302,237
Other debtors for insurance and other operations	359,938,218	41,053,353	32,602,387	10,664,629	120,687,137	-	202,349,357	767,295,081
Tax assets	226,436,708	34,105,455	-	662,463	10,113,251	1,208	(32,018,215)	239,300,870
Accruals and deferrals	81,589,905	1,547,767	517,136	659,360	3,203,952	-	(93,954)	87,424,166
Non-current assets held for sale	4,327,134	-	-	-	-	-	-	4,327,134
	18,764,046,976	2,702,474,914	137,159,923	839,399,688	2,314,065,123	580,250	(4,262,757,931)	20,494,968,943

(continuation)

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Liabilities								
Provision for unearned premiums	281,656,203	9,771,694	16,538,211	8,687,555	199,347,418	-	(2,235,912)	513,765,169
Mathematical provision for life insurance	1,790,210,355	345,680,893	3,868,498	137,085,447	886,997,077	-	-	3,163,842,270
Claims provision	1,708,168,045	55,387,223	23,983,215	15,473,565	230,775,287	-	(19,583,494)	2,014,203,841
Provision for profit sharing	82,181,628	3,112,901	-	75,455	-	-	-	85,369,984
Provision for interest rate commitments	29,102,543	69,312	-	-	220,204	-	-	29,392,059
Provision for portfolio stabilisation	26,462,475	-	-	-	-	-	-	26,462,475
Equalisation provision	29,071,541	39,332	-	8,318	-	-	-	29,119,191
Provision for unexpired risks	11,849,898	316,580	263,251	315,811	19,045,864	-	-	31,791,404
Financial liabilities	9,546,251,075	132,644,921	2,884,216	311,094,941	103,768,451	-	(46,121,159)	10,050,522,445
Liabilities for post-employment and other long-term benefits	86,959	-	-	-	-	-	-	86,959
Other creditors for insurance and other operations	218,063,238	282,127,307	41,748,326	18,734,465	87,895,536	-	(19,881,691)	628,687,181
Tax liabilities	180,674,795	9,907,379	4,321,446	18,017,526	26,648,437	-	(12,652,340)	226,917,243
Accruals and deferrals	201,282,459	11,953,036	3,162,695	9,082,229	11,476,520	1,199	(1,011,997)	235,946,141
Other provisions	122,738,406	3,584,900	995,049	-	5,322,575	-	-	132,640,930
Liabilities from a group for disposal classified as held for sale	1,081,671	-	-	-	-	-	-	1,081,671
	14,228,881,291	854,595,478	97,764,907	518,575,312	1,571,497,369	1,199	(101,486,593)	17,169,828,963
Total Segments								3,128,322,814
Shareholders' equity, reserves, retained earnings and non-controlling interests								3,128,322,814

2018

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Gains and losses								
Earned premiums net of reinsurance	1,246,443,349	51,553,531	49,607,337	44,786,634	-	-	(49,106)	1,392,341,745
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,171,783	53,171	-	-	-	-	-	1,224,954
Claims costs, net of reinsurance	(955,357,574)	(33,532,659)	(25,999,221)	(9,763,267)	-	-	93,563,832	(931,088,889)
Other technical provisions, net of reinsurance	(6,283,280)	515,441	(121,675)	(74,545)	-	-	-	(5,964,059)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(96,755,976)	(7,583,044)	(1,331,763)	(32,633,808)	-	-	-	(138,304,591)
Operating costs and expenses, net	(347,870,998)	(20,361,044)	(19,559,679)	(3,451,779)	-	-	3,307,354	(387,936,146)
Financial income	403,256,808	43,724,246	3,402,597	29,707,116	-	183,853	(88,778,862)	391,495,758
Financial expenses and net income on financial assets and liabilities	142,051,745	(5,711,239)	14,932,352	3,505,656	(28,666)	(692,481)	(21,527,150)	132,530,217
Impairment losses (net of reversals)	(278,317,907)	(73,701,525)	(1,422,302)	(32,376)	-	-	152,845,553	(200,628,557)
Other income/expenses	119,949,726	(4,015,202)	(12,505,125)	550,437	248,201	(587,458)	(85,367,919)	18,272,660
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	116,573,580	-	-	-	-	-	(3,498,380)	113,075,200
Current income tax	(93,359,013)	(8,904,991)	(2,337,116)	(2,985,124)	(64,763)	-	2,621,430	(105,029,577)
Non-controlling interests	(58,657)	-	-	-	-	-	(8,356,827)	(8,415,484)
	251,443,586	(57,963,315)	4,665,405	29,608,944	154,772	(1,096,086)	44,759,925	271,573,231
Assets								
Cash and cash equivalents and sight deposits	845,593,349	70,432,440	8,294,949	78,613,482	30,951,169	608,855	-	1,034,494,244
Investments in associates and joint ventures	2,367,014,972	270,856,755	11,713	95,216,528	-	-	(2,730,792,822)	2,307,146
Financial assets held for trading	24,069,333	430,072	-	-	-	-	(7,885,804)	16,613,601
Financial assets initially recognised at fair value through profit or loss	580,678,755	267,763,568	-	16,151,816	-	-	(1,969,282)	862,624,857
Hedge derivatives	4,380,230	4,139	-	-	-	-	-	4,384,369
Available-for-sale assets	9,714,935,110	895,797,119	4,963,344	-	-	-	(564,025,537)	10,051,670,036
Loans and accounts receivable	2,081,620,510	36,284,423	30,386,070	77,899,594	91,809,553	-	(223,852,837)	2,094,147,313
Properties	879,526,766	706,589,589	42,705,062	446,269,030	-	-	(124,127)	2,074,966,320
Other tangible and intangible assets	95,828,404	522,959	3,364,062	318,046	-	-	-	100,033,471
Goodwill	148,573,534	-	-	-	-	-	268,033,005	416,606,539
Technical provisions for reinsurance ceded	239,564,994	65,717,970	10,997,957	28,185,801	-	-	(34,791,283)	309,675,439
Asset for post-employment and other long-term benefits	7,299,079	-	-	-	-	-	-	7,299,079
Other debtors for insurance and other operations	448,814,400	38,053,943	42,147,138	3,757,757	-	-	184,254,190	717,027,428
Tax assets	305,728,040	150,541	-	-	3,190	1,419	1,860,815	307,744,005
Accruals and deferrals	82,136,321	1,663,408	378,885	407,512	-	-	1,502,299	86,088,425
Non-current assets held for sale	4,352,579	-	70,662	-	-	-	-	4,423,241
	17,830,116,375	2,354,266,926	143,319,842	746,819,566	122,763,912	610,274	(3,107,791,383)	18,090,105,513

(continuation)

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Liabilities								
Provision for unearned premiums	263,606,028	8,741,383	14,655,585	5,922,280	-	-	(2,323,403)	290,601,873
Mathematical provision for life insurance	1,503,873,432	345,196,390	3,515,387	54,842,586	-	-	-	1,907,427,795
Claims provision	1,719,195,145	71,876,331	22,740,825	33,830,545	-	-	(45,381,990)	1,802,260,856
Provision for profit sharing	77,597,702	3,455,664	2,096	49,058	-	-	-	81,104,520
Provision for interest rate commitments	22,613,798	69,312	-	-	-	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	-	-	-	26,254,032
Equalisation provision	27,258,672	35,727	-	8,114	-	-	-	27,302,513
Provision for unexpired risks	34,997,135	526,447	652,203	338,396	-	-	-	36,514,181
Financial liabilities	9,715,246,608	118,990,256	2,542,405	309,642,323	-	-	(8,534,992)	10,137,886,600
Liabilities for post-employment and other long-term benefits	85,688	-	-	-	-	-	-	85,688
Other creditors for insurance and other operations	223,701,100	248,784,933	53,996,011	30,711,037	-	2,376	(22,594,765)	534,600,692
Tax liabilities	157,521,637	5,522,137	5,982,491	15,217,660	64,293	-	(8,869,786)	175,438,432
Accruals and deferrals	182,481,072	5,770,976	3,336,406	2,091,865	-	11,806	(264,242)	193,427,883
Other provisions	121,296,600	448,299	808,335	-	-	-	-	122,553,234
Liabilities from a group for disposal classified as held for sale	529,650	-	-	-	-	-	-	529,650
	14,076,258,299	809,417,855	108,231,744	452,653,864	64,293	14,182	(87,969,178)	15,358,671,059
Total Segments								2,459,861,223
Shareholders' equity, reserves, retained earnings and non-controlling interests								2,459,861,223

The headings "Other debtors for insurance and other operations", "Tax assets", "Other creditors for insurance and other operations", "Tax liabilities", "Non-current assets held for sale" and "Liabilities from a group for disposal classified as held for sale" are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

48. RELATED PARTIES

The Fidelidade Group's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and Caixa Geral de Depósitos, S.A. and respective management bodies.

At 31 December 2019 and 2018 the Group's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2019

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Cares - Assistências e Reparações, S.A. (2)	Multicare - Seguros de Saúde, S.A. (2)	Peak Reinsurance Company (5)	Xingtao Assets Limited (5)
Assets						
Cash and cash equivalents	-	351,723,929	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-	-
Financial assets held for trading	-	63,064	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	25,469,831	-	-	-	-
Available-for-sale investments	-	80,602,109	-	-	-	269,979,750
Loans and accounts receivable	-	19,259,979	-	-	-	-
Technical provisions on reinsurance ceded	94,005	-	-	89,423,155	2,454,832	-
Accounts receivable for direct insurance operations	-	442,375	-	822,971	-	-
Accounts receivable for other reinsurance operations	3,029,967	-	-	-	2,582,922	-
Accounts receivable for other operations	154,542	16,972,766	3,042	1,519	-	-
Accruals and deferrals	207,412	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	(2,805,643)	-	-
Claims provision	-	-	111,599	1,062,834	55,972	-
Financial liabilities held for trading	-	3,226,034	-	-	-	-
Other financial liabilities	-	14,928,530	-	81,349,885	4,187,238	-
Accounts payable for direct insurance operations	-	4,128,143	-	1,087,612	-	-
Accounts payable for other reinsurance operations	4,503,681	-	-	13,218,417	305,680	-
Accounts payable for other operations	2,505	-	1,016	10,719,733	-	-
Accruals and deferrals	22,778	27,315,660	-	48,406	-	-
Gains and Losses						
Gross premiums written	-	-	-	(4,647,559)	-	-
Reinsurance ceded premiums	(51,200,290)	-	-	(321,750,166)	(9,866,716)	-
Provision for unearned premiums (change)	-	-	-	2,022,351	-	-
Provision for unearned premiums, reinsurers' share (change)	(50,514)	-	-	577,258	86,257	-
Claims costs, net of reinsurance	125,289	(41,439)	(6,541,787)	248,549,259	2,835,664	-
Operating costs and expenses, net	3,389,157	(52,989,643)	(10)	44,923,606	1,554,174	-
Financial income	272,303	6,927,585	-	578,665	-	8,923,971
Financial expenses	-	(4,088,219)	-	(1,096,220)	(1,414)	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	977,141	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	1,797,590	-	-	-	-
Exchange differences	-	10,844,755	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	29,187	-	-
Other income/expenses	(132,387)	(32,222)	2,273	(551,668)	-	-
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-	-

(amounts in euros)

	FOSUN MANAGEMENT (PORTUGAL), LDA (5)	Hauck & Aufhäuser Privatbankiers AG (5)	Everest Healthcare Properties, LLC (5)	Fosun Asset Management Limited (5)	H&A Global Investment Management GmbH (5)	Banco Comercial Português, S.A. (5)
Assets						
Cash and cash equivalents	-	17,778,410	-	-	-	28,070,402
Investments in associates and joint ventures	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	16,889,117	-	-	28,118,167
Available-for-sale investments	-	-	-	-	-	32,305,444
Loans and accounts receivable	-	-	-	-	-	1,912,172
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	-
Accounts receivable for other operations	576	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	-	-	-	-
Accruals and deferrals	-	64,000	-	70,500	46,125	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	-	-	-	-	-
Operating costs and expenses, net	-	-	-	(2,541)	-	-
Financial income	-	26,718	-	-	-	2,611,037
Financial expenses	-	(325,919)	-	(360,105)	(140,465)	(11,639)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	968,697	-	-	2,732,750
Exchange differences	-	(45,596)	300,333	-	-	22,858
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	189	-	-	-	-	-
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-	-

(amounts in euros)

	Tom Tailor, GmbH (5)	Audatex Portugal - Peritagens Inf. Deriv. de Acidentes, S.A. (3)	SERFJUN PORTUGAL, SGPS, S.A. (5)	Longrun Portugal, SGPS, S.A. (1)	TOTAL
Assets					
Cash and cash equivalents	-	-	-	-	397,572,741
Investments in associates and joint ventures	-	1,259,736	15,046	-	1,274,782
Financial assets held for trading	-	-	-	-	63,064
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	70,477,115
Available-for-sale investments	-	-	-	-	382,887,303
Loans and accounts receivable	-	-	-	-	21,172,151
Technical provisions on reinsurance ceded	-	-	-	-	91,971,992
Accounts receivable for direct insurance operations	-	-	-	-	1,265,346
Accounts receivable for other reinsurance operations	-	-	-	-	5,612,889
Accounts receivable for other operations	-	-	-	33,847,557	50,980,793
Accruals and deferrals	-	-	-	-	207,412
Liabilities					
Provision for unearned premiums	-	-	-	-	(2,805,643)
Claims provision	-	-	-	-	1,391,493
Financial liabilities held for trading	-	-	-	-	3,226,034
Other financial liabilities	-	-	-	-	100,465,653
Accounts payable for direct insurance operations	-	-	-	-	5,215,755
Accounts payable for other reinsurance operations	-	-	-	-	18,027,778
Accounts payable for other operations	-	-	-	828,204	11,551,463
Accruals and deferrals	-	-	-	-	27,567,469
Gains and Losses					
Gross premiums written	-	-	-	-	(4,647,559)
Reinsurance ceded premiums	-	-	-	-	(382,817,172)
Provision for unearned premiums (change)	-	-	-	-	2,022,351
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	613,001
Claims costs, net of reinsurance	-	(1,302,497)	-	-	243,067,905
Operating costs and expenses, net	-	(188)	-	-	(3,126,870)
Financial income	-	-	-	-	19,340,279
Financial expenses	-	-	-	-	(6,023,981)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	500,548	-	-	-	1,477,689
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	5,499,037
Exchange differences	-	-	-	-	11,122,350
Other technical income/expenses, net of reinsurance	-	-	-	-	29,187
Other income/expenses	-	(12,847)	-	-	(725,357)
Gains and losses from associated companies and joint ventures (equity method)	-	316,158	(9,454)	-	306,704

2018

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Multicare - Seguros de Saúde, S.A. (2)	Xingtao Assets Limited (5)	Tom Tailor, GmbH (5)
Assets					
Cash and cash equivalents	-	273,401,071	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	27,806	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	21,822,191	-	-	-
Available-for-sale investments	-	50,295,477	-	270,114,750	12,248,844
Loans and accounts receivable	-	307,807,457	-	-	-
Technical provisions on reinsurance ceded	185,744	-	86,332,811	-	-
Accounts receivable for direct insurance operations	-	838,578	1,031,968	-	-
Accounts receivable for other reinsurance operations	2,884,897	-	-	-	-
Accounts receivable for other operations	79,272	16,959,908	60,700	-	-
Accruals and deferrals	-	15,272	-	-	-
Liabilities					
Provision for unearned premiums	-	-	(789,469)	-	-
Claims provision	-	-	1,741,677	-	-
Financial liabilities held for trading	-	4,469,613	-	-	-
Other financial liabilities	-	31,600,000	79,537,498	-	-
Accounts payable for direct insurance operations	-	4,485,183	4,049,654	-	-
Accounts payable for other reinsurance operations	5,916,166	-	11,735,843	-	-
Accounts payable for other operations	2,269	97,457	374,422	-	-
Accruals and deferrals	22,519	26,853,140	50,712	-	-
Shareholders' Equity					
Other reserves	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	(4,888,788)	-	-
Reinsurance ceded premiums	(49,219,866)	-	(291,909,789)	-	-
Provision for unearned premiums (change)	-	-	789,740	-	-
Provision for unearned premiums, reinsurers' share (change)	84,089	-	2,483,105	-	-
Claims costs, net of reinsurance	11,967	(55,805)	224,710,519	-	-
Operating costs and expenses, net	3,580,391	(59,916,086)	40,470,276	-	-
Financial income	269,234	3,664,946	572,142	8,904,047	-
Financial expenses	(821)	(4,143,640)	(1,054,854)	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	11	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	14,918	-	-	-
Exchange differences	-	3,360,867	-	-	-
Impairment losses (net of reversals)	-	-	-	-	(4,578,676)
Other technical income/expenses, net of reinsurance	-	-	59,000	-	-
Other income/expenses	(650,560)	(105,797)	(1,768,405)	-	-
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	35,371	-	-	-

(amounts in euros)

	Cares - Assistências e Reparações, S.A. (2)	Peak Reinsurance Company (5)	Audatex Portugal - Peritagens Inf. Deriv. de Acidentes, S.A. (3)	Banco Comercial Português, S.A. (5)	FOSUN MANAGEMENT (PORTUGAL), LDA (5)	Hauck & Aufhäuser Privatbankiers AG (5)
Assets						
Cash and cash equivalents	-	-	-	90,818,569	-	13,562,870
Investments in associates and joint ventures	-	-	1,355,056	-	-	-
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	2,992,554	-	-
Loans and accounts receivable	-	-	-	20,880,327	-	-
Technical provisions on reinsurance ceded	-	1,773,798	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	355,544	-	-	-	-
Accounts receivable for other operations	359	-	-	-	474	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	46,827	55,972	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	2,084,856	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	5,058,056	-	-	-	-
Accounts payable for other operations	8,511	-	137,422	-	-	-
Accruals and deferrals	-	-	-	-	-	-
Shareholders' Equity						
Other reserves	-	-	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	(8,172,930)	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	(5,607)	-	-	-	-
Claims costs, net of reinsurance	(7,888,332)	4,865,764	(1,214,945)	-	-	-
Operating costs and expenses, net	-	1,643,935	(271)	-	-	-
Financial income	-	-	-	-	-	15,774
Financial expenses	-	(2,979)	-	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	227,124
Impairment losses (net of reversals)	-	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	559	(2,952)	(95,005)	-	261	(142,847)
Gains and losses from associated companies and joint ventures (equity method)	-	-	441,524	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(amounts in euros)

	Everest Healthcare Properties, LLC (5)	FOSUN INDUSTRIAL HOLDINGS (5)	Fosun International Limited (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets						
Cash and cash equivalents	-	-	-	-	-	377,782,510
Investments in associates and joint ventures	-	-	-	-	-	1,355,056
Financial assets held for trading	-	-	-	-	-	27,806
Financial assets initially recognised at fair value through profit or loss	15,620,087	-	-	-	-	37,442,278
Available-for-sale investments	-	-	-	-	-	335,651,625
Loans and accounts receivable	-	-	-	-	-	328,687,784
Technical provisions on reinsurance ceded	-	-	-	-	-	88,292,353
Accounts receivable for direct insurance operations	-	-	-	-	-	1,870,546
Accounts receivable for other reinsurance operations	-	-	-	-	-	3,240,441
Accounts receivable for other operations	-	113,822,820	-	61,255,229	38,187	192,216,949
Accruals and deferrals	-	-	-	-	-	15,272
Liabilities						
Provision for unearned premiums	-	-	-	-	-	(789,469)
Claims provision	-	-	-	-	53,933	1,898,409
Financial liabilities held for trading	-	-	-	-	-	4,469,613
Other financial liabilities	-	-	-	-	-	113,222,354
Accounts payable for direct insurance operations	-	-	-	-	-	8,534,837
Accounts payable for other reinsurance operations	-	-	-	-	-	22,710,065
Accounts payable for other operations	-	-	-	6,373,408	3,957	6,997,446
Accruals and deferrals	-	-	-	-	-	26,926,371
Shareholders' Equity						
Other reserves	-	-	(31,181,384)	-	-	(31,181,384)
Gains and Losses						
Gross premiums written	-	-	-	-	-	(4,888,788)
Reinsurance ceded premiums	-	-	-	-	-	(349,302,585)
Provision for unearned premiums (change)	-	-	-	-	-	789,740
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	2,561,587
Claims costs, net of reinsurance	-	-	-	-	(816,707)	219,612,461
Operating costs and expenses, net	-	-	-	-	(523,832)	(14,745,587)
Financial income	-	4,249,612	-	-	571,174	18,246,929
Financial expenses	-	-	-	-	-	(5,202,294)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	52,402,976	-	-	-	52,402,987
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	14,918
Exchange differences	(60,256)	-	-	-	-	3,527,735
Impairment losses (net of reversals)	-	-	-	-	-	(4,578,676)
Other technical income/expenses, net of reinsurance	-	-	-	-	-	59,000
Other income/expenses	-	-	-	8,000	888	(2,755,858)
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-	441,524
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	35,371

The related parties are divided into the following categories:

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.

Payment of remuneration to statutory bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholders.

The remuneration and benefits paid to the members of the Corporate Bodies during 2019 were as follows:

(amounts in euros)

Board of Directors	Fixed Remuneration	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Executive members					
Chairman of executive board					
Jorge Manuel Baptista Magalhães Correia	420,000	584,219	2,684	1,111	181
Vice-charmain of executive board					
Rogério Miguel Antunes Campos Henriques	354,000	418,052	2,695	2,429	181
Members of Executive Board					
José Manuel Alvarez Quintero	333,000	408,597	2,706	1,550	181
António Manuel Marques de Sousa Noronha	333,000	408,596	2,695	1,550	181
Wai Lam William Mak	333,000	408,597	2,662	671	181
Jun Li	186,429	219,416	1,936	448	121
André Simões Cardoso	290,000	94,571	2,684	2,429	181

(amounts in euros)

Supervisory Board	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance
Chairman					
Pedro Nunes de Almeida	42,000	-	-	-	-
Members					
João Filipe Gonçalves Pinto	30,800	-	-	-	-
Vasco Jorge Valdez Ferreira Matias	30,800	-	-	-	-

(*) Concerning the financial years 2018, 2017, 2016 and 2015

The non-executive members of the Board of Directors do not receive remuneration.

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, and the companies in their network, related to 2019, are EUR 1,302,805, EUR 1,151,705 of which are related to the Statutory Audit and EUR 153,880 to compliance and assurance services.

Other assurance services basically include:

- Certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March (Fidelidade - Companhia de Seguros, S.A., Via Directa - Companhia de Seguros, S.A. and Companhia Portuguesa de Resseguros, S.A.);
- Production of the report on the Risk Management and Internal Control System at Garantia Companhia de Seguros de Cabo Verde, S.A..

49. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

STATEMENTS OF FINANCIAL POSITION

At 31 December 2019 and 2018 the financial instruments had the following balance sheet value:

(amounts in euros)

	2019		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	867,586,052	867,586,052
Investments in associates and joint ventures	1,829,056	2,150,026	3,979,082
Financial assets held for trading	21,839,020	-	21,839,020
Financial assets initially recognised			
at fair value through profit or loss	971,896,241	-	971,896,241
Hedge derivatives	3,676,945	-	3,676,945
Available-for-sale investments	11,080,697,810	15,828,314	11,096,526,124
Loans and accounts receivable	-	1,385,052,726	1,385,052,726
Held-to-maturity investments	-	1,074,167,759	1,074,167,759
Other debtors	-	300,906,716	300,906,716
	12,079,939,072	3,645,691,593	15,725,630,665
Liabilities			
Mathematical provision for life insurance	-	1,926,511,320	1,926,511,320
Financial liabilities held for trading	82,034,738	-	82,034,738
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	138,730,678	8,786,271,012	8,925,001,690
Hedge derivatives	25,705,957	-	25,705,957
Deposits received from reinsurers	-	156,495,712	156,495,712
Other financial liabilities	-	861,284,348	861,284,348
Other creditors	-	247,620,270	247,620,270
	246,471,372	11,978,182,662	12,224,654,035

(amounts in euros)

	2018		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	1,034,494,244	1,034,494,244
Investments in associates and joint ventures	-	2,307,146	2,307,146
Financial assets held for trading	16,613,601	-	16,613,601
Financial assets initially recognised			
at fair value through profit or loss	862,624,857	-	862,624,857
Hedge derivatives	4,384,369	-	4,384,369
Available-for-sale investments	10,049,863,182	1,806,854	10,051,670,036
Loans and accounts receivable	-	2,094,147,312	2,094,147,312
Other debtors	-	204,622,030	204,622,030
	10,933,486,009	3,337,377,586	14,270,863,595
Liabilities			
Mathematical provision for life insurance	-	1,636,293,796	1,636,293,796
Financial liabilities held for trading	22,170,498	-	22,170,498
Financial liabilities of the deposit component of insurance contracts			
and on insurance contracts and operations considered for accounting			
purposes as investment contracts	40,287,721	9,236,181,722	9,276,469,443
Hedge derivatives	11,154,763	-	11,154,763
Deposits received from reinsurers	-	132,825,003	132,825,003
Other financial liabilities	-	695,266,893	695,266,893
Other creditors	-	164,962,197	164,962,197
	73,612,982	11,865,529,611	11,939,142,593

The amount in the heading "Mathematical provision for life insurance" corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

The amount considered in the headings "Other debtors" and "Other creditors" essentially corresponds to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons, brokers, agents and other external entities.

GAINS AND LOSSES

In the years ended on 31 December 2019 and 2018, the net gains and losses on financial instruments had the following breakdown:

(amounts in euros)

	2019			2018		
	Income	As a charge to Shareholders' equity	Total	Income	As a charge to Shareholders' equity	Total
Earned premiums net of reinsurance	439,696,362	-	439,696,362	225,108,219	-	225,108,219
Claims costs, net of reinsurance	(190,836,460)	-	(190,836,460)	(166,265,178)	-	(166,265,178)
Mathematical provision for life insurance, net of reinsurance	(273,454,001)	-	(273,454,001)	(85,653,843)	-	(85,653,843)
Income from financial instruments						
Assets held for trading	(6,419,502)	-	(6,419,502)	(1,596,904)	-	(1,596,904)
Financial assets at fair value						
through profit or loss	30,339,154	-	30,339,154	22,207,777	-	22,207,777
Available-for-sale investments	278,004,583	-	278,004,583	285,651,952	-	285,651,952
Loans and accounts receivable	14,205,303	-	14,205,303	8,294,867	-	8,294,867
Held-to-maturity investments	6,948,172	-	6,948,172	-	-	-
Sight deposits	1,680,167	-	1,680,167	1,946,822	-	1,946,822
Other financial assets	569,155	-	569,155	-	-	-
Net gains from financial assets and liabilities not recognised at fair value through profit or loss						
Available-for-sale investments	124,970,540	422,968,834	547,939,374	356,817,706	(779,133,586)	(422,315,880)
Loans and accounts receivable	(2,245)	-	(2,245)	(30,104)	-	(30,104)
Financial liabilities at amortised cost	(40,002,921)	-	(40,002,921)	(75,038,389)	-	(75,038,389)
Other	(3,187,453)	-	(3,187,453)	3,385	-	3,385
Net gains from financial assets and liabilities recognised at fair value through profit or loss						
Financial assets and liabilities held for trading	(227,270,914)	-	(227,270,914)	(259,827,473)	-	(259,827,473)
Financial assets and liabilities initially recognised at fair value through profit or loss						
Other	49,982,276	-	49,982,276	(35,333,586)	-	(35,333,586)
Other	(15,166,709)	-	(15,166,709)	(24,728,202)	-	(24,728,202)
Exchange differences	125,064,487	-	125,064,487	190,176,170	-	190,176,170
Impairment losses (net of reversals)						
Available-for-sale investments	(122,652,049)	-	(122,652,049)	(245,626,850)	-	(245,626,850)
Loans and accounts receivable at amortised cost	(150,576)	-	(150,576)	(91,380)	-	(91,380)
Interest from deposits received from reinsurers	(1,654,920)	-	(1,654,920)	(1,368,725)	-	(1,368,725)
	190,662,452	422,968,834	613,631,286	194,646,266	(779,133,586)	(584,487,320)

In the years ended on 31 December 2019 and 2018, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

(amounts in euros)

	2019	2018
Assets		
Available-for-sale investments	232,468,327	246,182,904
Loans and accounts receivable	14,205,303	8,294,867
Held-to-maturity investments	6,948,172	-
Sight deposits	1,680,167	1,946,822
	255,301,969	256,424,594
Liabilities		
Mathematical provision for life insurance	(29,839,362)	(30,521,827)
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	(40,334,879)	(75,038,389)
Deposits received from reinsurers	(1,654,920)	(1,368,725)
	(71,829,160)	(106,928,941)

OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2019 and 2018, the method for assessing the fair value of the financial instruments reflected in the Group's financial statements can be summarised as follows:

(amounts in euros)

	2019			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	867,586,052	867,586,052
Investments in associates and joint ventures	-	-	1,829,056	2,150,026	3,979,082
Financial assets held for trading	21,421,904	417,116	-	-	21,839,020
Financial assets initially recognised					
at fair value through profit or loss	308,381,082	594,146,593	69,368,566	-	971,896,241
Hedge derivatives	3,454,164	222,781	-	-	3,676,945
Available-for-sale investments	9,885,402,308	660,947,308	534,348,194	15,828,314	11,096,526,124
Loans and accounts receivable	-	-	-	1,385,052,726	1,385,052,726
Held-to-maturity investments	-	-	-	1,074,167,759	1,074,167,759
Other debtors	-	-	-	300,906,716	300,906,716
	10,218,659,458	1,255,733,798	605,545,816	3,645,691,593	15,725,630,665
Liabilities					
Mathematical provision for life insurance	-	-	-	1,926,511,320	1,926,511,320
Financial liabilities of the deposit component					
of insurance contracts and on insurance contracts					
and operations considered for accounting purposes					
as investment contracts	-	138,730,678	-	8,786,271,012	8,925,001,690
Financial liabilities held for trading	8,704,017	73,330,721	-	-	82,034,738
Hedge derivatives	4,138,374	21,567,583	-	-	25,705,957
Deposits received from reinsurers	-	-	-	156,495,712	156,495,712
Other financial liabilities	-	-	-	861,284,348	861,284,348
Other creditors	-	-	-	247,620,270	247,620,270
	12,842,391	233,628,982	-	11,978,182,662	12,224,654,035
	10,205,817,067	1,022,104,816	605,545,816	(8,332,491,069)	3,500,976,630

(amounts in euros)

	2018			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	1,034,494,244	1,034,494,244
Investments in associates and joint ventures	-	-	-	2,307,146	2,307,146
Financial assets held for trading	16,492,997	120,604	-	-	16,613,601
Financial assets initially recognised					
at fair value through profit or loss	155,464,041	675,737,882	31,422,934	-	862,624,857
Hedge derivatives	4,384,369	-	-	-	4,384,369
Available-for-sale investments	9,084,112,408	527,051,691	438,699,083	1,806,854	10,051,670,036
Loans and accounts receivable	-	-	-	2,094,147,312	2,094,147,312
Held-to-maturity investments	-	-	-	-	-
Other debtors	-	-	-	204,622,030	204,622,030
	9,260,453,815	1,202,910,177	470,122,017	3,337,377,586	14,270,863,595
Liabilities					
Mathematical provision for life insurance	-	-	-	1,636,293,796	1,636,293,796
Financial liabilities of the deposit component					
of insurance contracts and on insurance contracts					
and operations considered for accounting purposes					
as investment contracts	-	40,287,721	-	9,236,181,722	9,276,469,443
Financial liabilities held for trading	17,062,343	5,108,155	-	-	22,170,498
Hedge derivatives	156,900	10,997,863	-	-	11,154,763
Deposits received from reinsurers	-	-	-	132,825,003	132,825,003
Other financial liabilities	-	-	-	695,266,893	695,266,893
Other creditors	-	-	-	164,962,197	164,962,197
	17,219,243	56,393,739	-	11,865,529,611	11,939,142,593
	9,243,234,572	1,146,516,438	470,122,017	(8,528,152,026)	2,331,721,002

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – “Fair Value Measurement”, of the financial instruments held by the Group at 31 December 2019 and 2018 which are valued at fair value, in line with the following assumptions:

- Level 1 – Financial instruments valued on the basis of quoted prices in active markets to which the Group has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 – Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 – All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2019 and 2018 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

(amounts in euros)

	Available-for-sale investments	Financial assets initially recognised at fair value through profit or loss	Investments in associated companies and joint ventures
Balances at 31 December 2017	634,529,384	99,395	-
Acquisitions	39,811,546	31,334,629	-
Revaluations			
as a charge to the income statement	(20,259,724)	63,128	-
as a charge to shareholders' equity	(12,964,817)	-	-
Increase / reversal of impairment in the year	(3,099,221)	-	-
Disposals	(199,318,085)	(74,218)	-
Balances at 31 December 2018	438,699,083	31,422,934	-
Acquisitions	122,883,315	51,744,293	2,395,430
Revaluations			
as a charge to the income statement	(171,560)	595,154	(566,374)
as a charge to shareholders' equity	(6,569,752)	-	-
Increase / reversal of impairment in the year	(1,682,946)	-	-
Disposals	(18,809,947)	(14,393,816)	-
Balances at 31 December 2019	534,348,194	69,368,566	1,829,056

At 31 December 2019 and 2018, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

(amounts in euros)

	2019		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	867,586,052	867,586,052	-
Available-for-sale investments	15,828,314	15,828,314	-
Loans and accounts receivable	1,385,052,726	1,385,052,726	-
Investments to be held to maturity	1,074,167,759	1,089,881,501	(15,713,742)
Other debtors	300,906,716	300,906,716	-
	3,643,541,567	3,659,255,309	(15,713,742)

(amounts in euros)

	2018		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	1,034,494,244	1,034,494,244	-
Available-for-sale investments	1,806,854	1,806,854	-
Loans and accounts receivable	2,094,147,312	2,094,147,312	-
Other debtors	204,622,030	204,622,030	-
	3,335,070,440	3,335,070,440	-

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
 - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
 - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

Policies on managing financial risks inherent to the Group’s activity

The Group’s objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company’s investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Group assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Group’s investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Group’s investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Group’s business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Group's investment management cycle is composed of the following key activities:

- **Defining** – Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);
- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

The following items are also decisive within the scope of the Group's investment activity:

1. Definition of the portfolio objective

The main objective of the Group's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Group's risk appetite and its liquidity needs.

2. Rules for investment in assets

On one hand, the Group's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Group and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Group to adequately manage its liquidity.

3. Classes of assets

As a general rule, the Group's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

The classes of assets eligible for investment by the Group are:

- Treasury (cash, deposits and equivalent);
- Fixed income (medium and long-term debt instruments);
- Variable income (instruments which provide variable gains);
- Real estate (including properties for own use and for investment);
- Alternative investments.

Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

4. Exposure limits

In order to enable the Group, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

- Class of asset;
- Credit quality and duration;
- Sector of activity;
- Geographical location;
- Concentration by position;
- Currency.

5. Risk management and control process

The Risk Management Division (DGR) is responsible for **controlling and monitoring the allocation of assets**, in the light of the targets and limits established.

Accordingly, procedures are defined, including those responsible for them, for when there is non-compliance with the targets and/or limits established.

Regarding asset losses control mechanisms, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular **process of reporting** has been set up for the various levels of the Group involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

Credit risk

At 31 December 2019 and 2018, the Group's exposure to credit risk was as follows:

(amounts in euros)

	2019			2018		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	863,667,593	-	863,667,593	1,001,742,949	-	1,001,742,949
Financial assets initially recognised						
at fair value through profit or loss	556,090,028	-	556,090,028	574,958,035	-	574,958,035
Available-for-sale investments	9,436,645,017	(49,985,367)	9,386,659,650	8,895,637,337	(54,778,793)	8,840,858,544
Loans and accounts receivable	1,385,899,082	(846,356)	1,385,052,726	2,094,843,092	(695,780)	2,094,147,312
Held-to-maturity investments	1,074,167,759	-	1,074,167,759	-	-	-
Other debtors	326,587,555	(25,680,840)	300,906,716	225,095,456	(20,473,427)	204,622,030
Maximum exposure to credit risk	13,643,057,033	(76,512,562)	13,566,544,471	12,792,276,869	(75,948,000)	12,716,328,869

In 2019 and 2018, the net book value of the available-for-sale investments presented in the table includes shares with credit risk, of EUR 3,002,884 and EUR 5,203, respectively, which are recognised under the heading "Other Instruments" (Note 8).

Credit quality

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2019 and 2018, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

(amounts in euros)

Class of asset	2019			
	Country of origin			Total
	Portugal	Rest of European Union	Other	
Deposits in credit institutions				
AAA	-	308,392	11,030,505	11,338,897
AA- to AA+	12,139,799	111,556	17,469,092	29,720,447
A- to A+	254,071	662,623,451	231,587,715	894,465,237
BBB- to BBB+	270,618,729	311,341,299	23,933,864	605,893,892
BB- to BB+	398,596,157	-	17,297,793	415,893,950
B- to B+	-	-	12,320,390	12,320,390
CCC- até CCC+	388,912	-	-	388,912
Not rated	9,183,793	49,922,837	196,662,997	255,769,627
	691,181,461	1,024,307,535	510,302,356	2,225,791,352
Deposits in ceding companies				
Not rated	-	-	146,916	146,916
	-	-	146,916	146,916
Total	691,181,461	1,024,307,535	510,449,272	2,225,938,268

(amounts in euros)

Class of asset	2018			
	Country of origin			Total
	Portugal	Rest of European Union	North America	
Deposits in credit institutions				
AA- to AA+	-	-	-	608,855
A- to A+	124,903,474	881,141,676	1,789,324	1,185,311,863
BBB- to BBB+	355,248,097	584,592,212	-	92,061,427
BB- to BB+	672,598,201	10,434,805	-	5,727,027
B- to B+	-	-	-	20,131,210
Not rated	10,206,696	45,724,266	-	69,484,402
	1,162,956,468	1,521,892,959	1,789,324	365,490,310
Deposits in ceding companies				
Not rated	-	-	-	542,606
	-	-	-	542,606
Total	1,162,956,468	1,521,892,959	1,789,324	366,032,916

"Deposits in credit institutions" includes other deposits in the heading "Loans and accounts receivable" of EUR 1,362,123,759 and EUR 2,050,386,112, in 2019 and 2018, respectively.

At 31 December 2019 and 2018, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

(amounts in euros)

Class of asset	2019				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised					
at fair value through profit or loss					
Corporate					
A- to A+	-	5,721,217	51,292,156	1,975,753	58,989,126
BBB- to BBB+	1,440,738	41,764,049	83,481,259	89,169,419	215,855,465
BB- to BB+	1,717,972	2,781,221	1,488,339	447,369	6,434,901
Not rated	1,187,565	36	53,619,570	53,554,475	108,361,646
	4,346,275	50,266,523	189,881,324	145,147,016	389,641,138
Governments and other local authorities					
AAA	-	1,999,616	-	-	1,999,616
AA- to AA+	-	3,138,806	-	-	3,138,806
A- to A+	-	43,495	-	-	43,495
BBB- to BBB+	489,123	8,922,645	-	-	9,411,768
	489,123	14,104,562	-	-	14,593,685
Financial Institutions					
AA- to AA+	-	100,616	-	718,384	819,000
A- to A+	-	1,062,301	1,231,883	4,184,474	6,478,658
BBB- to BBB+	-	8,510,514	38,499,228	1,026,264	48,036,006
BB- to BB+	-	1,068,441	-	-	1,068,441
B- to B+	25,469,640	-	-	-	25,469,640
CCC- to CCC+	28,118,167	-	-	-	28,118,167
	53,587,807	10,741,872	39,731,111	5,929,122	109,989,912
Other issuers					
AAA	-	-	-	2,003,628	2,003,628
AA- to AA+	-	-	-	6,526,407	6,526,407
A- to A+	-	-	-	354,059	354,059
	-	-	-	8,884,094	8,884,094
Total Financial assets initially recognised					
at fair value through profit or loss	58,423,205	75,112,957	229,612,435	159,960,232	523,108,829

(amounts in euros)

Class of asset	2019				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AAA	-	-	-	82,029,281	82,029,281
AA- to AA+	-	2,401,378	-	204,496,473	206,897,851
A- to A+	-	319,933,630	129,796,258	591,101,499	1,040,831,387
BBB- to BBB+	-	416,876,900	359,368,344	377,420,333	1,153,665,577
BB- to BB+	21,023,283	93,269,322	111,234,139	100,681,254	326,207,998
B- to B+	-	7,248,507	24,141,245	35,156,083	66,545,835
CCC- to CCC+	-	3,255,312	-	15,502,093	18,757,405
Not rated	30,700,539	-	-	293,272,696	323,973,235
	51,723,822	842,985,049	624,539,986	1,699,659,712	3,218,908,569
Governments and other local authorities					
AAA	-	560,806	-	-	560,806
AA- to AA+	-	3,889,015	-	11,189,060	15,078,075
A- to A+	-	13,792,013	-	213,336,134	227,128,147
BBB- to BBB+	1,790,939,128	1,723,275,796	9,316,695	55,292,805	3,578,824,424
BB- to BB+	16,585,044	-	-	-	16,585,044
CCC- to CCC+	-	-	-	1,511,086	1,511,086
Not rated	-	-	-	626,455	626,455
	1,807,524,172	1,741,517,630	9,316,695	281,955,540	3,840,314,037
Financial institutions					
AAA	-	1,609,791	-	10,366,843	11,976,634
AA- to AA+	17,201,958	7,249,914	7,996,874	208,784,525	241,233,271
A- to A+	8,775,232	700,935,225	57,492,524	413,429,012	1,180,631,993
BBB- to BBB+	1,534,718	428,893,023	141,793,413	105,010,470	677,231,624
BB- to BB+	73,548,386	44,793,435	4,256,279	14,149,219	136,747,319
B- to B+	29,049,217	-	-	2,636,388	31,685,605
Not rated	-	-	-	47,822,168	47,822,168
	130,109,511	1,183,481,388	211,539,090	802,198,625	2,327,328,614
Other issuers					
AAA	-	-	-	108,430	108,430
	-	-	-	108,430	108,430
Total Available-for-sale investments (net of impairment)	1,989,357,505	3,767,984,067	845,395,771	2,783,922,307	9,386,659,650

(amounts in euros)

Class of asset	2019		
	Country of origin		
	Portugal	Rest of European Union	Total
Held-to-maturity investments			
BBB- até BBB+	358,706,978	715,460,781	1,074,167,759
	358,706,978	715,460,781	1,074,167,759
Total Held-to-maturity investments	358,706,978	715,460,781	1,074,167,759

(amounts in euros)

Class of asset	2018				
	Country of origin				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets initially recognised					
at fair value through profit or loss					
Corporate					
AA- to AA+	-	25,880	-	-	25,880
A- to A+	-	301,051	49,413,738	-	49,714,789
BBB- to BBB+	99,479	20,725,432	76,127,735	2,502,626	99,455,272
BB- to BB+	-	-	71,462,651	702,319	72,164,970
Not rated	-	12,048,173	48,904,663	217,035,911	277,988,747
	99,479	33,100,536	245,908,787	220,240,856	499,349,658
Governments and other local authorities					
AAA	-	3,333,951	-	-	3,333,951
AA- to AA+	-	2,871,544	-	-	2,871,544
BBB- to BBB+	631,513	3,116,363	-	-	3,747,876
	631,513	9,321,858	-	-	9,953,371
Financial Institutions					
AA- to AA+	-	100,213	-	695,010	795,223
A- to A+	-	934,516	1,199,641	2,516,494	4,650,651
BBB- to BBB+	-	1,925,131	35,886,380	575,621	38,387,132
BB- to BB+	-	-	-	-	-
B- to B+	21,822,000	-	-	-	21,822,000
	21,822,000	2,959,860	37,086,021	3,787,125	65,655,006
Total Financial assets initially recognised					
at fair value through profit or loss	22,552,992	45,382,254	282,994,808	224,027,981	574,958,035

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	-	21,445,150	40,723,232	62,168,382
A- to A+	-	39,080,004	180,151,193	539,737,480	758,968,677
BBB- to BBB+	-	251,639,166	527,925,286	177,190,433	956,754,885
BB- to BB+	11,593,427	224,222,818	145,228,587	82,722,206	463,767,038
B- to B+	-	20,159,894	58,311,182	52,118,910	130,589,986
CCC- to CCC+	-	-	16,122,358	-	16,122,358
C	-	-	-	7,778,384	7,778,384
Not rated	37,073,605	-	-	299,199,620	336,273,225
	48,667,032	535,101,882	949,183,756	1,199,470,265	2,732,422,935
Governments and other local authorities					
AAA	-	1,184,840	26,839,377	-	28,024,217
AA- to AA+	-	3,703,336	-	-	3,703,336
A- to A+	-	14,246,844	-	-	14,246,844
BBB- to BBB+	2,584,004,833	2,213,876,966	-	-	4,797,881,799
D	-	-	-	1,497,739	1,497,739
Not rated	-	-	-	442,811	442,811
	2,584,004,833	2,233,011,986	26,839,377	1,940,550	4,845,796,746
Financial institutions					
AAA	-	-	-	1,125,851	1,125,851
AA- to AA+	-	9,811,442	-	9,795,502	19,606,944
A- to A+	-	76,686,008	104,256,941	425,607,419	606,550,368
BBB- to BBB+	10,281,318	45,889,365	309,657,748	59,870,782	425,699,213
BB- to BB+	43,006,712	37,043,051	-	-	80,049,763
B- to B+	-	-	-	15,093,280	15,093,280
Not rated	-	-	50,041,331	64,287,788	114,329,119
	53,288,030	169,429,866	463,956,020	575,780,622	1,262,454,538
Other issuers					
AAA	-	-	-	184,325	184,325
	-	-	-	184,325	184,325
Total Available-for-sale investments (net of impairment)	2,685,959,895	2,937,543,734	1,439,979,153	1,777,375,762	8,840,858,544

The Group periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as "Adjustments for premiums pending collection" (Note 43). At 31 December 2019 and 2018, the balance sheet value of premiums from insured persons pending collection was as follows:

(amounts in euros)

	2019						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	3,777,173	-	-	-	-	(22,600)	3,754,573
Life risk products	12,513,015	-	-	-	-	(604,082)	11,908,933
Non-life insurance							
Motor	45,823,489	-	-	-	-	(4,177,029)	41,646,460
Workers' compensation	8,084,197	593,983	37,457	71,713	31,864	(1,277,088)	7,542,127
Domestic animals	346	54	72	57	913	-	1,442
Health	26,366,653	76,531	-	-	-	(1,189,580)	25,253,604
Fire and other damage	47,124,269	-	-	-	-	(2,670,796)	44,453,473
Transports	7,500,200	-	-	-	-	(436,402)	7,063,798
Third party liability	20,693,826	-	-	-	-	(1,028,225)	19,665,601
Other (includes personal accidents)	18,913,952	-	-	12,940	35,825	(2,621,839)	16,340,878
	190,797,119	670,568	37,529	84,711	68,601	(14,027,641)	177,630,887

(amounts in euros)

	2018						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	7,060,652	1,621,011	5,703	9,497	38,826	(33,920)	8,701,769
Life risk products	1,836,183	355,563	1,010,254	307,204	433,030	(192,934)	3,749,300
Non-life insurance							
Motor	8,910,007	1,252,986	951,401	232,413	409,248	(1,790,455)	9,965,600
Workers' compensation	3,895,092	2,782,204	2,679,050	1,484,950	271,033	(3,140,698)	7,971,631
Domestic animals	121	-	-	-	-	-	121
Health	8,828,523	7,811,329	683,201	228,419	69,147	(973,585)	16,647,035
Fire and other damage	9,431,932	2,487,399	679,466	3,676,005	489,141	(1,252,972)	15,510,970
Transports	1,345,071	86,927	71,981	62,688	279,713	(350,102)	1,496,278
Third party liability	2,261,886	396,756	203,152	597,102	28,916	(529,555)	2,958,257
Other (includes personal accidents)	1,880,914	2,430,249	1,376,531	5,058,034	386,216	(1,535,130)	9,596,814
	45,450,380	19,224,423	7,660,740	11,656,313	2,405,269	(9,799,351)	76,597,774

Liquidity risk

At 31 December 2019 and 2018, the estimated undiscounted cash flows of the financial instruments, according to the respective contractual maturity, were as follows:

(amounts in euros)

	2019									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	1,034,494,244	-	-	-	-	-	-	-	-	1,034,494,244
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	3,979,082	3,979,082
Financial assets held for trading	-	-	-	-	-	-	-	-	21,839,020	21,839,020
Financial assets initially recognised at fair value through profit or loss	7,789,037	2,148,485	54,004,322	55,293,259	200,521,217	33,090,264	132,725,062	61,704,815	47,572,285	594,848,746
Hedge derivatives	-	-	-	-	-	-	-	-	3,676,945	3,676,945
Available-for-sale investments	24,010,152	67,084,805	622,392,116	570,038,473	3,129,529,782	2,803,228,091	2,583,144,192	185,989,937	3,748,648,182	13,734,065,730
Loans and accounts receivable	504,212,906	277,913,246	178,662,527	237,531,424	158,166,980	55,221	321,172	167,894	-	1,357,031,369
Other debtors	300,906,716	-	-	-	-	-	-	-	-	300,906,716
	1,871,413,055	347,146,536	855,058,964	862,863,155	3,488,217,979	2,836,373,577	2,716,190,426	247,862,646	3,825,715,513	17,050,841,851
Liabilities										
Mathematical provision for life insurance	28,429,571	23,065,946	37,521,300	109,845,149	421,002,541	433,432,601	391,463,308	303,463,408	23,576,624	1,771,800,449
Financial liabilities held for trading	-	12,038,554	5,414,373	24,838,389	64,833,522	101,118,624	41,254,381	-	-	249,497,844
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	119,594,054	286,223,987	314,278,458	767,258,039	3,015,946,503	2,600,142,052	1,170,513,691	688,495,436	5,968,496	8,968,420,716
Hedge derivatives	-	-	-	-	-	-	-	-	25,705,957	25,705,957
Deposits received from reinsurers	163,016	326,033	489,049	157,473,811	-	-	-	-	-	158,451,909
Other financial liabilities	1,315,021	11,033,862	53,037,195	61,130,003	350,540,704	35,332,676	187,202,572	11,366,820	62,214,725	773,173,577
Other creditors	247,620,270	-	-	-	-	-	-	-	-	247,620,270
	397,121,932	332,688,381	410,740,375	1,120,545,391	3,852,323,270	3,170,025,953	1,790,433,952	1,003,325,664	117,465,801	12,194,670,720

(amounts in euros)

	2018									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	1,034,494,244	-	-	-	-	-	-	-	-	1,034,494,244
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	2,307,146	2,307,146
Financial assets held for trading	-	-	-	-	-	-	-	-	16,613,601	16,613,601
Financial assets initially recognised at fair value through profit or loss	2,307,163	23,810,635	20,626,299	69,530,079	172,031,816	181,542,784	145,498,037	14,515,146	17,073,413	646,935,371
Hedge derivatives	-	-	-	-	-	-	-	-	4,384,369	4,384,369
Available-for-sale investments	79,222,096	288,474,149	881,786,387	172,466,460	2,898,719,375	2,654,547,555	2,593,756,009	71,013,372	3,055,227,059	12,695,212,461
Loans and accounts receivable	724,169,911	375,825,773	432,474,318	288,093,053	18,826,991	1,094,470	313,892	164,087	-	1,840,962,494
Other debtors	204,622,030	-	-	-	-	-	-	-	-	204,622,030
	2,044,815,443	688,110,558	1,334,887,003	530,089,591	3,089,578,182	2,837,184,808	2,739,567,937	85,692,605	3,095,605,588	16,445,531,716
Liabilities										
Mathematical provision for life insurance	15,762,355	18,428,826	28,232,104	119,825,480	345,210,562	362,968,471	296,902,658	299,434,703	23,755,135	1,510,520,293
Financial liabilities held for trading	20,020	12,810,282	5,239,882	1,352,429	9,880,817	883,767	1,404,017	344,292	-	31,935,506
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	138,296,836	321,140,432	369,419,912	789,102,825	2,704,536,641	2,822,572,342	1,679,854,939	862,254,222	5,905,828	9,693,083,976
Hedge derivatives	-	-	-	-	-	-	-	-	11,154,763	11,154,763
Deposits received from reinsurers	138,359	276,719	415,078	133,655,159	-	-	-	-	-	134,485,315
Other financial liabilities	2,332,503	515,106	7,616,595	11,845,626	378,205,798	119,967,552	172,214,375	12,202,554	-	704,900,109
Other creditors	164,962,197	-	-	-	-	-	-	-	-	164,962,197
	321,512,270	353,171,364	410,923,571	1,055,781,520	3,437,833,818	3,306,392,132	2,150,375,988	1,174,235,772	40,815,725	12,251,042,161

The amounts presented above are not comparable with the accounting balances as they include cash-flow projections.

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions the Group uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- Cash and cash equivalents were classified as payable on demand and included in the "up to 1 month" category;
- The amount of "Loans and accounts receivable" classified as being of "Indefinite" maturity relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in "Other debtors" and "Other creditors" are payable on demand, and classified with maturity of "Up to 1 month";
- Equity instruments were classified as being of "Indefinite" maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in "Deposits received from reinsurers" correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- "Hedge Derivatives" were classified as "Indefinite", since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of "Financial liabilities held for trading" the contracts' maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
 - Mortality was determined according to the Group's history of the last five years;
 - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
 - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
 - The expected costs were estimated based on the values recorded in year.

Market risk

At 31 December 2019 and 2018, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

(amounts in euros)

	2019			Total
	Exposure to Fixed rate	Variable rate	Not subject to Interest rate risk	
Assets				
Cash and cash equivalents	-	863,667,593	3,918,459	867,586,052
Investments in associates and joint ventures	-	-	3,979,082	3,979,082
Financial assets held for trading	(69,263)	132,327	21,775,956	21,839,020
Financial assets initially recognised at fair value through profit or loss	499,039,285	403,260,242	69,596,714	971,896,241
Hedge derivatives	-	-	3,676,945	3,676,945
Available-for-sale investments	8,938,961,109	447,696,782	1,709,868,233	11,096,526,124
Loans and accounts receivable	-	1,385,052,726	-	1,385,052,726
Investments to be held to maturity	1,074,167,759	-	-	1,074,167,759
Other debtors	-	-	300,906,716	300,906,716
	10,512,098,890	3,099,809,670	2,113,722,105	15,725,630,665
Liabilities				
Mathematical provision for life insurance	-	1,926,511,320	-	1,926,511,320
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	8,786,271,012	138,730,678	-	8,925,001,690
Other financial liabilities	80,884,019	(9,784,520)	10,935,239	82,034,738
Hedge derivatives	3,771,156	-	21,934,801	25,705,957
Deposits received from reinsurers	-	156,495,712	-	156,495,712
Other financial liabilities	-	861,284,348	-	861,284,348
Other creditors	-	-	247,620,270	247,620,270
	8,870,926,187	3,073,237,538	280,490,309	12,224,654,035

(amounts in euros)

	2018			Total
	Exposure to		Not subject to Interest rate risk	
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents	-	1,001,742,950	32,751,294	1,034,494,244
Investments in associates and joint ventures	-	-	2,307,146	2,307,146
Financial assets held for trading	(61,016)	88,822	16,585,795	16,613,601
Financial assets initially recognised				
at fair value through profit or loss	550,571,698	280,638,229	31,414,930	862,624,857
Hedge derivatives	-	-	4,384,369	4,384,369
Available-for-sale investments	8,270,430,816	570,427,727	1,210,811,493	10,051,670,036
Loans and accounts receivable	-	2,094,147,312	-	2,094,147,312
Investments to be held to maturity	-	-	-	-
Other debtors	-	-	204,622,030	204,622,030
	8,820,941,498	3,947,045,040	1,502,877,057	14,270,863,595
Liabilities				
Mathematical provision for life insurance	-	1,636,293,796	-	1,636,293,796
Financial liabilities of the deposit component of insurance				
contracts and on insurance contracts and operations considered				
for accounting purposes as investment contracts	9,236,181,722	40,287,721	-	9,276,469,443
Financial liabilities held for trading	26,426,806	(21,529,733)	17,273,425	22,170,498
Hedge derivatives	3,417,494	-	7,737,269	11,154,763
Deposits received from reinsurers	-	132,825,003	-	132,825,003
Other financial liabilities	-	695,266,893	-	695,266,893
Other creditors	-	-	164,962,197	164,962,197
	9,266,026,022	2,483,143,680	189,972,891	11,939,142,593

At 31 December 2019 and 2018, the sensitivity of the fair value of the Group's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

(amounts in euros)

	2018					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(18,635,625)	(9,585,066)	(4,862,433)	5,008,941	10,171,593	20,989,845
Available-for-sale investments	(670,413,033)	(352,959,099)	(181,927,446)	196,050,983	411,044,053	930,839,578
Loans and accounts receivable	(11,269,246)	(5,697,117)	(2,864,454)	2,896,805	5,826,534	11,787,123
	(700,317,903)	(368,241,282)	(189,654,333)	203,956,729	427,042,180	963,616,546
Liabilities						
Financial liabilities held for trading	4,117,584	2,108,203	1,066,844	(1,093,145)	(2,213,441)	(4,539,046)
	4,117,584	2,108,203	1,066,844	(1,093,145)	(2,213,441)	(4,539,046)

(amounts in euros)

	2018					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(31,395,307)	(16,683,686)	(8,464,838)	8,721,544	17,711,154	35,285,358
Hedge derivatives	-	-	-	-	-	-
Available-for-sale investments	(550,962,731)	(283,294,493)	(143,675,532)	147,893,646	300,175,487	618,622,520
Loans and accounts receivable	(12,689,657)	(6,341,242)	(3,193,319)	3,240,015	6,528,077	13,436,921
	(595,047,694)	(306,319,420)	(155,333,690)	159,855,205	324,414,718	667,344,798
Liabilities						
Financial liabilities held for trading	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)
	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the respective YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2019 and 2018, the breakdown of financial instruments by currency was as follows:

(amounts in euros)

	2019				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	602,906,432	110,038,852	1,669,940	152,970,828	867,586,052
Investments in associates and joint ventures	2,150,026	-	-	1,829,056	3,979,082
Financial assets held for trading	2,638,106	19,146,941	-	53,973	21,839,020
Financial assets initially recognised					
at fair value through profit or loss	624,946,966	326,426,591	-	20,522,684	971,896,241
Hedge derivatives	222,781	3,403,359	-	50,805	3,676,945
Available-for-sale investments	7,042,192,533	1,867,738,502	410,344,223	1,776,250,866	11,096,526,124
Loans and accounts receivable	1,002,380,431	172,342,081	26,875,446	183,454,768	1,385,052,726
Held-to-maturity investments	1,074,167,759	-	-	-	1,074,167,759
Other debtors	145,320,168	110,931,548	20,907	66,588,488	322,861,111
	10,496,925,202	2,610,027,874	438,910,516	2,201,721,468	15,747,585,060
Liabilities					
Mathematical provision for life insurance	1,610,147,157	-	-	316,364,163	1,926,511,320
Financial liabilities of the deposit component of insurance					
contracts and on insurance contracts and operations					
considered for accounting purposes as investment contracts	8,866,884,569	4,763,102	-	53,354,019	8,925,001,690
Financial liabilities held for trading	-	28,644,120	-	53,390,618	82,034,738
Hedge derivatives	21,564,876	2,025,385	-	2,115,696	25,705,957
Subordinated liabilities	-	-	-	-	-
Deposits received from reinsurers	125,526,897	3,837,802	-	27,131,013	156,495,712
Other financial liabilities	461,259,236	-	-	400,025,112	861,284,348
Other creditors	152,139,407	18,488,033	2,544,279	96,402,946	269,574,665
	11,237,522,142	57,758,442	2,544,279	948,783,567	12,246,608,430

(amounts in euros)

	2018				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	824,868,224	64,869,521	953,608	143,802,891	1,034,494,244
Investments in associates and joint ventures	2,307,146	-	-	-	2,307,146
Financial assets held for trading	(135,094)	16,271,014	-	477,681	16,613,601
Financial assets initially recognised					
at fair value through profit or loss	376,668,817	474,102,226	9,464,792	2,389,022	862,624,857
Hedge derivatives	261,418	4,015,724	-	107,227	4,384,369
Available-for-sale investments	6,539,384,169	2,896,307,429	439,905,979	176,072,459	10,051,670,036
Loans and accounts receivable	1,823,460,710	80,813,444	35,838,671	154,034,487	2,094,147,312
Other debtors	165,140,924	24,727,373	21,856	17,776,831	207,666,984
	9,731,956,314	3,561,106,731	486,184,906	494,660,598	14,273,908,549
Liabilities					
Mathematical provision for life insurance	1,327,751,731	-	-	308,542,065	1,636,293,796
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	9,276,469,443	-	-	-	9,276,469,443
Financial liabilities held for trading	(5,712,960)	35,386,931	-	(7,503,473)	22,170,498
Hedge derivatives	3,461,510	86,614	-	7,606,639	11,154,763
Subordinated liabilities	-	-	-	-	-
Deposits received from reinsurers	130,665,934	564,586	-	1,594,483	132,825,003
Other financial liabilities	385,624,570	-	-	309,642,323	695,266,893
Other creditors	124,744,896	9,894,620	2,457,722	30,909,912	168,007,150
	11,243,005,124	45,932,751	2,457,722	650,791,949	11,942,187,546

The headings "Other debtors" and "Other creditors" are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

50. DISCLOSURES RELATING TO INSURANCE CONTRACT RISKS

Below is a summary of the acceptance and risk management policies in force.

50.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Company, they are sent to the Reinsurers' Underwriting Departments for proposals for acceptance of the conditions of these risks to be presented.

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

50.2. Technical management

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

50.3. Risk control management instruments

Internal risks of the organisation

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

Portfolio profile studies

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

Portfolio selection and reorganisation

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

Insurance risk concentrations

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Group's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

Behaviour of the non-life portfolio - Direct insurance

Direct insurance

(amounts in euros)

	2019			2018		
	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio
Accidents	266,932,438	1.08	1.07	238,911,485	1.13	1.12
Health	329,907,498	0.93	0.92	296,416,272	0.96	0.95
Fire and Other Damage	251,519,913	0.74	0.73	238,153,125	0.83	0.82
Motor	449,103,430	0.98	0.97	415,736,264	0.98	0.96
Marine	4,439,221	0.44	0.43	3,800,291	0.61	0.60
Aviation	8,492,634	0.14	0.13	6,991,016	0.12	0.11
Transported Goods	6,637,501	0.39	0.37	6,765,255	0.56	0.55
Third Party Liabilities	43,612,782	0.84	0.83	36,068,260	0.74	0.73
Other Lines of Business						
(Credit and SuretyShip + Others)	79,029,240	0.44	0.43	75,885,798	0.62	0.61

Note: Ratios for the years of occurrence 2019 and 2018 for the company Fidelidade.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Aviation, Third Party Liabilities and Motor saw a decrease in the ratio of 16.9%, 13.6 and 0.2% respectively.

The ratio tended to decrease in Accidents, Health, Fire and Other Damage, Marine, Transported Goods and Other Lines of Business.

An analysis of the above table reveals that in the last 12 months only in the Accidents lines of business premiums were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2019, reaching over EUR 55.6 million.

Premiums sufficiency and creation of a provision for unexpired risks

Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 7.0% in the costs would be needed to eliminate the premiums shortfall in this lines of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

Net of reinsurance

Since the Provision for Unexpired Risks is calculated separately for each geography we indicate for each the need to establish or not this provision in 2019.

In Portugal, with the exception of Aviation, Marine and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2019, to meet the costs associated with the operation of most of the lines of business.

In Spain, Provision for Unexpired Risks was only necessary for Fire and Other Damages and Other Lines of Business.

In France, Provision for Unexpired Risks was necessary for Accidents and Health, Fire and other Damages and Other Lines of Business.

In Mozambique, only for the Aviation, Marine and Transported Goods lines of business the insurance company's premiums net of reinsurance were sufficient, in 2019, to meet the costs associated with the operation.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2017 for all branches except France.

Provision for unearned premiums

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

Equalisation provision

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The Group follows the criteria listed there.

Claims provision

The claims provision is calculated as described in the accounting policies. Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

Risk concentration and mitigation

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 90.1% of the Gross Premiums Earned and 96.9% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.

In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2019:

Rating	% Reinsurers	
	2019	2018
A -	10.3%	18.5%
A	31.0%	25.9%
A +	27.6%	22.2%
AA -	-	26.0%
AA	20.7%	-
AA+	3.5%	3.7%
Not Rated	6.9%	3.7%

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 75,000,000 and a capacity of EUR 420,000,000.

At Fidelidade 60.35% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

Comparison between estimated and actual claims

Fidelidade's claims provision at 31 December 2019 totalled EUR 1,631 million. During 2019, EUR 384,559,731 were paid for claims which occurred in 2018 and previous years.

In December 2019, natural consumption would lead to a provision of EUR 1,247,408,237. However, there was a negative readjustment of over EUR 7.7 million, and the provision at the end of December 2019 was EUR 1,239,658,916.

There were negative readjustments for all lines of business except Accidents, Health, Marine and Other Lines of Business. The most significant, in absolute terms, was in Motor, which was greater than EUR 36 million.

Development of Claims Provisions regarding claims occurred in previous years and their readjustments (corrections):

(amounts in euros)

Headings	Claims Provisions at 31 December 2018 (1)	Claims Paid in the year * (2)	Claims Provision at 31 December 2019 * (3)	Readjustments (3)+(2)-(1)
Accidents and Health	955,157,674	167,294,959	823,884,895	36,022,180
Fire and Other Damage	158,276,266	76,610,148	75,074,111	(6,592,007)
Motor	393,501,966	119,578,528	237,357,024	(36,566,414)
Marine and Transport	2,442,823	963,112	1,875,592	395,881
Aviation	5,779,001	229,854	5,610,550	61,403
Transported Goods	3,348,611	1,495,529	1,323,720	(529,362)
Third Party Liabilities	99,564,781	11,169,693	88,192,778	(202,310)
Credit and SuretyShip	408,757	(367,346)	402,337	(373,766)
Legal Protection	22,921	0	1,253	(21,668)
Assistence	175,432	3,535	29,755	(142,142)
Other Lines of Business	13,289,736	7,581,719	5,906,901	198,884
Total	1,631,967,968	384,559,731	1,239,658,916	(7,749,321)

* Claims occurred in the year N-1 and previous years

Insurance Risks

The Group underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the group's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The group carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Group also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

Risk Assessment Assumptions

Non-life lines of business, except annuities

The main assumption for estimating the group's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

Annuities and whole life assistance in the Workers' Compensation line of business

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

Assumption	Factor	Increase in Liability
Longevity	+ 20%	5.39%
Expense	+ 10%	0.63%
Revision	4%	2.14%
Interest Rate	-1%	11.96%

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2019			2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Number of claims	+10%	71,253,328	(71,253,328)	(48,808,529)	81,874,223	(81,874,223)	(56,083,843)
Average claims cost	+10%	65,295,129	(65,295,129)	(44,727,163)	70,705,681	(70,705,681)	(48,433,391)
Average claims reserve	+10%	80,525,457	(80,525,457)	(55,727,163)	75,815,781	(75,815,781)	(51,933,810)
Longevity	+10%	1,334,309	(1,334,309)	(914,002)	18,012,174	(18,012,174)	(12,338,339)
Longevity	-10%	(768,605)	768,605	526,494	(17,938,952)	17,938,952	12,288,182
Discount rate	+1%	(6,112,574)	6,112,574	4,187,113	(81,522,189)	81,522,189	55,842,699
Discount rate	-1%	7,242,594	(7,242,594)	(4,961,177)	115,398,233	(115,398,233)	(79,047,789)

50.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by Reinsurance.

The Group has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Group works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Group's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Group's financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Group's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Group's financial capacity.

Motor, Workers' Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Group's financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody's) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is "A-".

50.5. Life Insurance

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Group's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2020	148,900,037	103,817,719	0	15,190,002	20,920,185	206,399,923
2021	125,858,300	86,890,086	0	14,289,549	19,039,024	205,327,635
2022	116,449,461	79,812,004	0	13,486,412	17,195,851	235,690,984

The following tables provide information on the changes of these cash inflows and outflows, considering a 5% increase in expected redemptions.

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	145,391,184	101,680,032	0	15,190,002	20,392,404	278,427,426
2020	116,102,845	81,232,980	0	14,289,549	17,617,096	255,608,716
2021	101,606,079	71,321,497	0	13,486,412	15,107,468	261,287,347

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2019			2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality	+10%	(5,063,648)	5,063,648	3,468,648	(6,080,206)	6,080,206	4,164,941
Mortality	-10%	6,739,151	(6,739,151)	(4,616,318)	6,870,896	(6,870,896)	(4,706,564)
Expected income rate	+0.5%	(17,905,219)	17,905,219	12,265,075	(15,267,720)	15,267,720	10,458,388
Expected income rate	-0.5%	24,639,766	(24,639,766)	(16,878,240)	23,047,425	(23,047,425)	(15,787,486)
Incorred but not reported claims	+10%	2,005,716	(2,005,716)	(1,373,915)	2,355,824	(2,355,824)	(1,613,739)

51. CAPITAL MANAGEMENT

The new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese Law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

The Solvency II rules are divided into three pillars.

Pillar I (quantitative requirements)

The Solvency II rules define criteria for determining own funds eligible for the purposes of capital requirements by undertaking an economic assessment of the insurance Company's assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that an Insurance Company may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which an Insurance Company may be exposed.

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, it shall immediately inform the ASF. In the event of failure to comply with the SCR, it shall send this Authority a recovery plan within two months and take the measures necessary to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, it shall send to the ASF, within one month, a short-term financing plan, with a view to avoiding non-compliance or restoring the eligible own funds, at least to the level of the MCR, or with a view to reducing the company's risk profile.

Pillar II (qualitative requirements and supervision)

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, risk management and internal control, including systems to ensure the suitability and qualification of those persons who effectively run the Company, supervise it and are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. Through this exercise, the company must conduct a prospective assessment of the adequacy of the capital available to achieve its business objectives, taking into account its risk profile, and also the adequacy of the regulatory capital, and conduct a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

Pillar III (prudential reporting and public disclosures)

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, the Group's capital management objectives meet the following general principles:

- Complying with the legal requirements by which the Group is bound;

- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that the Group is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, the Group has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Group's daily activities, with an integrated approach being applied to ensure that the strategic objectives (clients' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, at the same time guaranteeing the Group's obligations to its stakeholders.

Risk management aids the Group in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Group identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Group has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Group's business strategy.

The ORSA, which coincides timewise with the Group's strategic planning (which is never less than 3 years), plays a key role in the Group's Capital Management, and supports its main activities, namely:

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

Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual "Solvency and Financial Condition Report", enable detailed information to be provided on the Group's activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the "Solvency and Financial Condition Report", it is important to state that the Group complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Group has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees and the Assets and Liabilities Management Committee.

52. PUBLIC SERVICE CONCESSIONS

Main risks identified are operational and financial

Luz Saúde manages Hospital Beatriz Ângelo through its subsidiary Sociedade Gestora do Hospital de Loures, SA ("SGHL") under a Public-Private Partnership agreement with the Portuguese State ("PPP Agreement"). HL – Sociedade Gestora do Edifício, S.A., in which the Company has a 10% shareholding, is also a party to the PPP agreement and is responsible for the (now completed) construction and the management of Hospital Beatriz Ângelo's building and facilities.

Under the PPP Agreement, SGHL has undertaken to provide healthcare services within the National Health Service, through Hospital Beatriz Ângelo, for a 10-year period as of the Hospital's opening date (19 January 2012). The term of the PPP agreement may be renewed for successive periods by mutual agreement and each period cannot exceed 10 years. Notwithstanding, the total duration of the PPP Agreement, including the initial period and any additional periods, cannot exceed 30 years, as of the PPP agreement's effective date (31 December 2009). However, and according to the ARS-LVT letter of 17 January 2020, the decision not to renew the aforementioned contract was communicated.

With respect to the Hospital's management, the PPP Agreement governs the relationship between the State and SGHL, sets prices and payment methods, establishes quality standards, notice and information duties, compliance levels (clinical and non-clinical), hospital operating rules (e.g. human resources) and other duties and undertakings for each party, as well as consequences for default on the contractual obligations.

In addition, the PPP Agreement establishes that annual volumes of patient treatment at Hospital Beatriz Ângelo (defined with reference to doctor consultations, emergency room visits and inpatient and outpatient surgical and non-surgical services) shall be agreed by annual negotiation between the Public Awarding Entity (in this case Administração Regional de Saúde de Lisboa e Vale do Tejo, I.P.) and the hospital's management, based on historical data for public healthcare demands by the population in the Hospital's catchment area. However, it should be noted that the aforementioned production level is determined based on historical data regarding the demand for public healthcare by the population living in the Hospital's catchment area.

On the other hand, the prices charged by the hospital to the National Health Service have been contractually defined and are adjusted annually according to the growth of the inflation rate.

The PPP Agreement further provides that, at the end of each month, the State must pay 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency room visits and hospitalisation) must be calculated by the end of the first semester of the following year, and payment must be made during that same period.

53. MANAGED PENSION FUNDS

At 31 December 2019 and 2018, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

	2019							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	2,722,671	3,996,973	7,264,467	(7,765)	11,161	49,092	9,051	2,146,235
Debt instruments	11,991,265	55,426,480	-	1,815,105	1,196,271	1,580,505	545,068	-
Equity instruments	2,367,250	26,339,326	-	624,115	1,818,583	2,361,246	1,015,126	-
Others	(12,254)	(42,881)	(11,173)	(9,554)	(11,935)	(15,040)	(6,188)	(4,289)
	17,068,932	85,719,897	7,253,294	2,421,901	3,014,080	3,975,803	1,563,058	2,141,946
Amounts in Euros								
Cash and deposits	302,193	443,630	806,294	(862)	1,239	5,449	1,005	238,214
Debt instruments	1,330,928	6,151,867	-	201,461	132,776	175,423	60,498	-
Equity instruments	262,745	2,923,441	-	69,271	201,847	262,078	112,670	-
Others	(1,360)	(4,759)	(1,240)	(1,060)	(1,325)	(1,669)	(687)	(476)
	1,894,506	9,514,179	805,054	268,810	334,537	441,281	173,486	237,738

Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.00970 MOP.

	2018							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	27,089,273	33,776,952	56,546,406	217,832	256,595	250,721	172,651	5,773,769
Debt instruments	117,512,922	498,097,940	-	7,859,347	5,054,746	7,792,139	3,594,498	-
Equity instruments	19,366,321	205,042,881	-	2,310,756	6,771,898	10,966,830	6,384,569	-
Others	33	-	(99,051)	(45,294)	(54,685)	(87,819)	(48,241)	(9,474)
	163,968,548	736,917,773	56,447,355	10,342,641	12,028,554	18,921,871	10,103,478	5,764,295
Amounts in Euros								
Cash and deposits	3,006,679	3,748,954	6,276,170	24,178	28,480	27,828	19,163	640,839
Debt instruments	13,042,934	55,284,631	-	872,321	561,034	864,861	398,959	-
Equity instruments	2,149,497	22,758,014	-	256,474	751,623	1,217,225	708,633	-
Others	4	-	(10,994)	(5,027)	(6,070)	(9,747)	(5,354)	(1,052)
	18,199,114	81,791,599	6,265,176	1,147,946	1,335,067	2,100,167	1,121,401	639,788

Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.23650 MOP.

54. SUBSEQUENT EVENTS

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), which appeared in China in January 2020, the prevention and control of COVID-19 has been taking place predominantly in China and on a global scale considering the risk of contagion of the disease. The Group will fully implement the requirements and guidelines of the World Health Organization and all indications of the government and regulatory authorities and will increase its support for the prevention and control of epidemics.

COVID-19 has economic impacts at the national and global level and there already have been significant losses in the global markets that may affect the quality or the income from the Group's credit and investment assets and the extent of the impact depends on the state of epidemic preventive measures, the duration of the epidemic and the implementation of regulatory policies.

This is a non-adjustable subsequent event, which at report date, the assessment is currently in progress.

The Group will continue to monitor the evolution of COVID-19, assessing and taking active steps regarding its impacts on the Group's financial position and income.

REPORT AND OPINIONS ON THE CONSOLIDATED ACCOUNTS

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Fidelidade – Companhia de Seguros, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2019 (which establishes a total of 20,247,991,625 euros and total equity and non-controlling interests of 3,325,139,979 euros, including a net profit for the year of 196,817,165 euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Fidelidade – Companhia de Seguros, S.A. as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal (“Autoridade de Supervisão de Seguros e Fundos de Pensões”).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors’ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in notes 22 and 23 of consolidated financial statements, as at December 31, 2019, the technical provisions for life insurance and the financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations	Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>considered for accounting purposes as investment contracts amounted to 3,495 m and 8,925 million euros ("m "), respectively, representing approximately 73% of the total liabilities.</p> <p>These matters were considered to be as a key audit matter based on materiality to the financial statements and the fact that it is an area with a significant degree of judgement about uncertain future results, namely the timing and total value of liabilities to policyholders, as well as estimating the future income of the assets portfolio underlying these obligations. As described in note 2.17, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p>	<ul style="list-style-type: none"> ▶ Understanding of the Group's internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities; ▶ Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates; ▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Company's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and ▶ Review the completeness and consistency of the disclosures in the consolidated financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

2. Measurement of Claims Provisions (non-life)

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As described in note 22 to the consolidated financial statements as at December 31, 2019, the claims provisions arising from non-life insurance contracts amounted to 1,829 m (11% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Group's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based on judgments, in particular the discount rate, mortality tables and estimation of expenses to be incurred (see details in subparagraph (d)) 2.17 note).</p>	<p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the internal control procedures of the Company and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life); ▶ Analytical review procedures on the financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations; ▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Company and its subsidiaries (when applicable) for the measurement of the claims liabilities (non-life), including analysis of consistency with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Company's products and its

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>In view of the materiality of these liabilities to the consolidated financial statements and that the process for their measurement incorporates estimation based on assumptions and actuarial techniques applied to information currently available, and that the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p>	<p>subsidiaries regulatory requirements and practices in the insurance sector;</p> <ul style="list-style-type: none"> ▶ Recalculation of claims provisions by our actuarial specialists for the segments representing the most significant share of the liabilities of the Company (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations; and ▶ Review the completeness and consistency of disclosures in the consolidated financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

3. Valuation of financial instruments at fair value

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As detailed in note 49, the consolidated assets and liabilities include financial instruments valued at fair value amounting to 12,080 m and 246 m, respectively, which represent about 60% of the total consolidated assets and 1% of the total consolidated liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates. The total value of instruments with reduced liquidity, recognised in the consolidated assets and liabilities of the Company, amounting to about 1,861 m (9% of the asset) and 234 m (1% of the liabilities), respectively, which were classified under the fair value hierarchy defined in the accounting framework as "level 2" and "level 3" (Note 49).</p> <p>The consideration of this matter as significant to the audit was based on their materiality to the financial statements and the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation</p>	<p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the internal control procedures of the Company and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value; ▶ Analytical review of the consolidated financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company and its subsidiaries (when relevant) with those observed in external sources of information; ▶ Analysis of the methodologies and assumptions used by the Company and its subsidiaries in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and ▶ Review the completeness and consistency of disclosures of financial instruments at fair value in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
assumptions can result in different estimates of the fair value of financial instruments.	

4. Recognition and measurement of Goodwill

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consolidated financial statements of the Company as at December 31, 2019 include in the statement of financial position as more fully disclosed in note 15, Goodwill arising from investments in subsidiaries of 461m , representing approximately 2% of the consolidated assets.</p> <p>In accordance with the accounting principles and as disclosed in note 2.3, Goodwill corresponds to the positive difference, on the acquisition date, between the acquisition cost of a subsidiary and the effective percentage acquired by the Group, at fair value, of its identifiable assets, liabilities and contingent liabilities, and should be tested annually for eventual impairment. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information).</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of impairment losses.</p>	<p>Our approach to the risk of material misstatements in the valuation of Goodwill included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> ▶ Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of Goodwill; ▶ Analysis of contracts, accords and other information that supports the ownership, the cost of business combination and the fair value of assets, liabilities and contingent liabilities. ▶ Review of the assumptions used in the valuation models approved by the management, in particular the future cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts; ▶ Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; and ▶ Review of the completeness and consistency of disclosures of Goodwill in the consolidated financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.

5. Recognition and measurement of impairment losses on available-for-sale investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The consolidated income statement of the Company as at December 31, 2019, includes impairment losses from financial instruments held, classified as "available-for-sale investments", of 123 m (details disclosed in	Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>note 43), representing approximately 1% of the consolidated assets.</p> <p>In accordance with the accounting principles and the defined investment policy, which is described in note 2.6 (d), the Company and its subsidiaries recognise impairment losses on available-for-sale investments based on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on assumptions taking into account impairment indicators observable at a given time, based on information currently available, and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.</p>	<ul style="list-style-type: none"> ▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Company and its subsidiaries (when relevant); ▶ Analytical review tests on the consolidated financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; ▶ Analysis of the policies/methodology for the recognition of impairment losses of the Company and its subsidiaries, based on the adopted accounting principles and market practices; and ▶ Review the completeness and consistency of disclosures in the consolidated financial statements on recognition of impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.

6. Valuation of real estate investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consolidated financial statements of the Company as at December 31, 2019 include real estate assets as disclosed in notes 11 and 21 to the financial statements, recorded at fair value, classified as investment and own use properties (net of depreciations), amounting a net of 2,215 m and 551 m , respectively, which represent a total of about 14% of the consolidated assets.</p> <p>The real estate appraisals were based on the methods disclosed in note 11 to the consolidated financial statements and assumptions for which the effects of the economic and the ability of the market to absorb the available supply is crucial.</p> <p>The consideration of this matter as a key audit matter was based on their materiality to the consolidated financial statements and the inherent risk on the assumptions used in appraisals performed by external experts.</p>	<p>Our approach to the risk of material misstatements included a specific strategy consisting of a combination of evaluation of controls and substantive procedures, namely:</p> <ul style="list-style-type: none"> ▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of real estate investments; ▶ Analytical review tests on real estate items included in the consolidated financial statements; ▶ Analysis of the valuation reports prepared by experts, testing the appropriateness of the valuation methods used and reasonableness of the assumptions made; ▶ Comparative analysis of value and assumptions of the appraisals made in the year with those of previous years and price comparison with available market information; and ▶ Verification of the completeness and consistency of disclosures of real estate in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements which present a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by Autoridade de Supervisão de Seguros e Fundos de Pensões;
- ▶ the preparation of the Management Report, in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the consolidated Management Report with consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On additional items set out in article 10^o of Regulation (EU) nr. 537/2014

Pursuant to article 10^o of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade - Companhia de Seguros, S.A. (Group's Parent Entity) for the first time in the shareholders' general meeting held on May 15, 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on March 31, 2015 for the period between 2015 and 2017. On March 29, 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on March 31 for the mandate between 2017 and 2019;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group;
- ▶ We declare that we have not provided any prohibited services as described in article 77 nr. 8 of the Statute of the Institute of Statutory Auditors and we have remained independent of the Group in conducting the audit.

Lisbon, March 12, 2020

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

(signed)

Ricardo Nuno Lopes Pinto - ROC nr. 1579
Registered with the Portuguese Securities Market Commission under license nr. 20161189

Fidelidade – Companhia de Seguros, S.A.

Report and Opinion of the Supervisory Board

2019

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other governing bodies.

We have examined the Report of the Board of Directors and the other consolidated accounting documents for the year in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following

OPINION

- That the Report of the Board of Directors and other consolidated accounting documents for the year, as submitted by the Board of Directors, should be approved;

The Supervisory Board wishes to express its gratitude to the Board of Directors and other governing bodies for their excellent collaboration during the course of the year.

Lisbon, 13 March 2020

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2019

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the consolidated accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Report of the Board of Directors provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 13 March 2020.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

**REPORT OF
THE BOARD
OF DIRECTORS
SEPARATE
ACCOUNTS**

1.

CORPORATE BODIES

FIDELIDADE – COMPANHIA DE SEGUROS, S.A.

Presiding Board of the General Meeting

President

Nuno Azevedo Neves

Secretary

Paula Rodrigues Morais

Board of Directors

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

José Manuel Alvarez Quintero

Lingjiang XU

Members

José João Guilherme

Francisco Navarra

João Eduardo de Noronha Gamito de Faria

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

André Simões Cardoso

Tao LI

Yu PEI

Feifei ZHANG

Executive Committee

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

Rogério Miguel Antunes Campos Henriques

Members

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Wai Lam William Mak

André Simões Cardoso

Supervisory Board

Chairman

Pedro Antunes de Almeida

Members

Vasco Jorge Valdez Ferreira Matias

João Filipe Gonçalves Pinto

Alternate

Isabel Gomes de Novais Paiva

Statutory Auditors

Ernst & Young Audit & Associados – SROC, S.A.,
represented by

Ricardo Nuno Lopes Pinto, ROC

2.

FIDELIDADE

A. KEY INDICATORS

**€3,307
million**

Total Premiums Written

(includes amounts relating to investment contracts)

Life: € 1,836 million
Non-Life: € 1,471 million

**€16.8
billion**

Net Assets

25.0%

Market Share (PT)

Life: 23.6%
Non-Life: 26.7%

**€144.4
million**

Net Profits

2.672

Employees

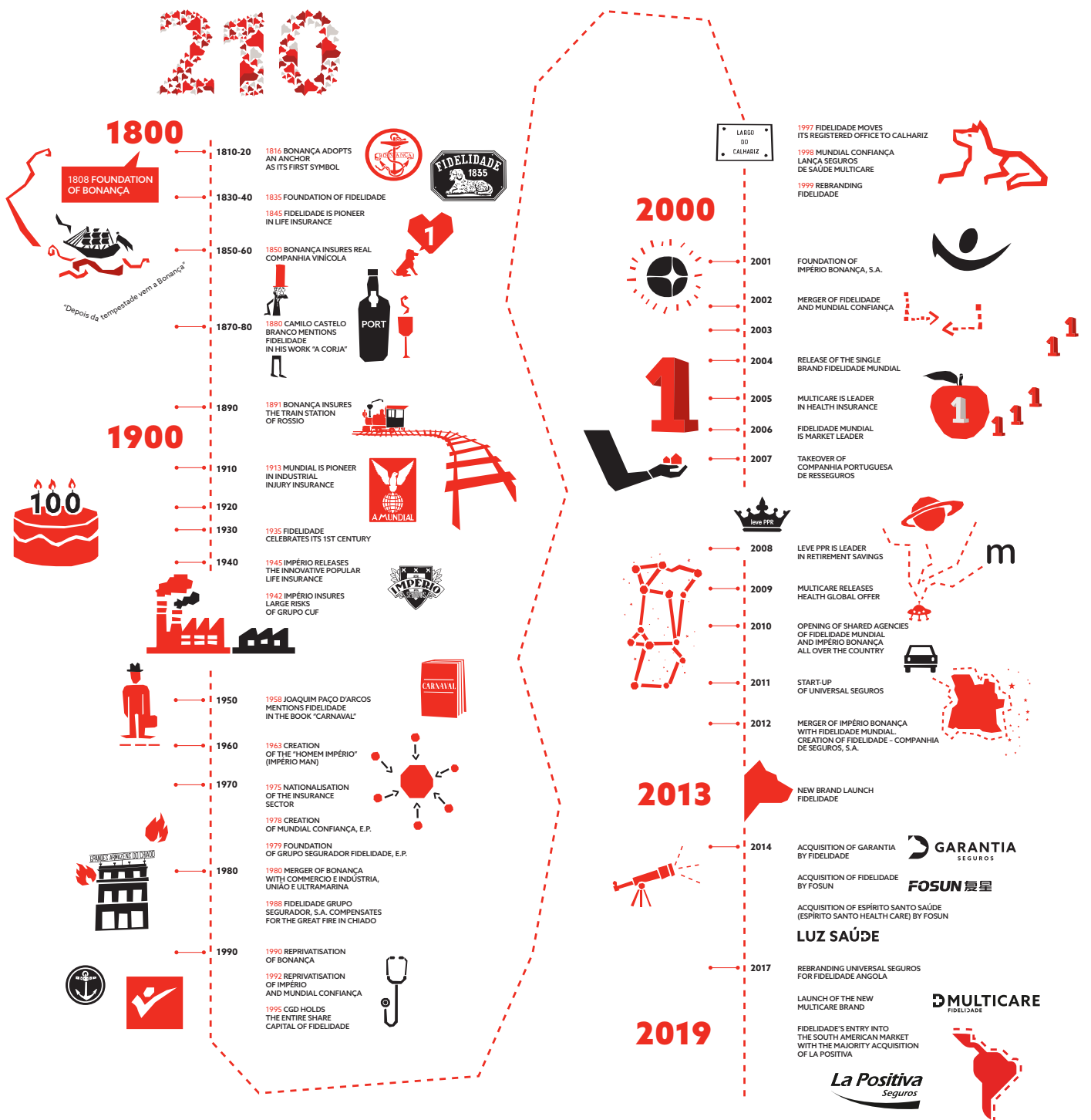
Portugal: 2,489 employees
International: 183 employees

96.7%

**Non-Life
Combined Ratio**

(Adjusted ratio of the financial cost component associated with Workers' Compensation line of business)

B. OUR HISTORY



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

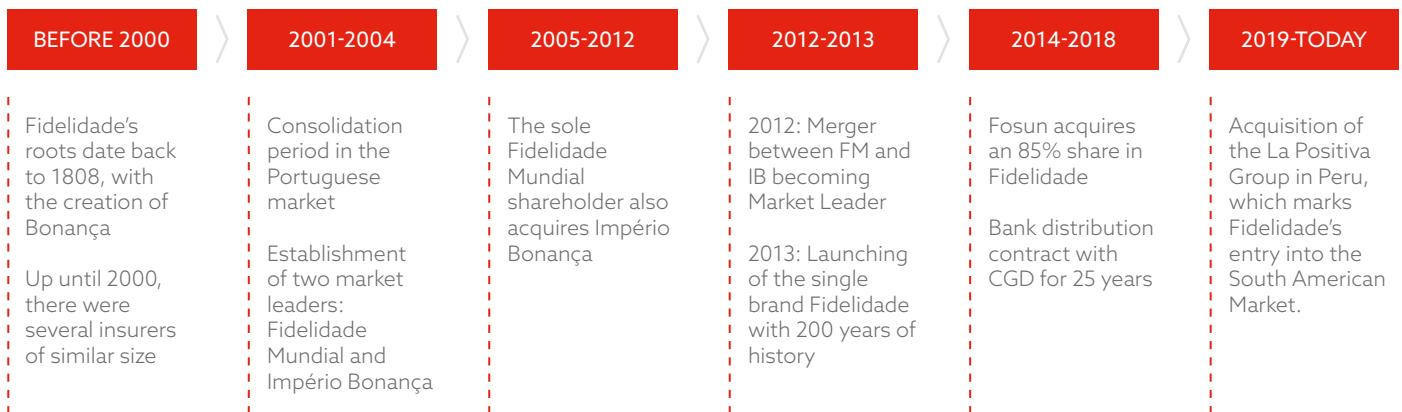
Until 2000 the Portuguese insurance sector was mostly concentrated on insurers following the reorganisation of the industry in the 1980s.

More recently, after 2000, the Portuguese market began a new phase of consolidation, which gave rise to two major players in the sector: Fidelidade Mundial (FM) and Império Bonança (IB), held by two of the largest Portuguese financial groups (CGD and BCP, respectively).

In 2005, CGD – the sole shareholder of Fidelidade Mundial – acquired Império Bonança, establishing the basis for a new phase in the consolidation of the market. The result was a Portuguese insurance group combining the major Portuguese insurers, enabling the creation of important synergies and consolidation of assets and unique skills within the sector.

The years that followed were marked by progressive integration of the operations of the two companies, culminating in the final merger of FM and IB in 2012 and the launch of the single brand, Fidelidade, in mid-2013.

In 2014, the company was privatised, with the Fosun Group acquiring approximately 84.99% of Fidelidade’s capital, and the CGD Group remaining the reference shareholder with 15%.



From 2014 on, Fidelidade entered a new phase of development, bolstered by support from the shareholders and focused on two priorities: consolidation of its leadership in the Portuguese market and international expansion.

In line with the strategy of international expansion, in 2019 the Company completed the acquisition of a majority shareholding in the insurance company La Positiva, which has a leading position in Peru and also operates in Bolivia and Paraguay.

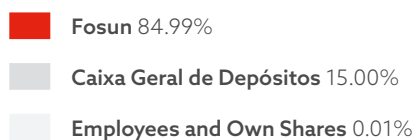
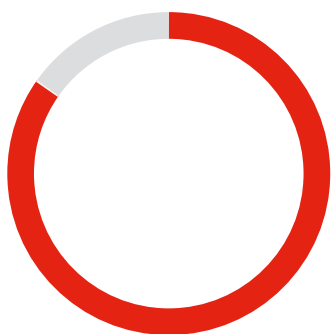
The completion of this process represents another step in consolidating Fidelidade’s internationalisation strategy, capitalising on the potential for sustained economic growth in the Peruvian market and also marking the start of Fidelidade’s business in Latin America.

C. ABOUT FIDELIDADE

i. Shareholder Structure

Fidelidade's current shareholder structure is the result of the privatisation process that took place in 2014. Fosun now holds approximately 84.99% of the capital, and CGD holds a 15.00%. The complementary relationship and ambition of these two shareholders of reference provide a guarantee of the stability and dynamism of the Company's operations.

Shareholder Structure



Description of the Major Shareholders

Fosun

Chinese investment conglomerate of global dimension, focused on the insurance industry and present in several different business sectors.

Caixa Geral de Depósitos

Portuguese state bank, considered the largest financial institution in Portugal, with approx. 4 million clients and with presence in more than 20 countries.

ii. Mission and Values

**TO BE FIDELIDADE IS TO BE PRESENT IN THE WORLD IN A SPECIAL WAY
KNOWING HOW TO BE CLOSE AT HAND, DRIVING CHANGE.
REINVENTING THE FUTURE WITH A PRIDE IN OUR PAST.
OVERCOMING CHALLENGES AND LIMITS, TO GO FURTHER EACH DAY.**

Fidelidade's mission is to support the development and construction of a sustainable society. The company is committed to educating, serving, assisting and caring for people throughout their lives with innovative products and services that protect them effectively, so that life does not stop.

From our early origins, we have always been a human company of people thinking about people. We are true in all we say and do. People know they can trust us. This is our commitment that fosters the stability of the relationships with all those who are Fidelidade – clients, employees, partners, shareholders and society itself.

It is sharing our values that makes us Fidelidade!

Be proud of our past, inspire our future.

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

Be innovative, chase the progress.

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

Be outstanding, overcome your limits.

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

Be people driven, be there.

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

iii. Positioning

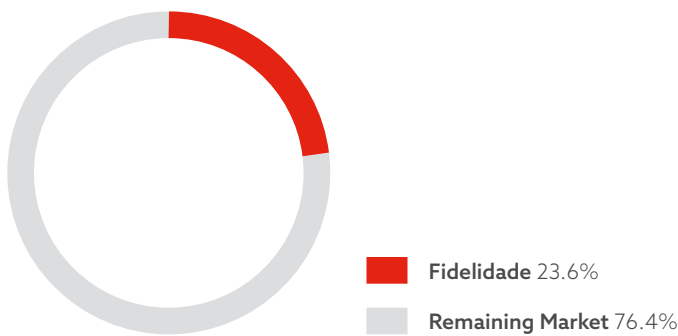
Fidelidade acts globally in the Portuguese insurance market, selling products across all lines of business, adopting a multi-brand strategy and operating through the largest commercial network in the country, which includes increasing growth of remote channels.

In 2019, Fidelidade held its position as market leader in both the Life and Non-Life segments, recording an overall market share of 25.0%, although this corresponds to a decrease of 9.3 pp compared to the previous year, originating from the financial products component.

In the **Life** segment, which is heavily influenced, as a whole, by the behaviour of financial products, it is important to highlight that Fidelidade increased its market share for Life Risk products.

In fact, the success recorded for Life Risk products reflects not only the recent evolution in mortgages, but also the success of the focus on new solutions adapted to the current social and macroeconomic context. 2019 saw further consolidation of the success of both the Proteção Vital da Família product, an innovative life insurance that accompanies families throughout their life cycle, and the Proteção Vital 65+ product, an insurance dedicated to the needs of the over-65s and that aims to remove the burden on families of bearing funeral costs and managing tasks associated with funeral services, while also providing peace of mind on this subject.

Life Segment – Market Shares



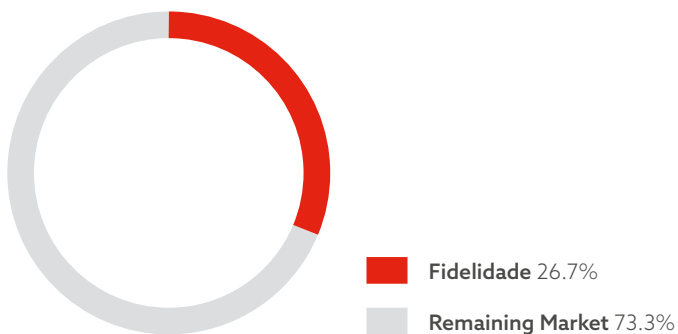
Fidelidade

Life Risk **18.3%**
 Annuities **32.9%**
 Life Capitalisation **22.6%**
 Pension Plans **26.2%**

In the **Non-Life** segment, Fidelidade’s commercial performance in the Portuguese market surpassed the positive trend of the market as a whole, with the Company strengthening its market share by 0.4 pp to 26.7%.

This evolution reflects the positive performance of virtually all the lines of businesses. Of particular note was the increase in share in some highly competitive lines of business, in particular Workers’ Compensation (0.3 pp), Motor (0.3 pp) and Health (0.5 pp).

Non-Life Segment – Market Shares



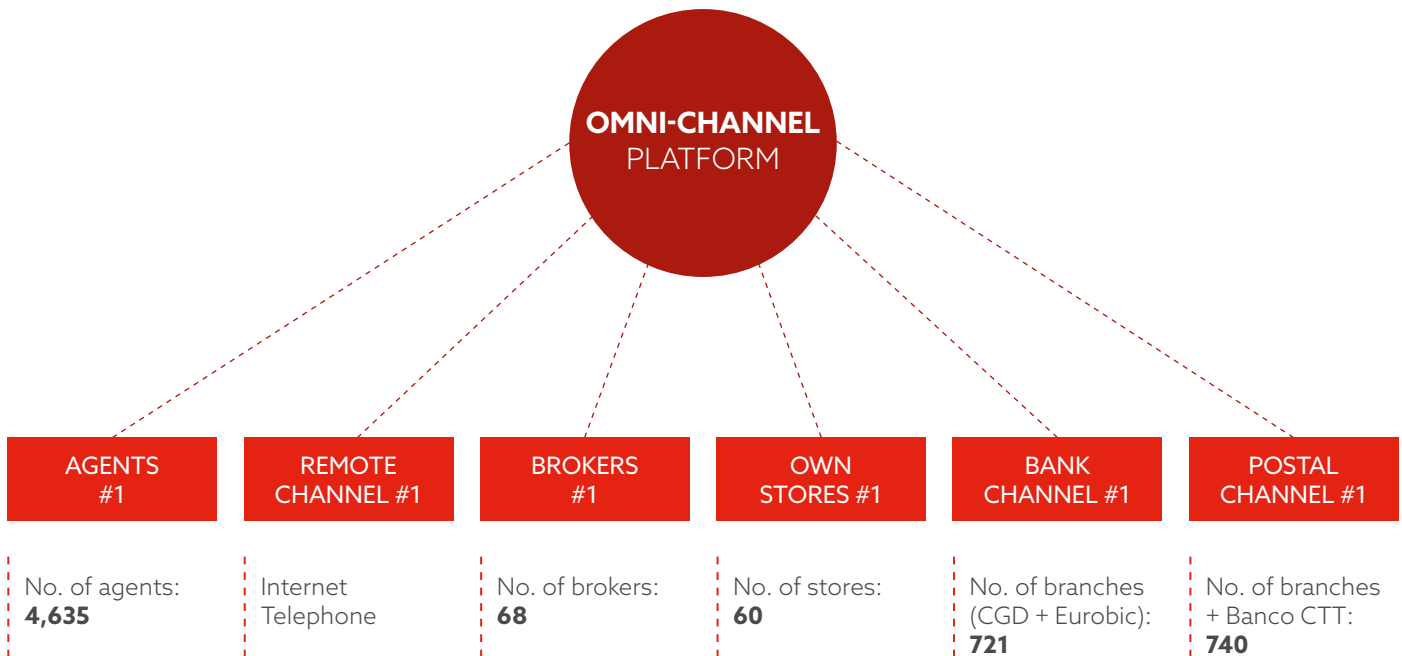
Fidelidade

Motor **25.6%**
 Workers’ Compensation **26.4%**
 Personal Accidents **14.0%**
 Health **36.6%**
 Home Insurance **22.5%**
 Commercial and Industrial Property **28.8%**
 Other Fire and Other Damage **37.4%**
 Third Party Liability **26.0%**
 Transports **34.3%**

iv. Distribution Network

Fidelidade sells products in all business segments through the largest and most diversified distribution network of insurance products operating in the Portuguese market: Fidelidade own stores; agents; brokers; CGD and Eurobic bank branches; the CTT (postal service and bank); internet and telephone channels.

This large distribution network and its geographical presence throughout the country allow us to be close to our clients, offering services which are increasingly customised and differentiated.



Fidelidade has always sought to affirm its presence in all channels where the consumer is or could be, and to add value to those channels through a broad range of products and an appropriate service level for each of them.

Capitalising on its strong presence in the various distribution channels, Fidelidade has been developing an Omni-Channel strategy, ensuring a coherent range of products and a perception of integration by the consumer, regardless of the channel being used, linked to extensive regional penetration, which can provide more personalised services that also enhance proximity.

v. Fidelidade's offer of brands

Fidelidade has a wide range of products and services available to its clients, resulting from its vast accumulated experience and from the constant search for insurance innovations.

Fidelidade's offer includes Life insurance (Risk, Annuities and Financial) and Non-Life insurance, which includes, among many others, products such as Motor Insurance, Workers' Compensation, Health, and Home Insurance, complemented by a unique range of assistance in the different areas.

Fidelidade has also been developing a number of new products to offer more wide-ranging and innovative solutions. These include Fidelidade Pets, covering household pets, that reflects an effort to diversify Fidelidade's product range with a focus on the Family, and the Proteção Vital 65+ insurance, designed for the over-65s and with the aim of removing the burden on families of bearing funeral costs and managing tasks associated with funeral services, contributing decisively to the development of Funeral Insurance in Portugal.

In the corporate sector, Fidelidade has launched Fidelidade Cyber Safety, a solution that seeks to safeguard companies' financial stability in the wake of a cyber-attack, representing further diversification in the products offered to Small and Medium-Sized Enterprises.

At the same time, after observing market dynamics and trends and focusing on satisfying clients' needs, Fidelidade has sought to identify and develop innovative solutions and business models, creating new value propositions in the different sectors where the Company leaves its mark (Home, Mobility, Health, Leisure and Entertainment). Of particular note here is the launch of the Smart Drive project, in the area of digital mobility, in partnership with Brisa, which includes telematics-based insurance products and also mobility insurance for Via Verde clients.

FIDELIDADE
SEGUROS DESDE 1808

- Life and Non-Life products
- Benchmark brand focused on all channels

MULTICARE
FIDELIDADE

- Health Insurance
- Broad offer of health insurance

vi. Focus on Operational Excellence and Service Quality

A focus on operational excellence and service quality has long been a priority for Fidelidade and has a strong impact in terms of client satisfaction. Fidelidade's skill in these areas has been identified and recognised by clients.

In recent years, Fidelidade is proud to have been recognised on several occasions as a brand of reference by the Portuguese. It is the insurance company which has won the most awards in Portugal. These awards are the result of the path that Fidelidade has followed, in choosing to be an insurance company made up of people thinking about people.



SUPERBRANDS PORTUGAL 2019

Fidelidade and Multicare attained the status of Superbrands 2019



MARKTEST 2019

Brand with the Best Reputation in the Insurance category (Fidelidade)



MARKTEST 2019

Brand with the Best Reputation in the Health Insurance category (Multicare)



CONSUMERS' CHOICE 2019

Fidelidade was the consumers' choice in the Insurance category



EXCELLENTIA CONSUMERS' CHOICE 2019

Fidelidade was the Excellentia 2019 consumers' choice, an award given to the best Customer-Centric company



TRUSTED BRAND 2019

The Portuguese voted Fidelidade a Trusted Brand in 2019



MARKETEER AWARDS 2019

The Fidelidade brand received the most votes in the Insurance category



PORTUGAL DIGITAL AWARDS 2019

The "Smart Drive" project, a partnership between Fidelidade and Brisa, was distinguished in the Best Digital Product & CX category

vii. International Presence

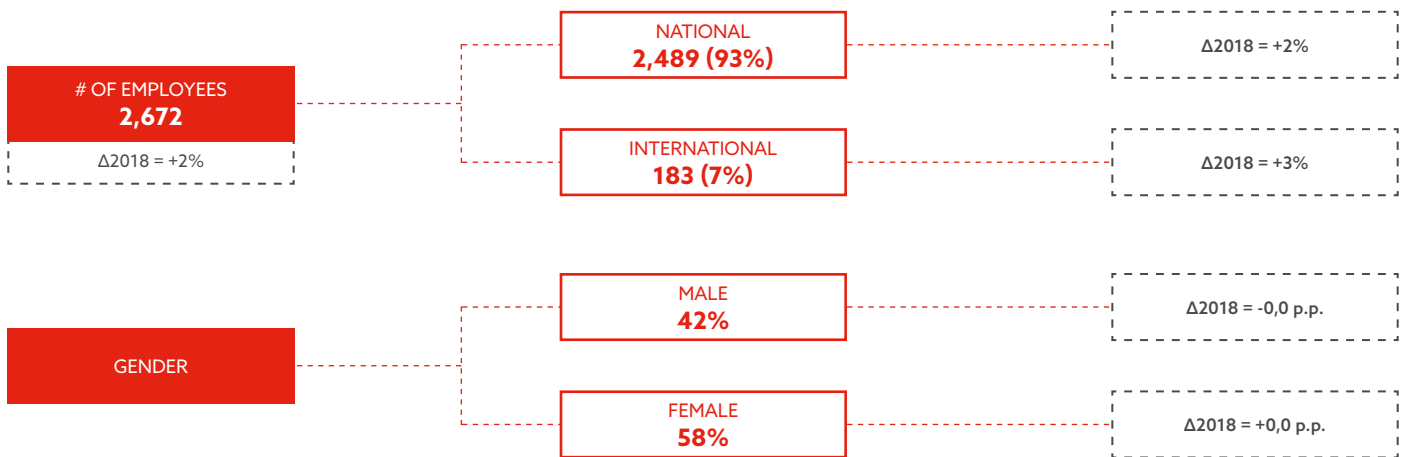
Fidelidade’s international business is an important means of sustained growth and pursuit of medium and long-term goals. The Company has a direct presence, through local branches, in three continents and five countries.

Fidelidade regards internationalisation as a strategic priority to diversify business and create synergies and transfer innovation between companies and, above all, between markets. However, it is also a commitment to developing markets where Fidelidade decides to operate, in terms of both developing people and creating infrastructures or providing services and solutions to the people, while always remaining aware that each operation must be financially and operationally sustainable.

viii. Fidelidade´s Team

At the end of 2019, Fidelidade had 2,672 employees, with 93% based in Portugal and 7% in international operations at the overseas branches.

In comparison with 2018, the number of employees rose by 2%, reflecting the evolution of the workforce in Portugal (+2%) and in International Operations (+3%), due to the increase in turnover.



In 2019, the emphasis on rejuvenating and adapting the organisation in order to keep pace with new market challenges continued. This focus, aimed at developing new skills, also led to a reduction in the average age of employees from 46.0 in 2018 to 45.3 in 2019 (based on the various employees in Portugal), counteracting the natural ageing of the workforce by one more year.

The length of service of employees at Fidelidade continues to reflect the trend towards rejuvenation mentioned above. In 2019 26% of employees had been at the company for less than 10 years.

Reflecting the ongoing transformation of the business, 2019 was a year to continue the adjustments to the organisation begun in 2014, thanks to the significant involvement of all our People.

Besides the efforts in terms of organisational change and redimensioning of structures, the process of reformulating human resources management policies and practices also continued.

These various initiatives should have a considerable impact in the medium term, cementing the company’s position as an organisation which is increasingly recognised for human resource management in Portugal and as a benchmark employer for the younger generation.

D. FIDELIDADE'S STRATEGY

Fidelidade is the uncontested leader in the Portuguese insurance market, standing out in several areas, which give it a competitive advantage over other insurers operating in Portugal:

- Clear market leader, with a client base of over 2.3 million, served by an omni-channel network with a high level of regional penetration;
- Brand leader in value, reputation and client recognition, resulting from a continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, banks, post offices and online channels;
- Technical skills which are unique in the market, having a broad range of insurance products and recognised claims management capability, thereby guaranteeing a high level of client satisfaction;
- Prudent risk management policies and above-average provision levels.

In this context, starting from a particularly strong position in Portugal, Fidelidade is seeking to grow from its current position as a more local player, with a very strong brand and outstanding technical and multi-channel management skills, to a recognised international player.

Gaining international recognition involves increasing the proportion of international business in the total Non-Life business, assuming a position of reference in the markets where the Company is present. The aim is to base this evolution on creating critical mass, building an identity of excellence in the insurance sector in the international markets where the Company already operates, and growing internationally in attractive and stable markets with growth potential and where the Company's strong skills can represent solid competitive advantage, adding value to clients and partners in those markets.

Accordingly, Fidelidade has the following fundamental strategic objectives:

- Consolidation of its position in the Portuguese market;
- Expansion of the international business;
- Optimisation of investment management;
- Digital Transformation and Analytics.

FIDELIDADE STARTING POINT

- Leadership in the Portuguese market, with a client base of 2.3 million
- Unique brand in the market due to its value and recognition with clients
- Benchmark technical skills, broad product range
- Quality in claims management, recognised for its efficiency

STRATEGIC AREAS

- 1. Consolidation of the position in the Portuguese Market**
- 2. International Business Expansion**
- 3. Optimisation of Investment Management**
- 4. Digital Transformation and Analytics**

Throughout 2019, these strategic directions provided the guiding principles for activity within Fidelidade, giving rise to a wide range of initiatives that were implemented by the different teams within the company.

Consolidation of the position in the Portuguese market

Despite Fidelidade's leading position, different factors point to the need for constant evolution in the approach to the market. Of particular note are the extreme levels of competition experienced in some lines of business in recent years.

In this context, and in preparation for the future, Fidelidade is taking a structured and coherent approach to maintain and strengthen its position in the Portuguese market.

Accordingly, the company has a series of on-going initiatives in several areas:

- Improvement in product profitability;
- Innovation in the range of products and services;
- Improvement in performance and efficacy of sales in the distribution channels;
- Implementation of an omni-channel strategy, combining the various channels, and their product ranges and service levels, to guarantee an integrated client experience;
- Enhancement of the organisation, to become more client-focused, more efficient, more agile, and capable of supporting business growth.

Enhancing interaction with clients and focusing on prevention are both guiding principles in the Company's strategy, in a context where striking a balance between current profits and processes of transformation is top of the Company's agenda.

As market leader, Fidelidade must understand the trends where it is operating and identify new market directions, triggering the initiatives needed to constantly meet clients' expectations. All this will lead to greater proximity to the client and the creation of more frequent and relevant interactions with people, with added value and recognition in the long term.

Success in implementing these initiatives should enable Fidelidade not only to strengthen its position in the Portuguese market, but also to acquire skills and transfer this knowledge to current international operations and those it intends to develop in the future.

Expansion of the international business

Throughout Fidelidade's process of internationalisation, the company has targeted markets where Portugal has greater economic, cultural and language ties. For the most part, Fidelidade followed its natural distribution partner in the bank channel (CGD), concentrating its operations in markets where the Bank was present.

In Europe, this strategy led to a presence in France and Luxembourg, two countries well known for their large communities of Portuguese immigrants, and also in Spain. Fidelidade's presence in Macao followed the same logic.

In Africa, in a more recent development, Fidelidade expanded directly to markets where, for historical and cultural reasons, ties with Portugal are more evident.

Lastly, in 2019 the international expansion strategy was marked by the Company's entry into the Latin American market.

Currently, international expansion is a strategic priority for Fidelidade, as a means of diversifying its activity and guaranteeing new paths for growth. Fidelidade's goal is to enter new markets where it can use its skills base to offer competitive advantage, while complying scrupulously with all criteria to remain financially and operationally sustainable.

Accordingly, Fidelidade has been actively analysing opportunities in specific countries in Africa and Latin America, where the economic environment and the level of development of their insurance markets appear favourable to a successful entry.

However, international expansion is not only about identifying markets where Fidelidade's skills can produce competitive advantage. Nowadays, internationalisation, per se, is a means of transferring knowledge, skills and innovation between all companies.

This transfer of skills between companies enables expansion in the different markets, promoting innovative and competitive solutions, and thereby contributing to economic development and to the creation of infrastructures in all the locations where the Company operates.

This is an extremely important step in cementing Fidelidade's position as a reference in the international insurance industry.

Optimisation of investment management

Fidelidade's aim in this area is to achieve the right fit for the market and regulatory context in which it operates, not only seeking optimisation of return and risk, but also safeguarding the level of prudence that has always characterised the Company's activity.

In recent years, the financial markets have been characterised by very low interest rates. This situation presents a challenge for business profitability, especially in the Life segment.

In this environment, the investment strategy involves implementing a policy of greater diversification of financial investments that guarantees appropriate exposure to different classes of assets, geographies and currencies, and also enables restructuring of the real estate investments portfolio, with emphasis on the commercial and services areas.

Naturally, this investment policy requires constant monitoring, to ensure control over the exposures incurred and appropriate alignment between assets and liabilities. Implementation of this policy is also based on the assumption that the company's capital needs are properly safeguarded, taking into account the criteria included in the European Solvency II regulations, in force since January 2016.

Digital Transformation and Analytics

Fidelidade has also remained focused on digitalisation, with various initiatives that respond to the potential disruptive impact of new business models based on the new technologies.

A leading company must understand the trends where it is operating and identify new market directions, in order to generate ideas for innovation projects.

In this context, and in preparation for the future, Fidelidade has been developing various initiatives in several areas:

- Development of MyFidelidade and new Apps (e.g. MySavings, MyPets), which allow clients to use the internet to take out new products, obtain simulations, follow their insurance portfolio, report claims, etc.;
- New products and suggestions linked to the use of new technologies, particularly in the Health line of business (e.g. launch of the innovative telemedicine service), the Motor line of business (e.g. launch of telematics-based products such as "Fidelidade Drive") and the Home line of business (e.g. the new "Fidelidade Casa" product that offers a range of unique covers in the Portuguese market);

- Digital transformation of business processes and client relations. In loss adjusting, for example, digitalisation has enabled the company to test innovative solutions for Motor insurance, creating a new concept of loss adjusting that allows quotes from repair shops to be validated using intelligent algorithms and, at the same, damage to be assessed solely from photographs.

Fidelidade's work to innovate in products and services, to digitalise and to promote improvement in service quality follows the developing trends in technology and capitalises on its potential to make a positive change regarding some of the main challenges facing society.

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

3.

OUR

PERFORMANCE

A. MACROECONOMIC ENVIRONMENT

In 2019, the Portuguese economy continued to display economic growth, following the positive trend that began in 2014.

In fact, this trend has largely been the result of the favourable external climate in financial markets and increased exports, as well as high levels of confidence of economic agents and positive improvements in the labour market.

However, although the results are positive, the most recent projections from Banco de Portugal suggest a deceleration in economic activity, indicating GDP growth of 2.0% in 2019, lower than the figure for 2018 (2.4%), but still above the euro area average (1.4%).

The slowdown in Exports and Domestic Consumption, both of which recorded high levels of growth in previous years, is the main reason for this change compared to 2018.

Notwithstanding estimated growth of 2.8% in 2019, Exports slowed by 1.0 pp when compared to the previous year.

Private Consumption also continued on an upward trend (+2.3%), but with more moderate growth than in the previous year (-0.8 pp), reflecting, on the one hand, real growth in families' disposable income, but on the other, deteriorating consumer confidence.

Similarly, Public Consumption followed the same trend as Private Consumption, recording a slowdown in 2019 when compared to the previous year. Growth of only 0.5% reflected a reversal of a one-off effect of expenditure relating to the 2017 wildfires (which had an impact on intermediate consumption in 2018).

It is also important to note the strong growth in Gross Fixed Capital Formation in 2019 (7.3% in 2019, compared to 5.8% in 2018), largely driven by the construction sector and influenced by buoyant residential construction and the execution of large infrastructure projects.

Projections for the labour market suggest an increase in employment levels (+1.0%) and, consequently, a fall in the unemployment rate to 6.3% at the end of 2019.

Inflation, measured by the rate of change in the HICP, is expected to decrease markedly in 2019 (from 1.2% in 2018 to 0.3% in 2019), reflecting both the drop in energy prices, in line with the evolution in oil prices, and the positive impact of some non-energy prices, including, for example, the fall in the price of public transportation travel cards and in education costs (as a result of the entitlement to free school textbooks being extended and the decline in higher education tuition fees).

The most noteworthy of the risks with potential negative effects at global level is uncertainty resulting from the possibility of an intensification of trade barriers due to tensions between China and the United States and the potential extension of these barriers to other countries. There is also the possibility of a slowdown in global economic activity, associated with the pass-through of recent weakness in manufacturing to other sectors of activity, especially services.

B. INSURANCE MARKET ENVIRONMENT

Evolution of the Portuguese Insurance Market

In 2019, following two consecutive years of growth, the Portuguese insurance sector recorded a decline in total direct insurance premiums, which stood at EUR 12.2 billion (a decrease of 5.8% compared to the previous year).

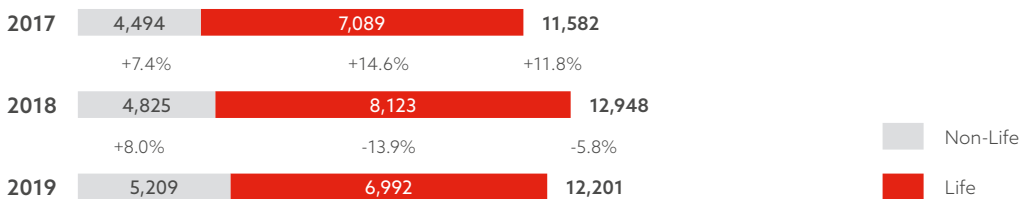
The Life segment, which recorded a decrease of 13.9% to EUR 7.0 billion, was the main catalyst for the decline in premiums recorded in the sector as a whole. After two consecutive years of growth (14.6% in 2018 and 6.2% in 2017), total premiums in this segment contracted once again in 2019, reflecting the performance of financial products.

Meanwhile, in contrast to the evolution in the Life segment, total premiums in the Non-Life segment continued the upward trend seen in recent years (7.1% in 2017 and 7.4% in 2018), recording a premiums increase of 8.0% compared to the previous year, with direct insurance premiums rising to EUR 5.2 billion.

Portuguese Insurance Market

Source: ASF

(million euros)



Evolution of the Life insurance market in Portugal

In 2019, the Life segment recorded a drop in direct insurance premiums of 13.9% compared to the previous year, which represents a decrease in premiums of around EUR 1.1 billion to EUR 7.0 billion. The performance of financial products was the main cause for this decline in total premiums for this segment.

Of note is the fall in contributions for products not linked to investment funds, which fell significantly compared to the previous year, reflecting the current climate of low interest rates, combined with a decrease in families' savings rates and the current prudential regulations applicable to the sector (Solvency II) which are more sensitive to the risks inherent to financial guarantees.

Insurance linked to investment funds, which is less sensitive to the aforementioned macroeconomic and prudential context, also recorded a fall in premiums, albeit less accentuated.

Meanwhile, Life Risk products consolidated the growth trend seen in recent years, as a result of buoyancy in the real estate market and the corresponding increase in new mortgage agreements.

Life Insurance Premiums

Source: ASF

(million euros)



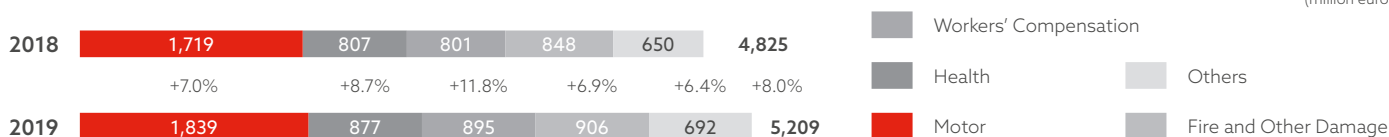
Evolution of the Non-Life insurance market in Portugal

The Non-Life segment maintained the positive evolution seen in recent years, confirming signs of the economic recovery that began in 2015. Premiums in this segment grew at a higher rate than in the previous year (+8.0%, compared to +7.4% in 2018) and this increase was seen across all the main lines of business.

Non-Life Insurance Premiums

Source: ASF

(million euros)



The Workers' Compensation line of business continued, in 2019, to display double-digit growth (+11.8%), reflecting the effect of growth in economic activity, with a positive impact on the wage bill and a decrease in the unemployment rate, as well as tariff adjustments that Companies have been implementing in recent years to rebalance the technical results. This important development in recent years has meant that this line of business is now the second most important in the Non-Life segment (overtaking the Health line of business).

Total premiums in the Motor and Health lines of business also continued to grow in 2019, consolidating the trend seen in previous years.

The Health line of business, boosted not only by greater awareness among the population of the importance of health insurance as a complement to the National Health Service but also by employers' increasing inclusion of health insurance in employees' benefits plans, recorded growth of 8.7% (compared to 7.4% in 2018), bringing direct insurance premiums to EUR 877 million.

The Motor line of business, which is still by far the most important Non-Life line of business, also grew at a noticeable pace (7.0%), recording EUR 1.8 billion. This increase in premiums, essentially due to growth in the average premium associated with the rise in vehicle ownership, meant that the Motor line of business maintained its structural weight in the total Non-Life premiums (35% of all Non-Life premiums).

The Fire and Other Damage line of business, where Home Insurance products are particularly significant, displayed robust growth of 6.9%, with total premiums of EUR 906 million. Increases in business investment and buoyancy in residential construction in 2019 were important factors in this evolution.

The other less significant lines of business in the Non-Life segment also grew when compared to the previous year. Their aggregate increased 6.4%, totalling EUR 692 million.

C. EVENTS SUMMARY 2019

JANUARY	<p>La Positiva - Peru: Completion of the process to acquire the La Positiva group, marking Fidelidade's entry into the Latin American market.</p> <p>Fidelidade Access Digital Clients Panel: creation of a Facebook group with the aim of inviting clients to share ideas, opinions and suggestions on products and services and also Fidelidade's communication campaigns</p> <p>Accidents Medical Care Unit - Coimbra: Opening of a new healthcare provider within the area of workers' compensation, in Coimbra</p>
FEBRUARY	<p>Fidelidade Cyber Safety: launch of a new product aimed at Small and Medium-sized Enterprises that wish to safeguard their financial stability in the wake of a cyber-attack</p> <p>Fidelidade Automóvel - New classic car product: Launch of a new product aimed at clients who, in addition to their regular vehicle, own classic cars with the following features: quality, historical importance, rarity, or exclusivity</p>
MARCH	<p>Fidelidade Studio: Inauguration of a new space at the Campus of Nova School of Business and Economics, in Carcavelos, which seeks to create a new experience and increase proximity between the younger generation and the insurance sector</p>
APRIL	<p>Artificial Intelligence: In partnership with Culturgest, organisation of the Cycle of Conferences "Artificial Intelligence: Applications, Implications and Speculations" to promote examination and reflection on current applications of Artificial Intelligence</p>
MAY	<p>Brisa Partnership: Establishment of a partnership with Brisa in the area of social mobility, covering telematics-based insurance products and mobility insurance for Via Verde clients.</p> <p>Multicare - 1 Million People: Launch of a new communication campaign to commemorate reaching 1 million Health clients, making Fidelidade the No. 1 health insurer in Portugal</p>
JUNE	<p>Multicare Santé: Launch of the new product Multicare Santé, health insurance designed for the French community in Portugal that guarantees payment of health expenses as a complement to reimbursements from French Social Security</p> <p>Real Estate Project Award: The new offices of the law firm Vieira de Almeida & Associados, a project by Fidelidade Property, won the award in the sub-category "Urban Rehabilitation Offices" in the first edition of the Expresso and SIC Notícias Real Estate Awards</p>

JULY	<p>A Fidelidade continua com Portugal: Launch of the communication campaign “A Fidelidade continua com Portugal” [Fidelidade keeps going with Portugal], which was tailored to each of the different regions of Portugal with the aim of strengthening the brand’s close relationship with every client and enhancing the commercial network throughout the country</p> <p>China Reinsurance Partnership: Establishment of a cooperation agreement with China Reinsurance, the largest reinsurer in China, which will allow Fidelidade to diversify its business scope and develop new international corporate growth opportunities</p>
AUGUST	<p>Summer Festivals: Fidelidade was the official insurance company at several summer festivals, including NOS Alive, NOS Primavera Sound and Vodafone Paredes de Coura</p>
SEPTEMBER	<p>Just in Case: Launch of the pilot project “Just in Case”, an application that helps travellers prepare and plan their trips and provides assistance and travel insurance functions on demand</p> <p>Cascais Padel Masters: Fidelidade, together with Multicare, was the Official Insurer of the Cascais Padel Masters, a competition which is part of the World Padel Tour</p>
OCTOBER	<p>Television Programme “Por Falar Nisso” [Speaking of Which]: Multicare launched a television programme in partnership with Júlio Machado Vaz, a well-known professional in the field of psychiatry, with the aim of promoting careful and proactive reflection on the main issues, challenges and behaviours of modern society</p> <p>Pensar Maior 2019 [Think Bigger 2019]: Fidelidade held a national meeting of staff, shareholders and partners with the aim of enhancing the Group culture, summing up the decade and preparing for the future</p>
NOVEMBER	<p>Fidelidade Automóvel - reformulation: Restructuring of the motor product range with the aim of providing a solution for different client profiles and responding to their real needs</p> <p>Legal Team Award: Fidelidade’s legal team was distinguished as “In-house Legal Team of the Year” in the insurance industry in the Iberian Peninsula in the III Edition of the Gold Awards of Iberian Lawyer, an organisation that includes the largest legal publication for the Iberian Peninsula and Latin America</p>
DECEMBER	<p>Real Estate portfolio: Fidelidade sold a portfolio of real estate assets that included several offices used by central services, which will be relocated in the future to the new headquarters to be built at Entrecampos.</p> <p>Fid Seguros - Chile: Fidelidade continued its international expansion with the opening of FID Seguros in Chile, thereby strengthening its position in the Latin American market</p>

D. FIDELIDADE'S ACTIVITY

i. Fidelidade's main areas of activity

Fidelidade's robust performance throughout 2019 was based on various actions that can be split into three areas:

- I. Products and Services
- II. Distribution
- III. People and Organisation

I. Products and Services

The constant effort to innovate in its range of products and services is a feature of Fidelidade, which seeks to increasingly position itself in the market as a company with integrated service solutions associated with people protection, rather than simply an insurer.

Besides complying with the legal requirements of the insurance sector, which often simply means paying claims in a timely manner, the objective is to go further, exceeding our clients' expectations by providing exemplary service quality and a wide range of cover and services which respond to the broadest of needs.

Accordingly, the range of products and services has been clearly developed in recent years, with significant emphasis on differentiation and innovation and the creation of integrated solutions in the various lines of business, together with a greater level of vertical integration within Fidelidade, as a response to market needs.

In the **Motor** line of business, in 2019 Fidelidade restructured "**Fidelidade Automóvel**" with the aim of providing a solution for different client profiles and responding to their real needs. The various plans were simplified, and a solution was created for more digital clients, who did not previously have a specific offer. Being aware of market developments and the need to create solutions increasingly targeted to specific segments, Fidelidade also launched the new product "**Fidelidade Automóvel Clássicos**". This insurance is designed for clients who, in addition to their regular vehicle, own classic cars with the following features: quality, historical importance, rarity or exclusivity.

Additionally, Fidelidade prepared itself for the launch of telematics products, which record driving behaviour in real time with the aim of contributing to better and safer driving. The client can assess different aspects of his/her driving, such as the number of breaks during a long journey or abrupt acceleration or braking, and these are automatically recorded in an application which informs the driver of possibilities for improvement and encourages safe driving. This new service also provides economic benefits for the client: on one hand, it tends to reduce the motor insurance premium and, on the other, it encourages saving by offering several discount options.

Following the launch of the **Fidelidade Drive** App in 2017, and its consolidated growth in 2018, with the introduction of new functions (such as the possibility of clients' winning prizes, regardless of the points they have), 2019 marked the start of a partnership in the area of digital mobility, between Fidelidade and Brisa, the largest private operator of transport infrastructures in Portugal. This partnership includes telematics-based insurance products and mobility insurance for Via Verde clients. The partnership was launched with the **Smart Drive** project, based on an app that provides members of Via Verde's "Viagens&Vantagens" loyalty scheme who are not yet Fidelidade motor insurance clients with an innovative experience of immersing in the mobility ecosystem of the two brands, by means of an invitation to use Via Verde's Smart Drive app and take advantage of its benefits.

Regarding roadside assistance, and following the launch of the OK! Teleseguros app containing the function to request assistance and report claims using geo-referencing, the Fidelidade Assistance application, available since 2016, simplified how requests can be made, enabling clients to manage vehicle assistance using this means. Since its launch, use of the Fidelidade Assistance app has increased steadily year by year, and it is increasingly the channel that clients prefer to use to report claims.

In loss adjusting, digitalisation is also transforming Fidelidade's business model, enabling efficiency gains in processes and a response more tuned to clients' needs. Vehicle loss adjusting has seen new advances, and there is now a new concept of loss adjusting that enables quotes from repair shops to be validated using intelligent algorithms and, at the same time, damage to be assessed solely from photographs, in addition to the possibility of video loss adjusting.

The **Health** line of business has also been one of the main growth areas within Fidelidade. "**Orientação Médica Online**", an innovative service and pioneer in the Portuguese market developed by Multicare, operates 24 hours a day, 7 days a week. Using this service, Multicare clients have free access to consults with general practitioners and family doctors, 24 hours a day, and can also obtain prescriptions for medicines or complementary diagnostic tests without leaving their home. Since its launch, Fidelidade has been encouraging clients to use the service more and more and has provided new services that demonstrate the Company's commitment to continually enhancing the value proposition of services made available to clients. As part of this, in 2019 Online Medicine was extended to include Oncology Nutrition and Psycho-Oncology, in addition to Paediatric and Dermatology specialisations. Quit Smoking and Stress Management programmes were also developed, enhancing Fidelidade's positioning as a company that uses technology for prevention and to promote healthier lifestyles.

In terms of products, in 2019 Fidelidade consolidated on the success of the new **Multicare 60+** product, an innovative health insurance designed specifically for the over-60s with differentiating advantages. Also, being aware of the growing number of French citizens living in Portugal, Fidelidade launched **Multicare Santé**, a product specifically for the French community that guarantees payment of health expenses as a complement to reimbursements from the French Social Security.

In the **Workers' Compensation** line of business there has been continued effort to rebalance the technical results, also by working in close cooperation with our selected network of healthcare providers. In cooperation with Luz Saúde, specific medical treatment units were set up in the Oporto and Lisbon areas, which has allowed the company to guarantee better service quality for its clients and greater control over the healthcare services provided. The success of the new units led Fidelidade to expand the geographical reach of this activity with the opening, in 2019, of a new Medical Unit in Coimbra.

In the **Home Insurance** line of business, in 2019 priority was given to boosting the "**Fidelidade Casa**" insurance, which accompanies clients throughout their lives, providing a range of innovative services suited and adjusted to clients' needs, in line with their particular circumstances at any given moment of time, and also "**Fidelidade Alojamento Local**", a solution for owners of holiday lettings which combines a response to mandatory insurance requirements under the law and, at the same time, protection of property within the scope of the holiday letting business.

In the field of home insurance loss adjusting, Fidelidade has been conducting video loss adjusting in less complex processes since 2018, thereby facilitating assessment of damage at a distance without the need for loss adjusters to travel to the claim location. This solution combines with the repair service, making it possible to provide Clients, at their claim location, with a proposal for repair of the damage and a service which can meet their needs.

In the **Personal Accidents** line of business, the year was marked by efforts to boost two products in particular. The first, "**Fidelidade GO**", is a product designed to meet the needs of students studying abroad that aims to attract younger age groups who tend not to have many dealings with the world of insurance. The second is "**OK! Bike**", a product from OK! Telesseguros that provides a response to new trends in mobility and which differs from the rest of the market mainly due to the "Assistência GEO" cover (which locates the insured person in the event of an accident and/or sudden illness, via the OK! Telesseguros app).

Also in the Non-Life segment, Fidelidade endeavoured to build on the success of "**Fidelidade Pets**" following its launch in 2018. This insurance for pets demonstrates a clear commitment to diversifying Fidelidade's product range and focusing on the family and providing services that go beyond mere risk coverage.

In the corporate client sphere, Fidelidade launched **Fidelidade Cyber Safety**. Conceived for Portuguese firms wishing to safeguard their financial stability in the wake of a cyber-attack, this solution represents a new focus for Fidelidade on diversifying its products for SMEs.

New solutions have also been rolled out in Fidelidade's Life segment, which is adapting to the new macroeconomic situation, with the aim of increasingly responding to clients' needs.

In the **Life Financial** area, which has been heavily affected by the environment of low interest rates and a low rate of saving by private individuals, Fidelidade has been renewing its offer of products.

Of particular note is the launch, in 2019, of **Flexi-Mais**, a multi-option product which includes 4 investment options (three of which are unit-linked) suitable for different risk profiles, and of **Fidelidade Savings**, a product with innovative investment options and distribution. Clients can access the **Flexi-Mais** product 24 hours a day, 7 days a week, on the MySavings App.

In **Life Risk**, following the success of the "**Proteção Vital das Famílias**" product, in 2019 Fidelidade launched "**Proteção Vital 65+**", which complements the product range for this line of business, and contributes decisively to the development of Funeral Insurance in Portugal.

"**Proteção Vital das Famílias**" is an innovative and wide-ranging life insurance policy aimed at families. Included in its basic covers, besides funeral services, are new Health, Assistance and Accident covers, which are combined in a single contract. These covers are adjusted throughout the lifecycle of the various members of the family. "**Proteção Vital 65+**", on the other hand, is insurance designed specifically for the over-65s and aims to remove the burden on families of bearing funeral costs and managing tasks associated with funeral services, while also providing peace of mind on this subject.

In addition to these new products, Fidelidade has been positioning itself to benefit from renewed interest in the Portuguese real estate market, which, because of insurance attached to mortgages, plays a dominant role in the evolution of this line of business.

Lastly, in terms of service to the client, during 2019 important steps were taken to develop solutions to improve clients' experiences on "**MyFidelidade**". Using this App, clients can manage their Motor, Home and Health insurance on a single site, intuitively and with easy access. In addition, they can request motor assistance, follow claims procedures and submit requests for medical expense reimbursements in real time, as well as search Multicare's network of healthcare providers and Fidelidade's network of repair shops.

II. Distribution

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

Fidelidade's distribution platform is composed of own stores, agents, brokers, banks, the post office, and phone and online channels, thereby enabling it to offer a vast distribution network and geographical presence with more personalised services that increase proximity.

Enhancing interaction with clients and offering increasingly customised services are both guiding principles in Fidelidade's strategy. In a context where striking a balance between current profits and processes of transformation is top of Fidelidade's agenda, digitalisation and technology play a very important role in the search for solutions to satisfy those principles.

However, although the digitalisation process ensures proximity and immediate feedback from clients, Fidelidade has always been founded on a sales force based in agencies, stores and brokers' centres, and the Company continues to place emphasis on improving these partners' skills.

Accordingly, in 2019 the communication campaign "A Fidelidade continua com Portugal" [Fidelidade keeps going with Portugal] was launched. The campaign was tailored to each of the different regions of Portugal, strengthening the brand's close relationship with every client and acknowledging the strength and importance of the commercial network throughout the country.

Focus was also placed on simplifying certain processes by digital means and by continuing to provide agents with training. This training included the Mercury Project, which was designed to prepare a change in behaviour in the commercial areas so as to increase business in the traditional network, through training. At the same time, a range of initiatives have been implemented in the banking and postal networks to boost sales of Non-Life products, in an effort to take greater advantage of the sales potential of these two outlets.

III. People and Organisation

Thinking about Fidelidade's People and the Organisation is helping to build Fidelidade's future.

In an ever changing world, with ever greater uncertainty, protecting people and providing simpler and more agile solutions that represent greater proximity to and support for our clients and partners is only possible if technology and innovation are combined with the most important factor: Fidelidade People make the difference.

Following the working plan defined for People Management, Fidelidade has been implementing new models and new ways of working, some of which are highlighted below:

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

In addition, Fidelidade has continued to focus on rejuvenation and capturing new talent, and on developing essential business skills, for example, leadership training, commercial training and training in new products and new regulations in the sector.

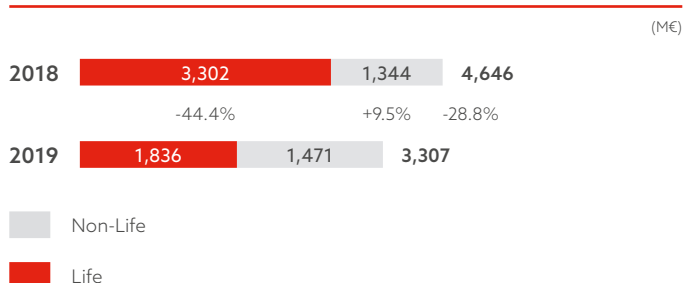
- **Transformation of the Organisation** – Fidelidade has been adjusting its organisation, by reviewing and building organisational structures that better respond to the challenges of the business and that guarantee the introduction of new skills and ways of working. Fidelidade has also sought to implement workforce monitoring and planning processes, which are essential in ensuring that the right people for the Organisation's structures and functions;
- **Change Management and Business Partnerships** – with the aim of understanding and working alongside the business in order to support business unit leaders in managing their people, Fidelidade has been working on rejuvenating the structure, retaining knowledge, promoting mobility and succession, and preparing leaders to motivate their teams with a focus on Fidelidade People, the market, proximity to the client and results;
- **Corporate Culture** – as a means of developing a corporate culture, which promotes the company's cultural identity (Vision; Values) and the commitment and recognition of its People, Fidelidade has been implementing a number of initiatives around communication, for example, the creation of a modern and agile Intranet, which is now its main channel of internal communication.

ii. Key activity indicators

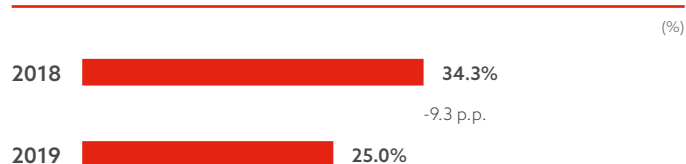
In 2019, a year marked by the trends previously referred to, Fidelidade had positive performance, recording total premiums written of EUR 3,307 million.

Regarding the activity in Portugal, Fidelidade registered EUR 3,056 million, which represented a decrease of 31.3% compared to 2018, originating from the Life segment and thus following the general trend in the market. This figure for total premiums equated to a total market share of 25.0%, allowing Fidelidade to maintain its position as clear market leader.

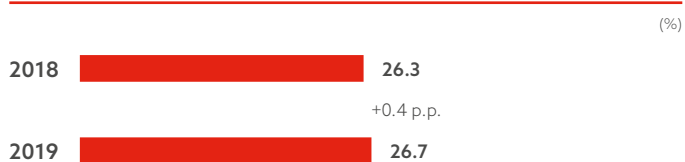
Total Premiums – Life and Non-Life



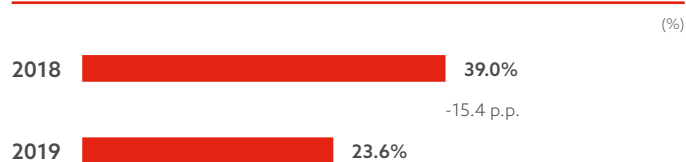
Total Market Share in Portugal



Non-Life Market Share in Portugal



Life Market Share in Portugal



I. Life Segment

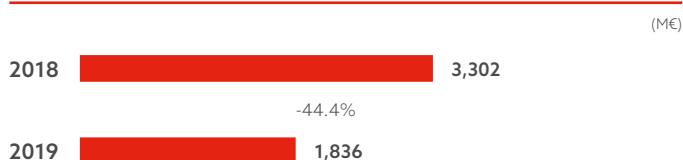
Key activity indicators

In 2019, Fidelidade saw a decrease in premiums in the Life segment, reflecting, on one hand, market conditions for financial products and the climate of low interest rates, and, on the other, the fact that in 2018 Fidelidade recorded particularly high premiums, enabling it to achieve a market share of almost 40%.

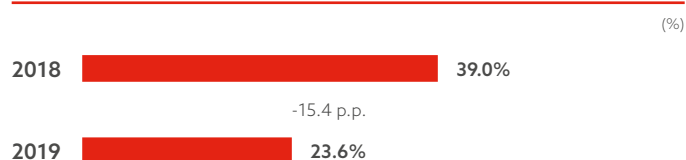
Overall, Fidelidade attained premiums of EUR 1,836 million, a decrease of 44.4% compared to 2018, as a result of the business in Portugal, also reflecting the general decrease in the market.

Despite the fall in premiums, Fidelidade is the clear leader in the Portuguese market, with a market of share of 23.6%.

Premiums Written – Life



Life Market Share in Portugal



Evolution of the Life segment by line of business

The Life segment is composed of Life Risk and Annuities products and Life Financial products, with the latter being responsible for the great majority of premiums, representing over 90% of the total.

In 2019, growth in the Life Financial segment was undoubtedly the main catalyst for overall growth in the Life segment.

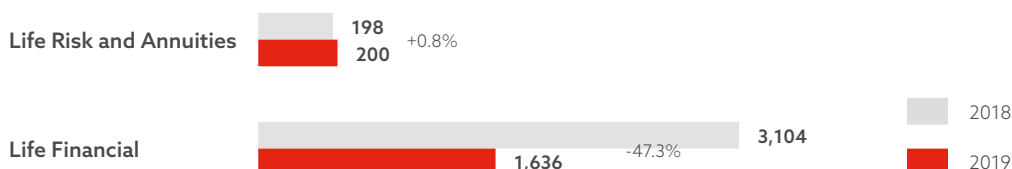
In an environment dominated by low interest rates and a low rate of savings by families, Fidelidade's performance was in line with the general trend in the market, with a decline of 47.3% in this segment. However, 2019 was marked by the process of adapting the product mix to current market needs, with the launch of "Flexi-Mais" and Fidelidade Savings.

On the other hand, of note this year is the positive performance in Life Risk and Annuities products, which grew 0.8% compared to 2018 to a total of EUR 200 million. The evolution in this segment reflects the success of "Proteção Vital 65+", a new product launched in 2019 that added to the product range in this line of business.

Risk products are traditionally life insurance products associated with bank loans and mortgages, and these have therefore benefited from the visible upturn in the Portuguese economy that has enabled recovery of the real estate market and greater flexibility of the banks when granting credit.

Life Segment Premiums (Direct Insurance and Reinsurance accepted) – Fidelidade

(million euros)



Evolution of the Life segment by distribution channel

The banking and postal channels continue to be the most significant for Life segment products. Together, they represented around 85% of Life premiums. Compared to the previous year, these channels recorded a decrease of around 50%, following the general trend of falling premiums in the Life segment.

Focus on the bancassurance distribution model allowed the banking channel operation to continue to be a reference for Life products, offering products most suited to market needs.

On the other hand, there was consolidated growth in the traditional channels of around 38% compared to the previous year, to a total of EUR 183 million.

Life Segment

(million euros)

Distribution Channel	2019	2018	Change
Traditional	247	378	-34.5%
Bank and Postal	1,406	2,792	-49.6%
Fidelidade in Portugal	1,653	3,169	-47.8%
International	183	132	38.2%
Fidelidade	1,836	3,302	-44.4%
Portuguese Market	6,992	8,123	-13.9%

ii. Non-Life Segment

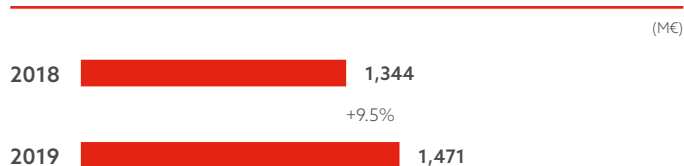
Key activity indicators

In 2019, Fidelidade's performance was notable in the Non-Life segment, with growth of 9.5% compared to the previous year, totalling EUR 1,471 million in premiums written.

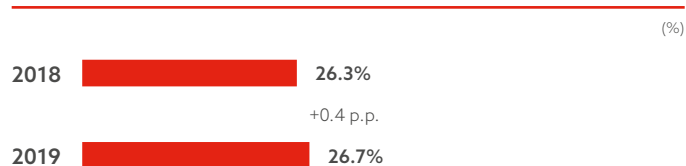
Fidelidade's commercial performance in Portugal exceeded the positive trend of the market in general, with the company recording growth above the market average. These results enabled Fidelidade to strengthen its leadership position, increasing its market share to 26.7%, which represents a 0.4 pp increase over 2018.

Contributing to Fidelidade's positive performance in the Non-Life segment was the enhancement of the range of products and services, with a strong emphasis on differentiation and innovation, and the creation of integrated solutions supported by the high level of vertical integration within Fidelidade, responding to market expectations.

Premiums Written – Non-Life



Non-Life Market Share in Portugal



Evolution of the Non-Life segment by line of business

The Non-Life segment comprises a wide range of lines of business, although the four main lines – Workers' Compensation, Health, Motor and Fire and Other Damage – represent approximately 90% of the total premiums written.

Most of the Non-Life lines of business displayed positive performance throughout 2019, but particularly significant was the performance of Workers' Compensation, which grew by 10%.

With total premiums of EUR 237 million, Workers' Compensation displayed double-digit growth for the fifth year in a row, reflecting a buoyant economy and tariff adjustments aimed at rebalancing the technical results and also Fidelidade's competitive position regarding capacity to respond, service levels, product quality and reputation.

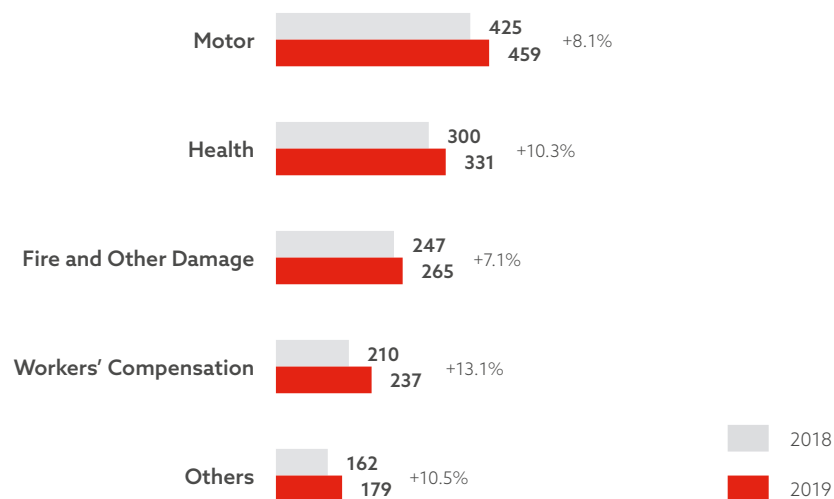
The Motor line of business continues to be, clearly, the most significant activity in the Non-Life segment, representing around 30% of the segment total. Performance in this highly competitive line of business was particularly positive, with Fidelidade's premiums written growing 8.1%. This positive development is explained both by the improved structure of vehicle ownership, based on the increase in vehicle numbers and their improved quality, and by Fidelidade's capacity to launch new products and value propositions for its clients.

Restructuring of the "Fidelidade Automóvel" product, which is now more adjusted to different client profiles, the launch of the new product "Fidelidade Automóvel Clássicos", aimed at a more specific client segment, and the creation of the application for telematics-based insurance products (Smart Drive), in partnership with Brisa, explain the positive performance of this line of business.

Health premiums also continued to rise, consolidating the position of this line of business as the second most important in the Non-Life segment. Contributing to this growth was Fidelidade's capacity to capitalise on the product and service innovations introduced in recent years, for example, the launch of Multicare 60+, an innovative health insurance designed specifically for the over-60s, and the "Orientação Médica Online" service, which was enhanced in 2019, expanding the existing areas and including other specialities, such as Dermatology.

Non-Life Premiums (Direct Insurance and Reinsurance Accepted) - Fidelidade

(million euros)



Evolution of the Non-Life segment by distribution channel

All of Fidelidade's distribution channels in Portugal performed positively, and Non-Life product sales in 2019 were higher than those in previous year.

The traditional channels (agents, own stores and brokers) continued to present the greatest share of product sales in the segment, representing around 88% of the total sales. Although the digitalisation process ensures proximity and immediate feedback from clients, Fidelidade has always continued to place emphasis on improving the skills of its partners in the traditional channel, which explains this considerable growth compared to the previous year (9.5%).

Similarly, the banking and postal channels performed positively and, as in the Life Risk segment, this was influenced by the positive effects from the granting of mortgages, in particular on Home insurance. At the same time, a range of initiatives have been implemented to boost sales of products not linked to credit, in an effort to take greater advantage of the sales potential of these outlets, with significant results, particularly in the Health line of business.

Non-Life Segment

(million euros)

Distribution Channel	2019	2018	Change
Traditional	1,283	1,171	9.5%
Bank and Postal	119	109	9.0%
Fidelidade in Portugal	1,402	1,281	9.5%
International	69	63	9.4%
Fidelidade	1,471	1,344	9.5%
Portuguese Market	5,209	4,825	8.0%

iii. International Activity

Fidelidade operates internationally through branches in Spain, France, Luxembourg, Macao and Mozambique.

In 2019, the total direct insurance premiums of the Fidelidade branches reached EUR 251.7 million, up 29.3% compared to the previous year. This evolution reflects growth across most of the branches, but the Macao branch did particularly well, recording growth in Life premiums of around 129%, an increase of EUR 48.4 million compared to the previous year, continuing to benefit from the highly positive performance in Life Financial sales.

In addition, there was significant growth in Non-Life premiums at the Mozambique branch (up around 37% to EUR 8.7 million).

International Activity - Direct Insurance Premiums

(million euros)

	2019		2018	
	Value (M€)	Change (%)	Value (M€)	Change (%)
SPAIN				
Life (Insurance and Investment Contracts)	70.1	-1.8%	71.4	49.9%
Non-Life	12.9	5.6%	12.3	-22.1%
Total	83.1	-0.7%	83.6	32.0%
FRANCE				
Life (Insurance and Investment Contracts)	26.2	16.5%	22.4	-15.2%
Non-Life	47.2	7.1%	44.1	12.7%
Total	73.4	10.3%	66.6	1.5%
LUXEMBOURG				
Life (Insurance and Investment Contracts)	0.3	102.3%	0.1	-13.8%
Non-Life				
Total	0.3	102.3%	0.1	-13.8%
MACAO				
Life (Insurance and Investment Contracts)	86.1	128.6%	37.7	390.7%
Non-Life				
Total	86.1	128.6%	37.7	390.7%
MOZAMBIQUE				
Life (Insurance and Investment Contracts)	0.2	-37.6%	0.3	56.1%
Non-Life	8.7	37.0%	6.4	128.5%
Total	8.9	34.1%	6.6	124.4%
INTERNATIONAL ACTIVITY - TOTAL				
Life (Insurance and Investment Contracts)	182.8	38.6%	131.9	60.7%
Non-Life	68.9	9.8%	62.7	8.8%
Total	251.7	29.3%	194.6	39.3%

During 2019, a consolidated effort was made to review Fidelidade's international governance model. Emphasis was placed on developing an agile corporate platform which can take advantage of existing knowledge and experience within Fidelidade, by means of a corporate model focused on supporting international operations. This model naturally involves both technical and functional areas, and ensures greater proximity, but above all greater alignment between the activity in the branches and the strategy defined by Fidelidade.

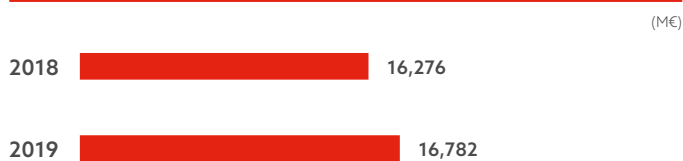
E. OPERATIONAL AND FINANCIAL PERFORMANCE

Key indicators of the operational and financial performance

In 2019, Fidelidade reported a net profit of EUR 144 million, which represented a decrease of 48% when compared to 2018, influenced by a fall in investment income. This was directly related with the evolution of capital gains made on investments, since, in 2018, a real estate portfolio restructuring programme was completed, leading to the sale of a number of investment properties.

The combined ratio was 96.7% in 2019, 2.1 pp lower than in the previous year, influenced by positive development of the claims ratio, reflecting cautious claims management together with a strict underwriting policy.

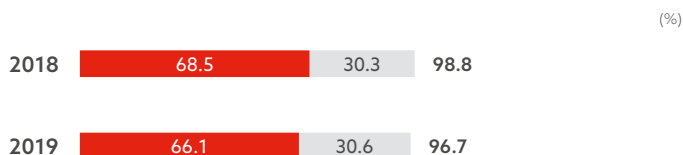
Net Assets



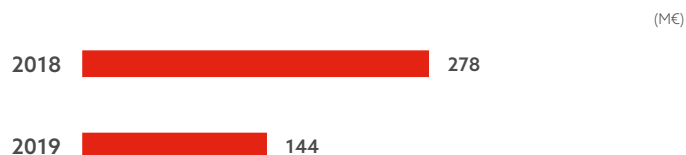
Shareholders' Equity



Detailed Combined Ratio *



Net Profits



Expense Ratio
 Loss Ratio

* Adjusted ratio of the financial cost component associated with Workers' Compensation line of business

i. Operational Performance

Operational performance improved substantially in 2019, with the combined ratio falling from 98.8% in 2018 to 96.7% in 2019, a decrease of 2.1 pp.

The claims ratio improved by 2.4 pp, from 68.5% in 2018 to 66.1% in 2019, benefiting from the positive development in the yield of some lines of business that had traditionally made a loss, namely Workers' Compensation, largely as a result of tariff adjustments and improvements to the underwriting policy and claims management.

The expense ratio increased slightly (0.3 pp), from 30.3% to 30.6%, in 2019, reflecting increased acquisition costs.

ii. Financial Performance

In its definition and application, Fidelidade's investment policy reflects the challenges currently facing the insurance business:

- The prolonged environment of low interest rates, which means assets must be sought which have a higher return than traditional fixed rate investments, although also ensuring that an appropriate level of risk is maintained;
- The need to optimise the capital structure, in line with the framework of the Solvency II regulations.

In 2019, the policy of diversifying by class of asset and geographical location was continued, as a means of maximising yields with an appropriate level of risk, in an environment of low interest rates.

F. OTHERS

Pursuant to Article 66 B (7) of the Code of Commercial Companies ("CSC") Fidelidade is exempt from presenting the non-financial statement provided for in Article 66 B (1) of the CSC. The non-financial statement will be presented in the consolidated management report of the parent company Longrun, SGPS, S.A.

4. OUTLOOK

A. FIDELIDADE'S FUTURE POSITIONING

Forecasts for the Portuguese economy in 2020 suggest another positive year, with expected growth of 1.7%, which is slightly lower than in 2019. Although the forecasts continue to suggest a significant increase in the Portuguese GFCF (5.4%), a fall in private consumption and further slowing in the growth of exports could condition economic performance in 2020.

However, the growth trend in the Non-Life segment is expected to continue, benefiting from the contribution of some of the more buoyant lines of business, in particular Home, Health and Personal Accidents.

In recent years, Fidelidade has pursued its strategy with generally positive results. It has managed to successfully overcome the challenges of the Portuguese market, despite the difficult environment in which it is working. Fidelidade has been implementing a strategic action plan with a focus on innovation and improved service quality, strengthening of multi-channel distribution, digitalisation of the business and enhancement of the organisation's capabilities, as key pillars. These options and the results that have been achieved today allow the Company to face future challenges with determination and confidence.

For Fidelidade, 2020 should be another year of evolution and transformation, supported by projects that seek to adapt the business to an increasingly digital and global economy. Initiatives to transform the business, which are critical for consolidating its position in Portugal, international expansion and strengthening of the capital position, should remain key areas of action.

Fidelidade is also reaffirming its aim of positioning itself more as a partner for its clients in the provision of protection and assistance services that are an intrinsic part of the insurance business, but it intends to place emphasis on new services in a wider approach to the creation of a more global offer.

Accordingly, it has been increasing its emphasis on the concept of an ecosystem based on the development of partnerships with key entities in other business areas and with skills which are complementary to the insurance business, to create broader and more competitive value propositions for its clients in areas such as Mobility, Health or Assistance. In all these cases, new digital capabilities will enable the development of an offer that can respond to the changes already visible in client profiles, and which will certainly intensify in the coming years. However, the focus will always remain on clients and their needs, maintaining proximity to people, which sometimes is only possible through physical channels involving human contact.

Additionally, international expansion will continue to be a priority, given that Fidelidade aims to position itself as a leading player in the international markets where it operates and to build a clear growth path outside the domestic market. Hence, in 2020, it will continue to analyse opportunities to enter new and attractive markets where it can gain competitive advantage.

Based on the support of its shareholders, its strong operational capabilities and the motivation of its team, Fidelidade is confident of success.

5.

**FIDELIDADE
BRANCHES**

Below we present a summary of the activity of the Fidelidade branches, including key events in 2019 and next steps.

SPAIN

Fidelidade took its first step towards internationalisation in 1995, when it opened the Spain Branch. Over this period of twenty or so years the branch has served not only the Portuguese community but also Spanish clients, with its products in the Life and Non-Life segments sold across various channels, and always with particular emphasis on the bank channel.

In 2019, Fidelidade Espanha continued the strategy defined in recent years, in particular:

- Significant improvement in the management and technical performance of several Non-Life lines of business;
- Restructuring of processes and legal documentation to respond to new European legal requirements regarding distribution, and;
- Definition of the future commercial strategy to create new business partnerships.

The major focus for the future will be in the commercial area, both looking for new commercial partnerships and capitalising on opportunities created by Fidelidade's expansion into Latin America. Serving the Chinese community and the bilateral business with Portugal will also continue to be part of the Branch's DNA.

Total Premiums = 83.1 M€
Number of Employees = 65

FRANCE

Fidelidade's branch in France has been open since 1997. Since it began its activity, it has been one of the operations with the greatest weight in Fidelidade's international turnover, and has a diversified range of products in the Life and Non-Life segments and a solid distribution network through bancassurance and brokers.

2019 was a year of transformation, with the following highlights:

- Relocation of the branch offices to La Defense, the most important business centre in Paris and in France;
- Restructuring of the organisation and definition of the new strategy and medium to long-term vision;
- Revision of the distribution model through the bank channel;
- Revision of the product range, introducing innovation of operating types.

In the future, the vision outlined will continue to be implemented, on one hand, by leveraging the main commercial routes, through sustainable and selective management of current broker partners and, on the other, by increasing the solidity of the technological platform and consequently improving operating efficiency.

Total Premiums = 73.4 M€

Number of Employees = 59

MACAO – LIFE BRANCH

Fidelidade has been carrying on the insurance business in the Macao Special Administrative Region of the People's Republic of China since 1999, operating in two market segments, Life and Pension Fund management. The branch's commercial strategy is mainly related to the partnership with Banco Nacional Ultramarino (BNU), a financial institution with 115 years of activity in Macao.

For the Macao branch, 2019 was a historic year for 4 main reasons:

- Celebration of 20 years, marked by an institutional event with several partners joining the company;
- Historic growth in turnover in the Life Financial line of business;
- Creation of life products, focused on savings, with highly competitive conditions and yields, and;
- Excellent financial performance, enabling positive investment results to be obtained.

In 2020, with the aim of becoming one of the preferred insurance companies in Macao, the Life branch will continue to serve the Macanese community during the different stages of their lives, continually developing innovative financial products and always offering a diversified range of products. The Company will also explore opportunities to grow the business, following Macao's inclusion in the Greater Bay Area (Guandong-Hong Kong-Macao).

Total Premiums = 86.1 M€
Number of Employees = 15

MOZAMBIQUE

Fidelidade's Life and Non-Life branches in Mozambique began their commercial activity in 2015. Fidelidade is recognised in the market for its innovation and the quality of its service, these being two of the main goals defined for the company when it entered the Mozambique market.

In 2019, the branch consolidated its operations and continued to grow in the market. The following items can be highlighted:

- Increased awareness of the Fidelidade brand, which is now among the insurance brands most recognised by consumers;
- Confirmation of Health Insurance as the Branch's most important product, representing 58% of its portfolio;
- Opening of the first Client Desk at the main private hospital in Maputo – Hospital Privado de Maputo. This solution is a new option in Mozambique and enhances Fidelidade's position as one of the leading Health Insurance brands;
- Strengthening of commercial partnerships in Bancassurance, with agreements signed with First Capital Bank and Standard Bank Corretores;
- Focus on training of commercial teams, particularly regarding the Remote channel;
- Strong presence on Social Networks, with this now being the main channel for publicising products and brand news.

In 2020, efforts will continue to consolidate the business, increase the portfolio, optimise processes and increase recognition and awareness of the Fidelidade brand, with the ultimate goal of guaranteeing the operation's medium-to-long-term sustainability.

Total Premiums = 8.9 M€
Number of Employees = 42

LUXEMBOURG

In 2019, the total premiums of the Luxembourg branch reached EUR 0.3 million, arising from the Life segment, and in particular from financial products.

Fidelidade has maintained its presence in Luxembourg, which is home to a significant community of Portuguese descendants.

Total Premiums = 0.3 M€
Number of Employees = 2

6.

COMPANY

ORGANISATION

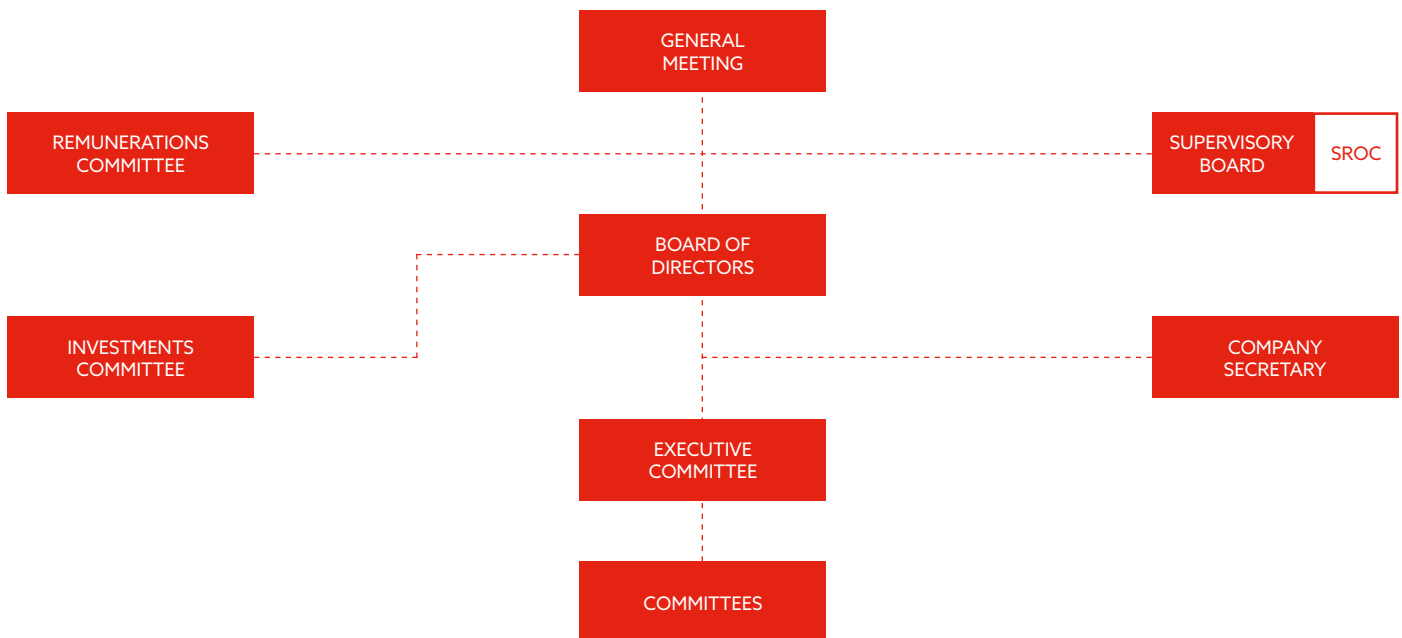
AND GOVERNANCE

This chapter provides a brief summary of the Company’s governance, which is addressed in more detail in the Corporate Governance Report.

i. Summary

CORPORATE BODIES AND COMMITTEES

The following table represents Fidelidade’s Corporate Governance structure, encompassing the General Meeting, Management Bodies and Supervisory Bodies:



The General Meeting is the body through which the shareholders express their vision for the company, by means of its resolutions. It also has exclusive competence to appoint the Board of Directors.

The Board of Directors, as a governing body of the Company, has the broadest of powers to manage and represent the company, and has delegated the day-to-day management of the company to the Executive Committee, pursuant to the law.

Accordingly, the Executive Committee is responsible for taking all decisions relating to the company’s day-to-day business, except for those decisions which remain the exclusive competence of the Board of Directors. Among the Executive Committee’s responsibilities are decisions relating to all insurance and reinsurance operations, representation of the company and human resources management.

The Investment Committee, the members of which are also appointed by the Board of Directors, is responsible for supervising all of Fidelidade’s investment decisions, and defining the investment guidelines and the decisions which require its prior approval. Company supervision is the responsibility of the Supervisory Board and the Statutory Auditors, with the powers set out in law.

ii. Executive Committee

**JORGE MAGALHÃES
 CORREIA**
 (Chairman of the Executive
 Committee)

- Jorge Magalhães Correia holds a degree in Law from Universidade de Lisboa, where he also taught Law for 9 years
- He worked at the Ministry of Finance, as part of the management team of the General Inspectorate for Finance and was later a member of the team which founded the CMVM (the Portuguese Securities Market Commission)
- He has extensive experience in the insurance sector: he joined Fidelidade in 1994 and has held executive positions on the Boards of the different group companies since 1998
- He currently holds the positions of Chairman of the Board of Directors and Chairman of the Executive Committee.
- He is also Vice-Chairman of APS (the Portuguese Insurers Association) and a member of the Geneva Association

**ROGÉRIO CAMPOS
 HENRIQUES**
 (IT and Operational
 Support)

- Rogério Henriques holds a degree in Economics from Universidade Católica Portuguesa and has an MBA from INSEAD
- Before joining Fidelidade in 2008, he was Chief Marketing Officer at PT Investimentos Internacionais and Africatel Holdings BV, Head of Business Development Director at PT SGPS and Senior Manager at the Boston Consulting Group
- Prior to his appointment as a member of the Executive Committee, he was Head of IT at Fidelidade Mundial/Império Bonança and a member of the Executive Committee of Multicare between 2008 and 2012. He is currently responsible for IT, People, Planning, Procurement and other support areas
- He is also Chairman of the Segurnet Technical Committee at APS

**JOSÉ ALVAREZ
 QUINTERO**
 (Underwriting, Marketing
 and Operations)

- José Alvarez Quintero holds a degree in Economics from Universidade de Santiago de Compostela
- He has over 30 years of experience in the insurance sector. Before joining Fidelidade in 1996, he held positions in key companies in the insurance sector, such as Catalana Occidente, Companhia Vitalício Seguros and Seguros Universal Asistencia
- He is currently responsible for marketing and for all of the Company's technical areas
- He is also Chairman of the Motor and Accidents Technical Committee at APS

**ANTÓNIO DE
 SOUSA NORONHA**
 (Commercial Areas)

- António Noronha holds a degree in Business Organisation and Management from Universidade Livre de Lisboa and has a postgraduate qualification in Management from Universidade Nova de Lisboa
- He has over 20 years of experience in the insurance sector. Before joining the Executive Committee, he was Head of the Branch Networks at Mundial Confiança and later of the Branch Networks at Fidelidade Mundial
- Before joining Fidelidade, he held positions at companies such as Chase Manhattan Bank and PWC. He was a Board Member of the Grupo Totta/Valores Ibéricos Investment Fund and of the TottaPensões
- He is currently responsible for all of Fidelidade's commercial areas

WILLIAM MAK
(Financial Areas and
Risk Management)

- William Mak holds a Masters in Professional Accounting from the Hong Kong Polytechnic University and is a Public Accountant certified by the Hong Kong Institute of Certified Public Accountants
- He has over 25 years of experience in finance, treasury, IT and operations in the banking and insurance sectors
- Before joining Fidelidade he held the position of IT Director at Sun Life Financial Ltd., Hong Kong, from 2001 to 2003, and was a consultant at New York Life International LLC, from 2003 and 2005, where he was responsible for project management in finance, reinsurance and actuarial. Between 2005 and 2014, he held the position of Director of Finance at Ping An Insurance (Group) Company of China, Ltd. and at Ping An Life Company Ltd.
- He joined Fidelidade in 2014 to take up the position of CFO and member of the Executive Committee. He is currently responsible for accounting and financial reporting, risk management and real estate investments

ANDRÉ SIMÕES CARDOSO
(International, Planning
and Business
Development Areas)

- André Cardoso holds a degree in Industrial Engineering from Instituto Superior Técnico and has an MBA from INSEAD.
- Before joining Fidelidade in 2014, he was Project Leader at the Boston Consulting Group
- Prior to his appointment as a member of the Executive Committee in 2017, he was Head of Business Development at Fidelidade
- He is currently responsible for Fidelidade's International and Planning and Business Development areas.

iii. Remuneration Policy

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

The members of the Remunerations Committee are persons who, due to their professional experience and curriculum vitae, have the appropriate knowledge and profile regarding the subject matter of the Remuneration Policy, which is based on the following principles:

- The remuneration of the members of the management and supervisory bodies is established by the Remunerations Committee applying the Remuneration Policy with reference to the applicable laws and regulations;
- To ensure alignment with the interests of the company and of shareholders, the remuneration of the executive members of the management body is composed of a fixed component and a variable component;
- The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity;
- The variable component is determined according to performance, assessed on the basis of a series of defined financial, operational, risk and strategic objectives, and is granted on an individual and annual basis;
- The members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable;
- The members of the Supervisory Board only received fixed remuneration;
- There are no share allocation or stock option plans for members of the Company's management and supervisory bodies.

7.

RISK MANAGEMENT

A. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The new solvency rules (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet these requirements.

The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of the Company's daily activities, enabling the Company to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are attained.

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

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

To ensure compliance with these policies, processes and procedures, the Company has established a series of key functions, which are allocated to the following bodies: the Risk Management Division (actuarial and risk management functions), the Audit Division and the Compliance Division.

Alongside the areas with key functions, risk management and internal control systems are also the responsibility of the following committees: Risk Committee, Underwriting Policy Acceptance and Supervision Committee, Life and Non-Life Products Committees and Assets-Liabilities Management Committee.

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

Regarding the reporting requirements, the Company prepared and disseminated, on its Internet site, the "Solvency and Financial Condition Report", with reference to 31/12/2018, which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management.

The reported solvency capital requirement (SCR) coverage ratio and the minimum capital requirement (MCR) coverage ratio were 166.84% and 589.82%, respectively, representing a considerable increase when compared to the figures for 31/12/2017.

Given the time lag between the disclosure of these financial statements and the prudential information in the "Solvency and Financial Condition Report" for the year 2019, it is important to mention that the Company, based on preliminary quarterly data reported to the ASF and on information currently available, continues to comply comfortably with the capital requirements.

B. MANAGEMENT OF FINANCIAL RISKS AND HEDGE ACCOUNTING

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

The derivative financial instruments are recognised at their fair value at the contract date. They are also recognised in off-balance sheet accounts at their notional value. Subsequently, derivatives are measured at their fair value, which is calculated on the basis of quotes obtained in active markets or using models that incorporate valuation techniques accepted in the market.

These derivatives are used to hedge Fidelidade's exposure to the currency fluctuation risk inherent in its activity.

For all operations concerning hedge derivatives, Fidelidade prepares formal documentation, in the terms defined by IAS39.

Assessments of hedge effectiveness are periodically performed and documented by comparing the changes in the fair value of the hedging instrument and that of the hedged item (part attributable to the hedged risk). In order to enable the use of hedge accounting, this ratio must fall within a range of 80% to 125%. Prospective effectiveness assessments are also performed, in order to estimate the future effectiveness of the hedge.

Positive and negative revaluations of hedge derivatives are recognised in specific asset and liability headings and valuations of hedged items are recognised in the balance sheet headings where those financial instruments are recognised.

Fidelidade began using hedge accounting in 2015.

8.

SOCIAL

RESPONSIBILITY

Fidelidade's priority areas in terms of corporate social responsibility are ageing, health prevention and inclusion of persons with disabilities. Insurers have always been sensitive to these areas and Fidelidade has always earmarked a significant amount of its budget to support social causes, among many others.

Together with its employees, Fidelidade has developed a policy of community involvement focused on areas related to the concerns of the business – prevention and promotion of people's health and quality of life – and it has assumed as an absolute priority the commitment to carry on its business responsibly by providing better service to clients and injured persons, partners and suppliers.

Within the framework of its sustainability and business strategy, Fidelidade has maintained and expanded the "Fidelidade Comunidade" Programme, which structures and shapes its activities and responses to the problems of society and the planet and through which it establishes a transparent and efficient *modus operandi*, with criteria for assessing and accompanying projects on the ground, and creating important synergies and partnerships.

Fidelidade's priority areas in terms of corporate social responsibility continue to be based on strengthening the social sector, in the areas of ageing, health prevention and inclusion of persons with disabilities or incapacities, by gaining greater understanding of these issues in the interests of developing the respective communities and with regard to the respective impacts on the strategy and prosperity of the business.

The issue of ageing relates to the current and future development of socio-demographic features of the Portuguese population and society and has direct consequences on the search for new forms of health prevention, alongside the appearance of new diseases and disorders identified for the 21st century. The inclusion of people with disabilities or incapacities enhances the development of local communities, by (re)creating better and more appropriate long-term care and through maximum (re) capacitating of these citizens for active living, whenever possible, thereby contributing to reducing social inequality. Overall, these are the issues that give shape to the "Fidelidade Comunidade" Award, as part of the mission of consolidating and promoting the third sector, in the form of giving financial support to institutions that act in these areas.

In parallel, within the framework of EU Directive 2014/95/EU as regards disclosure of non-financial and diversity information, Fidelidade includes relevant concerns on environmental and social issues, respect for human rights, combating corruption, and supply chains and outsourcing.

Environmental issues identify the main impacts of the Company's activities on the environment and, consequently, on the health and safety of stakeholders. Social issues point out good practice to ensure gender equality, working conditions, social dialogue, preventing human rights violations, and indicate management and action tools to combat corruption and attempts at bribery, by means of a strict compliance exercise.

Within these areas, the Company has a vast internal programme in practice to provide support for employee development, in general, and help for those most in need, in particular regarding legal, financial, medical, social and family matters. This programme, which we call "NOS – Social Support", has managed to create and enable appropriate responses to resolve complicated situations, contributing to staff's well-being.

The ultimate goal of all these concerns is to define, prevent and mitigate real and potential hostile effects resulting from Fidelidade's activity in the communities where it operates at national level, working towards an increasingly fairer and more global vision of policies, results and own risks. The desired result is to conduct ever more responsible business that is beneficial for all those that are part of its value chain.

In 2019, Fidelidade continued to support areas that are of special importance within the scope of its activities and that prioritise the protection of people, property, the environment and economic activity, now and in the future. This performance is reported annually in the Sustainability Report, which is certified by an external entity.

9.

**PROPOSAL FOR
THE APPLICATION
OF INCOME**

The individual net income for the 2019 financial year totalled € 144,406,401.39.

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

Legal Reserve	€ 14,440,640.14
Remaining amount at the disposal of the General Meeting	€ 129,965,761.25
	€ 144,406,401.39

10.

FINAL REMARKS

In concluding this report, the Board of Directors would like to express its thanks to all those who have contributed to the development and continued robustness of the company, and in particular:

- The supervisory authorities, in particular the Insurance and Pension Funds Supervisory Authority, for their special supervision of the sector and timely intervention;
- The Portuguese Insurance Association, for its efforts in representing insurers in common fields of interest;
- The Presiding Board of the General Meeting, the Supervisory Board and the Statutory Auditors, for their interest, availability and constant commitment to accompanying and checking the activity;
- The insurance distribution networks and the reinsurers, for the motivation, team spirit, openness and commitment they demonstrate in developing our business;
- The employees of Fidelidade, who, with their professionalism, dedication and skill, made it possible to achieve the results seen and to continually enhance the value of the respective companies;
- The clients for their preference and for the constant stimulus to improve service quality.

Lisbon, 31 January 2020

THE BOARD OF DIRECTORS

Jorge Manuel Baptista Magalhães Correia
José Manuel Alvarez Quintero
Lingjiang XU
José João Guilherme
Francisco Ravara Cary
João Eduardo de Noronha Gamito de Faria
António Manuel Marques de Sousa Noronha
Rogério Miguel Antunes Campos Henriques
Wai Lam William MAK
André Simões Cardoso
Tao LI
Yu PEI
Feifei ZHANG

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

ASSETS	Notes	2019			2018
		Gross amount	Impairment, depreciation / amortisation and adjustments	Net amount	
Cash and cash equivalents	3 and 11	423,229,394	-	423,229,394	661,741,958
Investments in subsidiaries, associates and joint ventures	4 and 11	2,422,644,063	-	2,422,644,063	1,778,402,252
Financial assets held for trading	5 and 11	41,215,195	-	41,215,195	24,406,607
Financial assets initially recognised					
at fair value through profit or loss	5 and 11	584,013,101	-	584,013,101	589,429,181
Hedge derivatives	6 and 11	3,403,359	-	3,403,359	4,122,951
Available-for-sale investments	7 and 11	10,137,602,152	-	10,137,602,152	10,108,576,225
Loans and accounts receivable	8 and 11	1,194,739,410	-	1,194,739,410	1,967,616,270
Deposits in ceding companies	8	514,538	-	514,538	884,593
Other deposits	8	1,191,015,502	-	1,191,015,502	1,934,867,931
Loans made	8	3,209,370	-	3,209,370	31,863,746
Held-to-maturity investments	9	1,074,167,759	-	1,074,167,759	-
Properties	10 and 11	167,064,785	(27,638,970)	139,425,816	162,716,170
Properties for own use	10	101,408,336	(27,638,970)	73,769,367	84,205,306
Investment properties	10	65,656,449	-	65,656,449	78,510,864
Other tangible assets	11 and 12	85,841,050	(65,031,391)	20,809,658	13,160,446
Inventories	12	143,081	-	143,081	144,124
Other intangible assets	13	75,677,049	(51,814,030)	23,863,019	18,086,126
Technical provisions on reinsurance ceded					
Provision for unearned premiums	14	56,859,004	-	56,859,004	52,916,393
Mathematical provision for life insurance	14	15,731,409	-	15,731,409	13,014,309
Claims provision	14	186,065,664	-	186,065,664	223,392,653
Profit sharing provision	14	24,064	-	24,064	-
Assets for post-employment and long-term benefits	32	4,131,028	-	4,131,028	7,111,692
Other debtors for insurance and other operations					
Accounts receivable for direct insurance operations	15	144,023,465	(10,381,603)	133,641,862	146,885,103
Accounts receivable for other reinsurance operations	15	28,980,681	(5,957,729)	23,022,952	25,054,653
Accounts receivable for other operations	15	136,601,444	(7,583,870)	129,017,574	171,133,401
Tax assets					
Recoverable tax assets	16	1,924,299	-	1,924,299	1,674,356
Deferred tax assets	16	164,073,716	-	164,073,716	279,478,498
Accruals and deferrals	17	18,492,953	-	18,492,953	22,199,015
Non-current assets held for sale	18	4,327,134	-	4,327,134	4,352,579
TOTAL ASSETS		16,970,975,259	(168,407,593)	16,802,567,666	16,275,614,962

SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2019	2018
LIABILITIES			
Technical provisions		4,467,742,132	4,105,432,669
Provision for unearned premiums	19	276,335,875	257,892,834
Mathematical provision for life insurance	19	2,275,782,949	1,904,143,381
Claims provision		1,714,280,275	1,750,809,506
Life	19	106,283,577	118,841,538
Workers' compensation	19	896,376,311	862,642,520
Other	19	711,620,387	769,325,448
Provision for profit sharing	19	85,369,984	81,102,423
Provision for interest rate commitments	19	29,171,855	22,683,110
Provision for portfolio stabilisation	19	26,462,475	26,254,032
Equalisation provision	19	29,019,705	27,222,726
Provision for unexpired risks	19	31,319,014	35,324,657
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	20	8,866,884,569	9,276,469,443
Financial liabilities held for trading	6 and 21	101,581,020	30,056,302
Other financial liabilities		166,053,112	130,891,826
Hedge Derivatives	21	2,439,323	112,884
Deposits received from reinsurers	21	126,007,518	130,778,942
Liabilities for post-employment and other long-term benefits	32	85,078	83,422
Other creditors for insurance and other operations		209,314,103	161,914,668
Accounts payable for direct insurance operations	22	77,697,481	70,031,470
Accounts payable for other reinsurance operations	22	75,044,475	52,720,950
Accounts payable for other operations	22	56,572,147	39,162,248
Tax liabilities		152,374,952	133,360,288
Tax payable liabilities	16	32,987,425	32,723,717
Deferred tax liabilities	16	119,387,527	100,636,571
Accruals and deferrals	23	117,928,972	105,672,918
Other provisions	24	114,384,300	98,598,845
Liabilities from a group for disposal classified as held for sale	18	1,081,671	529,650
TOTAL LIABILITIES		14,197,429,909	14,043,010,031

SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 2018

(continuation)

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2019	2018
SHAREHOLDERS' EQUITY			
Paid-in Capital	25	457,380,000	457,380,000
(Treasury shares)	25	(148,960)	(148,960)
Other Capital Instruments	25	378,019,900	378,019,900
Revaluation reserves	26	355,810,072	25,241,623
Adjustments in fair value of financial assets	26	324,760,427	(18,900,608)
Revaluation of properties for own use	26	14,173,584	23,433,180
Exchange differences	26	16,876,061	20,709,051
Deferred tax reserve	26	(72,359,709)	30,267,795
Other reserves	26	1,276,047,035	896,234,376
Retained earnings	26	65,983,018	167,373,758
Net income for the year	26	144,406,401	278,236,439
TOTAL SHAREHOLDERS' EQUITY		2,605,137,757	2,232,604,931
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,802,567,666	16,275,614,962

Lisbon, 27 February 2020

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

SEPARATE INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

INCOME STATEMENT	Notes	2019				2018
		Technical - life	Technical - non-life	Non-technical	Total	
Earned premiums net of reinsurance		699,511,836	934,148,051	-	1,633,659,887	1,295,614,978
Gross premiums written	27	720,017,331	1,471,403,131	-	2,191,420,462	1,801,371,963
Reinsurance ceded premiums	27	(19,894,992)	(521,340,229)	-	(541,235,221)	(490,642,654)
Provision for unearned premiums (change)	19 and 27	11,462	(21,548,523)	-	(21,537,061)	(14,672,977)
Provision for unearned premiums, reinsurers' share (change)	14 and 27	(621,965)	5,633,672	-	5,011,707	(441,354)
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	28	1,215,867	-	-	1,215,867	1,224,954
Claims costs, net of reinsurance		(287,951,850)	(653,505,403)	-	(941,457,253)	(891,200,756)
Amounts paid		(298,330,235)	(639,115,621)	-	(937,445,856)	(897,850,517)
Gross amounts	29 and 30	(304,940,543)	(962,240,886)	-	(1,267,181,429)	(1,235,336,010)
Reinsurers' share	29	6,610,308	323,125,265	-	329,735,573	337,485,493
Claims Provision (change)		10,378,385	(14,389,782)	-	(4,011,397)	6,649,761
Gross amount	29	11,673,585	27,014,061	-	38,687,646	44,774,398
Reinsurers' share	29	(1,295,200)	(41,403,843)	-	(42,699,043)	(38,124,637)
Other technical provisions, net of reinsurance	29	(6,926,053)	2,437,528	-	(4,488,525)	(6,413,008)
Mathematical provision for life insurance, net of reinsurance		(352,544,868)	-	-	(352,544,868)	(120,459,764)
Gross amount	19 and 29	(355,260,516)	-	-	(355,260,516)	(122,357,075)
Reinsurers' share	28	2,715,648	-	-	2,715,648	1,897,311
Profit sharing, net of reinsurance	19 and 29	(9,524,798)	(151,367)	-	(9,676,165)	(16,628,394)
Operating costs and expenses, net		(98,863,791)	(285,817,045)	-	(384,680,836)	(359,118,273)
Acquisition expenses	30	(83,543,059)	(278,128,382)	-	(361,671,441)	(344,961,764)
Deferred cost acquisition (change)	19	610,847	3,093,875	-	3,704,722	5,332,112
Administrative expenses	30	(21,650,984)	(76,788,992)	-	(98,439,976)	(86,815,795)
Commissions and reinsurance profit sharing	30	5,719,405	66,006,454	-	71,725,859	67,327,174
Financial income		239,949,619	59,092,013	9,273,920	308,315,552	382,226,250
From Interest on financial assets not recognised at fair value through profit or loss	33	199,312,167	36,593,675	4,007,431	239,913,273	290,336,422
Other	33	40,637,452	22,498,338	5,266,489	68,402,279	91,889,828
Financial expenses		(10,231,815)	(8,190,018)	(10,886,796)	(29,308,629)	(32,364,250)
Other	30 and 34	(10,231,815)	(8,190,018)	(10,886,796)	(29,308,629)	(32,364,250)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		75,023,309	2,230,255	895,816	78,149,380	311,573,447
Available-for-sale investments	35	112,815,866	2,230,255	895,816	115,941,937	355,430,441
Loans and accounts receivable	35	-	-	-	-	11
Financial liabilities recognised at amortised cost	20 and 35	(37,792,557)	-	-	(37,792,557)	(75,038,389)
Other	35	-	-	-	-	31,181,384
Net income on financial assets and liabilities recognised at fair value through profit or loss		(160,825,136)	(18,738,339)	(15,478,928)	(195,042,403)	(315,653,471)
Net income on financial assets and liabilities held for trading	36	(175,447,491)	(20,825,235)	(30,998,189)	(227,270,915)	(259,827,473)
Net income on financial assets and liabilities initially recognised at fair value through profit or loss	36	23,760,984	8,114,976	15,519,261	47,395,221	(31,097,796)
Other	6 and 36	(9,138,629)	(6,028,080)	-	(15,166,709)	(24,728,202)
Exchange differences	37	100,269,188	7,560,582	5,338,726	113,168,496	180,930,177

SEPARATE INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

(continuation)

(amounts in euros)

INCOME STATEMENT	Notes	2019				2018
		Technical - life	Technical - non-life	Non-technical	Total	
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	38	-	40,792,266	12,994,095	53,786,361	1,624,456
Impairment losses (net of reversals)		(50,267,251)	(24,735,407)	(20,353,205)	(95,355,863)	(164,917,864)
Available-for-sale investments	39	(55,805,702)	(26,117,494)	-	(81,923,196)	(173,036,368)
Loans and accounts receivable at amortised cost	39	-	(4,728)	-	(4,728)	(4,748)
Other	39	5,538,451	1,386,815	(20,353,205)	(13,427,939)	8,123,252
Other technical income/expenses, net of reinsurance	40	525,125	496,579	-	1,021,704	4,866,929
Other income/expenses	41	-	-	(7,435,115)	(7,435,115)	(11,861,355)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	18	-	-	-	-	99,958,658
NET INCOME BEFORE TAX		139,359,382	55,619,695	(25,651,487)	169,327,590	359,402,714
Current income tax - current taxes	16	-	-	6,057,549	6,057,549	(26,467,131)
Current income tax - deferred taxes	16	-	-	(30,978,738)	(30,978,738)	(54,699,144)
NET INCOME FOR THE YEAR		139,359,382	55,619,695	(50,572,676)	144,406,401	278,236,439

Lisbon, 27 February 2020

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2019 AND 2018 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	Paid-in capital and other capital instruments	Revaluation reserves	Deferred tax reserves	Legal reserve
Balance at 31 December 2017	902,531,554	742,793,023	(187,059,036)	143,971,718
Appropriation of net income	-	-	-	25,001,922
Capital increase	76,230,000	-	-	-
Redemption of capital supplementary contributions	(143,510,614)	-	-	-
Net gains through adjustments of fair value				
for available-for-sale investments	-	(711,152,557)	217,836,433	-
Revaluations of properties for own use	-	(714,162)	891,896	-
Disposals of properties for own use	-	(5,684,681)	(1,153,925)	-
Actuarial gains and losses	-	-	(247,573)	-
Net income for the year	-	-	-	-
Balance at 31 December 2018	835,250,940	25,241,623	30,267,795	168,973,640
Appropriation of net income	-	-	-	27,823,644
Net gains through adjustments of fair value				
for available-for-sale investments	-	339,828,045	(103,263,038)	-
Revaluations of properties for own use	-	495,891	(2,612,017)	-
Disposals of properties for own use	-	(9,755,487)	1,496,381	-
Actuarial gains and losses	-	-	1,751,170	-
Net income for the year	-	-	-	-
Balance at 31 December 2019	835,250,940	355,810,072	(72,359,709)	196,797,284

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2019 AND 2018 FINANCIAL YEARS

(continuation)

(amounts in euros)

	Other reserves			Retained earnings	Net income for year	Total
	Share premiums	Merger reserves	Other reserves			
Balance at 31 December 2017	115,103,280	91,335,345	307,814,571	142,693,311	187,789,357	2,446,973,123
Appropriation of net income	-	-	144,945,594	17,841,841	(187,789,357)	-
Capital increase	67,276,000	-	-	-	-	143,506,000
Redemption of capital supplementary contributions	-	-	-	-	-	(143,510,614)
Net gains through adjustments of fair value	-	-	-	-	-	-
for available-for-sale investments	-	-	-	-	-	(493,316,124)
Revaluations of properties for own use	-	-	-	-	-	177,734
Disposals of properties for own use	-	-	-	6,838,606	-	-
Actuarial gains and losses	-	-	785,946	-	-	538,373
Net income for the year	-	-	-	-	278,236,439	278,236,439
Balance at 31 December 2018	182,379,280	91,335,345	453,546,111	167,373,758	278,236,439	2,232,604,931
Appropriation of net income	-	-	360,062,641	(109,649,846)	(278,236,439)	-
Net gains through adjustments of fair value	-	-	-	-	-	-
for available-for-sale investments	-	-	-	-	-	236,565,007
Revaluations of properties for own use	-	-	-	-	-	(2,116,126)
Disposals of properties for own use	-	-	-	8,259,106	-	-
Actuarial gains and losses	-	-	(8,073,626)	-	-	(6,322,456)
Net income for the year	-	-	-	-	144,406,401	144,406,401
Balance at 31 December 2019	182,379,280	91,335,345	805,535,126	65,983,018	144,406,401	2,605,137,757

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2019 AND 2018

Tax no: 500 918 880

(amounts in euros)

	2019	2018
NET INCOME FOR THE YEAR	144,406,401	278,236,439
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments		
Gross amount		
Appreciation	349,562,117	(609,490,820)
Impairment	65,303,631	104,976,243
Disposal	(63,892,264)	(229,957,815)
Life insurance contracts with profit sharing	(7,312,449)	30,336,798
Exchange differences		
Gross amount	(3,832,990)	(6,820,289)
Life insurance contracts with profit sharing	-	(196,674)
Deferred tax	(102,777,312)	215,129,256
Current tax - Life insurance contracts with profit sharing	(485,726)	2,707,177
Items that maybe not be reclassified subsequently to gains and losses		
Change in potential gains on properties for own use		
Gross amount	495,891	(714,162)
Deferred tax	(2,612,017)	891,896
Actuarial deviations		
Post-employment benefits	(5,672,987)	(408,550)
Health benefits	(2,400,639)	1,194,496
Current tax	744,156	79,233
Deferred tax	1,007,014	(326,806)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	228,126,425	(492,600,017)
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	372,532,826	(214,363,578)

SEPARATE STATEMENTS OF CASH FLOWS FOR THE 2019 AND 2018 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	2019	2018
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Operating cash flows prior to changes in assets and liabilities		
Premiums received, net of reinsurance	1,650,185,241	1,310,729,309
Claims paid, net of reinsurance	(844,109,531)	(835,270,271)
Commissions on insurance, investment and services contracts, net	(180,323,786)	(167,635,298)
Profit-sharing payments, net of reinsurance	(19,175,171)	(28,841,564)
Payments to suppliers	(119,396,908)	(117,402,273)
Payments to employees	(143,176,916)	(141,914,251)
Contributions to pension funds	(8,918,342)	(9,662,254)
Others	(20,391,000)	(33,215,534)
	314,693,587	(23,212,136)
(Increases) / decreases in operating assets		
Debtors - direct insurance and reinsurance operations	19,160,895	53,879,964
Debtors - other operations	42,901,253	(141,571,461)
Other assets	(249,943)	9,254,281
	61,812,205	(78,437,216)
(Increases) / decreases in operating liabilities		
Financial liabilities on investment contracts	(439,915,399)	626,473,025
Deposits received from reinsurers	(6,868,349)	(933,692)
Creditors - direct insurance and reinsurance operations	29,989,536	5,795,313
Creditors - other operations	11,020,762	32,195,395
Other liabilities	6,143,231	1,812,333
	(399,630,219)	665,342,374
Net cash from operating activities before tax	(23,124,427)	563,693,022
Payments of income tax	13,087,593	(65,286,824)
	(10,036,834)	498,406,198
CASH FLOWS GENERATED BY INVESTING ACTIVITIES		
Receipts on the sale or redemption of		
Financial assets recognised at fair value through profit or loss	358,834,150	274,691,825
Available-for-sale investments	4,994,122,976	5,087,683,412
Loans and accounts receivable	3,087,906,220	1,757,795,263
Investment properties	71,542,464	20,449,513
Tangible and intangible assets	65,759,236	11,232,030
Non-current assets (or groups for disposal) classified as held for sale	28,643	316,148,853
Net income from financial assets	442,599,135	327,596,016
Other receipts	1,043	1,173,320
	9,020,793,867	7,796,770,232
Payments on the acquisition or origination of		
Financial assets recognised at fair value through profit or loss	(353,418,070)	(349,692,212)
Available-for-sale investments	(4,809,205,181)	(5,116,564,679)
Investments to be held to maturity	(1,074,167,759)	-
Loans and accounts receivable	(2,315,456,567)	(2,522,062,051)
Investment properties	(4,901,688)	-
Tangible and intangible assets	(41,721,091)	(23,076,666)
Others	(2,818,359)	(777,229)
	(8,601,688,715)	(8,012,172,837)

SEPARATE STATEMENTS OF CASH FLOWS FOR THE 2019 AND 2018 FINANCIAL YEARS

(continuation)

(amounts in euros)

	2019	2018
Business combinations		
Disposal of subsidiaries, associates and joint ventures	78,111	367,317,671
Acquisition of subsidiaries, associates and joint ventures	(636,364,132)	(190,380,397)
Net cash from investing activities	(217,180,869)	(38,465,331)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Loans made	-	477,587
Interest received	1,507,734	1,949,143
Capital increase	-	143,506,000
Supplementary contributions	-	(143,510,614)
Lease payments	(12,802,595)	-
Net cash from financing activities	(11,294,861)	2,422,116
Increase (decrease) net of cash and equivalents	(238,512,564)	462,362,983
Cash and equivalents at start of the year	661,741,958	199,378,975
Cash and equivalents at end of the year	423,229,394	661,741,958

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office 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, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or "ASF") by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Company became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A..

The Company's corporate purpose is the performance of insurance and reinsurance activities in all technical lines of business. Traditionally, life insurance, including investment contracts, is the most important in terms of the technical liabilities being managed. Regarding the non-life technical lines of business, those with the greatest expression in volume of premiums are motor, fire and other damage, health and workers' compensation, representing approximately 87.8% and 87.9% of total non-life premiums written during 2019 and 2018, respectively.

In order to perform its activity, Fidelidade has a nationwide branch network, agent centres and client branches. Overseas, the Company operates in Spain, France, Luxembourg, Macao, China and Mozambique.

Fidelidade's financial statements at 31 December 2019 were approved by the Board of Directors on 27 February 2020. On the date of issue of the financial statements, these were pending approval by the General Meeting.

2. ACCOUNTING POLICIES

2.1. Basis of presentation

The financial statements at 31 December 2019 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 3/2018-R, of 29 March, of the Insurance and Pension Funds Supervisory Authority (ASF), and the remaining regulatory standards issued by ASF.

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

In 2019 Fidelidade adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2019. These standards are listed in Note 2.19. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

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

The accounting policies used by the Company in the preparation of its financial statements relating to 31 December 2019 are consistent with those used in the preparation of the financial statements for the years presented. The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, available-for-sale investments and real estate, both for own use and for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

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

2.2. Investments in subsidiaries, associates and joint ventures

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

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

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

These investments are recognised at cost, and are subject to impairment tests. Dividends are recognised as income for the year in which a decision is taken to distribute them.

The recoverable amount of investments in subsidiaries, associates and joint ventures is assessed annually, regardless of the existence of impairment indicators. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries or associates and their book value. The identified impairment losses are recorded in the income statement, and are subsequently reversed, if there is a reduction in the estimated loss, in a subsequent period. The recoverable amount is determined as the assets' value in use or their fair value less selling costs, whichever is higher, and is calculated using valuation methodologies based on techniques of discounted cash-flows, considering market conditions, time value and business risk. When the value of the liabilities of a subsidiary exceeds its assets, besides setting up impairment to cancel the investment, the Company sets up a provision when there is responsibility on the liabilities of that subsidiary, associate or joint venture.

2.3. Conversion of foreign currency balances and transactions

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

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

Exchange rate differences calculated on exchange rate conversion are recognised in the income statement, with the exception of those resulting from non-monetary financial instruments recognised at fair value, such as securities classified as available-for-sale investments, which are recognised in a specific heading of shareholders' equity until they are disposed of.

2.4. Financial instruments

a) Financial assets

Financial assets are recognised at the contract date (trade date) at fair value. In the case of financial assets recognised at fair value through profit or loss, the costs directly attributable to the transaction are recognised in the "Direct investment expenditure" heading and in "Commissions on securities and investments operations". In other situations, these costs are added to the value of the asset. Regarding their initial recognition, these assets are classified in one of the following categories defined in IAS 39:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, essentially corresponding to securities acquired with the objective of making a profit as a result of short-term fluctuations in market prices. This category also includes derivative financial instruments, except those which meet hedge accounting requirements; and

- Financial assets whose initial recognition is irrevocably classified at fair value through profit or loss ("Fair Value Option"). This designation is limited to situations where its adoption leads to the production of more relevant financial information, namely:
 - If its application eliminates or significantly reduces an accounting mismatch which would otherwise occur as a result of inconsistent measuring of related assets and liabilities or recognition of related profits and losses;
 - Groups of financial assets, financial liabilities or both which are managed and the performance of which is assessed based on fair value, in line with formally documented risk management and investment strategies and information is reported to internal management bodies.

It is also possible to classify within this category financial instruments which contain one or more embedded derivative, unless:

- The embedded derivatives do not significantly modify the cash flows which would otherwise be produced by the contract;
- It is evident, with little or no analysis that the embedded derivatives should not be separated out.

Financial assets classified in this category are recognised at fair value, and the profits and losses generated by their subsequent changes in value are recognised as income for the year, in "Net income on financial assets and liabilities recognised at fair value through profit or loss".

ii) Held-to-maturity investments

Securities with fixed or determinable payments and with a defined maturity date, which the Company intends and is capable of holding until maturity, are classified within this category.

These financial assets are recognised at amortised cost less impairment losses. In line with this method, the value of the financial instrument at each balance sheet date corresponds to its initial cost, less capital repayments made and impairment losses and adjusted for amortisation, based on the effective interest rate method, on any difference between the initial cost and the repayment value.

Interest is recognised on the basis of the effective interest rate method, which enables the amortised cost to be calculated and the interest to be split over the period of the operations. The effective interest rate is the rate that, since it discounts the estimated future cash flows associated with the financial instrument, enables the current value of the financial instrument to be matched with its value at the date it is initially recognised.

iii) Loans and accounts receivable

These are financial assets with fixed or determinable payments which are not quoted in an active market. This category includes deposits with ceding companies, loans made, deposits with credit institutions and also amounts receivable for the provision of services or disposal of assets, recognised in "Other debtors for insurance and other operations".

These assets are initially recognised at fair value, less any commissions included in the effective interest rate, plus all incremental costs directly attributable to the transaction. The assets are subsequently recognised in the balance sheet at amortised cost, less impairment losses. Interest is recognised based on the effective interest rate method.

iv) Available-for-sale investments

Available-for-sale investments include:

- Non-derivative financial instruments which the Company intends to hold indefinitely;
- Financial instruments that are designated as available-for-sale upon initial recognition;
- Financial instruments that do not meet the criteria of the other categories.

The following financial instruments so designated on initial recognition or which do not fit within the categories mentioned above:

- Variable-income securities not classified as financial assets at fair value through profit or loss, including stable equity investments;
- Bonds and other debt instruments classified on initial recognition as available-for-sale;
- Units held in investment funds.

Available-for-sale investments are measured at fair value, except for equity instruments not quoted in an active market the fair value of which cannot be reliably measured, which continue to be recognised at cost. Revaluation gains or losses are recognised directly in shareholders' equity, in "Revaluation reserve for adjustments in fair value of financial assets". At the time of sale or if impairment is determined, the cumulative changes in fair value are transferred to the income or expenses for the year, and are recognised in "Net income on financial assets and liabilities not recognised at fair value through profit or loss" or "Impairment losses (net of reversals)", respectively.

Interest on the debt instruments classified in this category is determined on the basis of the effective interest rate method, and is recognised in "Income", in the profit and loss statement.

Dividends on equity instruments classified in this category are recognised in "Income", when the Company's right to receive them is established.

Fair value

As stated above, financial assets in the categories of "Financial assets at fair value through profit or loss" and "Available-for-sale investments" are recognised at fair value.

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

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

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

- Bid prices published by financial information services, namely Bloomberg and Reuters, including market prices available for recent transactions;
- Bid prices obtained from financial institutions which operate as market-makers;

- Internal valuation models, which take into account the market data which would be used to define a price for the financial instrument, reflecting the market interest rates and volatility, and the liquidity and credit risk associated with the instrument.

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

v) Derecognition

These assets are derecognised upon expiration of the contractual rights of the Company to receive their cash flows or when the Company has transferred substantially all the risks and the benefits associated with their ownership.

vi) Transfers between categories of financial assets

The Company follows the rules of IAS 39 and IFRS 7 for reclassifying financial instruments which allow an entity to transfer financial assets at fair value through profit or loss or held for trading to portfolios of available-for-sale investments, loans and accounts receivables or held-to-maturity investments, provided that those financial assets meet the criteria of each category, as follows: (i) if, on the date of reclassification, a financial instrument has the characteristics of a debt instrument for which there is no active market; or (ii) when there is a rare and highly unlikely event which is repeated within a short period, that is, when that event may be considered as a rare circumstance.

Transfers of available-for-sale investments to the loans and accounts receivable and held-to-maturity investments categories are also permitted, in certain circumstances.

The Company has not adopted this possibility to date.

b) Financial liabilities

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

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

i) Financial liabilities at fair value through profit or loss

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

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

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

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

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

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

Embedded derivatives

Derivatives embedded in other financial instruments are separated from the host contract and treated as autonomous derivatives within the scope of IAS 39, whenever:

- The embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, as defined in IAS 39;
- The entire combined financial instrument is not recognised at fair value with the respective changes recognised in the income statement; and
- Their separation is probable and can be reliably measured (evaluating their cost / benefit and materiality).

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

Hedge derivatives

These are derivatives used to hedge the Company's exposure to the risks inherent to its activity, namely hedging of the fair value of foreign currency assets (currency fluctuation risk). Classification as hedging derivatives and use of the hedging accounting rules, as described below, is dependent on the requirements defined in IAS 39 being met.

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

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

Assessments of hedge effectiveness are periodically performed and documented by comparing the change in the fair value of the hedging instrument and of the hedged item (the part attributable to the hedged risk). In order to enable the use of hedge accounting, in line with IAS 39, this ratio must fall within a range of 80% to 125%. Prospective effectiveness assessments are also performed, in order to estimate the future effectiveness of the hedge.

Fair value hedge derivatives are recognised at fair value, and the results are assessed daily and recognised in gains and expenses for the year. If the hedge is shown to be effective, through the determination of an effectiveness of between 80% and 125%, the Company also recognises in the income statement for the year the change in fair value of the hedged item attributable to the hedged risk. If the hedge relationship ceases to be effective, the cumulative change in fair value reflected in the hedged item is recognised in the income statement up until its maturity.

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

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

The Company began using hedge accounting in 2015.

Trading derivatives

These include all derivatives not associated with effective hedging relationships, in line with IAS 39:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IAS 39, due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or due to the effectiveness assessment being outside the range allowed by IAS 39;
- Derivatives used for trading purposes.

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

d) Impairment of financial assets

The Company periodically performs impairment analyses of its financial assets, including assets recognised at amortised cost and available-for-sale investments.

In line with IAS 39, the following events are deemed to constitute indicators of impairment:

- Significant financial difficulties of the issuer or the debtor;
- Breach of contract clauses, such as late payment of capital or interest;
- Restructuring of operations as a result of financial difficulties of the debtor or of the issuer of the debt;
- Probability that the debtor will go bankrupt or encounter financial difficulties;
- Disappearance of an active market for that financial asset as a result of financial difficulties of the issuer;
- Adverse changes in industry conditions.

Financial assets at amortised cost

Evidence of impairment is identified on an individual basis with regard to financial assets where the amount of exposure is significant, and on a collective basis regarding homogeneous assets the outstanding balances of which are not individually significant.

Whenever evidence of impairment is identified in assets analysed individually, the potential impairment loss corresponds to the difference between the present value of the expected future cash flows (recoverable value), discounted at the asset's original effective interest rate, and the value recorded on the balance sheet at the time of analysis.

Assets which are not the object of specific analysis are included in a collective analysis of impairment, and for this purpose are classified in homogeneous groups with similar risk characteristics. Future cash flows are estimated on the basis of historical information regarding defaults and recoveries in assets with similar characteristics.

In addition, assets which are individually assessed and for which no objective evidence of impairment has been found are also collectively assessed for impairment, in the terms set out in the previous paragraph.

Impairment losses calculated collectively incorporate the time effect of estimated discounted cash-flows receivable on each operation, at the balance sheet date.

The amount of impairment calculated is recognised in costs, in "Impairment losses (net of reversals)", and is reflected on the balance sheet as a deduction from the value of the asset to which it relates.

Available-for-sale investments

As stated in Note 2.4. a), available-for-sale investments are recognised at fair value, and changes in the fair value are reflected in shareholders' equity, in "Revaluation reserves for adjustments in fair value of financial assets".

Whenever there is objective evidence of impairment, the accumulated capital losses which have been recognised in reserves are transferred to costs for the year in the form of impairment losses, and are recognised in "Impairment losses (net of reversals)".

Besides the aforementioned evidence of impairment, the following specific evidence is also considered with regard to equity instruments:

- i) Significant changes adversely affecting the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment may not be fully recovered;
- ii) A prolonged or significant fall in market value below cost.

On each of the financial statements' reference dates the Company analyses the existence of impairment losses on available-for-sale investments, considering for the purpose the nature and specific and individual characteristics of the assets being assessed.

Besides the results of this analysis, the events presented below are considered signs of objective evidence of impairment in equity instruments:

- Existence of potential capital losses greater than 50% of the respective acquisition cost;
- Situations where the financial instrument's fair value remains below the respective acquisition cost for a period greater than 12 months.

Another indication of potential impairment is the existence of potential capital losses greater than 30%. Recognition of impairment according to this criterion is judgemental in a case-by-case basis.

Impairment losses on equity instruments cannot be reversed, and therefore any potential capital gains occurring after the recognition of impairment losses are reflected in "Revaluation reserves for adjustments in fair value of financial assets". If additional capital losses are subsequently determined, impairment is always considered to exist, and these are therefore recognised in the income statement.

Impairment losses on debt instruments can be reversed in the results for the year if in a subsequent period the fair value of that asset increases, and that increase is clearly related to an event occurring after the impairment recognition.

The Company also periodically performs impairment analyses of financial assets recognised at cost, namely unquoted equity instruments the fair value of which cannot be reliably measured. In this case, the recoverable value corresponds to the best estimate of the future flows receivable from the asset, discounted at a rate which adequately reflects the risk associated with holding the asset.

The amount of the impairment loss is recognised directly in the income statement. Impairment losses on these assets also cannot be reversed.

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

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

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

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

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

If the amount recognised on the balance sheet is higher than the fair value less costs to sell, impairment losses are recognised in "Impairment losses (net of reversals)".

2.6. Investment properties

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

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

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

2.7. Properties for own use

Properties for own use are recognised at their fair value, determined on the basis of experts' assessments, less depreciation and accumulated impairment losses. Costs of repair, maintenance and other expenses associated with their use are recognised as expenses for the year, except for expenses on items where capitalisation criteria are met, which are recognised separately in "Other tangible assets" and depreciated throughout their useful life.

Properties for own use are valued with the frequency considered appropriate to ensure that their balance sheet value does not differ significantly from their fair value. The Company has set a maximum period of 2 years between evaluations.

Any change in the fair value of these assets is recognised directly in shareholders' equity in "Revaluation reserves for revaluation of properties for own use". Depreciation is calculated using the straight line method, at rates corresponding to the estimated useful life of the properties for own use. Land is not depreciated.

An impairment loss is recognised in "Impairment losses (net of reversals)" in the income statement for the year whenever the net book value of property for own use is greater than its fair value, after reversal of any previously registered revaluation reserves. Impairment losses may be reversed, also with an impact on the income statement for the year, if an increase in the asset's recoverable value subsequently occurs.

2.8. Other tangible assets

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

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

	Years of useful life
Furniture and materials	2 - 12
Machinery and tools	4 - 10
IT equipment	4
Interior installations	8 - 10
Transport material	4
Safety equipment	4 - 10

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

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

2.9. Inventories

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

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

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

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

2.10. Leases

As described in note 2.19.1. Adopted Standards (New or Revised), the Group adopted IFRS 16 – "Leases" on 1 January 2019, replacing IAS 17 – "Leases".

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

Lessee

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

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

After that date, the lessee shall measure the liability:

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

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

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

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

Lessor

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

2.11. Intangible assets

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

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

Amortisation is recognised systematically throughout the estimated useful life of the assets, which normally corresponds to a period of 3 to 6 years.

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

2.12. Income tax

The Company is subject to taxation under the Corporate Income Tax Code (CIT Code) and to Municipal Surcharge, the aggregate rate of which, in 2018 and 2019, is 22.5%. Additionally, there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

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

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

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

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

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

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

The main situations giving rise to temporary differences correspond to i) impairments, ii) provisions temporarily not accepted for fiscal purposes, iii) fair value adjustments on financial available-for-sale investments, and iv) fair value adjustments on land and buildings.

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

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

2.13. Provisions and contingent liabilities

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

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

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

2.14. Employee benefits

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

Defined benefit plan - Liabilities with pensions and healthcare

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

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

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 32). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

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

The cost in the year for retirement and survivors' pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions" (Note 24).

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

Defined contribution plan

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

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

Other long-term benefits

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

Short-term benefits

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

2.15. Insurance and investment contracts

a) Classification of contracts

Transactions associated with insurance and reinsurance contracts issued and with reinsurance contracts held by the Company are recognised in accordance with ASF regulations. Under the transition to the new PCES, the classification principles for contracts established by IFRS 4 - "Insurance Contracts", were incorporated into these regulations, according to which contracts without a significant insurance risk are considered to be investment contracts and recognised in line with IAS 39 requirements.

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

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

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

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

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

b) Recognition of income and costs

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

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

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

c) Provision for unearned premiums and deferred acquisition costs

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

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

d) Claims provision

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

Claims provision for workers' compensation

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

The mathematical provision for workers' compensation relates to:

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

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

	Mandatorily Redeemable	Non - Redeemable
Mortality table	TD 88/90	INE 2010_2012 by gender
Discount rate	5.25%	3.44%
Management costs	2.40%	3%

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

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

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

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

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

This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	3.44%
Rate of inflation	2%
Management costs	2%

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

Claims provision for motor insurance

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

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

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

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

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

Claims provision for other types of insurance

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

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

Analysis of sufficiency of the claims provisions

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

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

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

e) Mathematical provision for life insurance

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

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

f) Profit-sharing provision

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

Provision for profit sharing to be allocated

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

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

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

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

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

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

Provision for allocated profit sharing

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

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

g) Provision for interest rate commitments

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

h) Provision for portfolio stabilising

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

i) Equalisation provision

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

j) Provision for unexpired risks

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

k) Technical provisions for reinsurance ceded

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

l) Liabilities to subscribers of Unit-linked products

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

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

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

m) Liabilities to subscribers of other investment contracts

Liabilities to subscribers of other regulated products, classified as investment contracts under IFRS 4, and which do not include a discretionary profit-sharing component, are valued in accordance with the requirements of IAS 39 and recognised in "Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts".

n) Impairment of debtor balances related with insurance and reinsurance contracts

For each date the financial statements are presented, the Company assesses the existence of evidence of impairment on assets from insurance or reinsurance contracts, namely accounts receivable from insured persons, agents, reinsurers and reinsured, and technical provisions for reinsurance ceded.

If impairment losses are identified, the balance sheet value of the respective assets is reduced in the profit and loss statement for the year, with the cost being recognised in "Impairment losses (net of reversals)".

2.16. Fees

Fees related to financial instruments, such as commissions charged or paid on contracting of operations, are included in the amortised cost and recognised in the statement of gains and losses throughout the operation, by the effective interest rate method.

Fees for services provided are normally recognised as earnings throughout the period of service provision or on a one-off basis if they relate to payment for the performance of single acts.

2.17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include amounts recognised in the balance sheet with a maturity of less than three months from the date of their acquisition, readily convertible to cash and with low risk of a change in value, and cash and deposits with credit institutions which do not have an investment purpose.

2.18. Critical accounting estimates and most relevant judgements in the application of the accounting policies

When applying the accounting principles described above, estimates must be made by the Company's Board of Directors. The estimates with the greatest impact on the financial statements include those presented below.

Determination of impairment losses on financial assets

Impairment losses on financial assets are determined in line with the methodology defined in Note 2.4. d). Accordingly, the determination of impairment takes into account the conclusions of the specific evaluation conducted by Fidelidade on the basis of knowledge regarding the situation of the issuers of the financial instruments in question.

The Company considers that impairment determined on the basis of this methodology adequately reflects the risk associated with its portfolio of financial assets, taking into account the rules defined by IAS 39.

Valuation of financial instruments not traded in active markets

In line with IAS 39, the Company recognises all financial instruments at fair value, with the exception of those recognised at amortised cost. Valuation models and techniques such as those described in Note 2.4. a) are used to value financial instruments not traded in liquid markets. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date. To guarantee adequate separation between functions, such financial instruments are valued by a body that is independent from the trading function.

Employee benefits

As stated in Note 2.14., the Company's liabilities for post-employment and other long term benefits granted to its employees are determined on the basis of actuarial assessments. These assessments incorporate, in particular, financial and actuarial assumptions on mortality, disability, wage and pensions growth, assets returns and discount rates. The assumptions adopted correspond to the best estimate of the Company and its actuaries regarding the future performance of the respective variables.

Determination of liabilities on insurance and reinsurance contracts

The Company's liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.15. These liabilities reflect a quantified estimate of the impact of future events on the Company's accounts, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

Owing to the nature of the insurance activity, determining the claims provisions and other liabilities on insurance and reinsurance contracts is highly subjective and the actual amounts payable in the future may differ significantly from the estimates.

The Company considers, however, that the liabilities on insurance and reinsurance contracts recognised in the financial statements adequately reflect the best estimates at the balance sheet date of the amounts to be disbursed by the Company.

Determination of income tax

The Company determines income tax (both current and deferred) based on the rules defined by the tax framework in force. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised result from the best understanding of the Company's responsible bodies with regard to the correct presentation of its operations, which may, however, be questioned by the Tax Authorities.

Valuation of Properties for Own Use and Investment Properties

As stated in notes 2.6 and 2.7 Properties for Own Use and Investment Properties are valued at each balance sheet date, to ensure that their balance sheet value does not differ significantly from their fair value. The Company has set a maximum period of 2 years between valuations performed by qualified experts.

As stated in note 10, properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value). If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration. The valuation techniques normally used are the market method, the cost method and the income method, as described in note 10.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Company's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

The Company considers that the valuations obtained based on these methods correspond to the best estimate of the fair value of these assets at the balance sheet date.

Impairment of investments in subsidiaries, associates and joint ventures

The Company conducts an annual valuation, with reference to the end of the financial year, of the recoverable value of investments in subsidiaries, associates and joint ventures. Whenever possible, the recoverable value is assessed on the basis of valuation methods based on discounted future cash flow models, considering the strategy for each entity, market conditions and the time value and business risks, for which certain assumptions or judgements are used to establish estimates of fair value. In the remaining cases, the recoverable value is assessed on the basis of the Shareholders' Equity of each company.

Alternative methods and the use of different assumptions and estimates may lead to different valuations of investments in subsidiaries, associates and joint ventures, with an impact on the Company's results.

Provisions and contingent liabilities

As stated in note 2.13, provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed.

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

The decision to recognise provisions and measurement of these takes into account the Company's assessment of the risks and uncertainties associated with the processes in progress and the expectation regarding expenditure of resources, which uses as a reference the best available information at the date the financial statements are closed.

2.19. Adoption of standards (new or revised) issued by the “International Accounting Standards Board” (IASB) and interpretations issued by the “International Financial Reporting Interpretation Committee” (IFRIC), as endorsed by the European Union

2.19.1. Adopted Standards (New or Revised)

During the course of 2019 Fidelidade adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2019. The relevant changes for Fidelidade were as follows:

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 16 - Leases	13-01-2016	2017/1986	01-01-2019
IFRIC 23 - Uncertainty over Income Tax Treatments	07-06-2017	2018/1595	01-01-2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendment)	07-02-2018	2019/402	01-01-2019
IFRS 3 - Business Combinations. Previously held interests in joint operation (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IFRS 11 - Joint Arrangements. Previously held interests in joint operation (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IAS 12 - Income Tax consequences on dividends of equity instruments (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019
IAS 23 - Borrowing Costs eligible for capitalisation (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	2019/412	01-01-2019

IFRS 16 - “Leases” came into force on 1 January 2019, replacing IAS 17 - “Leases”, which was in force until 31 December 2018.

The new standard introduces significant changes in accounting of lease contracts from the perspective of the lessee, which must recognise on its balance sheet a right-to-use asset and a liability for the obligations inherent to those contracts. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-of-use asset.

The Company applied the simplified approach in the transition, not re-expressing comparative information. The Company chose to apply the standard to contracts previously identified as leases in line with IAS 17 and IFRIC 4, and not to apply it to contracts that were not previously identified as containing a lease, applying the earlier standard.

2.19.2. Standards, Interpretations, Amendments and Revisions with Mandatory Application in Future Accounting Periods

The following standards, interpretations, amendments and revisions with mandatory application in future accounting periods, had been endorsed by the European Union up to the date these financial statements were approved:

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 9 - Financial Instruments	24-07-2014	2016/2067	01-01-2022
IFRS 9 - Prepayment Features with Negative Compensation (Amendment)	12-10-2017	2018/498	01-01-2022
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendment)	12-10-2017	2019/239	01-01-2022
IAS 1 - Definition of Material (Amendment)	31-10-2018	2019/2075	01-01-2020
IAS 8 - Definition of Material (Amendment)	31-10-2018	2019/2075	01-01-2020
IFRS 9 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020
IAS 39 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020
IFRS 17 - Interest Rate Benchmark Reform (Amendment)	26-09-2019	2020/34	01-01-2020

In order to ensure consistency in the insurance sector between the application of IFRS 9 – Financial instruments and the new Insurance Contracts standard (IFRS 17), the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allows insurance companies to defer the application of IFRS 9 to periods after 1 January 2022, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Company's liabilities related with the insurance activity account for over 90 per cent of all of its liabilities, and the Company's activity is therefore deemed to be predominantly connected with insurance as defined in the terms of the amendment to IFRS 4. In this context and taking into consideration the information received from ASF, Fidelidade meets the requirements imposed by the said amendment and has chosen to defer the application of IFRS 9 to periods after 1 January 2022.

The Company is developing business models and is assessing the impact of applying IFRS 9.

2.19.3. Standards, Interpretations, Amendments and Revisions Not Yet Endorsed by the European Union

The following standards, interpretations, amendments and revisions, of mandatory application in future accounting periods, had not been endorsed by the European Union up to the date these financial statements were approved:

Standards / Interpretations	Date of issue	Applicable to accounting periods beginning on or after
IFRS 17 - Insurance Contracts	18-05-2017	01-01-2022
IFRS 3 - Business Combinations (Amendment)	22-10-2018	01-01-2020
IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendment)	23-01-2020	01-01-2022

These standards have not been endorsed by the European Union and, as such, have not been applied by the Company for the year ended 31 December 2019.

3. CASH AND CASH EQUIVALENTS

At 31 December 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Cash and cash equivalents		
Headquarters	2,286,486	678,665
Branch offices	75,248	502,795
	2,361,734	1,181,460
Sight deposits		
Domestic currency	302,827,957	576,757,445
Foreign currency	118,039,703	83,803,053
	420,867,660	660,560,498
	423,229,394	661,741,958

4. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Em 31 de dezembro de 2019 e 2018, esta rubrica apresenta a seguinte composição:

(amounts in euros)

	2019			
	Effective share %	Gross amount	Impairment (Note 39)	Balance sheet value
Valued at acquisition cost				
Subsidiaries				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	-	41,000,000
Fidelidade - Property Europe, S.A.	100.00%	1,289,104,925	-	1,289,104,925
Fidelidade - Property International, S.A.	100.00%	323,664,012	(26,664,010)	297,000,002
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(926,362)	13,389,566
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,717,053	-	2,717,053
Luz Saúde, S.A.	50.85%	246,163,101	-	246,163,101
FCM Beteiligungs GmbH	100.00%	14,093,818	(10,564,491)	3,529,327
FID III (HK) LIMITED	100.00%	-	-	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.	55.89%	6,260,184	-	6,260,184
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	100,000	-	100,000
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	449,880	(8,810)	441,070
Fidelidade Angola - Companhia de Seguros, S.A.	69.25%	13,203,495	-	13,203,495
Fidelidade Macau - Companhia de Seguros, S.A.	99.99%	17,889,052	-	17,889,052
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	335	(335)	-
Fidelidade - Assistência e Serviços, Lda.	80.00%	335	(325)	10
FID Loans 1 (Ireland) Limited	100.00%	340,000,000	-	340,000,000
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,500,000	(1,069,806)	430,194
FID LatAm SGPS, S.A.	100.00%	324,985	(9,587)	315,398
FID Perú, S.A.	99.80%	137,216,160	-	137,216,160
FID Chile, SpA.	100.00%	13,168,935	-	13,168,935
FID I&D, S.A.	100.00%	50,000	-	50,000
		2,461,222,198	(39,243,726)	2,421,978,472
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	34.78%	641,091	-	641,091
Serfun Portugal, SGPS, S.A.	49.00%	24,500	-	24,500
		665,591	-	665,591
		2,461,887,789	(39,243,726)	2,422,644,063

(amounts in euros)

	2018			
	Effective share %	Gross amount	Impairment (Note 39)	Balance sheet value
Valued at acquisition cost				
Subsidiaries				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	-	41,000,000
Fidelidade - Property Europe, S.A.	100.00%	771,104,925	-	771,104,925
Fidelidade - Property International, S.A.	100.00%	323,664,012	(32,664,012)	291,000,000
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(1,413,333)	12,902,595
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,717,053	-	2,717,053
Luz Saúde, S.A.	50.36%	243,490,980	-	243,490,980
FCM Beteiligungs GmbH	100.00%	14,093,818	(10,705,023)	3,388,795
FID I (HK) LIMITED	100.00%	-	-	-
FID III (HK) LIMITED	100.00%	-	-	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.	55.89%	6,260,184	(122,785)	6,137,399
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	100,000	-	100,000
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	49,880	-	49,880
Fidelidade Angola - Companhia de Seguros, S.A.	68.70%	10,967,358	-	10,967,358
Fidelidade Macau - Companhia de Seguros, S.A.	99.99%	17,889,052	-	17,889,052
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	335	(120)	215
Fidelidade - Assistência e Serviços, Lda.	80.00%	335	(322)	13
FID Loans 1 (Ireland) Limited	100.00%	250,000,000	-	250,000,000
FID Loans 2 (Ireland) Limited	100.00%	1	-	1
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,500,000	-	1,500,000
FID LatAm SGPS, S.A.	100.00%	244,283	-	244,283
FID Perú, S.A.	99.80%	125,292,307	-	125,292,307
FID Chile, SpA.	100.00%	1,305	-	1,305
		1,822,691,756	(44,905,595)	1,777,786,161
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	33.67%	616,091	-	616,091
		616,091	-	616,091
		1,823,307,847	(44,905,595)	1,778,402,252

The following changes occurred during 2019:

During 2019 the Company acquired shares in Luz Saúde, S.A., increasing its participation in the share capital from 50.36% at 31 December 2018 to 50.85% at the end of 2019, for EUR 2,672,121.

On 1 February 2019 the company Serfun Portugal, SGPS, S.A. was set up with share capital of EUR 24,500 and with the Company holding a 49% share.

Throughout the year capital increases were made to the share capital of the company Fid Chile & MT JV SpA., in the amount of EUR 13,167,630, bringing it to a total of EUR 13,168,935 at 31 December 2019.

In February 2019 the Company acquired shares in Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., increasing its participation in the share capital from 33.67% at 31 December 2018 to 34.78% at the end of the year, for EUR 25,000.

In February 2019 the company FID I (HK) LIMITED was fully liquidated.

In 2019 there were increases in the supplementary contribution of FID LatAm SGPS, S.A., of EUR 80,702.

During 2019, the Company granted supplementary contributions to Fidelidade - Property Europe, S.A., of EUR 518,000,000.

From June to December 2019 the Company increased the capital of the company FID Loans 1 (Ireland) Limited, by EUR 90,000,000, bringing it to a total of EUR 340,000,000 at the end of the year.

In June 2019 the Company increased the share capital of the company FID Perú, S.A. by EUR 11,923,853, bringing it to a total of EUR 137,216,160.

In July 2019, the Company increased the share capital of the company Fidelidade Angola - Companhia de Seguros, S.A by EUR 2,236,138, increasing its shareholding from 68.70% to 69.25%.

In September 2019 the company FID Loans 2 (Ireland) Limited was fully liquidated.

In December 2019, the Company granted a supplementary contribution to the company E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A., of EUR 400,000.

On 27 December 2019 the company FID I&D, S.A. was set up, with share capital of EUR 50,000, with the Company holding 100%.

The financial data of the subsidiaries and associates at 31 December 2019 and 2018 was as follows:

(amounts in euros)

Operating sector/entity	2019					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	79,637,408	52,654,171	26,983,237	810,106	50,448,564
Companhia Portuguesa de Resseguros, S.A.	100.00%	18,004,069	4,736,990	13,267,079	70,151	1,169,324
Fidelidade Angola - Companhia de Seguros, S.A. (b)	69.25%	91,754,503	72,032,812	19,721,691	1,160,585	286,485,651
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	30,373,400	18,108,084	12,265,316	1,543,323	11,569,530
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	59,802,055	30,946,691	28,855,364	4,618,727	11,533,050
Property						
Fidelidade - Property Europe, S.A.	100.00%	1,330,945,850	16,070,368	1,314,875,482	7,013,772	37,455,529
Fidelidade - Property International, S.A.	100.00%	223,135,212	6,604,901	216,530,311	(4,346,774)	725,439
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	98.85%	173,829,701	16,430,304	157,399,397	12,084,965	14,120,715
Fundo de Investimento Imobiliário Fechado IMOFID (e)	68.17%	178,411,669	1,321,991	177,089,678	1,748,993	4,134,865
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	811,118	307,542	503,576	233,131	1,276,543
Healthcare						
Luz Saúde, S.A.	50.85%	830,404,806	565,715,342	264,689,464	16,583,972	590,099,298

(continuation)

(amounts in euros)

Operating sector/entity	2019					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Other sectors						
Audatex Portugal - Peritagens Informatizadas						
Derivadas de Acidentes, S.A. (f)	34.78%	4,833,016	1,210,773	3,622,243	909,022	6,005,239
Cetra - Centro Técnico de Reparação						
Automóvel, S.A.	100.00%	7,872,503	2,626,709	5,245,794	75,463	7,663,102
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	1,188,919	859,733	329,186	(170,906)	3,070,917
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,275,910	2,750,734	525,176	169,278	22,324,553
FCM Beteiligungs GmbH	100.00%	3,796,138	277,571	3,518,567	181,708	397,405
FID III (HK) LIMITED (g)	100.00%	767	22,632	(21,865)	(3,922)	-
Fidelidade - Consultoria e Gestão de Risco, Lda. (h)	80.00%	29,827	28,471	1,356	604	108,767
Fidelidade - Assistência e Serviços, Lda. (h)	80.00%	16,668	14,975	1,693	772	68,438
FID Loans 1 (Ireland) Limited	100.00%	352,272,960	8,783,593	343,489,367	7,814,492	14,714,396
FID LatAm SGPS, S.A.	100.00%	319,683	7,453	312,230	(6,942)	5,847
FID Perú, S.A. (i)	99.80%	140,721,170	235,544	140,485,626	836,681	2,227,563
FID Chile, SpA. (j)	100.00%	11,929,747	6,748	11,922,999	38,989	7
Serfun Portugal, SGPS, S.A.	49.00%	37,551	6,845	30,706	(19,294)	-
FID I&D, S.A.	100.00%	50,000	-	50,000	-	-

(a) The shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 536.2617 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 414.89188 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.0097 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.03465 MOP for the profit and loss headings.

(e) Amounts recorded as in available-for-sale investments.

(f) Values at March 2019 (accounting period March 2018 to March 2019).

(g) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 8.7473 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.7715 HKD for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 68.7000 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 69.43667 MZN for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 844.2350 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 792.58092 CLP for the profit and loss headings.

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	73,856,266	49,275,375	24,580,891	1,066,797	47,791,709
Companhia Portuguesa de Resseguros, S.A.	100.00%	29,484,321	16,581,726	12,902,595	1,111,217	1,338,940
Fidelidade Angola - Companhia de Seguros, S.A. (b)	68.70%	107,129,922	86,528,728	20,601,194	1,375,653	181,321,768
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	27,050,226	16,069,089	10,981,137	1,322,766	10,639,328
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	66,762,850	43,133,814	23,629,036	2,313,653	9,958,057
Property						
Fidelidade - Property Europe, S.A.	100.00%	849,584,306	23,501,287	826,083,019	57,932,543	80,926,676
Fidelidade - Property International, S.A.	100.00%	226,578,642	5,701,558	220,877,084	(104,650,065)	23,195,529
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	98.85%	178,377,912	33,063,479	145,314,433	10,851,951	12,901,416
Fundo de Investimento Imobiliário Fechado IMOFID (e)	68.17%	55,587,126	246,430	55,340,696	351,447	861,080
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,217,982	510,104	707,878	(792,122)	146,521
Healthcare						
Luz Saúde, S.A.	50.36%	754,263,063	505,756,239	248,506,824	14,209,885	545,076,376
Other sectors						
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (f)	33.67%	5,839,258	1,814,709	4,024,549	1,311,328	6,737,996
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	6,297,884	1,127,554	5,170,330	306,853	7,940,852
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	978,794	878,702	100,092	(88,265)	2,797,438
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,542,006	3,046,107	495,899	150,593	24,322,514
FCM Beteiligungs GmbH	100.00%	3,656,525	267,728	3,388,797	(32,063)	-
FID I (HK) LIMITED (g)	100.00%	-	-	-	-	-
FID III (HK) LIMITED (g)	100.00%	815	18,307	(17,492)	(4,966)	-
Fidelidade - Consultoria e Gestão de Risco, Lda. (h)	80.00%	19,182	18,810	372	2,659	71,721
Fidelidade - Assistência e Serviços, Lda. (h)	80.00%	13,977	10,773	3,204	2,910	99,589
FID Loans 1 (Ireland) Limited	100.00%	265,270,697	13,018,072	252,252,625	2,166,001	8,841,979

(continuation)

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
FID Loans 2 (Ireland) Limited	100.00%	1	-	1	-	-
FID LatAm SGPS, S.A.	100.00%	298,166	59,695	238,471	(5,812)	4,040
FF Investment Luxembourg 1 S. a r.l.	0.00%	-	-	-	-	-
FID Perú, S.A. (i)	99.80%	122,763,912	64,293	122,699,619	154,773	250,099
FID Chile, SpA. (j)	100.00%	1,258	-	1,258	-	-

(a) The shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 353.0155 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 303.6658 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 9.2365 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.1678 MOP for the profit and loss headings.

(e) Amounts recorded as in available-for-sale investments.

(f) Values at March 2018 (accounting period March 2018 to March 2017).

(g) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 8.9675 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/8.9026 HKD for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 70.2400 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 71.29333 MZN for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 3.86670 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.83865 PEN for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 794.6300 CLP for balance sheet headings and profit and loss headings.

The financial data at 31 December 2019 was taken from the non audited provisional financial statements which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Company's financial statements are expected.

The subsidiaries and associates, grouped according to the nature of their main business, are the following:

INSURANCE

Via Directa - Companhia de Seguros, S.A. (OK Teleseguros), with its head office in Lisbon, at Avenida José Malhoa, n.º 13 - 4.º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance.

Companhia Portuguesa de Resseguros, S.A., with its head office in Lisbon, at Largo do Calhariz n.º 30, was set up on 22 September 1979 with the corporate purpose of performing any operations regarding reinsurance of non-life lines of business, both in Portugal and abroad, in addition to participating in the redistribution in the market of certain risks of a specific type or dimension.

Fidelidade Angola - Companhia de Seguros, S.A., (previously Universal Seguros, S.A.), with its head office in Luanda, at Rua 1.º Congresso MPLA, n.º 11, 1.º A, Ingombota, was set up on 2 June 2009 with the corporate purpose of performing insurance activities in the life and non-life lines of business in the national territory of the Republic of Angola.

Garantia - Companhia de Seguros de Cabo Verde, S.A. resulted from the split of the former Instituto de Seguros e Providência Social, EP which occurred on 30 October 1991, pursuant to Decree-Law No. 136/91, of 2 October, with all the assets and liabilities related to the insurance business being transferred to it. The Company has its head office in Chã de Areia, C.P. 138, Cidade da Praia, in the Republic of Cape Verde, and branches in the Sal, São Vicente, Boavista, São Nicolau, Fogo and Santo Antão islands. In order to attract clients to purchase insurance policies, the company also has a network of agents. The Company is engaged in the activity of direct insurance and reinsurance in all lines of business and operations, and may also perform related and complementary activities.

Fidelidade Macau – Companhia de Seguros, S.A., with its head office in Macao at Avenida da Praia Grande, n° 567, BNU Building, 14°, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

PROPERTY

Fidelidade – Property Europe, S.A., using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A..

Fidelidade – Property International, S.A. with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

Fundo de Investimento Imobiliário Fechado Saudeinveste was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

Fundo de Investimento Imobiliário Fechado IMOFID (previously Bonança I) was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. with its head office in Lisbon, at Largo do Chiado, n° 8, 1° andar, was set up on 8 February 2018 with the corporate purpose of managing, on behalf of the participants and in their exclusive interest, one or more public or private, closed or open real estate investment undertakings, and managing the property included in the applications portfolios or collective interest bodies managed by it.

HEALTHCARE

Luz Saúde, S.A., with its head office in Lisbon, at Rua Carlos Alberto da Mota Pinto, 17 - 9°, was set up on 6 July 2000 with the legal character of a "Holding Company", pursuant to Decree-Law No. 495/88, of 30 December, and is one of the largest healthcare groups in terms of revenues in this expanding market in Portugal. The Group provides services via 18 units in the North, Centre and South of the country, and has a strong presence in Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal, and in Oporto, where it operates the Hospital da Arrábida.

OTHER SECTORS

Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., with its head office in Lisbon, at Rua Basílio Teles, n° 24 - 3°, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to insurance companies, loss adjusters, repair workshops or other interested parties.

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, n° 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, n° 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

GEP - Gestão de Peritagens Automóveis, S.A., with its head office in Lisbon, at Avenida 5 de Outubro n.º 35 8º Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

FCM Beteiligungs GmbH, with its head office in Garstedter Weg 14, 22453 Hamburg, Germany, was set up on 6 May 2014 with the corporate purpose of acquiring, alienating, holding or managing its own investments in other companies in Germany and abroad, and is active in the import, export, wholesale and retail of textiles and all types of fashion items, including related complementary businesses, in particular, with the management of Tom Tailor GmbH, in Hamburg. The company may act in its own name in these activities.

The companies **FID I (HK) LIMITED** and **FID III (HK) LIMITED** are special purpose vehicles with their head office at Level 54 Hopewell Centre 183, Queen's Road East, Hong Kong, and were set up on 4 November 2014.

Fidelidade - Assistência e Serviços, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

Fidelidade - Consultoria e Gestão de Risco, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

FID Loans 1 (Ireland) Limited and **FID Loans 2 (Ireland) Limited** are special purpose vehicles, with their head office at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland, and were set up on 13 June 2017.

FID LatAm SGPS, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 February 2018 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

FF Investment Luxembourg 1 S. a r.l., with its head office in the Grand Duchy of Luxembourg, at 6, rue Eugène Ruppert, L-2453 Luxembourg, was set up on 23 December 2013.

FID Perú, S.A., with its head office in Lima, Peru, at Av. Victor Andrés Belaunde 147, San Isidro District, Province and Department of Lima, was set up on 9 July 2018 with the corporate purpose of investments and the holding of securities, including, but not limited to, shares in other companies, either national or foreign, in any form.

FID Chile, SpA., with its head office in Santiago, Chile, was set up on 16 October 2018 with the corporate purpose of making all kinds of investments, in tangible and intangible assets, all kinds of securities and property, and setting up and participating in other companies and/or legal persons of any kind, regardless of their purpose, managing those investments and assessing their results, and carrying on any other type of investment that the partners agree.

Serfun Portugal, SGPS, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 1 February 2019 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

FID I&D, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 27 December 2019 with the purpose of providing consultancy services and services for the development of new digital solutions and platforms, analytical models, new solutions based on artificial intelligence models and Machine Learning and other advanced analytics models, as well as the sale and distribution of those solutions and models.

5. FINANCIAL ASSETS HELD FOR TRADING AND FINANCIAL ASSETS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Held for trading (Note 6)	At fair value through profit or loss	Total	Held for trading (Note 6)	At fair value through profit or loss	Total
Investments related						
to Unit-linked contracts	191,848	126,811,469	127,003,317	27,806	29,207,461	29,235,267
Other investments						
Debt instruments						
Public Issuers						
Domestic issuers	-	-	-	-	10,236	10,236
	-	-	-	-	10,236	10,236
Other entities						
Bonds and other securities						
Domestic issuers	-	53,587,807	53,587,807	-	21,822,000	21,822,000
Foreign issuers	-	386,530,349	386,530,349	-	522,654,065	522,654,065
	-	440,118,156	440,118,156	-	544,476,065	544,476,065
	-	440,118,156	440,118,156	-	544,486,301	544,486,301
Other financial instruments						
Investment units						
Domestic issuers	-	194,359	194,359	-	115,332	115,332
	-	194,359	194,359	-	115,332	115,332
Credit and other receivables		16,889,117	16,889,117		15,620,087	15,620,087
Derivatives instruments						
with positive fair value						
Interest rate swaps	20,221	-	20,221	-	-	-
Exchange rate futures	23,322,365	-	23,322,365	16,798,433	-	16,798,433
Exchange rate forwards	17,680,761	-	17,680,761	7,580,368	-	7,580,368
	41,023,347	-	41,023,347	24,378,801	-	24,378,801
	41,215,195	584,013,101	625,228,296	24,406,607	589,429,181	613,835,788

Investments in Unit-linked contracts are assets managed by the Company in which the risk is borne by the policyholder. Accordingly, the assets are recognised at fair value, and the liability to the insured is recognised in the "Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts" accounting heading.

At 31 December 2019 and 2018, the heading "Financial assets initially recognised at fair value through profit or loss" includes fixed-income securities with embedded derivatives of EUR 440,118,156 and EUR 544,476,065, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

In 2019, the Company recognised net gains with the valuation of these investments of EUR 42,006,747. In 2018, the Company recognised net losses with the valuation of these investments of EUR 28,847,777.

At 31 December 2019 and 2018, investments allocated to Unit-linked contracts were composed as follows:

(amounts in euros)

	2019	2018
Financial assets initially recognised		
at fair value through profit or loss		
Debt instruments		
Public debt		
Domestic issuers	489,123	621,277
Foreign issuers	14,104,562	9,321,857
Other issuers		
Domestic issuers	4,346,275	99,479
Foreign issuers	63,893,940	4,277,131
Equity instruments		
Domestic issuers	35,274,473	7,585,794
Foreign issuers	9,229,722	7,506,801
Accounts receivable	190	190
Transactions to be settled	(526,816)	(205,068)
	126,811,469	29,207,461
Financial assets held for trading		
Derivative instruments	191,848	27,806
Other assets		
Current deposits	11,419,235	10,752,353
Term deposits	300,091	300,100
	11,719,326	11,052,453
Total (Note 20)	138,722,643	40,287,720

6. DERIVATIVES

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

The Company controls the risks of its derivative activities by approval procedures for operations, definition of exposure limits per product and counterparty, and monitoring of the evolution of the respective income.

At 31 December 2019 and 2018, these operations were valued in line with the criteria in Note 2.4.c). On these dates, the notional amount and the book value had the following breakdown:

(amounts in euros)

	2019							
	Notional Amount			Book Value				Total
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		
			Assets (Note 5)	Liabilities (Note 21)	Assets	Liabilities (Note 21)		
Fair value hedge								
Interest rate swaps	889,382,319	-	889,382,319	63,064	(71,099,500)	-	-	(71,036,436)
Currency Futures	1,888,750,000	492,250,000	2,381,000,000	21,012,742	(10,604,476)	3,403,359	(2,288,718)	11,522,907
Interest rate futures	162,700,000	-	162,700,000	2,309,623	-	-	-	2,309,623
Exchange rate forwards	612,671,165	5,588,040	618,259,205	17,829,766	(19,877,044)	-	(150,605)	(2,197,883)
	3,553,503,484	497,838,040	4,051,341,524	41,215,195	(101,581,020)	3,403,359	(2,439,323)	(59,401,789)

(amounts in euros)

	2018							
	Notional Amount			Book Value				Total
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		
			Assets (Note 5)	Liabilities (Note 21)	Assets	Liabilities (Note 21)		
Fair value hedge								
Interest rate swaps	59,959,631	-	59,959,631	27,806	(4,897,075)	-	-	(4,869,269)
Exchange rate futures	3,272,625,000	740,250,000	4,012,875,000	16,792,713	(8,116,076)	4,122,951	(112,884)	12,686,704
Interest rate Futures	813,200,000	-	813,200,000	5,720	(9,251,700)	-	-	(9,245,980)
Exchange rate forwards	530,689,289	-	530,689,289	7,580,368	(7,791,451)	-	-	(211,083)
	4,676,473,920	740,250,000	5,416,723,920	24,406,607	(30,056,302)	4,122,951	(112,884)	(1,639,628)

The interest rate swaps contracted by the Company and classified as derivatives held for trading are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 20).

To mitigate the risk of exchange fluctuations of financial instruments, EUR/USD and EUR/GBP futures listed on the Chicago Mercantile Exchange (CME) were contracted, in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities. In the case of EUR/JPY, EUR/USD, EUR/GBP EUR/AUD risks, the instruments contracted are over-the-counter forwards.

The distribution of Fidelidade's derivative financial instrument operations at 31 December 2019 and 2018, by period to maturity, was as follows:

(amounts in euros)

	2019				Total
	Up to 3 months	From 3 months to 6 months	Between 1 and 5 years	More than 5 years	
Fair value hedge					
Interest rate swaps	-	-	601,730,622	287,651,697	889,382,319
Exchange rate futures	2,381,000,000	-	-	-	2,381,000,000
Interest rate Futures	155,800,000	6,900,000	-	-	162,700,000
Exchange rate forwards	430,443,325	187,815,880	-	-	618,259,205
	2,967,243,325	194,715,880	601,730,622	287,651,697	4,051,341,524

(amounts in euros)

	2018					Total
	Up to 3 months	From 3 months to 6 months	From 6 month to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	49,437,008	10,522,623	59,959,631
Exchange rate futures	3,262,875,000	750,000,000	-	-	-	4,012,875,000
Interest rate Futures	813,200,000	-	-	-	-	813,200,000
Exchange rate forwards	103,049,129	393,290,210	34,349,950	-	-	530,689,289
	4,179,124,129	1,143,290,210	34,349,950	49,437,008	10,522,623	5,416,723,920

The distribution of the Company's derivative financial operations at 31 December 2019 and 2018, by counterparty type, was as follows:

(amounts in euros)

	2019		2018	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
Financial institutions				
Caixa Geral Depósitos Group	889,382,319	(71,036,436)	59,959,631	(4,869,269)
Futures				
Interest Rate Futures	162,700,000	2,309,623	813,200,000	(9,245,980)
Exchange rate futures				
On a stock exchange				
Chicago	2,381,000,000	11,522,907	4,012,875,000	12,686,704
Exchange rate forwards				
Financial institutions	618,259,205	(2,197,883)	530,689,289	(211,083)
	4,051,341,524	(59,401,789)	5,416,723,920	(1,639,628)

In 2019 and 2018 the following gains and losses related to fair value hedge accounting were generated:

(amounts in euros)

	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Derivatives	43,750,951	(80,013,953)	(36,263,002)	23,106,727	(103,972,663)	(80,865,936)
Hedged assets	30,247,239	(9,150,946)	21,096,293	58,221,547	(2,083,813)	56,137,734
	73,998,190	(89,164,899)	(15,166,709)	81,328,274	(106,056,476)	(24,728,202)

On 30 June 2016, the Company entered into a trustee contract with its subsidiaries Fidelidade – Property Europe, S.A., Fidelidade – Property International, S.A. and FPE (Lux) Holding S.à r.l..

This contract grants Fidelidade powers to, on behalf of its subsidiaries, identify, negotiate and enter into any agreements and mechanisms considered appropriate to hedge exchange risk to which it is subject. This option derives from the specificities and complexities of the hedging operations which require technical competences which the subsidiaries do not possess. With this option Fidelidade protects exchange risks in the subsidiaries and the economic effects of this hedging are passed on to these entities.

At 31 December 2019 and 2018, the Company had the following traded derivatives in its portfolio within the scope of the trustee contract:

(amounts in euros)

	2019		2018	
	Notional Amount	Book Value	Notional Amount	Book Value
Exchange rate futures	31,500,000	(1,798,851)	42,875,000	217,400
Exchange rate forwards	525,892,728	(17,423,040)	504,787,027	(7,580,368)
	557,392,728	(19,221,891)	547,662,027	(7,362,968)

Devido ao contrato celebrado, a Fidelidade passou os seguintes resultados para as subsidiárias:

(amounts in euros)

	2019		2018	
	Profit or losses	Commissions	Profit or losses	Commissions
Exchange rate futures	2,834,456	3,787	(7,513,479)	58,321
Exchange rate forwards	27,110,963	-	10,880,065	-
	29,945,418	3,787	3,366,586	58,321

7. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019					
	Amount before impairment	Accumulated impairment (Note 39)	Net amount	Exchange differences	Fair value reserve (Note 26)	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	1,659,719,979	-	1,659,719,979	-	76,052,801	1,735,772,780
Foreign issuers	1,667,646,274	-	1,667,646,274	(27,287)	40,255,746	1,707,874,733
Other public issuers						
Domestic issuers	31,132,878	-	31,132,878	-	297,410	31,430,288
Foreign issuers	23,906,139	-	23,906,139	-	182,337	24,088,476
International financial organisations	67,462	-	67,462	-	40,969	108,431
Other issuers						
Domestic issuers	116,549,930	(49,979,822)	66,570,108	-	1,622,615	68,192,723
Foreign issuers	4,232,140,310	-	4,232,140,310	81,735,867	62,894,050	4,376,770,227
Group companies	380,688,641	-	380,688,641	-	1,220,221	381,908,862
	8,111,851,613	(49,979,822)	8,061,871,791	81,708,580	182,566,149	8,326,146,520
Equity instruments						
Recognised at fair value						
Domestic issuers	105,250,715	(13,205,088)	92,045,627	-	9,902,736	101,948,363
Foreign issuers	665,438,475	(137,751,319)	527,687,156	34,823,713	74,027,503	636,538,372
	770,689,190	(150,956,407)	619,732,783	34,823,713	83,930,239	738,486,735
Other instruments						
Investment units						
Residents	240,924,444	(27,356,191)	213,568,253	-	95,033,362	308,601,615
Non-residents	757,502,964	(250,456)	757,252,508	(153,643)	7,268,417	764,367,282
	998,427,408	(27,606,647)	970,820,761	(153,643)	102,301,779	1,072,968,897
	9,880,968,211	(228,542,876)	9,652,425,335	116,378,650	368,798,167	10,137,602,152

(amounts in euros)

	2018					
	Amount before impairment	Accumulated impairment (Note 39)	Net amount	Exchange differences	Fair value reserve (Note 26)	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	2,390,685,543	-	2,390,685,543	(583,762)	153,585,030	2,543,686,811
Foreign issuers	2,248,614,021	-	2,248,614,021	-	(8,774,007)	2,239,840,014
Other public issuers						
Foreign issuers	3,171,798	-	3,171,798	-	112,319	3,284,117
International financial organisations	126,857	-	126,857	-	57,466	184,323
Other issuers						
Domestic issuers	101,449,120	(49,979,822)	51,469,298	-	190,287	51,659,585
Foreign issuers	3,746,157,746	(4,798,972)	3,741,358,774	(10,228,300)	(120,197,619)	3,610,932,855
Group companies	321,967,381	-	321,967,381	-	(1,557,154)	320,410,227
	8,812,172,466	(54,778,794)	8,757,393,672	(10,812,062)	23,416,322	8,769,997,932
Equity instruments						
Recognised at fair value						
Domestic issuers	106,990,683	(12,353,449)	94,637,234	-	(1,258,598)	93,378,636
Foreign issuers	1,259,288,273	(290,017,146)	969,271,127	29,411,512	(97,587,578)	901,095,061
	1,366,278,956	(302,370,595)	1,063,908,361	29,411,512	(98,846,176)	994,473,697
Other instruments						
Investment units						
Residents	250,250,076	(34,688,139)	215,561,937	-	89,988,789	305,550,726
Non-residents	36,290,655	(816,577)	35,474,078	-	3,265,748	38,739,826
Others	(185,956)	-	(185,956)	-	-	(185,956)
	286,354,775	(35,504,716)	250,850,059	-	93,254,537	344,104,596
	10,464,806,197	(392,654,105)	10,072,152,092	18,599,450	17,824,683	10,108,576,225

8. LOANS AND ACCOUNTS RECEIVABLE

At 31 December 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Gross amount	Impairment Loss (Note 39)	Net amount	Gross amount	Impairment Loss (Note 39)	Net amount
Deposits in ceding companies	514,538	-	514,538	884,593	-	884,593
Other deposits						
Term deposits	1,153,570,017	-	1,153,570,017	1,856,943,647	-	1,856,943,647
Margin accounts	37,445,485	-	37,445,485	77,924,284	-	77,924,284
	1,191,015,502	-	1,191,015,502	1,934,867,931	-	1,934,867,931
Loans made						
Mortgage loans	3,210	-	3,210	21,671,183	-	21,671,183
Loans over policies	1,161,779	(10,597)	1,151,182	1,164,138	(10,597)	1,153,541
Others	2,421,667	(366,689)	2,054,978	9,400,983	(361,961)	9,039,022
	3,586,656	(377,286)	3,209,370	32,236,304	(372,558)	31,863,746
	1,195,116,696	(377,286)	1,194,739,410	1,967,988,828	(372,558)	1,967,616,270

The decrease in Mortgage loans between the year 2018 and 2019 is due to the receipt of a loan of EUR 21,500,000.

9. HELD-TO-MATURITY INVESTMENTS

At 31 December 2019, these headings were composed as follows:

(amounts in euros)

	2019					
	Nominal Amount	Amortized Cost	Interest receivable	Balance Sheet Value	Market Value (1)	Unrecognised potential gains
Debt instruments						
Public debt						
Domestic issuers	302,950,000	351,611,336	7,095,642	358,706,978	360,210,701	1,503,723
Foreign issuers						
Italy	662,600,000	677,356,190	3,583,817	680,940,007	694,457,280	13,517,273
Spain	31,000,000	34,378,691	142,083	34,520,774	35,213,520	692,746
	996,550,000	1,063,346,217	10,821,542	1,074,167,759	1,089,881,501	15,713,742

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.4.

10. PROPERTIES

In 2019 and 2018, the "Properties" headings saw the following movements:

(amounts in euros)

	Own Use			Investment Properties	Total
	Right of Properties	Right-of-Use	Total		
Balances at 31 December 2017					
Gross amount	120,716,037	-	120,716,037	97,335,921	218,051,957
Accumulated depreciation and impairment	(34,435,614)	-	(34,435,614)	-	(34,435,614)
	86,280,423	-	86,280,423	97,335,921	183,616,343
Additions					
Subsequent expenditure	-	-	-	11,141	11,141
Revaluations					
As a credit to the income statement (Note 38)	-	-	-	1,194,734	1,194,734
As a credit to shareholders' equity	(714,162)	-	(714,162)	-	(714,162)
Additions/reversals of impairment in the year (Note 39)	878,130	-	878,130	-	878,130
Depreciation for the year	(1,955,438)	-	(1,955,438)	-	(1,955,438)
Transfers to non-current assets held for sale	135,500	-	135,500	2,440,200	2,575,700
Transfers	(419,146)	-	(419,146)	419,146	-
Disposals and write-offs (net)	-	-	-	(22,890,278)	(22,890,278)
Balances at 31 December 2018	-	-	-	-	-
Gross amount	119,677,898	-	119,677,898	78,510,864	198,188,762
Accumulated depreciation and impairment	(35,472,592)	-	(35,472,592)	-	(35,472,592)
	84,205,306	-	84,205,306	78,510,864	162,716,170
IFRS 16 Adoption	-	21,922,950	21,922,950	-	21,922,950
Additions					
Acquisitions made in the period	-	17,458,403	17,458,403	1,504,638	18,963,041
Subsequent expenditure	17,909	-	17,909	148,097	166,006
Revaluations					
As a credit to the income statement (Note 38)	-	-	-	4,172,330	4,172,330
As a credit to shareholders' equity	495,891	-	495,891	-	495,891
Additions/reversals of impairment in the year (Note 39)	346,624	-	346,624	-	346,624
Depreciation for the year	(1,893,069)	(6,469,036)	(8,362,105)	-	(8,362,105)
Transfers from non-current assets held for sale	-	-	-	4,200,000	4,200,000
Transfers to non-current assets held for sale	-	-	-	(4,171,357)	(4,171,357)
Transfers	638,000	-	638,000	(638,000)	-
Disposals and write-offs (net)	(42,953,612)	-	(42,953,612)	(18,070,123)	(61,023,735)
Balances at 31 December 2019					
Gross amount	62,026,983	39,381,353	101,408,337	65,656,449	167,064,786
Accumulated depreciation and impairment	(21,169,935)	(6,469,036)	(27,638,970)	-	(27,638,970)
	40,857,048	32,912,317	73,769,367	65,656,449	139,425,816

As stated in Note 2.7. above, properties for own use are valued at fair value, in line with the option set out in IAS 16.

If the Group had opted to value land for own use using the cost model, its balance sheet value would be EUR 28,185,379.

In 2019 disposals of Own Use include 42,776,656, related to the disposal of "Calhariz" properties.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.6.

Properties are valued in line with the treatment mentioned in Notes 2.6 and 2.7, by experts who are qualified for the purpose. The Company considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 - "Fair Value Measurement".

In the case of properties for own use, the respective gains and losses are accounted for in the equity heading "Revaluation reserves - Revaluation of properties for own use", provided that:

- The accumulated value of the revaluation reserves after the adjustment is positive; or
- The revaluation is positive and exceeds the value of any negative revaluations which may have been recognised in past periods as a charge to profit or loss.

Gains and losses resulting from revaluation of investment properties are recognised in profit and loss.

Valuation methods

Properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value), i.e., the price at which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, where the property is put up for sale on the market, the conditions of sale permit a regular and ordered sale, and the period for negotiating the sale is normal, taking into account the nature of the property. If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration.

The valuation techniques which are normally used are:

- a) Market method: consists of valuing the property by comparison, based on transactions and/or real purchase offers for land and buildings which have identical physical and functional characteristics, and which are located in the same area of the real estate market;
- b) Cost method: consists of determining the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of conservation and estimated useful life, plus the required profit margins. Alternatively this method may be based on the fair value of the property in its current state, subtracting from that value, after conclusion of works, all the associated costs and margins which have not yet been made;
- c) Income method: consists of calculating the value of the property based on the ratio between the annual effective rent and an appropriate capitalisation rate.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Company's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

Properties for own use

Buildings for own use are depreciated throughout the respective useful life defined in each valuation.

At 31 December 2019 and 2018, the fair value reserves associated with properties for own use were EUR 14,173,584 and EUR 23,433,180, respectively (Note 26).

At 31 December 2019 and 2018, the breakdown of the properties for own use according to their respective date of valuation carried out by independent experts, was as follows:

(amounts in euros)

	2019	2018
2019	40,857,050	-
2018	-	63,547,756
2017	-	20,657,550
	40,857,050	84,205,306

11. ALLOCATION OF INVESTMENTS AND OTHER ASSETS

At 31 December 2019 and 2018, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

(amounts in euros)

	2019					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	43,401,196	9,595,862	170,553,929	21,979,907	177,698,500	423,229,394
Investments in subsidiaries, associates and joint ventures	-	59,723,559	1,393,017,591	713,744,885	256,158,028	2,422,644,063
Financial assets held for trading	2,737,313	426,261	6,627,225	2,667,579	28,756,817	41,215,195
Financial assets initially recognised at fair value through profit or loss	151,194,345	8,339,644	290,139,080	73,271,883	61,068,149	584,013,101
Hedge Derivatives	24,989	-	1,895,714	1,482,656	-	3,403,359
Available-for-sale investments	1,788,538,645	213,175,785	6,958,591,672	1,147,042,663	30,253,387	10,137,602,152
Loans and accounts receivable	464,576,426	2,620,173	588,870,332	42,833,617	95,838,862	1,194,739,410
Held-to-maturity investments	-	-	1,074,167,759	-	-	1,074,167,759
Properties	-	-	-	91,915,950	47,509,866	139,425,816
Other tangible assets	-	-	-	-	20,809,658	20,809,658
	2,450,472,914	293,881,284	10,483,863,302	2,094,939,140	718,093,267	16,041,249,907

(amounts in euros)

	2018					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	73,807,050	19,312,290	442,092,146	9,568,066	116,962,406	661,741,958
Investments in subsidiaries, associates and joint ventures	-	40,745,483	1,176,920,851	304,819,702	255,916,216	1,778,402,252
Financial assets held for trading	1,821,998	61,925	9,912,800	1,813,234	10,796,650	24,406,607
Financial assets initially recognised at fair value through profit or loss	104,373,966	4,598,084	219,485,034	63,679,928	197,292,169	589,429,181
Hedge Derivatives	11,695	12,997	2,242,836	1,855,423	-	4,122,951
Available-for-sale investments	1,650,540,455	180,505,362	6,984,842,970	1,235,179,604	57,507,834	10,108,576,225
Loans and accounts receivable	163,082,526	3,386,796	1,349,456,132	403,684,469	48,006,347	1,967,616,270
Properties	-	-	-	137,657,335	25,058,835	162,716,170
Other tangible assets	-	-	-	-	13,160,446	13,160,446
	1,993,637,690	248,622,937	10,184,952,769	2,158,257,761	724,700,903	15,310,172,060

12. OTHER TANGIBLE ASSETS AND INVENTORIES

In 2019 and 2018, the other tangible assets and inventories headings saw the following movements:

(amounts in euros)

	2019										
	Opening balances		Balance of IFRS 16 adoption		Additions	Transfers and Adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Equipment											
Administrative	18,532,198	(18,335,174)	-	-	1,107,828	124,144	(1,108,073)	-	19,764,170	(19,443,247)	320,923
Machinery and tools	8,752,666	(6,029,521)	-	-	113,855	5,435	(669,612)	-	8,871,956	(6,699,133)	2,172,823
IT equipment	12,580,080	(9,980,463)	-	-	2,513,813	42,416	(1,919,530)	-	15,136,309	(11,899,993)	3,236,316
Interior installations	23,527,096	(19,657,790)	-	-	2,409,042	253,720	(1,045,068)	-	26,189,858	(20,702,858)	5,487,000
Transport material	382,115	(250,137)	-	-	28,582	-	(50,751)	-	410,697	(300,888)	109,809
Hospital equipment	15,964	(11,831)	-	-	-	-	(3,141)	-	15,964	(14,972)	992
Other equipment											
Security equipment	2,094,653	(1,892,146)	-	-	34,560	-	(71,826)	-	2,129,213	(1,963,972)	165,241
Other equipment	2,028,231	(1,387,121)	-	-	-	-	(222,475)	-	2,028,231	(1,609,596)	418,635
Artistic assets	1,960,305	-	-	-	-	-	-	-	1,960,305	-	1,960,305
Tangible assets in progress	-	-	-	-	-	-	-	-	-	-	-
Other assets	831,321	-	-	-	2,394,947	(312,650)	-	-	2,913,618	-	2,913,618
	70,704,629	(57,544,183)	-	-	8,602,627	113,065	(5,090,475)	-	79,420,321	(62,634,658)	16,785,663
Leasing											
Equipment											
IT equipment	33,274	(33,274)	3,621,178	-	-	-	(1,287,603)	-	3,654,452	(1,320,877)	2,333,575
Transport material	-	-	2,312,296	-	453,981	-	(1,075,857)	-	2,766,277	(1,075,857)	1,690,420
	33,274	(33,274)	5,933,474	-	453,981	-	(2,363,460)	-	6,420,729	(2,396,734)	4,023,995
	70,737,903	(57,577,457)	5,933,474	-	9,056,608	113,065	(7,453,935)	-	85,841,050	(65,031,392)	20,809,658
Inventories											
	144,124	-	-	-	21,583	-	-	(22,626)	143,081	-	143,081
	70,882,027	(57,577,457)	5,933,474	-	9,078,191	113,065	(7,453,935)	(22,626)	85,984,131	(65,031,392)	20,952,739

(amounts in euros)

	2018								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Equipment									
Administrative	18,018,771	(17,859,347)	663,995	-	(626,395)	-	18,532,198	(18,335,174)	197,024
Machinery and tools	6,232,307	(5,560,259)	2,562,145	-	(511,048)	-	8,752,666	(6,029,521)	2,723,145
IT equipment	10,006,706	(8,708,313)	1,756,462	1,105,219	(1,560,458)	-	12,580,080	(9,980,463)	2,599,617
Interior installations	23,047,623	(18,950,897)	656,347	-	(883,767)	-	23,527,096	(19,657,790)	3,869,306
Transport material	338,945	(245,654)	157,603	-	(91,376)	(27,539)	382,115	(250,137)	131,978
Hospital equipment	15,964	(8,690)	-	-	(3,141)	-	15,964	(11,831)	4,133
Other equipment	4,042,939	(2,990,047)	79,945	-	(289,220)	-	4,122,884	(3,279,267)	843,616
Artistic assets	1,933,755	-	26,550	-	-	-	1,960,305	-	1,960,305
Leased equipment	33,275	(33,274)	-	(1)	-	-	33,274	(33,274)	-
Other assets	77,873	-	783,118	(4,193)	-	(25,476)	831,321	-	831,321
	63,748,158	(54,356,481)	6,686,164	1,101,026	(3,965,404)	(53,016)	70,737,903	(57,577,457)	13,160,446
Inventories	169,132	-	262,571	-	-	(287,578)	144,124	-	144,124
	63,917,290	(54,356,481)	6,948,734	1,101,026	(3,965,404)	(340,594)	70,882,027	(57,577,457)	13,304,571

At 31 December 2019 and 2018, the heading "Tangible assets" includes fully amortised assets still in use of EUR 53,740,829 and EUR 48,340,312 respectively.

13. OTHER INTANGIBLE ASSETS

In 2019 and 2018, the other intangible assets headings saw the following movements:

(amounts in euros)

	2019								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing systems (software)	52,782,721	(49,856,790)	528,517	122,663	(1,957,240)	-	53,433,901	(51,814,030)	1,619,871
Intangible assets in progress	15,160,196	-	7,205,616	(122,663)	-	-	22,243,148	-	22,243,148
	67,942,917	(49,856,790)	7,734,132	-	(1,957,240)	-	75,677,049	(51,814,030)	23,863,019

(amounts in euros)

	2018								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing systems (software)	51,404,940	(46,820,126)	853,200	718,701	(3,225,864)	(4,920)	52,782,721	(49,856,790)	2,925,931
Intangible assets in progress	11,956,532	-	5,047,412	(1,820,122)	-	(23,627)	15,160,196	-	15,160,196
	63,361,472	(46,820,126)	5,900,612	(1,101,421)	(3,225,864)	(28,547)	67,942,916	(49,856,790)	18,086,127

At 31 December 2019 and 2018, the values recognised in "Intangible assets in progress" refer to costs incurred with the development of new IT applications (software).

In 2019 and 2018, the Company recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 20,715,142 and EUR 15,656,906, respectively.

14. TECHNICAL PROVISIONS FOR REINSURANCE CEDED

At 31 December 2019 and 2018, technical provisions for reinsurance ceded were composed as follows:

(amounts in euros)

	2019			2018		
	Life	Non-Life	Total	Vida	Não Vida	Total
Provision for unearned premiums	196,150	56,662,854	56,859,004	818,263	52,098,130	52,916,393
Mathematical provision	15,731,409	-	15,731,409	13,014,309	-	13,014,309
Claims provision						
Reported claims	5,134,967	159,207,425	164,342,392	6,823,732	192,810,893	199,634,625
Claims incurred but not reported (IBNR)	2,695,738	19,027,534	21,723,272	2,659,117	21,098,911	23,758,028
	7,830,705	178,234,959	186,065,664	9,482,849	213,909,804	223,392,653
Provision for profit sharing	-	24,064	24,064	-	-	-
	23,758,264	234,921,877	258,680,141	23,315,421	266,007,934	289,323,355

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2019 and 2018, is set out in the following table:

(amounts in euros)

	2019			2018		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	196,298	(148)	196,150	818,263	-	818,263
Non-life insurance						
Workers' compensation	44,151	(9,934)	34,217	35,778	(8,050)	27,728
Personal accidents and passengers	2,483,208	(1,155,784)	1,327,424	2,483,270	(1,145,052)	1,338,218
Health	28,126,674	-	28,126,674	27,545,640	-	27,545,640
Fire and other damage	24,454,414	(4,006,977)	20,447,437	21,530,261	(3,342,777)	18,187,484
Motor	195,921	(36,610)	159,311	235,260	(44,273)	190,987
Marine, aviation and transport	343,079	(27,032)	316,047	228,077	(16,809)	211,268
Third party liability	4,294,999	(593,754)	3,701,245	2,035,850	(122,003)	1,913,847
Credit and suretyship	78,336	(2,831)	75,505	60,475	(2,859)	57,616
Legal protection	1,470	(117)	1,353	1,486	(117)	1,369
Assistance	55,670	(2,077)	53,593	46,418	(2,077)	44,341
Others	4,010,164	(1,590,116)	2,420,048	4,251,899	(1,672,267)	2,579,632
	64,088,086	(7,425,232)	56,662,854	58,454,414	(6,356,284)	52,098,130
	64,284,384	(7,425,380)	56,859,004	59,272,677	(6,356,284)	52,916,393

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2019 and 2018:

(amounts in euros)

	2019		
	Opening balance	Liabilities originated in the year	Closing balance
Provision for unearned premiums			
Life insurance	818,263	(621,965)	196,298
Non-life insurance			
Workers' compensation	35,778	8,373	44,151
Personal accidents and passengers	2,483,270	(62)	2,483,208
Health	27,545,640	581,034	28,126,674
Fire and other damage	21,530,261	2,924,153	24,454,414
Motor	235,260	(39,339)	195,921
Marine, aviation and transport	228,077	115,002	343,079
Third party liability	2,035,850	2,259,149	4,294,999
Credit and suretyship	60,475	17,861	78,336
Legal protection	1,486	(16)	1,470
Assistance	46,418	9,252	55,670
Others	4,251,899	(241,735)	4,010,164
	58,454,414	5,633,672	64,088,086
	59,272,677	5,011,707	64,284,384
Deferred acquisition costs			
Life insurance	-	(148)	(148)
Non-life insurance			
Workers' compensation	(8,050)	(1,884)	(9,934)
Personal accidents and passengers	(1,145,052)	(10,732)	(1,155,784)
Health	-	-	-
Fire and other damage	(3,342,777)	(664,200)	(4,006,977)
Motor	(44,273)	7,663	(36,610)
Marine, aviation and transport	(16,809)	(10,223)	(27,032)
Third party liability	(122,003)	(471,751)	(593,754)
Credit and suretyship	(2,859)	28	(2,831)
Legal protection	(117)	-	(117)
Assistance	(2,077)	-	(2,077)
Others	(1,672,267)	82,151	(1,590,116)
	(6,356,284)	(1,068,948)	(7,425,232)
	(6,356,284)	(1,069,096)	(7,425,380)
	52,916,393	3,942,611	56,859,004

(amounts in euros)

	2018		
	Opening balance	Liabilities originated in the year	Closing balance
Provision for unearned premiums			
Life insurance	129,360	688,903	818,263
Non-life insurance			
Workers' compensation	27,594	8,184	35,778
Personal accidents and passengers	3,058,095	(574,825)	2,483,270
Health	25,059,533	2,486,107	27,545,640
Fire and other damage	23,507,920	(1,977,659)	21,530,261
Motor	247,809	(12,549)	235,260
Marine, aviation and transport	87,303	140,774	228,077
Third party liability	2,073,328	(37,478)	2,035,850
Credit and suretyship	57,772	2,703	60,475
Legal protection	1,132	354	1,486
Assistance	39,477	6,941	46,418
Others	5,424,708	(1,172,809)	4,251,899
	59,584,671	(1,130,257)	58,454,414
	59,714,031	(441,354)	59,272,677
Deferred acquisition costs			
Non-life insurance			
Workers' compensation	(5,519)	(2,531)	(8,050)
Personal accidents and passengers	(1,412,136)	267,084	(1,145,052)
Health	(54)	54	-
Fire and other damage	(3,371,739)	28,962	(3,342,777)
Motor	(43,335)	(938)	(44,273)
Marine, aviation and transport	(13,566)	(3,243)	(16,809)
Third party liability	(118,477)	(3,526)	(122,003)
Credit and suretyship	(3,024)	165	(2,859)
Legal protection	(117)	-	(117)
Assistance	(2,077)	-	(2,077)
Others	(2,015,917)	343,650	(1,672,267)
	(6,985,961)	629,677	(6,356,284)
	52,728,070	188,323	52,916,393

Information on the claims provision for reinsurance ceded, at 31 December 2019 and 2018, is set out below:

(amounts in euros)

	2019			2018		
	Reported	Not reported	Total	Reported	Not reported	Total
Life Insurance	5,134,967	2,695,738	7,830,705	6,823,732	2,659,117	9,482,849
Non-life insurance						
Workers' compensation	2,831,851	1,367,362	4,199,213	2,106,968	1,315,789	3,422,757
Personal accidents and passengers	16,905,147	351,517	17,256,664	17,190,171	1,595,341	18,785,512
Health	56,603,674	4,880,688	61,484,362	52,845,097	6,007,543	58,852,640
Fire and other damage	51,218,742	5,602,177	56,820,919	88,400,575	5,439,680	93,840,255
Motor	8,167,125	2,255,879	10,423,004	2,877,131	1,799,536	4,676,667
Marine, aviation and transport	6,335,580	122,947	6,458,527	6,928,049	632,129	7,560,178
Third party liability	12,597,544	3,939,602	16,537,146	13,591,267	3,824,280	17,415,547
Credit and suretyship	396	(225)	171	1,396	10,510	11,906
Assistance	500	7,833	8,333	-	-	-
Others	4,546,866	499,754	5,046,620	8,870,239	474,103	9,344,342
	159,207,425	19,027,534	178,234,959	192,810,893	21,098,911	213,909,804
	164,342,392	21,723,272	186,065,664	199,634,625	23,758,028	223,392,653

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2019 and 2018:

(amounts in euros)

	2019			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	9,482,849	5,396,159	(7,048,303)	7,830,705
Non-life insurance				
Workers' compensation	3,422,757	1,345,126	(568,670)	4,199,213
Personal accidents and passengers	18,785,512	265,518	(1,794,366)	17,256,664
Health	58,852,640	258,644,839	(256,013,117)	61,484,362
Fire and other damage	93,840,255	28,137,761	(65,157,097)	56,820,919
Motor	4,676,667	6,487,819	(741,482)	10,423,004
Marine, aviation and transport	7,560,178	(149,229)	(952,422)	6,458,527
Third party liability	17,415,547	3,898,197	(4,776,598)	16,537,146
Credit and suretyship	11,906	(11,735)	-	171
Assistance	-	36,679	(28,346)	8,333
Others	9,344,342	2,365,047	(6,662,769)	5,046,620
	213,909,804	301,020,022	(336,694,867)	178,234,959
	223,392,653	306,416,181	(343,743,170)	186,065,664

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	10,723,527	7,245,391	(8,486,069)	9,482,849
Non-life insurance				
Workers' compensation	3,060,291	1,686,751	(1,324,285)	3,422,757
Personal accidents and passengers	16,137,770	3,836,117	(1,188,375)	18,785,512
Health	54,275,074	237,559,967	(232,982,401)	58,852,640
Fire and other damage	136,476,054	46,276,503	(88,912,302)	93,840,255
Motor	9,757,283	14,621,060	(19,701,676)	4,676,667
Marine, aviation and transport	8,056,921	1,032,005	(1,528,748)	7,560,178
Third party liability	13,962,693	6,720,670	(3,267,816)	17,415,547
Credit and suretyship	10,906	1,000	-	11,906
Assistance	-	1,575	(1,575)	-
Others	8,606,501	9,869,121	(9,131,280)	9,344,342
	250,343,493	321,604,769	(358,038,458)	213,909,804
	261,067,020	328,850,160	(366,524,527)	223,392,653

Liabilities originated in the year and the claims paid are not deducted from the reinsurers' portion of the processed reimbursements.

15. OTHER DEBTORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accounts receivable for direct insurance operations		
Premiums pending collection	60,510,213	68,892,451
Brokers	35,057,829	49,053,614
Claims reimbursements	26,412,287	23,335,848
Co-insurers	13,244,176	14,977,735
Funding Institute of Agriculture and Fisheries (IFAP)	6,453,627	456,485
Workers' compensation fund	2,259,920	2,156,558
Others	85,413	263,172
	144,023,465	159,135,863
(Adjustments to premiums pending collection - Note 39)	(6,754,692)	(7,179,914)
(IFAP adjustments - Note 39)	-	(137,408)
(Adjustments for doubtful debts - Note 39)	(3,626,911)	(4,933,438)
	(10,381,603)	(12,250,760)
	133,641,862	146,885,103
Accounts receivable for other reinsurance operations		
Reinsurers' current accounts	24,713,474	24,848,680
Reinsureds' current accounts	4,267,207	5,946,610
	28,980,681	30,795,290
(Adjustments for doubtful debts - Note 39)	(5,957,729)	(5,740,637)
	23,022,952	25,054,653
Accounts receivable for other operations:		
Transactions to be settled	82,436,369	113,822,820
Group companies	29,445,802	37,033,826
Clients - current accounts	9,582,419	8,440,229
Property rentals	2,030,950	2,375,308
Taxes on dividends	1,825,663	917,053
Other suppliers and services provided	1,768,883	393,179
Funding Institute of Agriculture and Fisheries (IFAP)	953,240	9,473,942
Others	8,558,118	7,046,340
	136,601,444	179,502,697
(Adjustments for doubtful debts - Note 39)	(7,583,870)	(8,369,296)
	129,017,574	171,133,401
	285,682,388	343,073,157

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. In 2018, Fidelidade recorded EUR 113,822,820 as an amount receivable from Fosun Industrial Holdings, Limited resulting from the exercise, on 15 October 2018, of a put option on the wholly owned subsidiary FF Investment Luxembourg 1 S.à r.l. This amount was calculated in accordance with the contract conditions and is linked to a participation in the Folli Follie Group, held by FF Investment Luxembourg 1 S.à r.l.. Payment of this amount is guaranteed by Fosun International Limited and was made on 23 January 2019. In 2019, the heading includes the amount receivable of EUR 74,739,328 relating to the sale of the Largo do Calhariz property.

Balances receivable from IFAP correspond essentially to bonuses and compensation for excess claims regarding crop insurance campaigns from 2013 to 2019.

16. TAX ASSETS AND LIABILITIES

The balances for tax assets and liabilities at 31 December 2019 and 2018 were as follows:

(amounts in euros)

	2019	2018
Current tax assets		
Income tax recoverable	1,857,051	1,514,558
Others	67,248	159,798
	1,924,299	1,674,356
Current tax liabilities		
Others		
Stamp duty	(8,984,384)	(8,144,475)
Motor insurance guarantee fund	(2,070,988)	(1,896,896)
Workers' compensation fund	(4,464,917)	(4,205,551)
National civil protection authority tax	(1,666,373)	(1,553,290)
Insurance and pension funds supervisory authority tax	(1,925,740)	(1,978,232)
National Medical Emergency Institute Tax	(3,033,326)	(2,789,928)
Social security	(2,633,786)	(2,324,316)
Withholdings	(4,384,429)	(5,809,542)
Others	(3,823,482)	(4,021,487)
	(32,987,425)	(32,723,717)
Deferred tax assets	164,073,716	279,478,498
Deferred tax liabilities	(119,387,527)	(100,636,571)
	44,686,189	178,841,927
Total	13,623,063	147,792,566

At 31 December 2019 and 2018, the balances relating to current income tax assets and liabilities break down as follows:

(amounts in euros)

	2019	2018
Income tax estimate recognised as a charge to the income statement	(3,303,401)	(26,467,132)
Income tax estimate recognised as a charge to reserves	(1,098,318)	3,626,298
Withholding tax	547,670	342,952
Others	(2,754,148)	645,112
	(6,608,197)	(21,852,770)

At 31 December 2019 and 2018 the heading "Income tax estimate recognised as a charge to the income statement" corresponds to the amount of the estimate of CIT.

In 2019 a tax gain of Eur 2,754,148 was recognised relating to SIFIDE which is expected to be obtained following an application presented during the year.

In 2019 and 2018, the income tax registered in reserves is the result of the change in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Movements of deferred taxes during 2019 and 2018 were:

(amounts in euros)

	2019			Closing balance
	Opening balance	Change in		
		Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	85,104,531	(73,179,124)	-	11,925,407
Properties				
For own use	8,716,569	(1,938,748)	618,925	7,396,746
Investment properties	26,125,385	-	(5,075,919)	21,049,466
Provisions and impairment temporarily not allowed for fiscal purposes	144,272,318	1,007,014	(35,929,083)	109,350,249
Employee benefits	15,259,695	(839,887)	(728,763)	13,691,045
IFRS 16 (Leases)	-	-	660,803	660,803
	279,478,498	(74,950,745)	(40,454,037)	164,073,716
Liabilities				
Devaluation of available-for-sale investments	(92,741,511)	(29,598,188)	5,784,145	(116,555,554)
Properties				
For own use	(4,039,635)	823,111	1,958,264	(1,258,260)
Investment properties	(3,855,425)	-	2,281,712	(1,573,713)
	(100,636,571)	(28,775,077)	10,024,121	(119,387,527)
	178,841,927	(103,725,822)	(30,429,916)	44,686,189

(amounts in euros)

	2018			Closing balance
	Opening balance	Change in		
		Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	12,474,472	72,630,059	-	85,104,531
Properties				
For own use	8,245,583	(301,700)	772,686	8,716,569
Investment properties	31,801,335	-	(5,675,950)	26,125,385
Provisions and impairment temporarily not allowed for fiscal purposes	172,103,239	(326,804)	(27,504,117)	144,272,318
Employee benefits	15,340,064	(839,889)	759,520	15,259,695
	239,964,693	71,161,666	(31,647,861)	279,478,498
Liabilities				
Devaluation of available-for-sale investments	(217,717,104)	142,499,196	(17,523,603)	(92,741,511)
Properties				
For own use	(4,434,149)	1,515,661	(1,121,147)	(4,039,635)
Investment properties	(5,197,557)	1	1,342,131	(3,855,425)
	(227,348,810)	144,014,858	(17,302,619)	(100,636,571)
	12,615,883	215,176,524	(48,950,480)	178,841,927

In 2019 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between the income tax and the profit in the year before tax, may be represented as follows:

(amounts in euros)

	2019	2018
Current tax		
Estimated tax for the year	(4,275,891)	23,809,648
State and municipal surcharge	-	1,403,441
Autonomous taxation	834,235	727,573
	(3,441,656)	25,940,662
Others		
Branches	138,255	526,469
SIFIDE	(2,754,148)	-
	(6,057,549)	26,467,131
Deferred tax	30,978,738	54,699,144
Total tax in income statement	24,921,189	81,166,275
Income before tax	169,327,590	359,402,714
Tax burden	14.72%	22.58%

Reconciliation between the nominal tax rate and the effective tax rate in 2019 and 2018 was as follows:

(amounts in euros)

	2019		2018	
	Rate	Tax	Rate	Tax
Income before tax	0.00%	169,327,590	0.00%	359,402,714
Income tax calculated at nominal rate	21.00%	35,558,794	29.46%	105,908,333
Permanent differences to be deducted				
Dividends from equity instruments	(6.18%)	(10,460,676)	(6.21%)	(22,302,672)
Capital losses included in the net profit	(4.42%)	(7,490,206)	(14.54%)	(52,262,469)
Provision not relevant for tax purposes	0.00%	-	(1.64%)	(5,881,308)
Reimbursement of non-deductible tax and over estimation of CIT	(0.08%)	(139,816)	0.00%	-
Post-employment benefits and other long term benefits to employees	0.00%	-	(0.08%)	(269,831)
Adjustments in respect of previous periods	0.00%	-	(0.16%)	(572,926)
Others	0.00%	-	(0.03%)	(95,008)

(continuation)

(amounts in euros)

	2019		2018	
	Rate	Tax	Rate	Tax
Permanent differences to be added				
Impairment losses non-deductible	0.09%	158,193	15.01%	53,956,167
Under estimation of CIT	0.32%	544,869	0.08%	280,587
Other penalties	0.00%	-	1.05%	3,760,129
Adjustments in respect of previous periods	0.04%	59,705	0.00%	-
Others	0.47%	802,811	0.00%	-
Tax benefits				
Net job creation	(0.13%)	(226,478)	(0.09%)	(312,703)
International double taxation	(1.29%)	(2,187,484)	(0.43%)	(1,542,318)
Others	(1.69%)	(2,859,004)	(0.06%)	(227,276)
Autonomous taxation	0.49%	834,235	0.20%	727,571
Deferred taxes assets and liabilities - Effect of tax rate change	6.10%	10,326,246	0.00%	-
	14.72%	24,921,189	22.58%	81,166,275

The tax authorities have the option of inspecting the four prior years in Portugal (six years for years in which losses have been reported). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Company's Board of Directors, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

17. ACCRUALS AND DEFERRALS (ASSETS)

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accrued income	4,503,645	4,903,727
Deferred expenses		
Commission on the issue of financial products	8,906,871	12,415,896
Insurance	14,669	229,107
Rents and leases	76,714	476,356
Assistance for IT equipment	505,648	461,891
Advertising	353,625	-
Portuguese Insurance Association subscriptions	313,481	548,248
Software licences	1,358,567	2,262,922
Others	2,459,733	900,868
	18,492,953	22,199,015

At 31 December 2019 and 2018, the heading "Accrued income" includes estimates of the profit commissions receivable from life reinsurers, of EUR 4,509,500 and EUR 4,706,500, respectively.

The heading "Deferred expenses - Commissions on the issue of financial products" corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

18. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2019 and 2018, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

(amounts in euros)

	2019	2018
Non-current assets held for sale		
Investment properties	4,171,357	4,200,000
Deferred tax assets	155,777	152,579
	4,327,134	4,352,579
Liabilities of a group for sale classified as held for sale		
Deferred tax liabilities	1,081,671	529,650
	1,081,671	529,650
Gains and losses on non-current assets classified as held for sale		
Gains		
Rents	-	5,307,419
Gains made	-	111,414,436
	-	116,721,855
Losses		
Realized Losses	-	(14,128,893)
Other Losses	-	(2,634,303)
	-	(16,763,197)
	-	99,958,658

At 31 December 2019 this balance refers to the property in P. Guilherme Gomes Fernandes, 2 to 18, in Oporto, which was not sold until the end of 2019, as it did not meet all the conditions negotiated for the sale. The promissory contract of sale is maintained by what is expected to happen in 2020.

19. TECHNICAL PROVISIONS

At 31 December 2019 and 2018, technical provisions for direct insurance and reinsurance accepted were composed as follows:

(amounts in euros)

	2019			2018		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	1,622,833	274,713,042	276,335,875	1,634,440	256,258,394	257,892,834
Mathematical provision for life insurance	2,275,782,949	-	2,275,782,949	1,904,143,381	-	1,904,143,381
Claims provision						
Reported claims	84,408,269	1,528,038,509	1,612,446,778	95,058,405	1,554,181,866	1,649,240,271
Claims incurred but not reported (IBNR)	21,875,308	79,958,189	101,833,497	23,783,133	77,786,102	101,569,235
	106,283,577	1,607,996,698	1,714,280,275	118,841,538	1,631,967,968	1,750,809,506
Provision for profit sharing	85,368,234	1,750	85,369,984	81,081,860	20,563	81,102,423
Provision for interest rate commitments	29,171,855	-	29,171,855	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,462,475	-	26,462,475	26,254,032	-	26,254,032
Equalisation provision	-	29,019,705	29,019,705	-	27,222,726	27,222,726
Provision for unexpired risks	228,864	31,090,150	31,319,014	-	35,324,657	35,324,657
	2,524,920,787	1,942,821,345	4,467,742,132	2,154,638,361	1,950,794,308	4,105,432,669

At 31 December 2019 and 2018, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

(amounts in euros)

	2019			2018		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	1,622,833	-	1,622,833	1,634,440	-	1,634,440
Non-life insurance						
Workers' compensation	16,267,998	(3,268,616)	12,999,382	14,842,442	(2,709,406)	12,133,036
Personal accidents and passengers	8,659,683	(2,433,524)	6,226,159	8,627,521	(2,253,134)	6,374,387
Health	29,160,267	(3,469,278)	25,690,989	28,446,297	(3,898,256)	24,548,041
Fire and other damage	95,623,400	(23,611,619)	72,011,781	88,852,139	(21,630,939)	67,221,200
Motor	158,116,983	(32,351,749)	125,765,234	149,629,119	(32,196,806)	117,432,313
Marine, aviation and transport	1,875,402	(244,016)	1,631,386	1,666,303	(245,890)	1,420,413
Third party liability	14,160,918	(4,107,326)	10,053,592	10,802,175	(3,110,419)	7,691,756
Credit and suretyship	142,125	(8,627)	133,498	134,858	(9,863)	124,995
Legal protection	2,078,726	(935,298)	1,143,428	2,021,234	(925,570)	1,095,664
Assistance	15,012,684	(3,340,079)	11,672,605	13,983,395	(3,191,044)	10,792,351
Others	10,312,998	(2,928,010)	7,384,988	10,857,178	(3,432,940)	7,424,238
	351,411,184	(76,698,142)	274,713,042	329,862,661	(73,604,267)	256,258,394
	353,034,017	(76,698,142)	276,335,875	331,497,101	(73,604,267)	257,892,834

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2019 and 2018 were as follows:

(amounts in euros)

	2019		
	Opening balance	Liabilities originated in the year	Closing balance
Provision for unearned premiums			
Life insurance	1,634,440	(11,607)	1,622,833
Non-life insurance			
Workers' compensation	14,842,442	1,425,556	16,267,998
Personal accidents and passengers	8,627,521	32,162	8,659,683
Health	28,446,297	713,970	29,160,267
Fire and other damage	88,852,139	6,771,261	95,623,400
Motor	149,629,119	8,487,864	158,116,983
Marine, aviation and transport	1,666,303	209,099	1,875,402
Third party liability	10,802,175	3,358,743	14,160,918
Credit and suretyship	134,858	7,267	142,125
Legal protection	2,021,234	57,492	2,078,726
Assistance	13,983,395	1,029,289	15,012,684
Others	10,857,178	(544,180)	10,312,998
	329,862,661	21,548,523	351,411,184
	331,497,101	21,536,916	353,034,017
Deferred acquisition costs			
Non-life insurance			
Workers' compensation	(2,709,406)	(559,210)	(3,268,616)
Personal accidents and passengers	(2,253,134)	(180,390)	(2,433,524)
Health	(3,898,256)	428,978	(3,469,278)
Fire and other damage	(21,630,939)	(1,980,680)	(23,611,619)
Motor	(32,196,806)	(154,943)	(32,351,749)
Marine, aviation and transport	(245,890)	1,874	(244,016)
Third party liability	(3,110,419)	(996,907)	(4,107,326)
Credit and suretyship	(9,863)	1,236	(8,627)
Legal protection	(925,570)	(9,728)	(935,298)
Assistance	(3,191,044)	(149,035)	(3,340,079)
Others	(3,432,940)	504,930	(2,928,010)
	(73,604,267)	(3,093,875)	(76,698,142)
	257,892,834	18,443,041	276,335,875

(amounts in euros)

	2018		
	Opening balance	Liabilities originated in the year	Closing balance
Provision for unearned premiums			
Life insurance	1,542,377	92,063	1,634,440
Non-life insurance			
Workers' compensation	13,622,416	1,220,026	14,842,442
Personal accidents and passengers	9,279,052	(651,531)	8,627,521
Health	25,335,709	3,110,588	28,446,297
Fire and other damage	86,989,647	1,862,492	88,852,139
Motor	141,954,205	7,674,914	149,629,119
Marine, aviation and transport	1,619,086	47,217	1,666,303
Third party liability	10,333,352	468,823	10,802,175
Credit and suretyship	139,131	(4,273)	134,858
Legal protection	1,892,769	128,465	2,021,234
Assistance	12,031,003	1,952,392	13,983,395
Others	12,085,377	(1,228,199)	10,857,178
	315,281,747	14,580,914	329,862,661
	316,824,124	14,672,977	331,497,101
Deferred acquisition costs			
Non-life insurance			
Workers' compensation	(2,535,093)	(174,313)	(2,709,406)
Personal accidents and passengers	(2,081,726)	(171,408)	(2,253,134)
Health	(3,167,902)	(730,354)	(3,898,256)
Fire and other damage	(20,829,354)	(801,585)	(21,630,939)
Motor	(29,475,306)	(2,721,500)	(32,196,806)
Marine, aviation and transport	(305,430)	59,540	(245,890)
Third party liability	(2,771,054)	(339,365)	(3,110,419)
Credit and suretyship	(11,164)	1,301	(9,863)
Legal protection	(838,442)	(87,128)	(925,570)
Assistance	(2,642,687)	(548,357)	(3,191,044)
Others	(3,989,884)	556,944	(3,432,940)
	(68,648,042)	(4,956,225)	(73,604,267)
	248,176,082	9,716,752	257,892,834

At 31 December 2019 and 2018, the claims provisions on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019			2018		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance	84,408,269	21,875,308	106,283,577	95,058,405	23,783,133	118,841,538
Non-life insurance						
Workers' compensation						
Mathematical provision	646,043,636	1,100,910	647,144,546	625,918,018	1,223,214	627,141,232
Provision for whole life assistance	182,614,623	7,959,018	190,573,641	175,405,716	7,962,649	183,368,365
Provision for temporary assistance	55,614,407	3,043,717	58,658,124	49,244,029	2,888,894	52,132,923
	884,272,666	12,103,645	896,376,311	850,567,763	12,074,757	862,642,520
Others						
Personal accidents and passengers	26,280,960	4,431,831	30,712,791	28,859,074	3,411,458	32,270,532
Health	57,906,489	5,171,524	63,078,013	53,848,267	6,396,355	60,244,622
Fire and other damage	102,018,571	16,315,997	118,334,568	141,898,660	16,377,606	158,276,266
Motor	363,008,507	16,272,693	379,281,200	376,276,303	17,225,663	393,501,966
Marine, aviation and transport	8,039,436	2,651,812	10,691,248	9,539,528	2,030,907	11,570,435
Third party liability	78,376,650	21,085,909	99,462,559	80,480,506	19,084,275	99,564,781
Credit and suretyship	328,341	83,199	411,540	329,883	78,874	408,757
Legal protection	15,758	8,663	24,421	15,504	7,417	22,921
Assistance	139,929	79,846	219,775	119,474	55,958	175,432
Others	7,651,202	1,753,070	9,404,272	12,246,904	1,042,832	13,289,736
	643,765,843	67,854,544	711,620,387	703,614,103	65,711,345	769,325,448
	1,528,038,509	79,958,189	1,607,996,698	1,554,181,866	77,786,102	1,631,967,968
	1,612,446,778	101,833,497	1,714,280,275	1,649,240,271	101,569,235	1,750,809,506

The movement in the claims provisions on direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	118,841,538	285,552,665	(298,110,626)	106,283,577
Non-life insurance				
Workers' compensation	862,642,520	205,744,856	(172,011,065)	896,376,311
Personal accidents and passengers	32,270,532	12,576,571	(14,134,312)	30,712,791
Health	60,244,622	266,598,398	(263,765,007)	63,078,013
Fire and other damage	158,276,266	98,138,900	(138,080,598)	118,334,568
Motor	393,501,966	357,757,221	(371,977,987)	379,281,200
Marine, aviation and transport	11,570,435	3,340,675	(4,219,862)	10,691,248
Third party liability	99,564,781	16,690,253	(16,792,475)	99,462,559
Credit and suretyship	408,757	4,310	(1,527)	411,540
Legal protection	22,921	2,942	(1,442)	24,421
Assistance	175,432	101,035	(56,692)	219,775
Others	13,289,736	12,826,516	(16,711,980)	9,404,272
	1,631,967,968	973,781,677	(997,752,947)	1,607,996,698
	1,750,809,506	1,259,334,342	(1,295,863,573)	1,714,280,275

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	132,387,593	265,810,072	(279,356,127)	118,841,538
Non-life insurance				
Workers' compensation	823,718,810	202,312,508	(163,388,798)	862,642,520
Personal accidents and passengers	27,789,906	15,975,984	(11,495,358)	32,270,532
Health	54,651,465	242,916,617	(237,323,460)	60,244,622
Fire and other damage	217,173,443	121,950,089	(180,847,266)	158,276,266
Motor	415,878,613	331,912,842	(354,289,489)	393,501,966
Marine, aviation and transport	12,717,682	3,689,516	(4,836,763)	11,570,435
Third party liability	98,999,696	13,919,862	(13,354,777)	99,564,781
Credit and suretyship	445,958	335,324	(372,525)	408,757
Legal protection	23,563	(189)	(453)	22,921
Assistance	152,225	27,757	(4,550)	175,432
Others	12,195,570	18,634,547	(17,540,381)	13,289,736
	1,663,746,931	951,674,857	(983,453,820)	1,631,967,968
	1,796,134,524	1,217,484,929	(1,262,809,947)	1,750,809,506

Liabilities originated in the year and the claims paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Company.

At 31 December 2019 and 2018, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019	2018
Life insurance	228,864	-
Non-life insurance		
Workers' compensation	997,564	1,328,197
Personal accidents and passengers	476,269	99,674
Health	4,912,646	3,755,245
Fire and other damage	4,115,950	3,235,259
Motor	15,635,598	20,988,612
Marine, aviation and transport	-	190,199
Third party liability	1,786,828	1,154,727
Credit and suretyship	-	64,500
Legal protection	225,411	67,471
Assistance	2,932,315	4,440,773
Others	7,569	-
	31,090,150	35,324,657
	31,319,014	35,324,657

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019		
	Opening balance	Appropriations for the year	Closing balance
Life insurance	-	228,864	228,864
Non-life insurance			
Workers' compensation	1,328,197	(330,633)	997,564
Personal accidents and passengers	99,674	376,595	476,269
Health	3,755,245	1,157,401	4,912,646
Fire and other damage	3,235,259	880,691	4,115,950
Motor	20,988,612	(5,353,014)	15,635,598
Marine, aviation and transport	190,199	(190,199)	-
Third party liability	1,154,727	632,101	1,786,828
Credit and suretyship	64,500	(64,500)	-
Legal protection	67,471	157,940	225,411
Assistance	4,440,773	(1,508,458)	2,932,315
Others	-	7,569	7,569
	35,324,657	(4,234,507)	31,090,150
	35,324,657	(4,005,643)	31,319,014

(amounts in euros)

	2018		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	6,113,713	(4,785,516)	1,328,197
Personal accidents and passengers	191,581	(91,907)	99,674
Health	192,776	3,562,469	3,755,245
Fire and other damage	7,487,753	(4,252,494)	3,235,259
Motor	27,887,196	(6,898,584)	20,988,612
Marine, aviation and transport	12,672	177,527	190,199
Third party liability	950,506	204,221	1,154,727
Credit and suretyship	61,889	2,611	64,500
Legal protection	384	67,087	67,471
Assistance	4,682,786	(242,013)	4,440,773
Others	124	(124)	-
	47,581,380	(12,256,723)	35,324,657

At 31 December 2019 and 2018, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2019				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	91,404,905	(822,945)	90,581,960	18,126,916	108,708,876
Life group risk	129,263,425	-	129,263,425	17,868,206	147,131,631
Life individual capitalisation	130,832,912	(384,621)	130,448,291	193,023	130,641,314
Life group capitalisation	1,035,402	-	1,035,402	-	1,035,402
	352,536,644	(1,207,566)	351,329,078	36,188,145	387,517,223
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	146,422,685	(5,950)	146,416,735	11,646,185	158,062,920
Life group capitalisation	327,172,210	-	327,172,210	4,027,640	331,199,850
Life individual PPR	1,450,880,401	(15,475)	1,450,864,926	33,506,264	1,484,371,190
	1,924,475,296	(21,425)	1,924,453,871	49,180,089	1,973,633,960
	2,277,011,940	(1,228,991)	2,275,782,949	85,368,234	2,361,151,183

(amounts in euros)

	2018				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	78,806,353	(454,754)	78,351,599	17,840,152	96,191,751
Life group risk	136,511,159	-	136,511,159	17,251,872	153,763,031
Life individual capitalisation	51,336,426	(136,574)	51,199,852	116,715	51,316,567
Life group capitalisation	3,121,591	-	3,121,591	-	3,121,591
	269,775,529	(591,328)	269,184,201	35,208,739	304,392,940
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	185,319,880	(7,465)	185,312,415	11,636,533	196,948,948
Life group capitalisation	320,985,476	-	320,985,476	4,438,363	325,423,839
Life individual PPR	1,128,680,785	(19,496)	1,128,661,289	29,798,225	1,158,459,514
	1,634,986,141	(26,961)	1,634,959,180	45,873,121	1,680,832,301
	1,904,761,670	(618,289)	1,904,143,381	81,081,860	1,985,225,241

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2019 and 2018 was as follows:

(amounts in euros)

	2019						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Portfolio recomposition	Income distributed	Closing balance
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	269,184,201	82,529,349	-	(616,238)	-	231,766	351,329,078
Investment contracts with a discretionary profit sharing component	1,634,959,180	272,731,167	-	5,536	7,462,032	9,295,956	1,924,453,871
	1,904,143,381	355,260,516	-	(610,702)	7,462,032	9,527,722	2,275,782,949
Profit sharing provision							
Insurance contracts	35,208,739	3,997,544	11,484	-	-	(3,029,622)	36,188,145
Investment contracts with a discretionary profit sharing component	45,873,121	5,527,254	7,300,965	-	-	(9,521,251)	49,180,089
	81,081,860	9,524,798	7,312,449	-	-	(12,550,873)	85,368,234
	1,985,225,241	364,785,314	7,312,449	(610,702)	7,462,032	(3,023,151)	2,361,151,183

(amounts in euros)

	2018						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Portfolio recomposition	Income distributed	Closing balance
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	232,246,138	37,116,716	-	(381,831)	-	203,178	269,184,201
Investment contracts with a discretionary profit sharing component	1,527,496,361	85,240,359	-	5,944	8,681,711	13,534,805	1,634,959,180
	1,759,742,499	122,357,075	-	(375,887)	8,681,711	13,737,983	1,904,143,381
Profit sharing provision							
Insurance contracts	34,491,745	6,191,340	(3,058,972)	-	-	(2,415,374)	35,208,739
Investment contracts with a discretionary profit sharing component	76,253,482	10,235,599	(27,081,152)	-	-	(13,534,808)	45,873,121
	110,745,227	16,426,939	(30,140,124)	-	-	(15,950,182)	81,081,860
	1,870,487,726	138,784,014	(30,140,124)	(375,887)	8,681,711	(2,212,199)	1,985,225,241

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.15. f).

20. FINANCIAL LIABILITIES OF THE DEPOSIT COMPONENT OF INSURANCE CONTRACTS AND ON INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS

Information on movements in this account heading for 2019 and 2018 is set out below:

(amounts in euros)

	2019					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Portfolio recomposition	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	24,925,020	100,609,413	(3,559,306)	1,358,452	(101,121)	123,232,458
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	14,641,455	188,410	(925,355)	891,603	(27,173)	14,768,940
	40,287,720	100,797,823	(4,484,661)	2,250,055	(128,294)	138,722,643
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	6,260,810,306	411,254,925	(528,400,408)	12,840,553	(7,434,859)	6,149,070,517
Life individual fixed rate	2,970,703,013	604,005,277	(1,025,105,561)	24,952,004	101,121	2,574,655,854
Capitalisation OP. Individual fixed rate	4,668,404	-	(232,849)	-	-	4,435,555
	9,236,181,723	1,015,260,202	(1,553,738,818)	37,792,557	(7,333,738)	8,728,161,926
	9,276,469,443	1,116,058,025	(1,558,223,479)	40,042,612	(7,462,032)	8,866,884,569

(amounts in euros)

	2018					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Portfolio recomposition	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	149,201,723	1,765,933	(125,571,892)	(470,744)	-	24,925,020
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	25,670,399	194,679	(10,351,801)	(830,777)	(41,045)	14,641,455
	175,593,367	1,960,612	(135,923,693)	(1,301,521)	(41,045)	40,287,720
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	5,113,993,681	1,660,140,798	(538,942,736)	34,259,229	(8,640,666)	6,260,810,306
Life individual fixed rate	3,288,976,314	1,182,053,183	(1,541,087,287)	40,760,803	-	2,970,703,013
Capitalisation OP. Individual fixed rate	5,076,378	-	(426,331)	18,357	-	4,668,404
	8,408,046,373	2,842,193,981	(2,080,456,354)	75,038,389	(8,640,666)	9,236,181,723
	8,583,639,740	2,844,154,593	(2,216,380,047)	73,736,868	(8,681,711)	9,276,469,443

"Other investment contracts" corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

21. FINANCIAL LIABILITIES HELD FOR TRADING AND OTHER FINANCIAL LIABILITIES

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Financial liabilities held for trading		
Fair Value Hedge (Note 6)	101,581,020	30,056,302
Other financial liabilities		
Hedge Derivatives		
Fair Value Hedge (Note 6)	2,439,323	112,884
Deposits received from reinsurers		
Life	2,621,403	3,460,629
Non-life	123,386,115	127,318,313
Lease liabilities	37,606,271	-
	166,053,112	130,891,826
	267,634,132	160,948,128

The movements in the finance leases during 2019 was as follows:

(amounts in euros)

Value at 31 December 2018	-
Value at 1 January 2019	27,856,424
Increase for the period	18,473,840
Additions	17,912,384
Interest increment	249,218
Others	312,238
Decrease for the period	(8,723,993)
Payments made	(8,723,993)
Value at 31 December 2019	37,606,271

The amounts recorded during the year are recognised in accordance with the implementation of the principles defined in IFRS 16 - "Leases".

22. OTHER CREDITORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Accounts payable for direct insurance operations		
Brokers	35,825,154	29,083,165
Policyholders	33,311,529	31,247,206
Co-insurers	8,560,797	9,701,099
	77,697,481	70,031,470
Accounts payable for other reinsurance operations		
Reinsurers' current accounts	73,237,035	51,074,275
Insured's current accounts	1,807,440	1,646,675
	75,044,475	52,720,950
Accounts payable for other operations		
Transactions to be settled	19,000,000	-
Group companies	13,768,456	3,187,840
Suppliers' current accounts	12,236,757	12,617,275
Trustee contracts	8,936,576	12,481,132
Other internal regularisation accounts	1,151,737	824,103
Others	1,478,621	1,326,448
	56,572,147	39,162,248
	209,314,103	161,914,668

The heading "Other internal regularisation accounts" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

23. ACCRUALS AND DEFERRALS (LIABILITIES)

At 31 December 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019	2018
Deferred income		
Rents and leases	287,349	433,377
	287,349	433,377
Accrued expenses		
Holiday and holiday subsidies payable	14,522,361	14,071,785
Insurance	5,759,101	2,900,550
Variable remuneration payable to employees	882,930	529,312
Performance bonus	11,164,455	12,890,288
Seniority bonus	563,681	696,824
Other employee costs	550,398	211,650
Commissions payable	66,674,786	57,420,373
Deferred payments - marketing	5,261,744	6,763,764
Municipal tax on real estate	303,164	331,366
Audit	41,361	19,536
Advertising	16,120	74,313
Invoices pending conferral	7,982,868	4,894,011
Others	3,918,654	4,435,769
	117,641,623	105,239,541
	117,928,972	105,672,918

24. OTHER PROVISIONS

Information on the above account heading movements for 2019 and 2018 is set out below:

(amounts in euros)

	2019						Closing balances
	Opening balances	Increases	Recoveries and cancellations	Uses	Others	Actuarial gains and losses from equity	
Provisions for the cost							
of employee benefits (Note 32)							
Health benefits	21,053,228	-	(668,950)	-	-	2,400,639	22,784,917
Pension costs	2,678,341	-	(69,661)	-	-	796,230	3,404,910
Provision for Workers' compensation fund	51,536,302	1,200,000	-	-	-	-	52,736,302
Provision for restructuring	13,380,073	-	(9,793,790)	-	-	-	3,586,283
Provision for judicial contingencies	1,269,575	-	(115,999)	-	136,000	-	1,289,576
Others	8,681,326	22,170,833	-	(269,847)	-	-	30,582,312
	98,598,845	23,370,833	(10,648,400)	(269,847)	136,000	3,196,869	114,384,300

(amounts in euros)

	2018						Closing balances
	Opening balances	Increases	Recoveries and cancellations	Others	Actuarial gains and losses from equity		
Provisions for tax	48,203	-	(48,203)	-	-	-	-
Provisions for the cost							
of employee benefits (Note 32)							
Health benefits	22,964,030	-	(716,306)	-	(1,194,496)		21,053,228
Pension costs	2,582,444	-	(61,119)	-	157,016		2,678,341
Provision for Workers' compensation fund	50,036,302	1,500,000	-	-	-		51,536,302
Provision for restructuring	21,177,446	10,762,278	(18,559,651)	-	-		13,380,073
Provision for judicial contingencies	1,031,031	-	-	238,544	-		1,269,575
Others	54,289,306	-	(45,622,212)	14,232	-		8,681,326
	152,128,762	12,262,278	(65,007,491)	252,776	(1,037,480)		98,598,845

Fidelidade set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

Following the plan, 214 employees left in 2018, which led to EUR 18,559,651 being used. 231 employees were hired during the same period.

In carrying out the plan, 230 employees left in 2019, which led to EUR 9,793,790 being used. 300 employees were hired during the same period.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2019 and 2018, the "Other Provisions" headings include the constitution of EUR 22,110,799 in 2019 and the use of EUR 40,151,958 in 2018, which are registered under the heading "Impairment Losses (net of reversals)".

The heading "Provisions for costs of employee benefits - Health benefits" represents the liabilities assumed by the Company in relation to employees' health benefits. The heading "Provisions for costs of employee benefits - Pension costs" represents the liabilities assumed by the Company resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Company to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 32).

25. PAID-IN CAPITAL

The share capital of EUR 457,380,000 is composed of 145.2 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade's equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614 Euros, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

The Company's shareholder structure at 31 December 2019 and 2018 was as follows:

(amounts in euros)

Shareholders	2019		2018	
	Number of Shares	% Share	Number of Shares	% Share
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	123,403,140	84.9884%
Caixa Geral de Depósitos, S.A.	21,780,000	15.0000%	21,780,000	15.0000%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.0025%	3,560	0.0025%
Own Shares	13,300	0.0092%	13,300	0.0092%
	145,200,000	100%	145,200,000	100%

The Company became a part of the Fosun Group as of 15 May 2014 when Longrun Portugal, SGPS, S.A. acquired 80% of Fidelidade's share capital.

The income of 2018 and 2017 was applied as indicated below:

(amounts in euros)

	2018	2017
Application of income for the year		
Legal Reserve	27,823,644	25,001,922
Free Reserves	360,062,641	144,945,594
Retained earnings	(109,649,846)	17,841,841
	278,236,439	187,789,357

The income per share at 31 December 2019 and 2018 was as follows:

(amounts in euros)

	2019	2018
Net Income for the year	144,406,401	278,236,439
Number of shares (at the end of the year)	145,200,000	145,200,000
Income per Share (in Euros)	0.99	1.92

26. RESERVES, RETAINED EARNINGS AND INCOME FOR THE YEAR

At 31 December 2019 and 2018, reserves and retained earnings were composed as follows:

(amounts in euros)

	2019	2018
Revaluation reserves		
Fair value adjustments		
Available-for-sale investments		
Gross gains (Note 7)	368,798,167	17,824,683
Amount attributable to policyholders	(44,037,740)	(36,725,291)
	324,760,427	(18,900,608)
Revaluations of properties for own use (Note 10)	14,173,584	23,433,180
	338,934,011	4,532,572
Exchange differences		
Gross gains	16,876,061	20,709,051
	16,876,061	20,709,051
	355,810,072	25,241,623
Deferred tax reserve		
Available-for-sale investments	(92,890,687)	9,886,625
Properties for own use	4,692,824	5,808,460
Actuarial gains and losses		
Post-employment benefits	25,845,005	24,850,037
Health benefits	2,359,422	1,603,220
Tax (paid)/deducted from potential capital gains or losses	(12,366,273)	(11,880,547)
	(72,359,709)	30,267,795
Revaluation Reserves, net of deferred taxes	283,450,363	55,509,418

(continuation)

(amounts in euros)

	2019	2018
Other reserves		
Legal reserve	196,797,284	168,973,640
Share premiums	182,379,280	182,379,280
Actuarial gains and losses		
Post-employment benefits	(56,863,593)	(51,190,605)
Health benefits	(7,490,227)	(5,089,589)
Merger reserves	91,335,345	91,335,345
Other reserves	869,888,946	509,826,305
	1,276,047,035	896,234,376
Retained earnings	65,983,018	167,373,758
Income for the year	144,406,401	278,236,439
	1,769,886,817	1,397,353,991

In accordance with the legislation in force, a percentage of not less than 10% of the net profits for each year must be transferred to the legal reserve, until it totals the amount of share capital. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

“Revaluation reserves” reflects potential capital gains and losses on available-for-sale investments and properties for own use.

The change in “Other reserves” corresponds to the application of the previous year’s distributable income recognised in Free Reserves.

27. EARNED PREMIUMS, NET OF REINSURANCE

In 2019 and 2018 this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written						
Life insurance						
Insurance contracts without profit sharing	187,425,688	(18,835,932)	168,589,756	178,065,834	(14,349,561)	163,716,273
Insurance contracts with profit sharing	93,722,540	(1,059,060)	92,663,480	54,910,091	(1,013,114)	53,896,977
Investment contracts with a discretionary profit sharing component	438,869,103	-	438,869,103	224,520,604	-	224,520,604
	720,017,331	(19,894,992)	700,122,339	457,496,529	(15,362,675)	442,133,854
Non-life insurance						
Workers' compensation	237,458,500	(7,508,365)	229,950,135	209,909,501	(8,222,472)	201,687,029
Personal accidents and passengers	31,637,017	(8,447,534)	23,189,483	30,293,676	(7,618,064)	22,675,612
Health	330,986,247	(322,828,609)	8,157,638	300,059,488	(293,380,444)	6,679,044
Fire and other damage	264,631,449	(104,575,016)	160,056,433	246,557,182	(94,993,989)	151,563,193
Motor	459,319,789	(2,047,845)	457,271,944	425,208,852	(2,319,475)	422,889,377
Marine, aviation and transport	20,152,964	(12,112,232)	8,040,732	17,871,236	(10,939,514)	6,931,722
Third party liability	47,603,528	(15,518,225)	32,085,303	37,217,862	(9,871,706)	27,346,156
Credit and suretyship	525,543	(393,710)	131,833	571,060	(423,928)	147,132
Legal protection	5,226,702	(3,832,988)	1,393,714	5,013,452	(3,710,147)	1,303,305
Assistance	41,239,704	(32,858,917)	8,380,787	36,995,417	(31,385,415)	5,610,002
Others	32,621,688	(11,216,788)	21,404,900	34,177,708	(12,414,825)	21,762,883
	1,471,403,131	(521,340,229)	950,062,902	1,343,875,434	(475,279,979)	868,595,455
	2,191,420,462	(541,235,221)	1,650,185,241	1,801,371,963	(490,642,654)	1,310,729,309
Change in provision for unearned premiums						
Life insurance						
Insurance contracts without profit sharing	(48,656)	(637,415)	(686,071)	(77,299)	703,890	626,591
Insurance contracts with profit sharing	56,453	15,450	71,903	(26,839)	(14,987)	(41,826)
Investment contracts with a discretionary profit sharing component	3,665	-	3,665	12,075	-	12,075
	11,462	(621,965)	(610,503)	(92,063)	688,903	596,840

(continuation)

(amounts in euros)

	2019			2018		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Non-life insurance						
Workers' compensation	(1,425,556)	8,373	(1,417,183)	(1,220,026)	8,184	(1,211,842)
Personal accidents and passengers	(32,162)	(62)	(32,224)	651,531	(574,825)	76,706
Health	(713,970)	581,034	(132,936)	(3,110,588)	2,486,107	(624,481)
Fire and other damage	(6,771,261)	2,924,153	(3,847,108)	(1,862,492)	(1,977,659)	(3,840,151)
Motor	(8,487,864)	(39,339)	(8,527,203)	(7,674,914)	(12,549)	(7,687,463)
Marine, aviation and transport	(209,099)	115,002	(94,097)	(47,217)	140,774	93,557
Third party liability	(3,358,743)	2,259,149	(1,099,594)	(468,823)	(37,478)	(506,301)
Credit and suretyship	(7,267)	17,861	10,594	4,273	2,703	6,976
Legal protection	(57,492)	(16)	(57,508)	(128,465)	354	(128,111)
Assistance	(1,029,289)	9,252	(1,020,037)	(1,952,392)	6,941	(1,945,451)
Others	544,180	(241,735)	302,445	1,228,199	(1,172,809)	55,390
	(21,548,523)	5,633,672	(15,914,851)	(14,580,914)	(1,130,257)	(15,711,171)
	(21,537,061)	5,011,707	(16,525,354)	(14,672,977)	(441,354)	(15,114,331)
Earned premiums						
Life insurance						
Insurance contracts without profit sharing	187,377,032	(19,473,347)	167,903,685	177,988,535	(13,645,671)	164,342,864
Insurance contracts with profit sharing	93,778,993	(1,043,610)	92,735,383	54,883,252	(1,028,101)	53,855,151
Investment contracts with a discretionary profit sharing component	438,872,768	-	438,872,768	224,532,679	-	224,532,679
	720,028,793	(20,516,957)	699,511,836	457,404,466	(14,673,772)	442,730,694
Non-life insurance						
Workers' compensation	236,032,944	(7,499,992)	228,532,952	208,689,475	(8,214,288)	200,475,187
Personal accidents and passengers	31,604,855	(8,447,596)	23,157,259	30,945,207	(8,192,889)	22,752,318
Health	330,272,277	(322,247,575)	8,024,702	296,948,900	(290,894,337)	6,054,563
Fire and other damage	257,860,188	(101,650,863)	156,209,325	244,694,690	(96,971,648)	147,723,042
Motor	450,831,925	(2,087,184)	448,744,741	417,533,938	(2,332,024)	415,201,914
Marine, aviation and transport	19,943,865	(11,997,230)	7,946,635	17,824,019	(10,798,740)	7,025,279
Third party liability	44,244,785	(13,259,076)	30,985,709	36,749,039	(9,909,184)	26,839,855
Credit and suretyship	518,276	(375,849)	142,427	575,333	(421,225)	154,108
Legal protection	5,169,210	(3,833,004)	1,336,206	4,884,987	(3,709,793)	1,175,194
Assistance	40,210,415	(32,849,665)	7,360,750	35,043,025	(31,378,474)	3,664,551
Others	33,165,868	(11,458,523)	21,707,345	35,405,907	(13,587,634)	21,818,273
	1,449,854,608	(515,706,557)	934,148,051	1,329,294,520	(476,410,236)	852,884,284
	2,169,883,401	(536,223,514)	1,633,659,887	1,786,698,986	(491,084,008)	1,295,614,978

In 2019 and 2018, premiums for life insurance contracts may be broken down as follows:

(amounts in euros)

	2019	2018
Direct insurance gross premiums written	719,804,852	456,905,616
Individual contracts	534,848,554	272,789,087
Group contracts	184,956,298	184,116,529
	719,804,852	456,905,616
Periodic	230,644,884	218,117,775
Non-periodic	489,159,968	238,787,841
	719,804,852	456,905,616
Contracts without profit sharing	187,213,210	177,428,566
Contracts with profit sharing	532,591,642	279,477,050
	719,804,852	456,905,616
Reinsurance accepted gross premiums written	212,479	590,913
Gross premiums written from direct insurance and reinsurance accepted	720,017,331	457,496,529
Reinsurance balance	(6,766,796)	72,489

28. FEES FROM INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS OR SERVICE CONTRACTS

In 2019 and 2018, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 1,215,867 and EUR 1,224,954 respectively.

29. CLAIMS COSTS, NET OF REINSURANCE

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance						
Direct insurance and reinsurance accepted	304,940,543	(11,673,585)	293,266,958	285,216,603	(13,078,061)	272,138,542
Reinsurance ceded	(6,610,308)	1,295,200	(5,315,108)	(8,290,702)	1,211,932	(7,078,770)
	298,330,235	(10,378,385)	287,951,850	276,925,901	(11,866,129)	265,059,772
Non-life insurance						
Direct insurance and reinsurance accepted						
Workers' compensation	172,567,820	36,088,705	208,656,525	164,976,474	40,684,262	205,660,736
Personal accidents and passengers	16,456,082	(1,566,503)	14,889,579	13,442,789	4,486,706	17,929,495
Health	256,359,399	1,590,111	257,949,510	226,107,516	5,062,179	231,169,695
Fire and other damage	143,844,351	(38,986,449)	104,857,902	188,496,166	(59,677,369)	128,818,797
Motor	334,490,944	(14,548,990)	319,941,954	320,226,544	(22,737,234)	297,489,310
Marine, aviation and transport	4,288,889	(879,662)	3,409,227	5,044,924	(1,147,247)	3,897,677
Third party liability	17,000,322	8,090	17,008,412	13,092,473	553,318	13,645,791
Credit and suretyship	(338,600)	2,783	(335,817)	393,603	(37,200)	356,403
Legal protection	119,094	1,501	120,595	99,384	(642)	98,742
Assistance	985,881	44,344	1,030,225	742,774	23,208	765,982
Others	16,466,704	(8,767,991)	7,698,713	17,496,760	1,093,682	18,590,442
	962,240,886	(27,014,061)	935,226,825	950,119,407	(31,696,337)	918,423,070
Reinsurance ceded						
Workers' compensation	(568,670)	(776,457)	(1,345,127)	(1,295,038)	(362,467)	(1,657,505)
Personal accidents and passengers	(1,794,366)	1,528,847	(265,519)	(1,151,919)	(2,647,742)	(3,799,661)
Health	(248,139,882)	(1,378,647)	(249,518,529)	(221,374,502)	(4,056,081)	(225,430,583)
Fire and other damage	(61,343,082)	36,990,453	(24,352,629)	(81,159,369)	42,635,539	(38,523,830)
Motor	(195,588)	(5,746,338)	(5,941,926)	(11,541,126)	5,080,636	(6,460,490)
Marine, aviation and transport	(912,466)	1,101,650	189,184	(1,442,164)	496,743	(945,421)
Third party liability	(3,749,097)	877,656	(2,871,441)	(2,414,694)	(3,495,083)	(5,909,777)
Credit and suretyship	-	11,735	11,735	-	(1,000)	(1,000)
Assistance	(28,346)	(8,332)	(36,678)	(1,575)	2	(1,573)
Others	(6,393,768)	8,803,276	2,409,508	(8,814,404)	(737,842)	(9,552,246)
	(323,125,265)	41,403,843	(281,721,422)	(329,194,791)	36,912,705	(292,282,086)
	639,115,621	14,389,782	653,505,403	620,924,616	5,216,368	626,140,984
	937,445,856	4,011,397	941,457,253	897,850,517	(6,649,761)	891,200,756

"Claims paid" includes costs with claims management and refunds processed by the Company.

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2019 and 2018:

(amounts in euros)

	2019						
	Claims paid	Changes in claims provisions	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	116,066,589	(13,457,010)	102,609,579	437,308	82,529,349	3,997,544	189,573,780
Investment contracts with a discretionary profit sharing component	188,873,954	1,783,425	190,657,379	6,488,745	272,731,167	5,527,254	475,404,545
	304,940,543	(11,673,585)	293,266,958	6,926,053	355,260,516	9,524,798	664,978,325
Reinsurance ceded							
Insurance contracts	(6,610,308)	1,295,200	(5,315,108)	-	(2,715,648)	-	(8,030,756)
	(6,610,308)	1,295,200	(5,315,108)	-	(2,715,648)	-	(8,030,756)
Net							
Insurance contracts	109,456,281	(12,161,810)	97,294,471	437,308	79,813,701	3,997,544	181,543,024
Investment contracts with a discretionary profit sharing component	188,873,954	1,783,425	190,657,379	6,488,745	272,731,167	5,527,254	475,404,545
	298,330,235	(10,378,385)	287,951,850	6,926,053	352,544,868	9,524,798	656,947,569

(amounts in euros)

	2018						
	Claims paid	Changes in claims provisions	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	117,886,850	(11,842,871)	106,043,979	1,848,968	37,116,716	6,191,340	151,201,003
Investment contracts with a discretionary profit sharing component	167,329,753	(1,235,190)	166,094,563	15,162,310	85,240,359	10,235,599	276,732,831
	285,216,603	(13,078,061)	272,138,542	17,011,278	122,357,075	16,426,939	427,933,834
Reinsurance ceded							
Insurance contracts	(8,290,702)	1,211,932	(7,078,770)	-	(1,897,311)	-	(8,976,081)
	(8,290,702)	1,211,932	(7,078,770)	-	(1,897,311)	-	(8,976,081)
Net							
Insurance contracts	109,596,148	(10,630,939)	98,965,209	1,848,968	35,219,405	6,191,340	142,224,922
Investment contracts with a discretionary profit sharing component	167,329,753	(1,235,190)	166,094,563	15,162,310	85,240,359	10,235,599	276,732,831
	276,925,901	(11,866,129)	265,059,772	17,011,278	120,459,764	16,426,939	418,957,753

In 2019 and 2018, changes in other technical provisions include the allocation of the provision to stabilise the portfolio and the provision for unexpired risks of EUR 437,308 and of EUR 1,848,968, respectively. In 2019 and 2018, this heading also includes the allocation of EUR 6,488,745 and EUR 15,162,310 respectively, to the provision for interest rate commitments.

30. NET OPERATING COSTS, BY TYPE AND FUNCTION

In 2019 and 2018, Fidelidade's operating costs, by type, were as follows:

(amounts in euros)

	2019	2018
Employee costs (Note 31)	152,343,339	158,176,209
External supplies and services		
Electricity	1,694,219	1,816,599
Fuel	670,640	657,091
Water	202,022	181,389
Printed Material	337,281	328,921
Office supplies	212,219	208,303
Conservation and repair	6,599,042	4,892,111
Rents and leases	9,047,940	16,585,595
Representation expenses	1,023,708	1,474,845
Communication	6,262,896	6,533,322
Travel and accommodation	4,390,261	4,057,215
Insurance	438,013	462,078
Expenditure with self-employed workers	419,758	518,037
Advertising and publicity	12,881,340	12,673,229
Litigation and notary expenses	263,773	147,332
Security and surveillance	1,276,578	1,136,610
Specialist work	56,287,264	50,864,829
Contributions	1,186,481	1,123,447
Cleanliness, hygiene and comfort	1,464,675	1,378,858
Expenses with premium collections	1,314,515	1,670,166
Software licences	9,503,606	6,682,808
Others	3,676,399	3,984,459
	119,152,630	117,377,244
Taxes and charges	11,509,095	11,471,139
Depreciation and amortisation for the year (Notes 10, 12 and 13)	17,773,280	9,146,706
Other provisions	(9,388,366)	(12,593,255)
Commissions	6,373,991	7,476,535
Interest paid	1,704,829	1,027,953
	299,468,798	292,082,531

In 2019 the cost with interest related to leasings are as follow:

(amounts in euros)

	2019	
	Financial leasing	Operational leasing
Land and Buildings	5,868	207,419
IT equipment	-	21,953
Transport material	-	13,979
	5,868	243,351

In 2019 the group also incurred in the following costs related with leasings:

(amounts in euros)

	2019		
	Depreciation of right-of-use assets	Expense relating to short-term leases	Expense relating to low value assets
Land and Buildings	6,469,036	-	-
Machinery and tools equipment	-	-	13,797
IT equipment	1,287,603	-	-
Transport material	1,075,857	72,354	-
Other equipment	-	-	237,480
	8,832,496	72,354	251,277

In 2019 and 2018, the balance of reinsurance commissions and profit sharing is as follows:

(amounts in euros)

	2019		
	Comissions	Reinsurance profit sharing	Total
Related to life insurance	1,862,666	3,856,739	5,719,405
Related to non-life insurance	62,747,687	3,258,767	66,006,454
	64,610,353	7,115,506	71,725,859

(amounts in euros)

	2018		
	Comissions	Reinsurance profit sharing	Total
Related to life insurance	1,290,702	4,479,478	5,770,180
Related to non-life insurance	57,797,914	3,759,080	61,556,994
	59,088,616	8,238,558	67,327,174

In the 2019 and 2018 profit and loss statement, these costs were as follows:

(amounts in euros)

	2019			Total
	Life technical account	Non life technical account	Non technical account	
Claims costs - amounts paid				
Cost allocations	8,508,142	54,091,373	-	62,599,515
Technical costs	296,432,401	908,149,513	-	1,204,581,914
	304,940,543	962,240,886	-	1,267,181,429
Acquisition costs				
Cost allocations	26,823,356	91,673,306	-	118,496,662
Brokerage commissions	56,517,663	185,173,999	-	241,691,662
Others	202,040	1,281,077	-	1,483,117
	83,543,059	278,128,382	-	361,671,441
Administrative expenses				
Cost allocations	21,580,440	68,777,092	-	90,357,532
Brokerage remuneration	70,313	6,502,323	-	6,572,636
Others	231	1,509,577	-	1,509,808
	21,650,984	76,788,992	-	98,439,976

(continuation)

(amounts in euros)

	2019			Total
	Life technical account	Non life technical account	Non technical account	
Financial expenses (Note 34)				
Cost allocations	9,359,410	8,008,950	10,646,729	28,015,089
Others	872,405	181,068	240,067	1,293,540
	10,231,815	8,190,018	10,886,796	29,308,629
Total operating costs allocations	66,271,348	222,550,721	10,646,729	299,468,798

(amounts in euros)

	2018			Total
	Life technical account	Non life technical account	Non technical account	
Claims costs - amounts paid				
Cost allocations	8,026,156	52,516,425	-	60,542,581
Technical costs	277,190,447	897,602,982	-	1,174,793,429
	285,216,603	950,119,407	-	1,235,336,010
Acquisition costs				
Cost allocations	29,501,215	92,549,470	-	122,050,685
Brokerage commissions	57,010,490	164,752,834	-	221,763,324
Others	55,349	1,092,406	-	1,147,755
	86,567,054	258,394,710	-	344,961,764
Administrative expenses				
Cost allocations	20,135,770	57,766,473	-	77,902,243
Brokerage remuneration	74,476	7,370,594	-	7,445,070
Others	265	1,468,217	-	1,468,482
	20,210,511	66,605,284	-	86,815,795
Financial expenses (Note 34)				
Cost allocations	10,048,650	7,518,533	14,019,839	31,587,022
Others	540,664	172,554	64,010	777,228
	10,589,314	7,691,087	14,083,849	32,364,250
Total operating costs allocations	67,711,791	210,350,901	14,019,839	292,082,531

31. EMPLOYEE COSTS

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Remuneration		
Statutory bodies	4,580,197	6,175,472
Employees	96,774,315	94,170,759
Remuneration expenses	21,963,334	21,383,297
Post-employment benefits	9,156,934	16,435,453
Termination of employment benefits	3,386,073	4,224,155
Mandatory insurance	2,136,272	1,699,496
Social action costs	8,820,079	10,845,504
Other employee costs	5,526,135	3,242,073
	152,343,339	158,176,209

The existence of structures which are transversal to some of the companies in the Group creates the need to allocate common costs between several companies, based on breakdown keys subordinated to the cost-benefit principle. Consequently, in 2019 and 2018, employee costs included the impact resulting from the following movements with related entities:

(amounts in euros)

	2019	2018
Expenses with Company employees performing functions for		
Multicare - Seguros de Saúde, S.A.	(3,408,032)	(3,247,339)
Fidelidade - Property Europe, S.A.	(248,996)	541,386
Fidelidade Angola - Companhia de Seguros, S.A.	(538,974)	(1,028,699)
Fidelidade Assistência - Companhia de Seguros, S.A.	(300,597)	(277,213)
Others	(384,992)	(332,259)
	(4,881,591)	(4,344,124)

In 2019 and 2018, the costs of post-employment benefits were as follows:

(amounts in euros)

	2019	2018
Post-employment benefits		
Defined benefit plan (Note 32)	7,023,908	14,430,872
Individual retirement plan	1,241,564	1,205,673
Employee transfer	(7,076)	(64,059)
Other costs	898,538	862,967
	9,156,934	16,435,453

In 2019 and 2018, the heading "Post-employment benefits – Employee transfer" corresponds to the cost of post-employment benefits for employees of the Company who were assigned to other entities in the Group.

In 2019 and 2018, the number of employees working for the Company, by category, was as follows:

	2019	2018
Senior management	38	40
Line management	297	222
Technical	1,344	1,070
Administrative	805	1,100
Ancillary	5	5
	2,489	2,437

In 2018, the Group established an estimate for seniority bonuses of EUR 164,939. In 2019, the Group established an estimate for optional career benefits of EUR 447,566.

32. RETIREMENT PENSIONS AND OTHER LONG-TERM BENEFITS

At 31 December 2019 and 2018, the headings "Assets for post-employment benefits and other long-term benefits" and "Liabilities for post-employment benefits and other long-term benefits" were as follows:

(amounts in euros)

	2019	2018
Assets		
Defined benefit plan	4,131,028	7,111,692
Liabilities		
Defined contribution plan	(85,078)	(83,422)
	4,045,950	7,028,270

Regarding 2019, in the "Defined contribution plan" the Company recorded a cost of EUR 1,205,32, with the payment of EUR 85,078 still pending, which corresponds to December 2019 contributions that were paid in January 2020.

Defined Contribution Plan

Within the scope of the new collective employment agreement applicable to companies in the Insurance Sector of the Fidelidade Group, published on 8 February 2019, all permanent employees and, also, those whose employment contracts are suspended due to illness or workplace accidents, covered by this Collective Labour Regulation Instrument (CLRI), are entitled to an individual retirement plan ("IRP"), a defined contribution plan which replaces the system of retirement pensions set out in the former CLRI's.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Company and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Group's contributions to the individual retirement plan are made in line with that set out in Chapter VIII of the aforementioned CLRI and correspond to the sum resulting from the application of 3.25% to each employee's basic annual salary.

In addition, in line with the provisions in Clause 57 of the aforementioned CLRI, the Group's first annual contribution to the IRP will be confirmed in the month following that in which the employment contract has been valid for one year and will occur as soon as the Pension Fund Contract is duly approved by the Insurance and Pension Funds Supervisory Authority.

At 31 December 2019 and 2018, the liabilities and assets of Fidelidade's Individual Retirement Plan were:

(amounts in euros)

Liabilities at 31 December 2018	25,118,934
Expenses for the year	1,205,328
Liabilities at 31 December 2019	26,324,262
Assets at 31 December 2018	25,035,511
Contributions	1,203,673
Assets at 31 December 2019	26,239,184
Difference	1.00
Funding level	99.68%

Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity (CEA 2008), the Company granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity. Currently, this Plan covers pension fund beneficiaries (retired employees) and workers covered by the 2008 CEA, who took early retirement before 31 December 2018.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millenniumbcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2019 and 2018, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

	2019	2018
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
Men	TV 73/77 (-2)	TV 73/77 (-2)
Women	TV 88/90 (-2)	TV 88/90 (-2)
Discount rate	1.00%	2.00%
Salary growth rate	2.40%	2.10%
Pensions growth rate	0.75%	0.75%
Pre-retirement growth rate	1.25%	1.25%
Exclusions table	n/a	n/a

The following table provides a comparison between the actuarial and financial assumptions used to determine Fidelidade's pension costs for 2019 and 2018 and the actual amounts:

	2019		2018	
	Assumptions	Real	Assumptions	Real
Salary growth rate	2.40%	4.57%	2.10%	0.88%
Pensions growth rate	0.75%	0.23%	0.75%	0.24%

At 31 December 2019 and 2018, Fidelidade's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

(amounts in euros)

	2019	2018
Liabilities for past services		
Active employees	10,252,540	6,420,919
Retired and pre-retired	159,625,021	168,201,342
	169,877,561	174,622,261
Autonomous pension funds	134,619,928	139,569,520
Mathematical provisions	39,388,661	42,164,433
	174,008,589	181,733,953
Difference	4,131,028	7,111,692
Funding level	102.43%	104.07%

Pursuant to Standard No. 5/2007-R, of 27 April, of the ASF, insurance companies must ensure at the end of each year:

a) the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and

b) the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2019 and 2018, Fidelidade's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Company's pension fund.

Fidelidade's defined benefit pension funds have the following average durations:

Fidelidade - Companhia de Seguros, S.A.:	
Fidelidade Pension Fund	7.98 years
Mundial Confiança Pension Fund	6.68 years
Império Bonança Pension Fund	11.19 years

At 31 December 2019 and 2018, the number of beneficiaries was as follows:

	2019	2018
Active employees	914	945
Retired and pre-retired	2,011	2,089
Annuity holders	426	466
	3,351	3,500

The movements in the pension fund and in the mathematical provisions during 2019 and 2018 were as follows:

(amounts in euros)

Balances at 31 December 2017	193,236,864
Contributions	9,662,260
Change in mathematical provisions	(2,295,035)
Pensions paid	(19,036,221)
(Payments)/ Receipts relating to other benefits	(154,117)
Net income of pension funds	320,202
Balances at 31 December 2018	181,733,953
Contributions	8,919,998
Change in mathematical provisions	(2,775,771)
Pensions paid	(19,298,322)
(Payments)/ Receipts relating to other benefits	(635,312)
Net income of pension funds	6,064,043
Balances at 31 December 2019	174,008,589

At 31 December 2019 and 2018, Fidelidade's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

At 31 December 2019 and 2018, the pension fund assets were composed as follows, according to the respective valuation sources:

(amounts in euros)

	2019			2018		
	Market value	Other	Portfolio value	Market value	Other	Portfolio value
Cash and cash equivalents	-	-	-	13,836,592	-	13,836,592
Equity instruments	542,662	-	542,662	758,582	-	758,582
Debt instruments						
Public debt	5,439,060	11,434,613	16,873,673	19,128,613	-	19,128,613
Other issuers	38,748,558	40,042,674	78,791,232	81,458,265	-	81,458,265
	44,187,618	51,477,287	95,664,905	100,586,878	-	100,586,878
Real Estate	14,267,910	-	14,267,910	12,157,600	-	12,157,600
Investment funds						
European shares	2,734,655	-	2,734,655	2,607,770	-	2,607,770
Real Estate	4,291,029	-	4,291,029	4,192,286	-	4,192,286
Bonds						
Public debt	-	-	-	244,909	-	244,909
Other issuers	1,483,457	-	1,483,457	1,349,657	-	1,349,657
Treasury	1,928,551	-	1,928,551	2,108,169	-	2,108,169
Others	693,616	-	693,616	-	-	-
	11,131,308	-	11,131,308	10,502,791	-	10,502,791
Others	13,013,143	-	13,013,143	1,727,077	-	1,727,077
	83,142,641	51,477,287	134,619,928	139,569,520	-	139,569,520

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

(amounts in euros)

	2019	2018
Cash and cash equivalents	-	6,591,633
Debt instruments	302,190	608,737
Investment funds		
Real estate	2,213,971	2,246,896
Bonds		
Other issuers	1,023,916	1,550,928
Others	582,742	-
	3,820,629	3,797,824
	4,122,819	10,998,194

The change in the difference between the Company's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2019 and 2018, can be demonstrated as follows:

(amounts in euros)

	Liabilities	Cover	Difference
Position at 31 December 2017	181,105,027	193,236,864	12,131,837
Current services expenses	135,475	-	(135,475)
Net defined benefit interest	2,288,295	2,506,668	218,373
Normal cost for the year	2,423,770	2,506,668	82,898
Increased liabilities for early retirements	14,359,653	-	(14,359,653)
Other changes in the income statement	-	(154,117)	(154,117)
Changes having an impact in the income statement (Note 31)	16,783,423	2,352,551	(14,430,872)
Actuarial gains and losses			
return on plan assets, not included in interest income	-	(2,186,465)	(2,186,465)
resulting from changes in financial assumptions	(1,451,213)	-	1,451,213
resulting from differences between assumptions and actual amounts	(483,718)	-	483,718
Changes with an impact on shareholders' equity	(1,934,931)	(2,186,465)	(251,534)
Contributions to the plan			
paid by entity	-	9,662,261	9,662,261
Change in mathematical provisions	(2,295,035)	(2,295,035)	-
Payment made by the plan			
pensions paid	(19,036,223)	(19,036,223)	-
Position at 31 December 2018	174,622,261	181,733,953	7,111,692
Current services expenses	106,233	-	(106,233)
Net defined benefit interest	2,456,174	2,598,407	142,233
Normal cost for the year	2,562,407	2,598,407	36,000
Increased liabilities for early retirements	6,424,596	-	(6,424,596)
Other changes in the income statement	-	(635,312)	(635,312)
Changes having an impact in the income statement (Note 31)	8,987,003	1,963,095	(7,023,908)
Actuarial gains and losses			
return on plan assets, not included in interest income	-	3,465,634	3,465,634
resulting from changes in financial assumptions	11,726,879	-	(11,726,879)
resulting from differences between assumptions and actual amounts	(3,384,484)	-	3,384,484
Changes with an impact on shareholders' equity	8,342,395	3,465,634	(4,876,761)
Contributions to the plan			
paid by entity	-	8,920,005	8,920,005
Change in mathematical provisions	(2,775,772)	(2,775,772)	-
Payment made by the plan			
pensions paid	(19,298,326)	(19,298,326)	-
Position at 31 December 2019	169,877,561	174,008,589	4,131,028

Medical assistance

The Company contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2019 and 2018, these liabilities totalled EUR 22,784,917 and EUR 21,053,228, respectively, and were covered by provisions (Note 24). The actuarial deviations determined at 31 December 2019 and 2018 relating to this benefit amounted to EUR 3,196,869 and EUR (1,037,480), respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

Sensitivity analysis

At 31 December 2019, the sensitivity of the defined benefit liabilities assumed by the Company, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios	2019	A	B	C
Financial Assumptions				
Discount Rate	1.00%	0.75%	1.25%	1.00%
Salary Growth Rate	2.40%	2.40%	2.40%	2.40%
Pre-retirement Salary Growth Rate	1.25%	1.25%	1.25%	1.25%
Pensions Growth Rate	0.75%	0.75%	0.75%	0.75%
Demographic Assumptions				
Mortality table				
> Women	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)
> Men	TV 73/77 (-2)	TV 73/77 (-2)	TV 73/77 (-2)	TV 88/90 (-2)
Age of Retirement	0	0	0	0

(amounts in euros)

Liabilities at 31 December 2019					
Scenarios		2019	A	B	C
Retirees	Old age	52,784,793	53,861,423	51,745,731	57,644,821
	Early retirement	14,355,730	14,668,849	14,053,366	15,569,650
	Disability	9,039,651	9,354,522	8,740,843	9,506,677
Pensioners	Widow/Widower	4,577,391	4,676,030	4,482,489	4,591,054
	Orphan	164,679	172,509	157,375	165,918
Pre-retirees	Pension up to Retirement Age	28,964,401	29,170,204	28,761,415	29,064,847
	Costs up to Retirement Age	7,601,797	7,656,457	7,547,888	7,628,650
	Pension after Retirement Age				
	> CEA Plan	2,438,812	2,520,443	2,360,967	2,626,113
	> Complementary Plan	309,107	321,836	297,046	314,308
Active employees	CEA Plan	4,332,158	4,590,693	4,091,479	4,580,593
	Complementary Plan	5,920,381	6,329,407	5,541,732	6,228,934
Totals		130,488,900	133,322,373	127,780,331	137,921,565

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 39,388,661.

33. INCOME

In 2019 and 2018, the investment income headings were composed as follows:

(amounts in euros)

	2019				2018			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for life insurance								
Investments in subsidiaries, associates and joint ventures	-	820,247	-	820,247	-	5,248,965	-	5,248,965
Financial assets held for trading	(52,829)	-	-	(52,829)	(3,526)	-	-	(3,526)
Financial assets initially recognised at fair value through profit or loss	2,095,007	-	-	2,095,007	1,892,365	-	-	1,892,365
Available-for-sale investments	39,795,266	4,676,284	-	44,471,550	44,976,064	1,988,654	-	46,964,718
Loans and accounts receivable	4,283,188	-	-	4,283,188	1,724,359	-	-	1,724,359
Sight deposits	9,123	-	-	9,123	1,231	-	-	1,231
	46,129,755	5,496,531	-	51,626,286	48,590,493	7,237,619	-	55,828,112
Investments related to contracts considered for accounting purposes as investment contracts								
Investments in subsidiaries, associates and joint ventures	-	31,163,348	-	31,163,348	-	55,795,882	-	55,795,882
Financial assets held for trading	(4,808,366)	-	-	(4,808,366)	(1,478,510)	-	-	(1,478,510)
Financial assets initially recognised at fair value through profit or loss	11,258,340	161,705	-	11,420,045	7,557,133	151,914	-	7,709,047
Available-for-sale investments	118,965,133	22,728,814	-	141,693,947	166,282,520	22,879,456	-	189,161,976
Loans and accounts receivable	1,864,715	-	-	1,864,715	1,808,020	-	-	1,808,020
Held-to-maturity investments	6,948,172	-	-	6,948,172	-	-	-	-
Sight deposits	41,472	-	-	41,472	15,723	-	-	15,723
	134,269,466	54,053,867	-	188,323,333	174,184,886	78,827,252	-	253,012,138
	180,399,221	59,550,398	-	239,949,619	222,775,379	86,064,871	-	308,840,250

(continuation)

(amounts in euros)

	2019				2018			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for non-life insurance								
Properties	-	-	9,933,292	9,933,292	-	-	10,993,727	10,993,727
Investments in subsidiaries, associates and joint ventures	-	9,392,340	-	9,392,340	-	5,467,862	-	5,467,862
Financial assets initially recognised at fair value through profit or loss	3,172,706	-	-	3,172,706	1,990,960	-	-	1,990,960
Available-for-sale investments	21,267,021	14,942,360	-	36,209,381	31,303,043	13,631,904	-	44,934,947
Loans and accounts receivable	382,506	-	-	382,506	453,713	-	-	453,713
Sight deposits	1,788	-	-	1,788	3,758	-	-	3,758
	24,824,021	24,334,700	9,933,292	59,092,013	33,751,474	19,099,766	10,993,727	63,844,967
Investments not allocated								
Properties	-	-	3,002,642	3,002,642	-	-	2,455,778	2,455,778
Investments in subsidiaries, associates and joint ventures	-	2,308,601	-	2,308,601	-	169,000	-	169,000
Financial assets held for trading	(1,558,305)	-	-	(1,558,305)	(114,866)	-	-	(114,866)
Financial assets initially recognised at fair value through profit or loss	1,513,552	-	-	1,513,552	1,763,145	-	-	1,763,145
Available-for-sale investments	70,763	49,682	-	120,445	2,189,478	(27,164)	-	2,162,314
Loans and accounts receivable	2,427,121	-	-	2,427,121	1,529,519	-	-	1,529,519
Sight deposits	1,459,864	-	-	1,459,864	1,576,143	-	-	1,576,143
	3,912,995	2,358,283	3,002,642	9,273,920	6,943,419	141,836	2,455,778	9,541,033
	209,136,237	86,243,381	12,935,934	308,315,552	263,470,272	105,306,473	13,449,505	382,226,250

34. FINANCIAL EXPENSES

In 2019 and 2018, the financial expenses headings were composed as follows:

(amounts in euros)

	2019				2018			
	Life technical account	Non-life technical account	Non-technical account	Total	Life technical account	Non-life technical account	Non-technical account	Total
Investment Expenses (Note 30)								
Costs allocated	9,359,410	8,008,950	10,646,729	28,015,089	10,048,650	7,518,533	14,019,839	31,587,022
Other Investment expenses	872,405	181,068	240,067	1,293,540	540,664	172,554	64,010	777,228
	10,231,815	8,190,018	10,886,796	29,308,629	10,589,314	7,691,087	14,083,849	32,364,250

35. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES NOT RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2019 and 2018, these headings were composed as follows:

(amounts in euros)

	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Investments in subsidiaries, associates and joint ventures	-	-	-	902,794	-	902,794
Available-for-sale investments	20,958,908	(10,989,230)	9,969,678	37,854,064	(15,411,080)	22,442,984
Loans and accounts receivable	-	-	-	11	-	11
	20,958,908	(10,989,230)	9,969,678	38,756,869	(15,411,080)	23,345,789
Investments related to contracts considered for accounting purposes as investment contracts						
Investments in subsidiaries, associates and joint ventures	-	-	-	16,343,714	-	16,343,714
Available-for-sale investments	179,960,629	(77,114,441)	102,846,188	343,921,748	(38,226,444)	305,695,304
Financial liabilities at amortised cost	542	(37,793,099)	(37,792,557)	145	(75,038,534)	(75,038,389)
	179,961,171	(114,907,540)	65,053,631	360,265,607	(113,264,978)	247,000,629
	200,920,079	(125,896,770)	75,023,309	399,022,476	(128,676,058)	270,346,418
Investments allocated to technical provisions for non-life insurance						
Investments in subsidiaries, associates and joint ventures	-	-	-	10,974,149	-	10,974,149
Available-for-sale investments	34,905,634	(32,675,379)	2,230,255	36,887,950	(11,242,113)	25,645,837
	34,905,634	(32,675,379)	2,230,255	47,862,099	(11,242,113)	36,619,986
Investments not allocated						
Investments in subsidiaries, associates and joint ventures	-	-	-	2,960,727	-	2,960,727
Available-for-sale investments	971,512	(75,696)	895,816	1,646,425	(109)	1,646,316
	971,512	(75,696)	895,816	4,607,152	(109)	4,607,043
	236,797,225	(158,647,845)	78,149,380	451,491,727	(139,918,280)	311,573,447

36. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2019 and 2018, these headings were composed as follows:

(amounts in euros)

Realised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	70,852	(683)	70,169	-	-	-
Financial assets and liabilities initially recognised at fair value through profit or loss	399,025	(129,209)	269,816	1,366,410	(598,522)	767,888
Others	349	-	349	-	-	-
	470,226	(129,892)	340,334	1,366,410	(598,522)	767,888
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	405,048	(67,242)	337,806	65,077	(281,315)	(216,238)
Financial assets and liabilities initially recognised at fair value through profit or loss	7,259,664	(2,287,235)	4,972,429	9,097,957	(11,737,655)	(2,639,698)
Others	45,447	-	45,447	3,304	(4)	3,300
	7,710,159	(2,354,477)	5,355,682	9,166,338	(12,018,974)	(2,852,636)
	8,180,036	(2,484,369)	5,696,016	10,532,748	(12,617,496)	(2,084,748)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	92,108	(926)	91,182	-	-	-
Financial assets and liabilities initially recognised at fair value through profit or loss	2,562,949	(649,518)	1,913,431	712,971	(1,606,210)	(893,239)
Others	-	(543)	(543)	98	(61)	37
	2,655,057	(650,987)	2,004,070	713,069	(1,606,271)	(893,202)
Investments not allocated						
Financial assets and liabilities held for trading	45,791,633	(35,540,737)	10,250,896	24,453,353	(15,867,884)	8,585,469
Financial assets and liabilities initially recognised at fair value through profit or loss	9,796,590	(3,816,995)	5,979,595	1,496,362	(613,419)	882,943
	55,588,223	(39,357,732)	16,230,491	25,949,715	(16,481,303)	9,468,412
	66,423,316	(42,493,088)	23,930,577	37,195,532	(30,705,070)	6,490,462

(amounts in euros)

Unrealised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	20,329,371	(35,068,883)	(14,739,512)	5,748,187	(41,148,321)	(35,400,134)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	4,037,079	(9,430)	4,027,649	287,316	(5,342,677)	(5,055,361)
Others	2,487,855	(2,599,426)	(111,571)	1,823,329	(3,206,415)	(1,383,086)
	26,854,305	(37,677,739)	(10,823,434)	7,858,832	(49,697,413)	(41,838,581)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	1,071,403,007	(1,232,518,961)	(161,115,954)	46,669,671	(216,284,356)	(169,614,685)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	14,756,794	(265,704)	14,491,090	7,047,794	(19,589,728)	(12,541,934)
Others	48,015,392	(57,087,897)	(9,072,505)	57,922,313	(73,782,928)	(15,860,615)
	1,134,175,193	(1,289,872,562)	(155,697,369)	111,639,778	(309,657,012)	(198,017,234)
	1,161,029,148	(1,327,550,300)	(166,521,152)	119,498,610	(359,354,425)	(239,855,815)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	31,415,536	(52,331,953)	(20,916,417)	10,103,168	(50,964,016)	(40,860,848)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	6,185,399	16,146	6,201,545	1,872,828	(4,846,885)	(2,974,057)
Others	23,449,496	(29,477,033)	(6,027,537)	21,579,230	(29,067,068)	(7,487,838)
	61,050,431	(81,792,840)	(20,742,409)	33,555,226	(84,877,969)	(51,322,743)
Investments not allocated						
Financial assets and liabilities held for trading	43,806,516	(85,055,601)	(41,249,085)	24,366,874	(46,687,911)	(22,321,037)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	9,714,749	(175,083)	9,539,666	288,803	(8,933,141)	(8,644,338)
	53,521,265	(85,230,684)	(31,709,419)	24,655,677	(55,621,052)	(30,965,375)
	1,275,600,844	(1,494,573,824)	(218,972,980)	177,709,513	(499,853,446)	(322,143,933)

(amounts in euros)

Total	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	20,400,223	(35,069,566)	(14,669,343)	5,748,187	(41,148,321)	(35,400,134)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	4,436,104	(138,639)	4,297,466	1,653,726	(5,941,199)	(4,287,473)
Others	2,487,854	(2,599,425)	(111,571)	1,823,329	(3,206,415)	(1,383,086)
	27,324,182	(37,807,630)	(10,483,449)	9,225,242	(50,295,935)	(41,070,693)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	1,071,808,055	(1,232,586,203)	(160,778,148)	46,734,748	(216,565,671)	(169,830,923)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	22,016,458	(2,552,939)	19,463,519	16,145,751	(31,327,383)	(15,181,632)
Others	48,060,839	(57,087,897)	(9,027,058)	57,925,617	(73,782,932)	(15,857,315)
	1,141,885,352	(1,292,227,039)	(150,341,687)	120,806,116	(321,675,986)	(200,869,870)
	1,169,209,533	(1,330,034,669)	(160,825,136)	130,031,358	(371,971,921)	(241,940,563)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	31,507,644	(52,332,879)	(20,825,235)	10,103,168	(50,964,016)	(40,860,848)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	8,748,348	(633,372)	8,114,976	2,585,799	(6,453,095)	(3,867,296)
Others	23,449,496	(29,477,576)	(6,028,080)	21,579,328	(29,067,129)	(7,487,801)
	63,705,488	(82,443,827)	(18,738,339)	34,268,295	(86,484,240)	(52,215,945)
Investments not allocated						
Financial assets and liabilities held for trading	89,598,149	(120,596,338)	(30,998,189)	48,820,227	(62,555,795)	(13,735,568)
Financial assets and liabilities initially recognised at fair value						
through profit or loss	19,511,339	(3,992,078)	15,519,261	1,785,165	(9,546,560)	(7,761,395)
	109,109,488	(124,588,416)	(15,478,928)	50,605,392	(72,102,355)	(21,496,963)
	1,342,024,509	(1,537,066,912)	(195,042,403)	214,905,045	(530,558,516)	(315,653,471)

37. EXCHANGE DIFFERENCES

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Investments allocated to technical provisions for life insurance		
Financial assets held for trading	(331,631)	(318,290)
Financial assets initially recognised at fair value through profit or loss	685,251	2,746,799
Available-for-sale investments	5,135,612	22,986,437
Loans and accounts receivable	1,750,070	3,024,205
Sight Deposits	419,192	(2,490,645)
Others	(10,917)	(20,566)
	7,647,577	25,927,940
Investments related to contracts considered for accounting purposes as investment contracts		
Financial assets held for trading	(1,593,141)	(2,934,565)
Financial assets initially recognised at fair value through profit or loss	5,761,971	11,193,660
Available-for-sale investments	82,861,534	110,075,908
Loans and accounts receivable	958,810	2,732,226
Sight Deposits	5,054,436	(1,657,339)
Others	(421,999)	(1,758,288)
	92,621,611	117,651,602
	100,269,188	143,579,542
Investments allocated to technical provisions for non-life insurance		
Financial assets held for trading	(326,520)	(909,919)
Financial assets initially recognised at fair value through profit or loss	313,831	1,094,587
Available-for-sale investments	7,040,295	27,816,762
Loans and accounts receivable	340,185	714,072
Sight Deposits	335,765	610,136
Others	(142,974)	(559,073)
	7,560,582	28,766,565
Investments not allocated		
Financial assets held for trading	(956,749)	155,592
Financial assets initially recognised at fair value through profit or loss	1,064,578	3,442,624
Available-for-sale investments	237,421	325,681
Loans and accounts receivable	8,174,749	9,299,146
Sight Deposits	(3,181,267)	(4,638,977)
Others	(6)	4
	5,338,726	8,584,070
	113,168,496	180,930,177

38. NET INCOME ON THE SALE OF NON-FINANCIAL ASSETS WHICH HAVE NOT BEEN RECOGNISED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Nos exercícios de 2019 e 2018, esta rubrica apresenta a seguinte composição:

(amounts in euros)

Realised gains and losses	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	31,962,673	-	31,962,673	-	-	-
Investment properties	5,624,444	-	5,624,444	429,722	-	429,722
	37,587,117	-	37,587,117	429,722	-	429,722
Investments not allocated						
Investment properties	12,026,914	-	12,026,914	-	-	-
	12,026,914	-	12,026,914	-	-	-
	49,614,031	-	49,614,031	429,722	-	429,722

(amounts in euros)

Unrealised gains and losses	2019			2018		
	Gains	Losses	Net (Note 10)	Gains	Losses	Net (Nota 10)
Investments allocated to technical provisions for non-life insurance						
Investment properties	7,116,603	(3,911,454)	3,205,149	4,687,598	(4,570,439)	117,159
	7,116,603	(3,911,454)	3,205,149	4,687,598	(4,570,439)	117,159
Investments not allocated						
Investment properties	1,360,789	(393,608)	967,181	1,630,396	(552,821)	1,077,575
	1,360,789	(393,608)	967,181	1,630,396	(552,821)	1,077,575
	8,477,392	(4,305,062)	4,172,330	6,317,994	(5,123,260)	1,194,734

(amounts in euros)

Total	2019			2018		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	31,962,673	-	31,962,673	-	-	-
Investment properties	12,741,047	(3,911,454)	8,829,593	5,117,320	(4,570,439)	546,881
	44,703,720	(3,911,454)	40,792,266	5,117,320	(4,570,439)	546,881
Investments not allocated						
Investment properties	13,387,703	(393,608)	12,994,095	1,630,396	(552,821)	1,077,575
	13,387,703	(393,608)	12,994,095	1,630,396	(552,821)	1,077,575
	58,091,423	(4,305,062)	53,786,361	6,747,716	(5,123,260)	1,624,456

39. IMPAIRMENT LOSSES (NET OF REVERSALS)

Information on impairment losses movements in 2019 and 2018 is set out below:

(amounts in euros)

	2019					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	Others	
Impairment on investments						
in subsidiaries (Note 4)	44,905,595	1,088,419	(6,750,288)	-	-	39,243,726
Impairment of available-for-sale investments (Note 7)						
Debt instruments	54,778,794	-	-	(4,798,972)	-	49,979,822
Equity instruments	302,370,595	80,240,250	-	(231,654,438)	-	150,956,407
Other instruments	35,504,716	1,682,946	-	(9,581,015)	-	27,606,647
Impairment of loans and accounts receivable (Note 8)	372,558	4,728	-	-	-	377,286
Impairment of property for own use (Note 10)	6,803,753	1,136,033	(1,482,657)	(70,360)	-	6,386,769
Adjustments to premiums pending collection (Note 15)	7,179,914	-	(425,222)	-	-	6,754,692
Value adjustments - IFAP (Note 15)	137,408	-	(137,408)	-	-	-
Adjustments for doubtful debts (Note 15)	19,043,371	-	(2,111,737)	-	236,876	17,168,510
	471,096,704	84,152,376	(10,907,312)	(246,104,785)	236,876	298,473,859

(amounts in euros)

	2018					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	Others	
Impairment on investments in subsidiaries (Note 4)	4,761,411	43,369,164	(3,224,980)	-	-	44,905,595
Impairment on investments in associates (Note 4)	2,568,693	-	-	(2,568,693)	-	-
Impairment of available-for-sale investments (Note 7)						
Debt instruments	134,392,131	3,908,070	(3,468,888)	(80,052,519)	-	54,778,794
Equity instruments	269,386,393	169,142,406	-	(136,158,204)	-	302,370,595
Other instruments	40,655,275	3,454,780	-	(8,605,339)	-	35,504,716
Impairment of loans and accounts receivable (Note 8)	380,802	4,748	-	(12,992)	-	372,558
Impairment of property for own use (Note 10)	7,756,387	333,820	(1,211,950)	(74,504)	-	6,803,753
Adjustments to premiums pending collection (Note 15)	7,595,592	-	(415,678)	-	-	7,179,914
Value adjustments - IFAP (Note 15)	99,856	37,552	-	-	-	137,408
Adjustments for doubtful debts (Note 15)	26,263,646	-	(6,859,222)	(361,053)	-	19,043,371
	493,860,186	220,250,540	(15,180,718)	(227,833,304)		471,096,704

In 2019, the account heading "Impairment losses (net of reversals)" included allocations of "Other provisions" (Note 24), of EUR 22,110,799. In 2018, the account heading "Impairment losses (net of reversals)" included uses of "Other provisions" (Note 24), of EUR 40,151,958.

40. OTHER TECHNICAL INCOME/EXPENSES, NET OF REINSURANCE

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019			2018		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance						
Co-insurance management commissions	14,599	(205,548)	(190,949)	13,664	(31,372)	(17,708)
Pension fund management commissions	717,044	-	717,044	580,900	-	580,900
Others	435	(1,405)	(970)	5,339	-	5,339
	732,078	(206,953)	525,125	599,903	(31,372)	568,531
Related to non-life insurance						
Co-insurance management commissions	528,919	(80,525)	448,394	579,835	(321,235)	258,600
Others	49,716	(1,531)	48,185	4,128,286	(88,488)	4,039,798
	578,635	(82,056)	496,579	4,708,121	(409,723)	4,298,398
	1,310,713	(289,009)	1,021,704	5,308,024	(441,095)	4,866,929

41. OTHER INCOME/EXPENSES

In 2019 and 2018, this heading was composed as follows:

(amounts in euros)

	2019	2018
Non-current income and gains		
Tax rebates	665,791	2,522,531
Others	174,278	1,461,649
	840,069	3,984,180
Financial income and gains		
Interest obtained	111,114	157,314
Exchange rate gains	13,924,669	13,447,059
Cash discounts	2,102	2,193
Others	143,171	62,397
	14,181,056	13,668,963
Other non-technical income		
Adjustments to balances	38,356	1,204,775
Provisions of services	664,853	354,982
Gains on other tangible assets	-	212
Pension funds management fees (Macao Branch Life)	4,088	3,871
	707,297	1,563,840
Non-current expenses and losses		
Donations	(1,205,578)	(1,050,242)
Sponsorship	(522,036)	281,391
Gifts to clients	(249,908)	(87,462)
Fines and penalties	(15,492)	(11,935,678)
Miscellaneous contributions	(75,741)	(52,853)
Insufficient tax estimate	(2,594,614)	(952,179)
Corrections to previous years	(284,309)	(126,802)
Bad debts	(797,521)	(5,263,551)
Adjustments to balances	(144,556)	(330,534)
Others	(3,994,943)	(351,209)
	(9,884,698)	(19,869,119)

(continuation)

(amounts in euros)

	2019	2018
Financial expenses and losses		
Interest paid	(41,497)	(293,910)
Exchange rate losses	(12,669,379)	(10,339,666)
Banking services	(231,343)	(203,501)
Others	(336,620)	(345,560)
	(13,278,839)	(11,182,637)
Losses in other assets		
Losses in other intangible assets	-	(9,422)
Losses in other tangible assets	-	(17,160)
	-	(26,582)
	(7,435,115)	(11,861,355)

42. SEGMENT REPORTING

The Company presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Company which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment, and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

In order to report the business by segment, the Company selected the following:

Sub-segment:	Sub-segment areas:
Life	
Risk	Risk
Capitalisation with profit sharing	Capitalisation with profit sharing
Financial liabilities	Financial liabilities
Non-Life	
Workers' compensation	Workers' compensation
Health	Health
Property	Fire and other damage
	Credit
	Suretyship
	Miscellaneous pecuniary losses on property
Motor	Passengers
	Land vehicles
	Third party liability for land motor vehicles
	Miscellaneous pecuniary losses related to motor
	Legal protection for motor
	Motor assistance
Transported goods	Transported goods
	Marine and transport
	Aviation
Third party liability	Third party liability
Other	Personal accidents
	Legal protection - other
	Assistance - other
	Miscellaneous insurance

For reporting by geographical segment, the Company selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2019 and 2018 was as follows:

2019

(amounts in euros)

	Insurance segment			Total
	Life	Non-life	Not allocated	
Gains and losses				
Earned premiums net of reinsurance	699,511,836	934,148,051	-	1,633,659,887
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,215,867	-	-	1,215,867
Claims costs, net of reinsurance	(287,951,849)	(653,505,404)	-	(941,457,253)
Other technical provisions, net of reinsurance	(6,926,053)	2,437,528	-	(4,488,525)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(362,069,666)	(151,367)	-	(362,221,033)
Operating costs and expenses, net	(98,863,792)	(285,817,044)	-	(384,680,836)
Financial income	239,949,620	59,092,012	9,273,920	308,315,552
Financial expenses and net income on financial assets and liabilities	4,235,546	23,654,746	(7,137,087)	20,753,205
Impairment losses (net of reversals)	(50,267,251)	(24,509,373)	(20,579,239)	(95,355,863)
Other income/expenses	525,124	496,578	(7,435,113)	(6,413,411)
Current income tax	-	-	(24,921,189)	(24,921,189)
	139,359,382	55,845,727	(50,798,708)	144,406,401
Assets				
Cash and cash equivalents and sight deposits	274,403,903	32,880,910	115,944,581	423,229,394
Investments in associates and joint ventures	1,452,741,150	713,744,886	256,158,027	2,422,644,063
Financial assets held for trading	9,790,799	2,667,579	28,756,817	41,215,195
Financial assets initially recognised at fair value through profit or loss	449,673,069	73,271,884	61,068,148	584,013,101
Hedge derivatives	1,920,703	1,482,656	-	3,403,359
Available-for-sale assets	8,960,306,103	1,147,042,663	30,253,386	10,137,602,152
Loans and accounts receivable	1,056,066,931	42,833,617	95,838,862	1,194,739,410
Held-to-maturity investments	1,074,167,759	-	-	1,074,167,759
Properties	7,070,595	117,266,058	15,089,163	139,425,816
Other tangible and intangible assets	7,870,283	35,564,268	1,381,207	44,815,758
Technical provisions for reinsurance ceded	23,758,265	234,921,876	-	258,680,141
Asset for post-employment and other long-term benefits	-	-	4,131,028	4,131,028
Other debtors for insurance and other operations	27,324,390	204,078,363	58,255,253	289,658,006
Tax assets	83,336,947	79,429,664	8,960,515	171,727,126
Accruals and deferrals	9,409,565	1,783,558	7,299,830	18,492,953
Non-current assets held for sale	-	155,778	4,171,356	4,327,134
	13,437,840,462	2,687,123,760	687,308,173	16,812,272,395
Liabilities				
Provision for unearned premiums	1,622,833	274,713,042	-	276,335,875
Mathematical provision for life insurance	2,275,782,949	-	-	2,275,782,949
Claims provision	106,283,576	1,607,996,699	-	1,714,280,275
Provision for profit sharing	85,368,233	1,751	-	85,369,984
Provision for interest rate commitments	29,171,855	-	-	29,171,855
Provision for portfolio stabilisation	26,462,475	-	-	26,462,475
Equalisation provision	-	29,019,705	-	29,019,705
Provision for unexpired risks	228,864	31,090,150	-	31,319,014
Financial liabilities	8,948,384,561	127,880,947	58,253,193	9,134,518,701
Liabilities for post-employment and other long-term benefits	-	-	85,078	85,078
Other creditors for insurance and other operations	45,920,384	139,296,301	28,073,036	213,289,721
Tax liabilities	77,905,348	70,190,342	10,008,373	158,104,063
Accruals and deferrals	49,935,136	65,577,484	2,416,352	117,928,972
Other provisions	-	52,736,302	61,647,998	114,384,300
Liabilities from a group for disposal classified as held for sale	-	1,081,671	-	1,081,671
	11,647,066,214	2,399,584,394	160,484,030	14,207,134,638
Total segments				2,460,731,356
Shareholders' equity, reserves, retained earnings and non-controlling interests				2,460,731,356

2019

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	179,125,231	520,386,605	-	699,511,836
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,215,867	1,215,867
Claims costs, net of reinsurance	(88,572,097)	(199,379,752)	-	(287,951,849)
Other technical provisions, net of reinsurance	(437,308)	(6,488,745)	-	(6,926,053)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(6,374,926)	(355,694,740)	-	(362,069,666)
Operating costs and expenses, net	(35,009,291)	(10,355,711)	(53,498,790)	(98,863,792)
Financial income	7,497,981	44,128,306	188,323,333	239,949,620
Financial expenses and net income on financial assets and liabilities	(2,658,614)	7,711,635	(817,475)	4,235,546
Impairment losses (net of reversals)	(665,317)	(64,891)	(49,537,043)	(50,267,251)
Other income/expenses	526,095	(970)	-	525,124
Current income tax	-	-	-	-
	53,431,754	241,737	85,685,892	139,359,382
Assets				
Cash and cash equivalents and sight deposits	12,060,668	63,584,261	198,758,974	274,403,903
Investments in associates and joint ventures	59,723,559	-	1,393,017,591	1,452,741,150
Financial assets held for trading	507,354	2,656,220	6,627,225	9,790,799
Financial assets initially recognised at fair value through profit or loss	8,339,644	151,194,345	290,139,080	449,673,069
Hedge derivatives	-	24,989	1,895,714	1,920,703
Available-for-sale assets	295,145,968	1,706,568,463	6,958,591,672	8,960,306,103
Loans and accounts receivable	52,584,648	414,611,951	588,870,332	1,056,066,931
Held-to-maturity investments	-	-	1,074,167,759	1,074,167,759
Properties	2,563,031	1,794,053	2,713,511	7,070,595
Other tangible and intangible assets	3,302,719	841,006	3,726,558	7,870,283
Technical provisions for reinsurance ceded	23,758,265	-	-	23,758,265
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	13,450,179	10,063,161	3,811,050	27,324,390
Tax assets	8,343,124	4,698,831	70,294,992	83,336,947
Accruals and deferrals	184,770	3,339,604	5,885,191	9,409,565
Non-current assets held for sale	-	-	-	-
	479,963,929	2,359,376,884	10,598,499,649	13,437,840,462
Liabilities				
Provision for unearned premiums	1,618,088	4,745	-	1,622,833
Mathematical provision for life insurance	219,845,385	2,055,937,564	-	2,275,782,949
Claims provision	84,769,317	21,514,259	-	106,283,576
Provision for profit sharing	35,995,121	49,373,112	-	85,368,233
Provision for interest rate commitments	-	29,171,855	-	29,171,855
Provision for portfolio stabilisation	26,462,475	-	-	26,462,475
Equalisation provision	-	-	-	-
Provision for unexpired risks	228,864	-	-	228,864
Financial liabilities	3,405,948	2,315,126	8,942,663,487	8,948,384,561
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	12,894,478	11,267,802	21,758,104	45,920,384
Tax liabilities	6,751,366	2,509,234	68,644,748	77,905,348
Accruals and deferrals	8,330,154	6,094,054	35,510,928	49,935,136
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	400,301,196	2,178,187,751	9,068,577,267	11,647,066,214

2019

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	228,532,951	8,024,702	169,926,565	464,122,117	7,946,673	30,985,709	24,609,334	934,148,051
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(207,311,398)	(8,430,982)	(87,516,283)	(317,847,966)	(3,598,411)	(14,136,971)	(14,663,393)	(653,505,404)
Other technical provisions, net of reinsurance	330,633	(1,169,174)	(2,609,444)	6,484,028	190,199	(632,102)	(156,612)	2,437,528
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(154,982)	-	-	-	3,615	(151,367)
Operating costs and expenses, net	(50,045,261)	(6,635,323)	(64,249,991)	(134,864,058)	(2,049,834)	(16,123,708)	(11,848,869)	(285,817,044)
Financial income	26,416,462	3,137,223	7,732,842	16,968,097	443,333	3,301,896	1,092,159	59,092,012
Financial expenses and net income on financial assets and liabilities	(3,121,762)	1,647,375	5,762,516	15,664,563	412,300	2,765,447	524,307	23,654,746
Impairment losses (net of reversals)	(3,065,743)	(2,143,217)	(4,564,816)	(11,627,864)	(361,283)	(2,207,221)	(539,229)	(24,509,373)
Other income/expenses	254,125	155,338	87,271	-	-	(138)	(18)	496,578
Current income tax	-	-	-	-	-	-	-	-
	(8,009,993)	(5,414,058)	24,413,678	38,898,917	2,982,977	3,952,912	(978,706)	55,845,727
Assets								
Cash and cash equivalents and sight deposits	7,824,541	3,602,540	5,847,904	11,848,266	242,241	2,161,909	1,353,509	32,880,910
Investments in associates and joint ventures	320,276,922	37,916,218	83,569,421	223,060,242	4,748,017	35,892,910	8,281,156	713,744,886
Financial assets held for trading	1,467,566	91,662	336,500	555,754	11,604	181,349	23,144	2,667,579
Financial assets initially recognised at fair value through profit or loss	19,809,661	5,151,843	11,354,945	30,308,176	645,134	4,876,927	1,125,198	73,271,884
Hedge derivatives	629,856	82,179	181,128	483,460	10,291	77,794	17,948	1,482,656
Available-for-sale assets	580,452,740	50,152,592	135,766,807	290,445,541	6,165,118	54,915,871	29,143,994	1,147,042,663
Loans and accounts receivable	34,235,570	2,009,936	2,327,833	2,960,744	79,508	570,990	649,036	42,833,617
Held-to-maturity investments	-	-	-	-	-	-	-	-
Properties	6,843,357	10,602,174	24,792,604	60,978,054	1,293,538	10,180,149	2,576,182	117,266,058
Other tangible and intangible assets	4,261,983	2,713,614	8,915,357	15,755,320	164,933	2,101,564	1,651,497	35,564,268
Technical provisions for reinsurance ceded	4,233,430	89,611,033	84,810,701	10,591,656	6,774,575	20,238,391	18,662,090	234,921,876
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	18,716,479	47,742,522	50,361,083	62,732,747	3,020,198	14,133,505	7,371,829	204,078,363
Tax assets	12,380,042	5,291,388	16,371,965	37,755,153	931,880	4,771,378	1,927,858	79,429,664
Accruals and deferrals	213,740	173,003	325,456	856,244	7,557	106,650	100,908	1,783,558
Non-current assets held for sale	3,198	14,707	32,405	86,493	1,841	13,918	3,216	155,778
	1,011,349,085	255,155,411	424,994,109	748,417,850	24,096,435	150,223,305	72,887,565	2,687,123,760

(continuation)

(amounts in euros)

	Non-life						Total	
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability		
Liabilities								
Provision for unearned premiums	12,999,382	25,690,988	77,028,793	141,007,547	1,629,485	10,053,592	6,303,255	274,713,042
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	896,376,311	63,078,014	127,649,237	380,007,981	10,691,316	99,462,559	30,731,281	1,607,996,699
Provision for profit sharing	-	-	1,751	-	-	-	-	1,751
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	28,958,024	-	-	61,681	-	29,019,705
Provision for unexpired risks	997,564	4,912,646	4,123,519	19,044,871	-	1,786,828	224,722	31,090,150
Financial liabilities	1,338,082	81,760,966	20,379,831	5,267,022	506,746	1,590,585	17,037,715	127,880,947
Liabilities for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other creditors for insurance and other operations	17,055,109	40,168,025	38,252,819	20,038,020	2,144,483	10,084,816	11,553,029	139,296,301
Tax liabilities	24,922,380	4,717,978	12,297,761	23,994,457	517,710	2,366,245	1,373,811	70,190,342
Accruals and deferrals	9,626,706	9,965,131	13,779,563	26,077,768	467,385	2,985,379	2,675,552	65,577,484
Other provisions	52,736,302	-	-	-	-	-	-	52,736,302
Liabilities from a group for disposal classified as held for sale	552,021	51,054	112,486	300,244	6,391	48,313	11,162	1,081,671
	1,016,603,857	230,344,802	322,583,784	615,737,910	15,963,516	128,439,998	69,910,527	2,399,584,394

2018

(amounts in euros)

	Insurance segment			Total
	Life	Non-life	Not allocated	
Gains and losses				
Earned premiums net of reinsurance	442,730,694	852,884,284	-	1,295,614,978
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,224,954	-	-	1,224,954
Claims costs, net of reinsurance	(265,059,771)	(626,140,985)	-	(891,200,756)
Other technical provisions, net of reinsurance	(17,011,278)	10,598,270	-	(6,413,008)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(136,886,702)	(201,456)	-	(137,088,158)
Operating costs and expenses, net	(100,631,497)	(258,486,776)	-	(359,118,273)
Financial income	308,840,250	63,844,967	9,541,033	382,226,250
Financial expenses and net income on financial assets and liabilities	161,396,084	6,026,398	(21,312,123)	146,110,359
Impairment losses (net of reversals)	(166,458,152)	(40,942,347)	42,482,635	(164,917,864)
Other income/expenses	568,532	4,298,398	(11,861,356)	(6,994,426)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(11,400,760)	(7,424,370)	118,783,788	99,958,658
Current income tax	(30,386,753)	(19,707,163)	(31,072,359)	(81,166,275)
	186,925,601	(15,250,780)	106,561,618	278,236,439
Assets				
Cash and cash equivalents and sight deposits	577,266,212	17,854,877	66,620,869	661,741,958
Investments in associates and joint ventures	1,217,666,334	304,819,701	255,916,217	1,778,402,252
Financial assets held for trading	11,796,723	1,813,233	10,796,651	24,406,607
Financial assets initially recognised at fair value through profit or loss	328,457,084	63,679,929	197,292,168	589,429,181
Hedge derivatives	2,267,528	1,855,423	-	4,122,951
Available-for-sale assets	8,815,888,787	1,235,179,604	57,507,834	10,108,576,225
Loans and accounts receivable	1,515,925,453	403,684,469	48,006,348	1,967,616,270
Properties	-	137,657,154	25,059,016	162,716,170
Other tangible and intangible assets	6,681,498	24,231,784	477,414	31,390,696
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,315,421	266,007,934	-	289,323,355
Asset for post-employment and other long-term benefits	-	-	7,111,692	7,111,692
Other debtors for insurance and other operations	48,887,892	123,790,421	170,394,844	343,073,157
Tax assets	175,425,916	94,110,967	11,480,173	281,017,056
Accruals and deferrals	13,245,813	2,600,359	6,352,843	22,199,015
Non-current assets held for sale	-	152,579	4,200,000	4,352,579
	12,736,824,661	2,677,438,434	861,216,069	16,275,479,164
Liabilities				
Provision for unearned premiums	1,634,440	256,258,394	-	257,892,834
Mathematical provision for life insurance	1,904,143,381	-	-	1,904,143,381
Claims provision	118,841,538	1,631,967,968	-	1,750,809,506
Provision for profit sharing	81,081,860	20,563	-	81,102,423
Provision for interest rate commitments	22,683,110	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	27,222,726	-	27,222,726
Provision for unexpired risks	-	35,324,657	-	35,324,657
Financial liabilities	9,288,350,690	127,991,019	21,075,862	9,437,417,571
Liabilities for post-employment and other long-term benefits	-	-	83,422	83,422
Other creditors for insurance and other operations	25,899,027	105,056,268	30,959,373	161,914,668
Tax liabilities	74,697,536	43,956,652	14,570,302	133,224,490
Accruals and deferrals	47,310,369	55,036,037	3,326,512	105,672,918
Other provisions	-	51,536,302	47,062,543	98,598,845
Liabilities from a group for disposal classified as held for sale	-	529,650	-	529,650
	11,590,895,983	2,334,900,236	117,078,014	14,042,874,233
Total segments				1,954,368,492
Shareholders' equity, reserves, retained earnings and non-controlling interests				1,954,368,492

2018

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	183,183,563	259,547,131	-	442,730,694
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,224,954	1,224,954
Claims costs, net of reinsurance	(91,234,226)	(173,825,545)	-	(265,059,771)
Other technical provisions, net of reinsurance	(1,848,968)	(15,162,310)	-	(17,011,278)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(11,132,109)	(125,754,593)	-	(136,886,702)
Operating costs and expenses, net	(26,528,193)	(11,075,186)	(63,028,118)	(100,631,497)
Financial income	13,917,861	41,910,250	253,012,139	308,840,250
Financial expenses and net income on financial assets and liabilities	7,502,834	(1,382,668)	155,275,918	161,396,084
Impairment losses (net of reversals)	(7,576,226)	(2,785,719)	(156,096,207)	(166,458,152)
Other income/expenses	563,192	2,778	2,561	568,532
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(2,753,056)	-	(8,647,704)	(11,400,760)
Current income tax	(7,529,181)	(219,344)	(22,638,228)	(30,386,753)
	56,565,491	(28,745,206)	159,105,315	186,925,601
Assets				
Cash and cash equivalents and sight deposits	26,536,163	78,741,259	471,988,790	577,266,212
Investments in associates and joint ventures	40,745,483	-	1,176,920,851	1,217,666,334
Financial assets held for trading	107,435	1,776,488	9,912,800	11,796,723
Financial assets initially recognised at fair value through profit or loss	4,598,084	104,373,966	219,485,034	328,457,084
Hedge derivatives	12,997	11,695	2,242,836	2,267,528
Available-for-sale assets	281,409,313	1,549,636,504	6,984,842,970	8,815,888,787
Loans and accounts receivable	41,051,512	125,417,809	1,349,456,132	1,515,925,453
Properties	-	-	-	-
Other tangible and intangible assets	3,188,223	706,888	2,786,387	6,681,498
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,315,421	-	-	23,315,421
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	11,201,993	9,653,817	28,032,082	48,887,892
Tax assets	9,759,198	2,287,658	163,379,060	175,425,916
Accruals and deferrals	321,443	1,162,048	11,762,322	13,245,813
Non-current assets held for sale	-	-	-	-
	442,247,265	1,873,768,132	10,420,809,264	12,736,824,661
Liabilities				
Provision for unearned premiums	1,626,030	8,410	-	1,634,440
Mathematical provision for life insurance	214,862,759	1,689,280,622	-	1,904,143,381
Claims provision	99,177,509	19,664,029	-	118,841,538
Provision for profit sharing	35,092,023	45,989,837	-	81,081,860
Provision for interest rate commitments	-	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,821,647	1,300,907	9,283,228,136	9,288,350,690
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	7,397,638	2,528,479	15,972,910	25,899,027
Tax liabilities	5,049,634	3,336,842	66,311,060	74,697,536
Accruals and deferrals	6,046,574	5,405,287	35,858,508	47,310,369
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	399,327,846	1,790,197,523	9,401,370,614	11,590,895,983

2018

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	200,475,186	6,054,563	162,072,930	426,990,777	7,025,374	26,839,867	23,425,587	852,884,284
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(204,003,232)	(5,739,112)	(96,930,382)	(294,659,953)	(2,952,257)	(7,736,014)	(14,120,035)	(626,140,985)
Other technical provisions, net of reinsurance	4,785,515	(3,562,470)	2,591,555	7,159,983	(177,413)	(204,221)	5,321	10,598,270
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(197,937)	-	-	-	(3,519)	(201,456)
Operating costs and expenses, net	(39,215,413)	(10,220,552)	(60,513,551)	(124,177,624)	(2,175,758)	(12,403,170)	(9,780,708)	(258,486,776)
Financial income	24,445,494	3,448,937	10,772,697	19,662,599	558,449	3,874,370	1,082,421	63,844,967
Financial expenses and net income on financial assets and liabilities	(1,726,322)	(177,219)	1,406,526	5,119,344	152,715	845,222	406,132	6,026,398
Impairment losses (net of reversals)	(16,703,563)	(2,216,232)	(6,537,976)	(12,374,258)	(289,343)	(2,617,252)	(203,723)	(40,942,347)
Other income/expenses	277,895	174,531	3,896,387	(16,314)	-	484	(34,586)	4,298,398
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(57,725)	(175,396)	(2,151,380)	(3,956,408)	(111,010)	(623,878)	(348,573)	(7,424,370)
Current income tax	(151,009)	(493,160)	(5,824,840)	(10,349,921)	(290,711)	(1,643,953)	(953,569)	(19,707,163)
	(31,873,174)	(12,906,110)	8,584,029	13,398,225	1,740,046	6,331,455	(525,252)	(15,250,780)
Assets								
Cash and cash equivalents and sight deposits	7,640,981	1,476,964	2,918,825	4,131,035	83,727	710,491	892,854	17,854,877
Investments in associates and joint ventures	277,023,792	2,491,457	5,991,110	15,886,762	351,851	2,462,039	612,690	304,819,701
Financial assets held for trading	485,937	103,889	385,443	669,126	14,730	126,699	27,409	1,813,233
Financial assets initially recognised at fair value through profit or loss	-	5,707,883	13,725,525	36,396,285	806,084	5,640,487	1,403,665	63,679,929
Hedge derivatives	443,466	126,559	304,332	807,005	17,873	125,065	31,123	1,855,423
Available-for-sale assets	534,716,660	57,364,030	182,220,206	360,935,644	7,968,635	61,639,191	30,335,238	1,235,179,604
Loans and accounts receivable	91,056,742	29,010,679	68,281,618	176,848,166	3,943,881	27,395,183	7,148,200	403,684,469
Properties	7,580,374	11,823,310	25,723,249	76,789,889	1,889,441	12,138,725	1,712,166	137,657,154
Other tangible and intangible assets	3,079,160	2,005,758	6,087,199	10,314,882	114,603	1,442,483	1,187,699	24,231,784
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	3,450,485	86,398,279	124,021,235	4,868,217	7,771,446	19,329,394	20,168,878	266,007,934
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	17,229,685	33,930,902	38,913,827	23,351,297	1,524,597	7,697,862	1,142,251	123,790,421
Tax assets	17,927,418	5,764,620	18,250,592	42,433,528	989,513	6,648,608	2,096,688	94,110,967
Accruals and deferrals	332,464	214,894	576,329	1,192,860	11,943	130,808	141,061	2,600,359
Non-current assets held for sale	-	13,677	32,886	87,205	1,931	13,514	3,366	152,579
	960,967,164	236,432,901	487,432,376	754,711,901	25,490,255	145,500,549	66,903,288	2,677,438,434

(continuation)

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Liabilities								
Provision for unearned premiums	12,133,036	24,548,042	72,442,618	131,570,222	1,418,538	7,691,757	6,454,181	256,258,394
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	862,642,520	60,244,622	171,300,599	394,380,721	11,570,504	99,564,780	32,264,222	1,631,967,968
Provision for profit sharing	-	-	16,905	-	-	-	3,658	20,563
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	27,161,044	-	-	61,682	-	27,222,726
Provision for unexpired risks	1,328,197	3,755,245	3,299,759	25,528,899	190,199	1,154,727	67,631	35,324,657
Financial liabilities	1,589,987	79,457,143	26,075,777	1,582,236	500,584	1,974,303	16,810,989	127,991,019
Liabilities for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other creditors for insurance and other operations	16,379,380	30,462,535	32,256,003	13,871,349	1,686,485	7,052,891	3,347,625	105,056,268
Tax liabilities	15,030,494	3,280,138	9,323,382	18,730,734	359,547	1,855,696	(4,623,339)	43,956,652
Accruals and deferrals	8,091,671	7,484,780	12,066,457	22,391,906	432,340	2,275,527	2,293,356	55,036,037
Other provisions	51,536,302	-	-	-	-	-	-	51,536,302
Liabilities from a group for disposal classified as held for sale	-	47,478	114,158	302,714	6,704	46,913	11,683	529,650
	968,731,587	209,279,983	354,056,702	608,358,781	16,164,901	121,678,276	56,630,006	2,334,900,236

Geographical markets

2019

(amounts in euros)

	Geographical segment				Total
	Portugal	Rest of European Union	Africa	Asia	
Gains and losses					
Earned premiums net of reinsurance	1,485,233,091	55,927,571	6,540,199	85,959,026	1,633,659,887
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,163,741	52,126	-	-	1,215,867
Claims costs, net of reinsurance	(882,955,328)	(44,885,151)	(6,286,787)	(7,329,987)	(941,457,253)
Other technical provisions, net of reinsurance	(4,854,876)	206,262	388,953	(228,864)	(4,488,525)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(277,092,615)	(2,249,701)	(11,500)	(82,867,217)	(362,221,033)
Operating costs and expenses, net	(358,990,283)	(21,651,467)	(2,541,972)	(1,497,114)	(384,680,836)
Financial income	288,808,849	14,721,019	493,365	4,292,319	308,315,552
Financial expenses and net income on financial assets and liabilities	22,036,282	(2,364,773)	(159,055)	1,240,751	20,753,205
Impairment losses (net of reversals)	(91,747,474)	(3,455,528)	(152,983)	122	(95,355,863)
Other income/expenses	(6,447,797)	(649,425)	157,115	526,696	(6,413,411)
Current income tax	(24,782,934)	(118,318)	-	(19,937)	(24,921,189)
	150,370,656	(4,467,385)	(1,572,665)	75,795	144,406,401
Assets					
Cash and cash equivalents and sight deposits	383,216,603	32,641,022	5,156,398	2,215,371	423,229,394
Investments in associates and joint ventures	2,422,644,063	-	-	-	2,422,644,063
Financial assets held for trading	40,291,253	923,942	-	-	41,215,195
Financial assets initially recognised at fair value through profit or loss	553,414,427	21,390,828	-	9,207,846	584,013,101
Hedge derivatives	3,403,359	-	-	-	3,403,359
Available-for-sale assets	9,670,892,948	465,198,118	1,511,086	-	10,137,602,152
Loans and accounts receivable	996,039,594	58,657,296	3,676,867	136,365,653	1,194,739,410
Held-to-maturity investments	1,074,167,759	-	-	-	1,074,167,759
Properties	134,508,839	4,916,977	-	-	139,425,816
Other tangible and intangible assets	43,849,260	438,402	524,150	3,946	44,815,758
Technical provisions for reinsurance ceded	209,948,362	47,399,597	1,274,884	57,298	258,680,141
Asset for post-employment and other long-term benefits	4,131,028	-	-	-	4,131,028
Other debtors for insurance and other operations	233,758,502	31,921,132	1,300,597	154,479	267,134,710
Tax assets	162,578,242	1,761,622	258,258	-	164,598,122
Accruals and deferrals	18,360,093	74,161	35,405	23,294	18,492,953
Non-current assets held for sale	4,327,134	-	-	-	4,327,134
	15,955,531,466	665,323,097	13,737,645	148,027,887	16,782,620,095
Liabilities					
Provision for unearned premiums	264,780,932	9,771,694	1,783,249	-	276,335,875
Mathematical provision for life insurance	1,792,781,542	345,680,893	235,067	137,085,447	2,275,782,949
Claims provision	1,656,028,948	55,387,223	2,850,326	13,778	1,714,280,275
Provision for profit sharing	82,181,628	3,112,901	-	75,455	85,369,984
Provision for interest rate commitments	29,102,543	69,312	-	-	29,171,855
Provision for portfolio stabilisation	26,462,475	-	-	-	26,462,475
Equalisation provision	28,980,373	39,332	-	-	29,019,705
Provision for unexpired risks	30,521,964	316,580	251,606	228,864	31,319,014
Financial liabilities	9,007,032,874	127,485,827	-	-	9,134,518,701
Liabilities for post-employment and other long-term benefits	85,078	-	-	-	85,078
Other creditors for insurance and other operations	153,078,458	35,238,308	2,136,479	313,180	190,766,425
Tax liabilities	144,107,245	6,792,320	57,712	17,782	150,975,059
Accruals and deferrals	115,237,456	1,914,678	338,646	438,192	117,928,972
Other provisions	111,008,825	3,375,475	-	-	114,384,300
Liabilities from a group for disposal classified as held for sale	1,081,671	-	-	-	1,081,671
	13,442,472,012	589,184,543	7,653,085	138,172,698	14,177,482,338
Total segments					2,460,731,356
Shareholders' equity, reserves, retained earnings and non-controlling interests					2,460,731,356

2018

(amounts in euros)

	Geographical segment				Total
	Portugal	Rest of European Union	Africa	Asia	
Gains and losses					
Earned premiums net of reinsurance	1,202,510,997	51,553,531	3,992,780	37,557,670	1,295,614,978
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,171,783	53,171	-	-	1,224,954
Claims costs, net of reinsurance	(845,770,877)	(33,532,659)	(4,076,937)	(7,820,283)	(891,200,756)
Other technical provisions, net of reinsurance	(6,818,418)	515,441	(110,031)	-	(6,413,008)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(96,755,976)	(7,583,044)	(115,330)	(32,633,808)	(137,088,158)
Operating costs and expenses, net	(335,523,780)	(20,361,044)	(2,482,982)	(750,467)	(359,118,273)
Financial income	364,615,055	15,792,276	415,874	1,403,045	382,226,250
Financial expenses and net income on financial assets and liabilities	142,865,837	915,140	(184,792)	2,514,174	146,110,359
Impairment losses (net of reversals)	(161,977,911)	(2,985,116)	44,821	342	(164,917,864)
Other income/expenses	(7,363,408)	(351,013)	61,931	658,064	(6,994,426)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	99,958,658	-	-	-	99,958,658
Current income tax	(80,282,425)	(825,516)	-	(58,334)	(81,166,275)
	276,629,535	3,191,167	(2,454,666)	870,403	278,236,439
Assets					
Cash and cash equivalents and sight deposits	636,651,310	22,263,874	2,574,974	251,800	661,741,958
Investments in associates and joint ventures	1,778,402,252	-	-	-	1,778,402,252
Financial assets held for trading	24,069,333	337,274	-	-	24,406,607
Financial assets initially recognised at fair value through profit or loss	579,886,785	9,542,396	-	-	589,429,181
Hedge derivatives	4,118,812	4,139	-	-	4,122,951
Available-for-sale assets	9,620,385,655	486,692,831	1,497,739	-	10,108,576,225
Loans and accounts receivable	1,867,139,001	36,284,423	2,799,578	61,393,268	1,967,616,270
Properties	162,716,170	-	-	-	162,716,170
Other tangible and intangible assets	30,144,812	522,959	722,925	-	31,390,696
Goodwill	-	-	-	-	-
Technical provisions for reinsurance ceded	222,491,510	65,717,970	1,075,850	38,025	289,323,355
Asset for post-employment and other long-term benefits	7,111,692	-	-	-	7,111,692
Other debtors for insurance and other operations	314,247,792	28,355,647	378,855	90,863	343,073,157
Tax assets	278,258,077	2,605,744	153,235	-	281,017,056
Accruals and deferrals	21,875,006	290,361	32,162	1,486	22,199,015
Non-current assets held for sale	4,352,579	-	-	-	4,352,579
	15,551,850,787	652,617,618	9,235,318	61,775,442	16,275,479,165
Liabilities					
Provision for unearned premiums	247,669,130	8,741,383	1,482,321	-	257,892,834
Mathematical provision for life insurance	1,503,873,431	345,196,390	230,974	54,842,586	1,904,143,381
Claims provision	1,676,758,060	71,876,331	2,175,115	-	1,750,809,506
Provision for profit sharing	77,597,701	3,455,664	-	49,058	81,102,423
Provision for interest rate commitments	22,613,798	69,312	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	26,254,032
Equalisation provision	27,186,999	35,727	-	-	27,222,726
Provision for unexpired risks	34,157,651	526,447	640,559	-	35,324,657
Financial liabilities	9,319,332,252	118,085,312	-	-	9,437,417,571
Liabilities for post-employment and other long-term benefits	83,422	-	-	-	83,422
Other creditors for insurance and other operations	138,741,167	21,966,474	929,936	277,091	161,914,668
Tax liabilities	129,106,452	4,018,194	37,285	62,559	133,224,490
Accruals and deferrals	103,825,031	1,493,314	281,548	73,025	105,672,918
Other provisions	98,151,546	447,299	-	-	98,598,845
Liabilities from a group for disposal classified as held for sale	529,650	-	-	-	529,650
	13,405,880,329	575,911,847	5,777,738	55,304,319	14,042,874,233
Total segments					1,954,368,492
Shareholders' equity, reserves, retained earnings and non-controlling interests					1,954,368,492

The headings "Other debtors for insurance and other operations", "Tax assets", "Other creditors for insurance and other operations" and "Tax liabilities" are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

43. RELATED PARTIES

The Company's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and Caixa Geral de Depósitos, S.A., and respective management bodies.

At 31 December 2019 and 2018 the Company's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2019

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Via Directa - Companhia de Seguros, S.A. (2)	Fidelidade Angola Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Garantia - Companhia de Seguros de Cabo Verde, S.A. (2)	Fidelidade Property Europe, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	153,396,716	-	-
Investments in subsidiaries, associates and joint ventures	-	41,000,000	13,203,495	-	6,260,184	1,289,104,925
Financial assets held for trading	-	-	-	63,064	-	10,451,414
Financial assets initially recognised at fair value through profit or loss	-	-	-	25,469,831	-	-
Available-for-sale investments	-	-	-	79,623,667	-	-
Loans and accounts receivable	-	-	288,961	18,949,818	125,455	2,054,978
Technical provisions on reinsurance ceded	34,998	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	442,375	-	-
Accounts receivable for other reinsurance operations	2,771,003	26,245	3,048,477	-	-	-
Accounts receivable for other operations	55,856	371	8,995,838	11,284	-	446
Liabilities						
Provision for unearned premiums	-	(30)	533,222	-	110,975	-
Claims provision	-	3,724,531	1,349,756	-	762,957	-
Financial liabilities held for trading	-	-	-	3,226,034	-	50,805
Other financial liabilities	-	-	-	28,530	-	344,924
Accounts payable for direct insurance operations	-	-	-	4,128,143	-	-
Accounts payable for other reinsurance operations	4,045,162	-	-	-	105,618	-
Accounts payable for other operations	-	-	2,684,353	-	59,600	1,470,010
Accruals and deferrals	22,778	-	-	27,076,844	-	-
Gains and Losses						
Gross premiums written	-	1,546,977	2,237,167	-	1,420,710	-
Reinsurance ceded premiums	(45,368,520)	-	-	-	-	-
Provision for unearned premiums (change)	-	20	(52,553)	-	17,370	-
Provision for unearned premiums, reinsurers' share (change)	(1,557)	-	-	-	-	-
Claims costs, net of reinsurance	17,536	(2,084,651)	(830,750)	(39,673)	(473,182)	34,113
Operating costs and expenses, net	3,078,170	159,312	104,427	(52,988,116)	(450,161)	136,792
Financial income	272,303	287,618	24,992	6,682,209	445,777	36,434,101
Financial expenses	-	(51,029)	-	(3,587,988)	(28,109)	(468,210)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	12,386,419
Exchange differences	-	-	15,341	10,845,492	-	(236,390)
Impairment losses (net of reversals)	-	-	-	-	122,785	-
Other technical income/expenses, net of reinsurance	-	-	4,260	-	-	-
Other income/expenses	(1,841)	-	1,041,799	(86,505)	-	(7,468)

(continuation)

(amounts in euros)

	GEP - Gestão de Peritagens Automóveis, S.A. (2)	Fundo de Investimento Imobiliário Fechado Saudeinvest (2)	Cetra - Centro Técnico de Reparação Automóvel, S.A. (2)	Fundo de Investimento Imobiliário Fechado IMOFID (2)	Multicare - Seguros de Saúde, S.A. (2)	Companhia Portuguesa de Resseguros, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	100,000	-	2,717,053	-	-	13,389,566
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	154,014,988	-	53,540,725	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	89,202,432	3,620,325
Accounts receivable for direct insurance operations	-	-	-	-	822,971	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	355,413
Accounts receivable for other operations	-	-	-	-	-	446
Liabilities						
Provision for unearned premiums	-	-	-	-	(2,805,643)	792,802
Claims provision	326,410	-	177,234	-	(1,167,819)	1,830,842
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	61,879	81,237,843	592,662
Accounts payable for direct insurance operations	-	-	-	-	1,414,064	-
Accounts payable for other reinsurance operations	-	-	-	-	12,391,663	62,781
Accounts payable for other operations	950	-	332	-	10,501,742	-
Accruals and deferrals	-	-	-	35	48,406	-
Gains and Losses						
Gross premiums written	-	-	-	-	(4,671,431)	2,624,942
Reinsurance ceded premiums	-	-	-	-	(320,783,099)	(2,887,932)
Provision for unearned premiums (change)	-	-	-	-	2,022,351	30,646
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	581,034	(42,388)
Claims costs, net of reinsurance	(19,529,648)	-	(3,352,669)	(1,630)	251,973,981	753,996
Operating costs and expenses, net	166,041	-	74,076	(31,097)	44,753,951	(5,112)
Financial income	259,943	-	59,892	-	578,665	-
Financial expenses	-	-	-	(44)	(1,096,218)	(1,275)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
Impairment losses (net of reversals)	-	-	-	-	-	486,971
Other technical income/expenses, net of reinsurance	-	-	-	-	29,187	-
Other income/expenses	74,270	-	21,486	(11,432)	(103,438)	45,776

(continuation)

(amounts in euros)

	FCM Beteiligungs GmbH (2)	Tom Tailor, GmbH (2)	Luz Saúde, S.A. (2)	Fidelidade - Property Internacional, S.A. (2)	Fidelidade Macau - Companhia de Seguros, S.A. (2)	FPE (Lux) Holding Sarl (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	3,529,327	-	246,163,101	297,000,002	17,889,052	-
Financial assets held for trading	-	-	-	3,662,189	-	5,159,094
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	48,023	-
Accounts receivable for other operations	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	94,043	-
Claims provision	-	-	8,743,450	-	145,293	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	6,722	9,567,696	-	(2,101,129)
Accruals and deferrals	-	-	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	304,344	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	(35,294)	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	-	(71,992,034)	-	(33,983)	-
Operating costs and expenses, net	-	-	(69,659)	-	(61,969)	-
Financial income	-	-	-	-	-	-
Financial expenses	-	-	-	2,289	-	1,493
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	500,548	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	7,016,329	-	10,542,670
Exchange differences	-	-	-	10,583	-	(169,567)
Impairment losses (net of reversals)	140,531	-	-	6,000,002	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	-	2,466	-

(continuation)

(amounts in euros)

	FID Loans 1 Ireland (2)	Fidelidade - Sociedade Gestora de Org. de Investimento Imobiliário, S.A. (2)	FID LatAm SGPS, SA (2)	FID PERÚ, S.A. (2)	FID CHILE, SpA (2)	Universal Assistência e Serviços, Lda (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	340,000,000	430,194	315,398	137,216,160	13,168,935	-
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	-
Accounts receivable for other operations	-	15,123	-	-	-	38,902
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	-	-	-	-
Accruals and deferrals	-	2,023	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	6,384	-	-	-	1,296
Operating costs and expenses, net	-	136,156	-	-	-	11,660
Financial income	6,572,388	24,230	-	-	-	-
Financial expenses	-	(11,242)	-	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	875	(18,377)	(48,216)	-
Impairment losses (net of reversals)	-	(1,069,806)	(9,587)	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	-	-	-

(continuation)

(amounts in euros)

	FID I & D, S.A. (2)	Xingtao Assets Limited (5)	Peak Reinsurance Company (5)	Hauck & Aufhäuser Privatbankiers AG (5)	Everest Healthcare Properties, LLC (5)	Fosun Asset Management Limited (5)
Assets						
Cash and cash equivalents	-	-	-	17,778,410	-	-
Investments in subsidiaries, associates and joint ventures	50,000	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	16,889,117	-
Available-for-sale investments	-	269,979,750	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	2,454,832	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	2,215,753	-	-	-
Accounts receivable for other operations	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	-	-	55,972	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	4,187,238	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	305,680	-	-	-
Accounts payable for other operations	-	-	-	-	-	-
Accruals and deferrals	-	-	-	64,000	-	70,500
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	-	(8,964,927)	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	86,257	-	-	-
Claims costs, net of reinsurance	-	-	2,835,664	-	-	-
Operating costs and expenses, net	-	-	1,554,174	-	-	(2,541)
Financial income	-	8,923,971	-	26,718	-	-
Financial expenses	-	-	(1,414)	(325,919)	-	(360,105)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	968,697	-
Exchange differences	-	-	-	(45,596)	300,333	-
Impairment losses (net of reversals)	-	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	-	-	-

(continuation)

(amounts in euros)

	H&A Global Investment Management GmbH (5)	Banco Comercial Português, S.A. (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets					
Cash and cash equivalents	-	11,313,501	-	-	182,488,627
Investments in subsidiaries, associates and joint ventures	-	-	-	1,106,671	2,422,644,063
Financial assets held for trading	-	-	-	-	19,335,761
Financial assets initially recognised at fair value through profit or loss	-	28,118,167	-	-	70,477,115
Available-for-sale investments	-	32,305,444	-	-	589,464,574
Loans and accounts receivable	-	1,912,172	-	-	23,331,384
Technical provisions on reinsurance ceded	-	-	-	-	95,312,587
Accounts receivable for direct insurance operations	-	-	-	-	1,265,346
Accounts receivable for other reinsurance operations	-	-	-	-	8,464,914
Accounts receivable for other operations	-	-	29,233,935	571,640	38,923,841
Liabilities					
Provision for unearned premiums	-	-	-	-	(1,274,631)
Claims provision	-	-	-	350,729	16,299,355
Financial liabilities held for trading	-	-	-	-	3,276,839
Other financial liabilities	-	-	-	-	86,453,076
Accounts payable for direct insurance operations	-	-	-	-	5,542,207
Accounts payable for other reinsurance operations	-	-	-	-	16,910,904
Accounts payable for other operations	-	-	-	2,357,597	24,547,873
Accruals and deferrals	46,125	-	-	-	27,330,711
Gains and Losses					
Gross premiums written	-	-	-	-	3,462,709
Reinsurance ceded premiums	-	-	-	-	(378,004,478)
Provision for unearned premiums (change)	-	-	-	-	1,982,540
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	623,346
Claims costs, net of reinsurance	-	-	-	(7,715,569)	149,569,181
Operating costs and expenses, net	-	-	-	(569,051)	(4,002,947)
Financial income	-	2,611,037	-	316,138	63,519,982
Financial expenses	(140,465)	(11,639)	-	(29,789)	(6,109,664)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	1,477,689
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	2,732,750	-	-	35,444,455
Exchange differences	-	22,858	-	-	10,677,336
Impairment losses (net of reversals)	-	-	-	(9,027)	5,661,869
Other technical income/expenses, net of reinsurance	-	-	-	-	33,447
Other income/expenses	-	-	-	39,042	1,014,155

2018

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Via Directa - Companhia de Seguros, S.A. (2)	Fidelidade Angola Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Garantia - Companhia de Seguros de Cabo Verde, S.A. (2)	Fidelidade Property Europe, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	111,127,727	-	-
Investments in subsidiaries, associates and joint ventures	-	41,000,000	10,967,358	-	6,137,399	771,104,925
Financial assets held for trading	-	-	-	27,806	-	1,045,196
Financial assets initially recognised at fair value through profit or loss	-	-	-	21,822,191	-	-
Available-for-sale investments	-	-	-	50,295,477	-	-
Loans and accounts receivable	-	-	685,283	307,497,295	78,729	9,039,022
Technical provisions on reinsurance ceded	12,491	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	838,578	-	-
Accounts receivable for other reinsurance operations	2,884,897	90,095	4,964,371	-	183,198	-
Accounts receivable for other operations	28,684	-	8,190,596	-	-	106,896
Accruals and deferrals	-	-	-	15,272	-	20,440
Liabilities						
Provision for unearned premiums	-	(10)	484,218	-	124,438	-
Claims provision	-	1,876,720	567,635	-	560,018	-
Financial liabilities held for trading	-	-	-	4,469,613	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	4,485,183	-	-
Accounts payable for other reinsurance operations	3,711,346	-	-	-	-	-
Accounts payable for other operations	-	332	1,738,626	97,457	42,126	7,061,969
Accruals and deferrals	22,519	-	-	26,612,809	-	1,496
Gains and Losses						
Gross premiums written	-	1,464,732	2,247,297	-	1,336,729	-
Reinsurance ceded premiums	(43,498,352)	-	-	-	-	-
Provision for unearned premiums (change)	-	(2)	943,360	-	5,090	-
Provision for unearned premiums, reinsurers' share (change)	1,093	-	-	-	-	-
Claims costs, net of reinsurance	7,235	(1,586,832)	3,010,038	(54,640)	(365,473)	(361,592)
Operating costs and expenses, net	3,167,298	200,427	714,261	(59,915,801)	(326,045)	(841,073)
Financial income	269,234	284,369	17,956	3,327,909	373,222	527,916
Financial expenses	(821)	-	332	(3,360,918)	(23,086)	(1,169,137)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	(2,855,574)
Exchange differences	-	-	25,143	3,351,870	-	47,636
Impairment losses (net of reversals)	-	1,199,880	-	-	222,289	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	(1,221)	(1)	2,130,143	(101,889)	(13)	13,510
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	17,980	-	-

(continuation)

(amounts in euros)

	GEP - Gestão de Peritagens Automóveis, S.A. (2)	Fundo de Investimento Imobiliário Fechado Saudeinvest (2)	Cetra - Centro Técnico de Reparação Automóvel, S.A. (2)	Fundo de Investimento Imobiliário Fechado IMOFID (2)	Multicare - Seguros de Saúde, S.A. (2)	Companhia Portuguesa de Resseguros, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	100,000	-	2,717,053	-	-	12,902,595
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	142,200,957	-	37,204,901	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	86,092,470	14,528,253
Accounts receivable for direct insurance operations	-	-	-	-	1,034,307	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	70,004
Accounts receivable for other operations	1,528	-	-	-	8,856	6,191
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	(789,469)	819,411
Claims provision	(303,052)	-	598,379	-	(497,440)	14,224,917
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	79,384,654	265,854
Accounts payable for direct insurance operations	-	-	-	-	4,049,654	-
Accounts payable for other reinsurance operations	-	-	-	-	10,555,400	38,779
Accounts payable for other operations	1,068,539	-	332	-	132,147	-
Accruals and deferrals	-	-	-	-	50,712	-
Gains and Losses						
Gross premiums written	-	-	-	-	(4,915,290)	2,413,368
Reinsurance ceded premiums	-	-	-	-	(291,097,165)	(2,703,820)
Provision for unearned premiums (change)	-	-	-	-	789,740	(12,096)
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	2,486,190	(24,685)
Claims costs, net of reinsurance	(20,527,746)	-	(4,675,822)	-	229,159,509	(732,862)
Operating costs and expenses, net	158,811	-	70,917	-	40,344,283	15,519
Financial income	204,588	-	154,296	-	572,142	-
Financial expenses	1	-	-	-	(1,054,856)	(1,546)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
Impairment losses (net of reversals)	-	-	-	(355,552)	-	1,802,595
Other technical income/expenses, net of reinsurance	-	-	-	-	59,000	-
Other income/expenses	(12,986)	-	-	-	(79,080)	(8,820)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	FCM Beteiligungs GmbH (2)	Tom Tailor, GmbH (2)	Luz Saúde, S.A. (2)	Fidelidade - Property Internacional, S.A. (2)	Fidelidade Macau - Companhia de Seguros, S.A. (2)	FPE (Lux) Holding Sarl (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	3,388,795	-	243,490,981	291,000,000	17,889,052	-
Financial assets held for trading	-	-	-	5,674,246	-	904,944
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	8,824,185	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	24,608	-
Accounts receivable for other operations	-	-	-	7,122	-	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	55,916	-
Claims provision	-	-	12,393,361	-	162,807	-
Financial liabilities held for trading	-	-	-	261,418	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	5,937	663,936	-	4,755,227
Accruals and deferrals	-	-	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	249,334	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	(58,379)	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	-	(63,485,166)	-	(3,597)	-
Operating costs and expenses, net	-	-	(78,710)	-	(45,568)	-
Financial income	-	-	-	65,614,343	-	-
Financial expenses	-	-	-	18,833	-	17,448
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	7,807,698	-	(1,585,539)
Exchange differences	-	-	-	88,376	-	(114,821)
Impairment losses (net of reversals)	(10,704,936)	(4,578,676)	-	(32,664,012)	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	5,790	(457)	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	FID Loans 1 Ireland (2)	Fidelidade - Sociedade Gestora de Org. de Investimento Imobiliário, S.A. (2)	FID LatAm SGPS, SA (2)	Banco Comercial Português, S.A. (5)	FID PERÚ, S.A. (2)	FID CHILE, SpA (2)
Assets						
Cash and cash equivalents	-	-	-	71,855,812	-	-
Investments in subsidiaries, associates and joint ventures	250,000,000	1,500,000	244,283	-	125,292,307	1,305
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	2,992,554	-	-
Loans and accounts receivable	-	-	-	16,978,647	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	-
Accounts receivable for other operations	-	311,329	55,975	-	-	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	-	-	-	-
Accruals and deferrals	-	2,000	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	63,228	-	-	-	-
Operating costs and expenses, net	-	148,191	-	-	-	-
Financial income	-	20,000	-	-	-	-
Financial expenses	-	60,123	-	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	(3,308)	-	-	-
Impairment losses (net of reversals)	-	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	Xingtao Assets Limited (5)	Peak Reinsurance Company (5)	Hauck & Aufhäuser Privatbankiers AG (5)	Everest Healthcare Properties, LLC (5)	Fosun International Limited (5)
Assets					
Cash and cash equivalents	-	-	13,562,870	-	-
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	15,620,087	-
Available-for-sale investments	270,114,750	-	-	-	-
Loans and accounts receivable	-	-	-	-	-
Technical provisions on reinsurance ceded	-	1,773,798	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	355,544	-	-	-
Accounts receivable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Liabilities					
Provision for unearned premiums	-	-	-	-	-
Claims provision	-	55,972	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Other financial liabilities	-	2,084,856	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-
Accounts payable for other reinsurance operations	-	5,058,056	-	-	-
Accounts payable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	-	-	-
Reinsurance ceded premiums	-	(8,172,930)	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	(5,607)	-	-	-
Claims costs, net of reinsurance	-	4,865,764	-	-	-
Operating costs and expenses, net	-	1,643,935	-	-	-
Financial income	8,904,047	-	15,774	-	-
Financial expenses	-	(2,979)	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	31,181,384
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-
Exchange differences	-	-	227,124	(60,256)	-
Impairment losses (net of reversals)	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-
Other income/expenses	-	(2,952)	(142,847)	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-

(continuation)

(amounts in euros)

	FOSUN INDUSTRIAL HOLDINGS (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets				
Cash and cash equivalents	-	-	-	196,546,409
Investments in subsidiaries, associates and joint ventures	-	-	666,199	1,778,402,252
Financial assets held for trading	-	-	-	7,652,192
Financial assets initially recognised at fair value through profit or loss	-	-	-	37,442,278
Available-for-sale investments	-	-	-	511,632,824
Loans and accounts receivable	-	-	-	334,278,976
Technical provisions on reinsurance ceded	-	-	-	102,407,012
Accounts receivable for direct insurance operations	-	-	-	1,872,885
Accounts receivable for other reinsurance operations	-	-	-	8,572,717
Accounts receivable for other operations	113,822,820	35,955,971	788,703	159,284,671
Accruals and deferrals	-	-	-	35,712
Liabilities				
Provision for unearned premiums	-	-	-	694,504
Claims provision	-	-	101,492	29,740,809
Financial liabilities held for trading	-	-	-	4,731,031
Other financial liabilities	-	-	-	81,735,364
Accounts payable for direct insurance operations	-	-	-	8,534,837
Accounts payable for other reinsurance operations	-	-	-	19,363,581
Accounts payable for other operations	-	-	2,116,976	17,683,604
Accruals and deferrals	-	-	-	26,689,536
Gains and Losses				
Gross premiums written	-	-	-	2,796,170
Reinsurance ceded premiums	-	-	-	(345,472,267)
Provision for unearned premiums (change)	-	-	-	1,667,713
Provision for unearned premiums, reinsurers' share (change)	-	-	-	2,456,991
Claims costs, net of reinsurance	-	-	(176,043)	145,136,001
Operating costs and expenses, net	-	-	(1,282,987)	(16,026,542)
Financial income	4,249,612	-	510,480	85,045,888
Financial expenses	-	-	(23,798)	(5,540,404)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	52,402,976	-	1	83,584,372
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	3,381,503
Exchange differences	-	-	-	3,561,764
Impairment losses (net of reversals)	-	-	-	(45,078,412)
Other technical income/expenses, net of reinsurance	-	-	-	59,000
Other income/expenses	-	8,000	17,344	1,824,521
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	17,980

The related parties are divided into the following categories

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.

Payment of remuneration to statutory bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholders.

The remuneration and benefits paid to the members of the Corporate Bodies during 2019 were as follows:

(amounts in euros)

Board of Directors	Fixed Remuneration	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Executive members					
Chairman of executive board					
Jorge Manuel Baptista Magalhães Correia	420,000	584,219	2,684	1,111	181
Vice-chairman of executive board					
Rogério Miguel Antunes Campos Henriques	354,000	418,052	2,695	2,429	181
Members of Executive Board					
José Manuel Alvarez Quintero	333,000	408,597	2,706	1,550	181
António Manuel Marques de Sousa Noronha	333,000	408,596	2,695	1,550	181
Wai Lam William Mak	333,000	408,597	2,662	671	181
Jun Li	186,429	219,416	1,936	448	121
André Simões Cardoso	290,000	94,571	2,684	2,429	181

(amounts in euros)

Board of Directors	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance
Chairman					
Pedro Nunes de Almeida	42,000	-	-	-	-
Members					
João Filipe Gonçalves Pinto	30,800	-	-	-	-
Vasco Jorge Valdez Ferreira Matias	30,800	-	-	-	-

(*) Concerning the financial years 2018, 2017, 2016 and 2015

The non-executive members of the Board of Directors do not receive remuneration.

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, related to 2019, are EUR 661,250, EUR 551,880 of which are related to the Statutory Audit and EUR 109,370 to compliance and assurance services.

Other assurance services basically include certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March.

44. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

STATEMENTS OF FINANCIAL POSITION

At 31 December 2019 and 2018, the financial instruments had the following balance sheet value:

(amounts in euros)

	2019		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	423,229,394	423,229,394
Investments in subsidiaries, associates and joint ventures	-	2,422,644,063	2,422,644,063
Financial assets held for trading	41,215,195	-	41,215,195
Financial assets initially recognised			
at fair value through profit or loss	584,013,101	-	584,013,101
Hedge derivatives	3,403,359	-	3,403,359
Available-for-sale investments	10,136,077,610	1,524,542	10,137,602,152
Loans and accounts receivable	-	1,194,739,410	1,194,739,410
Investments to be held to maturity	-	1,074,167,759	1,074,167,759
Other debtors	-	147,778,091	147,778,091
	10,764,709,266	5,264,083,259	16,028,792,525
Liabilities			
Mathematical provision for life insurance	-	1,924,453,874	1,924,453,874
Financial liabilities held for trading	101,581,020	-	101,581,020
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered			
for accounting purposes as investment contracts	138,722,642	8,728,161,927	8,866,884,569
Hedge derivatives	2,439,323	-	2,439,323
Deposits received from reinsurers	-	126,007,518	126,007,518
Other financial liabilities	-	37,606,271	37,606,271
Other creditors	-	152,741,956	152,741,956
	242,742,985	10,968,971,547	11,211,714,532

(amounts in euros)

	2018		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	661,741,958	661,741,958
Investments in subsidiaries, associates and joint ventures	-	1,778,402,252	1,778,402,252
Financial assets held for trading	24,406,607	-	24,406,607
Financial assets initially recognised at fair value through profit or loss	589,429,181	-	589,429,181
Hedge derivatives	4,122,951	-	4,122,951
Available-for-sale investments	10,107,427,638	1,148,587	10,108,576,225
Loans and accounts receivable	-	1,967,616,270	1,967,616,270
Investments to be held to maturity	-	-	-
Other debtors	-	169,200,949	169,200,949
	10,725,386,377	4,578,110,016	15,303,496,394
Liabilities			
Mathematical provision for life insurance	-	1,634,959,180	1,634,959,180
Financial liabilities held for trading	30,056,302	-	30,056,302
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	40,287,720	9,236,181,722	9,276,469,443
Hedge derivatives	112,884	-	112,884
Deposits received from reinsurers	-	130,778,942	130,778,942
Other creditors	-	122,752,420	122,752,420
	70,456,906	11,124,672,266	11,195,129,172

The amount in the heading "Mathematical provision for life insurance" corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

The amount considered in the headings "Other debtors" and "Other creditors" essentially corresponds to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons, brokers, agents and other external entities.

GAINS AND LOSSES

In the years ended on 31 December 2019 and 2018, the net gains and losses on financial instruments had the following breakdown:

(amounts in euros)

	2019			2018		
	Income	As a charge to Shareholders' equity	Total	Income	As a charge to Shareholders' equity	Total
Earned premiums net of reinsurance	438,872,768	-	438,872,768	224,532,679	-	224,532,679
Claims costs, net of reinsurance	(190,657,379)	-	(190,657,379)	(166,094,563)	-	(166,094,563)
Mathematical provision for life insurance, net of reinsurance	(272,731,167)	-	(272,731,167)	(85,240,359)	-	(85,240,359)
Income from financial instruments						
Assets held for trading	(6,419,500)	-	(6,419,500)	(1,596,902)	-	(1,596,902)
Financial assets at fair value						
through profit or loss	18,201,309	-	18,201,309	13,355,516	-	13,355,516
Available-for-sale investments	222,495,324	-	222,495,324	283,223,956	-	283,223,956
Loans and accounts receivable	8,957,531	-	8,957,531	5,515,611	-	5,515,611
Held-to-maturity investments	6,948,172	-	6,948,172	-	-	-
Sight deposits	1,512,246	-	1,512,246	1,596,855	-	1,596,855
Other financial assets	43,684,535	-	43,684,535	66,681,709	-	66,681,709
Net gains from financial assets and liabilities not recognised at fair value through profit or loss						
Available-for-sale investments	115,941,937	339,828,045	455,769,982	355,430,441	(711,152,557)	(355,722,116)
Loans and accounts receivable	-	-	-	11	-	11
Financial liabilities at amortised cost	(37,792,557)	-	(37,792,557)	(75,038,389)	-	(75,038,389)
Other	-	-	-	31,181,384	-	31,181,384
Net gains from financial assets and liabilities recognised at fair value through profit or loss						
Financial assets and liabilities held for trading	(227,270,915)	-	(227,270,915)	(259,827,473)	-	(259,827,473)
Financial assets and liabilities initially recognised at fair value through profit or loss						
Other	47,395,221	-	47,395,221	(31,097,796)	-	(31,097,796)
Other	(15,166,709)	-	(15,166,709)	(24,728,202)	-	(24,728,202)
Exchange differences	113,168,496	-	113,168,496	180,930,177	-	180,930,177

(continuation)

(amounts in euros)

	2019			2018		
	As a charge to			As a charge to		
	Income	Shareholders' equity	Total	Income	Shareholders' equity	Total
Impairment losses (net of reversals)						
Available-for-sale investments	(81,923,196)	-	(81,923,196)	(173,036,368)	-	(173,036,368)
Loans and accounts receivable						
at amortised cost	(4,728)	-	(4,728)	(4,748)	-	(4,748)
Other	5,661,869	-	5,661,869	(40,144,184)	-	(40,144,184)
Other provisions						
Interest on deposits received from reinsurers	(1,451,925)	-	(1,451,925)	(1,014,968)	-	(1,014,968)
	189,421,334	339,828,045	529,249,379	304,624,388	(711,152,557)	(406,528,169)

In the years ended on 31 December 2019 and 2018, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

(amounts in euros)

	2019	2018
Assets		
Available-for-sale investments	180,098,181	244,751,104
Loans and accounts receivable	8,957,531	5,515,611
Held-to-maturity investments	6,948,172	-
Sight deposits	1,512,246	1,596,855
	197,516,130	251,863,571
Liabilities		
Mathematical provision for life insurance	(29,772,569)	(30,480,452)
Financial liabilities of the deposit component of insurance contracts and on insurance		
contracts and operations considered for accounting purposes as investment contracts	(37,792,557)	(75,038,389)
Deposits received from reinsurers	(1,451,925)	(1,014,968)
	(69,017,051)	(106,533,809)

OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2019 and 2018, the method for assessing the fair value of the financial instruments reflected in the Company's financial statements can be summarised as follows:

(amounts in euros)

	2019			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	423,229,394	423,229,394
Investments in associates and joint ventures	-	-	-	2,422,644,063	2,422,644,063
Financial assets held for trading	23,322,364	17,708,886	183,945	-	41,215,195
Financial assets initially recognised at fair value through profit or loss	268,520,038	264,166,607	51,326,456	-	584,013,101
Hedge derivatives	3,403,359	-	-	-	3,403,359
Available-for-sale investments	9,017,284,485	408,169,604	710,623,521	1,524,542	10,137,602,152
Loans and accounts receivable	-	-	-	1,194,739,410	1,194,739,410
Held-to-maturity investments	-	-	-	1,074,167,759	1,074,167,759
Other debtors	-	-	-	147,778,091	147,778,091
	9,312,530,246	690,045,097	762,133,922	5,264,083,259	16,028,792,524
Liabilities					
Mathematical provision for life insurance	-	-	-	1,924,453,874	1,924,453,874
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	-	138,722,642	-	8,728,161,927	8,866,884,569
Financial liabilities held for trading	10,604,478	90,792,789	183,753	-	101,581,020
Hedge derivatives	2,439,323	-	-	-	2,439,323
Deposits received from reinsurers	-	-	-	126,007,518	126,007,518
Other financial liabilities	-	-	-	37,606,271	37,606,271
Other creditors	-	-	-	152,741,956	152,741,956
	13,043,801	229,515,431	183,753	10,968,971,547	11,211,714,532
	9,299,486,445	460,529,666	761,950,169	(5,704,888,287)	4,817,077,992

(amounts in euros)

	2018			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	661,741,958	661,741,958
Investments in associates and joint ventures	-	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	16,798,432	7,608,175	-	-	24,406,607
Financial assets initially recognised at fair value through profit or loss	139,836,083	433,879,693	15,713,405	-	589,429,181
Hedge derivatives	4,122,951	-	-	-	4,122,951
Available-for-sale investments	8,967,097,358	524,784,808	615,545,472	1,148,587	10,108,576,225
Loans and accounts receivable	-	-	-	1,967,616,270	1,967,616,270
Other debtors	-	-	-	169,200,949	169,200,949
	9,127,854,824	966,272,676	631,258,877	4,578,110,016	15,303,496,393
Liabilities					
Mathematical provision for life insurance	-	-	-	1,634,959,180	1,634,959,180
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	-	40,287,720	-	9,236,181,722	9,276,469,443
Financial liabilities held for trading	17,367,778	12,688,524	-	-	30,056,302
Hedge derivatives	112,884	-	-	-	112,884
Deposits received from reinsurers	-	-	-	130,778,942	130,778,942
Other creditors	-	-	-	122,752,420	122,752,420
	17,480,662	52,976,244	-	11,124,672,266	11,195,129,172
	9,110,374,162	913,296,432	631,258,877	(6,546,562,249)	4,108,367,221

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 - "Fair Value Measurement", of the financial instruments held by the Company at 31 December 2019 and 2018 which are valued at fair value, in line with the following assumptions:

- Level 1 - Financial instruments valued on the basis of quoted prices in active markets to which the Company has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 - Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 - All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2019 and 2018 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

(amounts in euros)

	Available-for-sale investments	Financial assets initially recognised at fair value through profit or loss	Financial assets held for trading	Other financial liabilities
Balances at 31 December 2017	777,039,018	99,395	-	-
Acquisitions	63,644,131	15,680,344	-	-
Revaluations				
as a charge to the income statement	(20,268,968)	7,886	-	-
as a charge to shareholders' equity	(2,095,851)	-	-	-
Increase /reversal of impairment in the year	(3,454,772)	-	-	-
Disposals	(199,318,086)	(74,220)	-	-
Balances at 31 December 2018	615,545,472	15,713,405	-	-
Acquisitions	110,805,999	35,317,956	188,628	-
Revaluations				
as a charge to the income statement	39,978	302,731	(4,683)	(4,290)
as a charge to shareholders' equity	3,573,866	-	-	-
Increase / reversal of impairment in the year	(1,682,946)	-	-	-
Disposals	(17,658,848)	(7,636)	-	-
Balances at 31 December 2019	710,623,521	51,326,456	183,945	(4,290)

At 31 December 2019 and 2018, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

(amounts in euros)

	2019	
	Balance sheet value	Fair value
Assets		
Cash and cash equivalents	423,229,394	423,229,394
Available-for-sale investments	1,524,542	1,524,542
Loans and accounts receivable	1,194,739,410	1,194,739,410
Investments to be held to maturity	1,074,167,759	1,089,881,501
Other debtors	147,778,091	147,778,091
	2,841,439,196	2,857,152,938

(amounts in euros)

	2018	
	Balance sheet value	Fair value
Assets		
Cash and cash equivalents	661,741,958	661,741,958
Available-for-sale investments	1,148,587	1,148,587
Loans and accounts receivable	1,967,616,270	1,967,616,270
Other debtors	169,200,949	169,200,949
	2,799,707,764	2,799,707,764

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
 - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
 - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

Policies on managing financial risks inherent to Fidelidade’s activity

The Company’s objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company’s investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Company assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Company’s investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Company’s investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Company’s business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Company's investment management cycle is composed of the following key activities:

- **Defining** – Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);
- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/ expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

The following items are also decisive within the scope of the investment activity:

1. Definition of the portfolio objective

The main objective of the Company's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Company's risk appetite and its liquidity needs.

2. Rules for investment in assets

On one hand, the Company's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Company and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Company to adequately manage its liquidity.

3. Classes of assets

As a general rule, the Company's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

The classes of assets eligible for investment by the Company are:

- Treasury (cash, deposits and equivalent);
- Fixed income (medium and long-term debt instruments);
- Variable income (instruments which provide variable gains);
- Real estate (including properties for own use and for investment);
- Alternative investments.

Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

4. Exposure limits

In order to enable the Company, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

- Class of asset;
- Credit quality and duration;
- Sector of activity;
- Geographical location;
- Concentration by position;
- Currency.

5. Risk management and control process

The Risk Management Division (DGR) is responsible for **controlling and monitoring the allocation of assets**, in the light of the targets and limits established.

Accordingly, procedures are defined, including those responsible for them, for when there is non-compliance with the targets and/or limits established.

Regarding asset losses control mechanisms, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular **process of reporting** has been set up for the various levels of the Company involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

Credit risk

At 31 December 2019 and 2018, the Company's exposure to credit risk was as follows:

(amounts in euros)

	2019			2018		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	420,867,660	-	420,867,660	660,560,497	-	660,560,497
Financial assets initially recognised						
at fair value through profit or loss	522,952,057	-	522,952,057	558,806,045	-	558,806,045
Available-for-sale investments	8,376,126,341	(49,979,822)	8,326,146,519	8,824,776,726	(54,778,794)	8,769,997,932
Loans and accounts receivable	1,195,116,696	(377,286)	1,194,739,410	1,967,988,828	(372,558)	1,967,616,270
Held-to-maturity investments	1,074,167,759	-	1,074,167,759	-	-	-
Other debtors	164,206,047	(16,427,956)	147,778,091	187,054,939	(17,853,989)	169,200,949
Maximum exposure to credit risk	11,753,436,560	(66,785,065)	11,686,651,495	12,199,187,035	(73,005,341)	12,126,181,693

Credit quality

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2019 and 2018, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

(amounts in euros)

Class of asset	2019			Total
	Country of origin			
	Portugal	Rest of European Union	Other	
Deposits in credit institutions				
AA- to AA+	177,182	111,556	-	288,738
A- to A+	46,323	620,467,576	50,617,277	671,131,176
BBB- to BBB+	270,051,580	295,844,763	12,281,665	578,178,008
BB- to BB+	183,422,869	-	6,493,543	189,916,412
B- to B+	-	-	6,340,818	6,340,818
Below B-	377,009	-	-	377,009
Not Rated	528,608	30,991,589	134,130,804	165,651,001
	454,603,571	947,415,484	209,864,107	1,611,883,162
Deposits in ceding companies				
Not Rated	100,122	-	414,416	514,538
	100,122	-	414,416	514,538
Total	454,703,693	947,415,484	210,278,523	1,612,397,700

(amounts in euros)

Class of asset	2018			Total
	Country of origin			
	Portugal	Rest of European Union	Other	
Deposits in credit institutions				
A- to A+	100,045,896	880,041,426	101,022,268	1,081,109,590
BBB- to BBB+	350,530,937	576,194,912	251,874	926,977,723
BB- to BB+	491,199,722	10,434,805	4,645,778	506,280,305
B- to B+	-	-	16,229,529	16,229,529
Not Rated	1,083,142	18,637,312	45,110,828	64,831,282
	942,859,697	1,485,308,455	167,260,277	2,595,428,429
Deposits in ceding companies				
Not Rated	120,580	-	764,013	884,593
	120,580	-	764,013	884,593
Total	942,980,277	1,485,308,455	168,024,290	2,596,313,022

"Deposits in credit institutions" includes other deposits in the heading "Loans and accounts receivable" of EUR 1,191,015,502 and EUR 1,934,867,931, in 2019 and 2018, respectively.

At 31 December 2019 and 2018, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

(amounts in euros)

Class of asset	2019				Total
	Portugal	Rest of European Union	Country of origin North America	Other	
Financial assets initially recognised					
at fair value through profit or loss					
Corporate					
A- to A+	-	5,721,217	50,836,818	-	56,558,035
BBB- to BBB+	1,440,738	39,047,791	78,083,786	83,972,638	202,544,953
BB- to BB+	1,717,972	2,781,221	1,488,339	447,369	6,434,901
Not rated	1,187,565	-	53,619,575	53,554,475	108,361,615
	4,346,275	47,550,229	184,028,518	137,974,482	373,899,504
Governments and other local authorities					
AAA	-	1,999,616	-	-	1,999,616
AA- to AA+	-	3,138,806	-	-	3,138,806
A- to A+	-	43,495	-	-	43,495
BBB- to BBB+	489,123	8,922,645	-	-	9,411,768
	489,123	14,104,562	-	-	14,593,685
Financial Institutions					
AA- to AA+	-	100,616	-	-	100,616
A- to A+	-	331,837	507,511	463,063	1,302,411
BBB- to BBB+	-	7,003,215	37,745,607	489,074	45,237,896
BB- to BB+	-	1,068,441	-	-	1,068,441
B- to B+	25,469,640	-	-	-	25,469,640
CCC- to CCC+	28,118,170	-	-	-	28,118,170
	53,587,810	8,504,109	38,253,118	952,137	101,297,174
Total Financial assets initially recognised					
at fair value through profit or loss	58,423,208	70,158,900	222,281,636	138,926,619	489,790,363

(amounts in euros)

Class of asset	2019				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	2,401,378	-	6,695,238	9,096,616
A- to A+	-	319,933,630	129,095,966	508,746,696	957,776,292
BBB- to BBB+	-	410,695,252	332,574,686	327,155,438	1,070,425,376
BB- to BB+	21,023,283	91,687,549	110,618,164	98,783,932	322,112,928
B- to B+	-	6,589,640	23,348,295	35,156,083	65,094,018
CCC- to CCC+	-	3,255,312	-	15,502,093	18,757,405
Not rated	29,967,482	-	-	293,272,696	323,240,178
	50,990,765	834,562,761	595,637,111	1,285,312,176	2,766,502,813
Governments and other local authorities					
AAA	-	560,806	-	-	560,806
AA- to AA+	-	3,889,015	-	-	3,889,015
A- to A+	-	13,792,013	-	-	13,792,013
BBB- to BBB+	1,753,006,959	1,706,098,243	2,878,054	3,233,990	3,465,217,246
BB- to BB+	14,196,110	-	-	-	14,196,110
CCC- to CCC+	-	-	-	1,511,086	1,511,086
	1,767,203,069	1,724,340,077	2,878,054	4,745,076	3,499,166,276
Financial institutions					
AAA	-	1,609,791	-	5,001,432	6,611,223
AA- to AA+	17,201,958	7,249,914	7,996,874	11,791,429	44,240,175
A- to A+	8,775,232	699,950,513	56,526,084	409,135,158	1,174,386,987
BBB- to BBB+	1,534,718	428,893,023	141,793,413	68,676,458	640,897,612
BB- to BB+	72,569,944	44,793,435	-	-	117,363,379
B- to B+	29,049,214	-	-	-	29,049,214
Not rated	-	-	-	47,820,410	47,820,410
	129,131,066	1,182,496,676	206,316,371	542,424,887	2,060,369,000
Other issuers					
AAA	-	-	-	108,430	108,430
	-	-	-	108,430	108,430
Total Available-for-sale investments (net of impairment)	1,947,324,900	3,741,399,514	804,831,536	1,832,590,569	8,326,146,519

(amounts in euros)

Class of asset	2019				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Held-to-maturity investments					
Governments and other local authorities					
BBB- até BBB+	358,706,978	715,460,781	-	-	1,074,167,759
	358,706,978	715,460,781	-	-	1,074,167,759
Total Held-to-maturity investments	358,706,978	715,460,781	-	-	1,074,167,759

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
Corporate					
AA- to AA+	-	25,880	-	-	25,880
A- to A+	-	301,051	49,413,738	-	49,714,789
BBB- to BBB+	99,479	20,115,589	70,310,258	-	90,525,326
BB- to BB+	-	-	71,462,651	-	71,462,651
Not rated	-	12,047,998	48,904,662	217,035,911	277,988,571
	99,479	32,490,518	240,091,309	217,035,911	489,717,217
Governments and other local authorities					
AAA	-	3,333,951	-	-	3,333,951
AA- to AA+	-	2,871,540	-	-	2,871,540
BBB- to BBB+	631,514	3,116,363	-	-	3,747,877
	631,514	9,321,854	-	-	9,953,368
Financial Institutions					
AA- to AA+	-	100,213	-	-	100,213
A- to A+	-	238,211	500,480	-	738,691
BBB- to BBB+	-	1,238,698	35,183,390	52,468	36,474,556
B- to B+	21,822,000	-	-	-	21,822,000
	21,822,000	1,577,122	35,683,870	52,468	59,135,460
Total Financial assets initially recognised at fair value through profit or loss	22,552,993	43,389,494	275,775,179	217,088,379	558,806,045

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	-	21,445,150	40,723,232	62,168,382
A- to A+	-	39,080,004	179,485,868	538,025,649	756,591,521
BBB- to BBB+	-	249,339,264	526,946,669	177,190,433	953,476,366
BB- to BB+	11,593,427	222,104,047	144,642,863	82,722,206	461,062,543
B- to B+	-	18,150,541	57,550,903	52,118,910	127,820,354
CCC- to CCC+	-	-	16,122,358	-	16,122,358
C	-	-	-	7,778,384	7,778,384
Not rated	37,073,604	-	-	299,199,620	336,273,224
	48,667,031	528,673,856	946,193,811	1,197,758,434	2,721,293,132
Governments and other local authorities					
AAA	-	1,184,840	26,839,377	-	28,024,217
AA- to AA+	-	3,703,336	-	-	3,703,336
A- to A+	-	13,986,200	-	-	13,986,200
BBB- to BBB+	2,543,686,810	2,195,912,638	-	-	4,739,599,448
D	-	-	-	1,497,739	1,497,739
	2,543,686,810	2,214,787,014	26,839,377	1,497,739	4,786,810,940
Financial institutions					
AAA	-	-	-	1,125,852	1,125,852
AA- to AA+	-	9,811,442	-	9,795,502	19,606,944
A- to A+	-	76,686,008	104,256,941	425,607,419	606,550,368
BBB- to BBB+	10,281,318	45,889,365	309,657,748	59,870,782	425,699,213
BB- to BB+	43,006,712	36,298,048	-	-	79,304,760
B- to B+	-	-	-	15,093,280	15,093,280
Not rated	-	-	50,041,331	64,287,788	114,329,119
	53,288,030	168,684,863	463,956,020	575,780,623	1,261,709,536
Other issuers					
AAA	-	-	-	184,324	184,324
	-	-	-	184,324	184,324
Total Available-for-sale investments (net of impairment)	2,645,641,871	2,912,145,733	1,436,989,208	1,775,221,120	8,769,997,932

The Company periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as "Adjustments for premiums pending collection" (Note 39). At 31 December 2019 and 2018, the balance sheet value of premiums from insured persons pending collection was as follows:

(amounts in euros)

	2019						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	3,360,000	233,181	107,783	1,011	1,731	-	3,703,706
Life risk products	1,078,056	391,245	1,007,961	282,557	201,762	(122,741)	2,838,840
Non-life insurance							
Motor	7,954,021	603,320	623,266	320,506	18,557	(1,793,425)	7,726,245
Workers' compensation	3,949,091	924,690	612,410	633,181	223,769	(825,935)	5,517,206
Domestic animals	1,258	54	72	57	-	-	1,441
Health	4,248,521	6,401,655	945,267	1,007,652	23,134	(462,974)	12,163,255
Fire and other damage	7,314,848	512,466	366,686	3,851,234	115,505	(1,242,237)	10,918,502
Transports	1,139,487	135,482	214,350	96,489	43,251	(144,031)	1,485,028
Third party liability	1,801,128	264,787	128,108	355,478	32,249	(518,372)	2,063,378
Other (includes personal accidents)	2,756,444	947,730	901,053	608,610	3,769,060	(1,644,977)	7,337,920
	33,602,854	10,414,610	4,906,956	7,156,775	4,429,018	(6,754,692)	53,755,521

(amounts in euros)

	2018						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	7,056,634	1,598,678	1,994	2,400	22,901	(156)	8,682,451
Life risk products	1,712,732	331,788	898,816	287,483	400,139	(161,034)	3,469,924
Non-life insurance							
Motor	7,359,081	1,021,172	814,017	165,944	113,054	(1,271,869)	8,201,399
Workers' compensation	3,476,517	2,492,113	2,386,662	1,310,405	223,285	(2,833,848)	7,055,134
Domestic animals	121	-	-	-	-	-	121
Health	6,039,238	5,340,700	467,542	156,317	46,972	(267,366)	11,783,403
Fire and other damage	6,315,809	1,713,348	382,571	2,377,022	204,145	(819,291)	10,173,604
Transports	832,515	52,107	40,480	36,441	49,255	(73,617)	937,181
Third party liability	1,880,491	255,157	159,527	276,076	18,156	(347,642)	2,241,765
Other (includes personal accidents)	1,808,504	2,364,779	1,210,922	4,852,298	336,143	(1,405,091)	9,167,555
	36,481,642	15,169,842	6,362,531	9,464,386	1,414,050	(7,179,914)	61,712,537

Liquidity risk

At 31 December 2019 and 2018, the estimated undiscounted cash-flows of the financial instruments, according to the respective contractual maturity, were as follows:

(amounts in euros)

	2019									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	423,229,394	-	-	-	-	-	-	-	-	423,229,394
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	2,422,644,063	2,422,644,063
Financial assets held for trading	-	-	-	-	-	-	-	-	41,215,195	41,215,195
Financial assets initially recognised at fair value through profit or loss	7,789,037	2,147,548	54,004,322	55,293,259	200,521,217	33,090,264	132,725,062	61,704,815	47,572,285	594,847,808
Hedge derivatives	-	-	-	-	-	-	-	-	3,403,359	3,403,359
Available-for-sale investments	23,962,549	66,748,323	616,737,954	567,893,649	3,106,967,806	2,783,913,689	2,559,318,417	185,989,937	3,739,118,745	13,650,651,069
Loans and accounts receivable	504,212,906	277,913,246	178,662,527	237,531,424	158,166,980	55,221	321,172	167,894	-	1,357,031,369.32
Investments to be held to maturity	-	-	-	-	299,978,007	535,705,531	238,484,220	-	-	1,074,167,758.82
Other debtors	147,778,091	-	-	-	-	-	-	-	-	147,778,091
	1,106,971,977	346,809,117	849,404,802	860,718,331	3,765,634,011	3,352,764,706	2,930,848,871	247,862,646	6,253,953,647	19,714,968,108
Liabilities										
Mathematical provision for life insurance	28,429,571	23,065,946	37,521,300	109,845,149	421,002,541	433,432,601	391,463,308	303,463,408	23,576,624	1,771,800,449
Financial liabilities held for trading	-	12,038,554	5,414,373	24,838,389	64,833,522	101,118,624	41,254,381	-	-	249,497,844
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	119,594,054	286,223,987	314,278,458	767,258,039	3,015,946,503	2,600,142,052	1,170,513,691	688,495,436	5,968,496	8,968,420,716
Hedge derivatives	-	-	-	-	-	-	-	-	2,439,323	2,439,323
Other financial liabilities	-	-	-	-	37,606,271	-	-	-	-	37,606,271
Deposits received from reinsurers	131,258	262,516	393,773	126,795,065	-	-	-	-	-	127,582,612
Other creditors	152,741,956	-	-	-	-	-	-	-	-	152,741,956
	300,896,839	321,591,003	357,607,905	1,028,736,643	3,539,388,838	3,134,693,277	1,603,231,380	991,958,844	31,984,443	11,310,089,171

(amounts in euros)

	2018									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	661,741,958	-	-	-	-	-	-	-	-	661,741,958
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	-	-	-	-	-	-	-	-	24,406,607	24,406,607
Financial assets initially recognised at fair value through profit or loss	2,307,163	23,690,126	20,626,299	69,530,079	172,031,816	181,542,784	145,498,037	14,515,146	17,070,748	646,812,196
Hedge derivatives	-	-	-	-	-	-	-	-	4,122,951	4,122,951
Available-for-sale investments	79,174,096	288,149,144	875,986,684	171,281,753	2,875,295,553	2,636,184,580	2,569,277,857	71,013,372	3,045,581,131	12,611,944,170
Loans and accounts receivable	724,169,911	375,825,773	432,474,318	288,093,053	18,826,991	1,094,470	313,892	164,087	-	1,840,962,494
Other debtors	169,200,949	-	-	-	-	-	-	-	-	169,200,949
	1,636,594,076	687,665,043	1,329,087,300	528,904,884	3,066,154,361	2,818,821,833	2,715,089,786	85,692,605	4,869,583,689	17,737,593,577
Liabilities										
Mathematical provision for life insurance	15,762,355	18,428,826	28,232,104	119,825,480	345,210,562	362,968,471	296,902,658	299,434,703	23,755,135	1,510,520,293
Financial liabilities held for trading	20,020	12,810,282	5,239,882	1,352,429	9,880,817	883,767	1,404,017	344,292	-	31,935,506
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	138,296,836	321,140,432	369,419,912	789,102,825	2,704,536,641	2,822,572,342	1,679,854,939	862,254,222	5,905,828	9,693,083,976
Hedge derivatives	-	-	-	-	-	-	-	-	112,884	112,884
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Deposits received from reinsurers	136,228	272,456	408,684	131,596,311	-	-	-	-	-	132,413,679
Other creditors	122,752,420	-	-	-	-	-	-	-	-	122,752,420
	276,967,859	352,651,996	403,300,582	1,041,877,046	3,059,628,020	3,186,424,580	1,978,161,614	1,162,033,217	29,773,846	11,490,818,760

The amounts presented above are not comparable with the accounting balances as they include cash-flow projections and are not discounted.

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions that Fidelidade uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- Cash and cash equivalents were classified as payable on demand and included in the "up to 1 month" category;
- The amount of "Loans and accounts receivable", classified as being of "Indefinite" maturity, relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in "Other debtors" and "Other creditors" are payable on demand, and classified with maturity of "Up to 1 month";
- Equity instruments were classified as being of "Indefinite" maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in "Deposits received from reinsurers" correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- "Hedge Derivatives" were classified as "Indefinite", since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of "Financial liabilities held for trading" the contracts' maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
 - Mortality was determined according to the Company's history of the last five years;
 - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
 - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
 - The expected costs were estimated based on the values recorded in year.

Market risk

At 31 December 2019 and 2018, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

(amounts in euros)

	2019			Total
	Exposure to Fixed rate	Variable rate	Not subject to interest rate risk	
Assets				
Cash and cash equivalents	-	420,867,660	2,361,734	423,229,394
Investments in subsidiaries, associates and joint ventures	-	-	2,422,644,063	2,422,644,063
Financial assets held for trading	(69,263)	132,327	41,152,131	41,215,195
Financial assets initially recognised at fair value through profit or loss	465,720,816	57,231,238	61,061,047	584,013,101
Hedge derivatives	-	-	3,403,359	3,403,359
Available-for-sale investments	7,886,604,035	439,542,487	1,811,455,630	10,137,602,152
Loans and accounts receivable	-	1,194,739,410	-	1,194,739,410
Investments to be held to maturity	1,074,167,759	-	-	1,074,167,759
Other debtors	-	-	147,778,091	147,778,091
	9,426,423,347	2,112,513,122	4,489,856,055	16,028,792,525
Liabilities				
Mathematical provision for life insurance	-	1,924,453,874	-	1,924,453,874
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	8,728,161,927	138,722,642	-	8,866,884,569
Financial liabilities held for trading	80,884,019	(9,784,520)	30,481,521	101,581,020
Hedge derivatives	-	-	2,439,323	2,439,323
Deposits received from reinsurers	-	126,007,518	-	126,007,518
Outros passivos financeiros	-	37,606,271	-	37,606,271
Other creditors	-	-	152,741,956	152,741,956
	8,809,045,946	2,217,005,786	185,662,800	11,211,714,532

(amounts in euros)

	2018			Total
	Exposure to		Not subject to interest rate risk	
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents	-	660,560,497	1,181,460	661,741,958
Investments in subsidiaries, associates and joint ventures	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	(61,016)	88,822	24,378,801	24,406,607
Financial assets initially recognised				
at fair value through profit or loss	534,419,876	24,386,169	30,623,136	589,429,181
Hedge derivatives	-	-	4,122,951	4,122,951
Available-for-sale investments	8,204,409,807	565,588,125	1,338,578,293	10,108,576,225
Loans and accounts receivable	-	1,967,616,270	-	1,967,616,270
Other debtors	-	-	169,200,949	169,200,949
	8,738,768,667	3,218,239,883	3,346,487,843	15,303,496,394
Liabilities				
Mathematical provision for life insurance	-	1,634,959,180	-	1,634,959,180
Financial liabilities of the deposit component of insurance				
contracts and on insurance contracts and operations considered				
for accounting purposes as investment contracts	9,236,181,722	40,287,720	-	9,276,469,443
Financial liabilities held for trading	26,426,806	(21,529,733)	25,159,229	30,056,302
Hedge derivatives	-	-	112,884	112,884
Deposits received from reinsurers	-	130,778,942	-	130,778,942
Other creditors	-	-	122,752,420	122,752,420
	9,262,608,528	1,784,496,110	148,024,534	11,195,129,172

At 31 December 2019 and 2018, the sensitivity of the fair value of the Company's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

(amounts in euros)

	2019					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(18,585,963)	(9,559,761)	(4,849,659)	4,995,919	10,145,294	20,936,201
Available-for-sale investments	(665,541,336)	(350,456,430)	(180,658,826)	194,746,571	408,398,167	925,394,198
Loans and accounts receivable	(11,269,246)	(5,697,117)	(2,864,454)	2,896,805	5,826,534	11,787,123
	(695,396,545)	(365,713,308)	(188,372,939)	202,639,295	424,369,995	958,117,523
Liabilities						
Financial liabilities held for trading	4,117,584	2,108,203	1,066,844	(1,093,145)	(2,213,441)	(4,539,046)
	4,117,584	2,108,203	1,066,844	(1,093,145)	(2,213,441)	(4,539,046)

(amounts in euros)

	2018					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(31,395,248)	(16,683,656)	(8,464,824)	8,721,529	17,711,124	35,285,298
Available-for-sale investments	(549,818,906)	(282,700,066)	(143,373,333)	147,581,064	299,539,509	617,313,374
Loans and accounts receivable	(8,843,641)	(4,345,865)	(2,181,160)	2,197,827	4,412,539	9,115,396
	(590,057,795)	(303,729,587)	(154,019,316)	158,500,420	321,663,172	661,714,069
Liabilities						
Financial liabilities held for trading	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)
	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2019 and 2018, the breakdown of financial instruments by currency was as follows:

(amounts in euros)

	2019				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	305,185,151	83,883,112	1,199,824	32,961,307	423,229,394
Investments in subsidiaries, associates and joint ventures	2,234,906,227	-	-	187,737,836	2,422,644,063
Financial assets held for trading	20,113,820	19,146,941	-	1,954,434	41,215,195
Financial assets initially recognised at fair value through profit or loss	276,820,454	300,007,525	-	7,185,122	584,013,101
Hedge derivatives	-	3,403,359	-	-	3,403,359
Available-for-sale investments	7,166,925,409	1,614,497,465	410,344,223	945,835,055	10,137,602,152
Loans and accounts receivable	1,004,070,541	147,209,986	16,011,051	27,447,832	1,194,739,410
Held-to-maturity investments	1,074,167,759	-	-	-	1,074,167,759
Other debtors	143,809,873	3,038,611	37,864	1,006,549	147,892,897
	12,225,999,235	2,171,186,999	427,592,962	1,204,128,135	16,028,907,331
Liabilities					
Mathematical provision for life insurance	1,924,453,874	-	-	-	1,924,453,874
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	8,866,884,569	-	-	-	8,866,884,569
Financial liabilities held for trading	-	28,644,120	-	72,936,900	101,581,020
Hedge derivatives	147,900	2,025,384	-	266,039	2,439,323
Deposits received from reinsurers	126,007,518	-	-	-	126,007,518
Other financial liabilities	37,606,271	-	-	-	37,606,271
Other creditors	149,372,419	1,558,207	138,148	1,787,988	152,856,762
	11,104,472,552	32,227,711	138,148	74,990,927	11,211,829,338

(amounts in euros)

	2018				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	577,936,196	60,751,840	234,680	22,819,242	661,741,958
Investments in subsidiaries, associates and joint ventures	1,618,114,604	-	-	160,287,648	1,778,402,252
Financial assets held for trading	7,613,894	16,271,014	-	521,699	24,406,607
Financial assets initially recognised					
at fair value through profit or loss	119,624,958	457,950,409	9,464,792	2,389,022	589,429,181
Hedge derivatives	-	4,015,724	-	107,227	4,122,951
Available-for-sale investments	6,639,875,127	2,895,721,705	439,905,979	133,073,414	10,108,576,225
Loans and accounts receivable	1,832,448,704	80,991,214	21,852,281	32,324,071	1,967,616,270
Held-to-maturity investments	-	-	-	-	-
Other debtors	164,024,343	4,335,342	50,479	920,178	169,330,342
	10,959,637,826	3,520,037,248	471,508,211	352,442,501	15,303,625,786
Liabilities					
Mathematical provision for life insurance	1,634,959,180	-	-	-	1,634,959,180
Financial liabilities of the deposit component of insurance					
contracts and on insurance contracts and operations					
considered for accounting purposes as investment contracts	9,276,469,443	-	-	-	9,276,469,443
Financial liabilities held for trading	(5,668,942)	35,386,931	-	338,313	30,056,302
Hedge derivatives	-	86,613	-	26,271	112,884
Deposits received from reinsurers	130,778,942	-	-	-	130,778,942
Other creditors	120,348,553	1,427,685	134,677	970,898	122,881,813
	11,156,887,176	36,901,229	134,677	1,335,482	11,195,258,565

The headings "Other debtors" and "Other creditors" are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

45. DISCLOSURES RELATING TO INSURANCE CONTRACT RISKS

Below is a summary of the acceptance and risk management policies in force.

45.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Company, they are sent to the Reinsurers' Underwriting Departments for proposals for acceptance of the conditions of these risks to be presented.

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

45.2. Technical management

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

45.3. Risk control management instruments

Internal risks of the organisation

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

Portfolio profile studies

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

Portfolio selection and reorganisation

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

Insurance risk concentrations

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Group's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

Behaviour of the non-life portfolio - Direct insurance

Direct insurance

(amounts in euros)

	2019			2018		
	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio
Accidents	266,932,438	1.08	1.07	238,911,485	1.13	1.12
Health	329,907,498	0.93	0.92	296,416,272	0.96	0.95
Fire and Other Damage	251,519,913	0.74	0.73	238,153,125	0.83	0.82
Motor	449,103,430	0.98	0.97	415,736,264	0.98	0.96
Marine	4,439,221	0.44	0.43	3,800,291	0.61	0.60
Aviation	8,492,634	0.14	0.13	6,991,016	0.12	0.11
Transported Goods	6,637,501	0.39	0.37	6,765,255	0.56	0.55
Third Party Liabilities	43,612,782	0.84	0.83	36,068,260	0.74	0.73
Other Lines of Business						
(Credit and SuretyShip + Others)	79,029,240	0.44	0.43	75,885,798	0.62	0.61

Note: Ratios for the years of occurrence 2019 and 2018.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Aviation, Third Party Liabilities and Motor saw a decrease in the ratio of 16.9%, 13.6% and 0.2% respectively.

The ratio tended to decrease in Accidents, Health, Fire and Other Damage, Marine, Transported Goods and Other Lines of Business.

An analysis of the above table reveals that in the last 12 months only in the Accidents lines of business premiums were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2019, reaching over EUR 55.6 million.

Premiums sufficiency and creation of a provision for unexpired risks

Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 7.0% in the costs would be needed to eliminate the premiums shortfall in this lines of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

Net of reinsurance

Since the Provision for Unexpired Risks is calculated separately for each geography we indicate for each the need to establish or not this provision in 2019.

In Portugal, with the exception of Aviation, Marine and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2019, to meet the costs associated with the operation of most of the lines of business.

In Spain, Provision for Unexpired Risks was only necessary for Fire and Other Damages and Other Lines of Business.

In France, Provision for Unexpired Risks was necessary for Accidents and Health, Fire and other Damages and Other Lines of Business.

In Mozambique, only for the Aviation, Marine and Transported Goods lines of business the insurance company's premiums net of reinsurance were sufficient, to meet the costs associated with the operation.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2018 for all branches except France.

Provision for unearned premiums

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

Equalisation provision

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The insurance company follows the criteria listed there.

Claims provision

The claims provision is calculated as described in the accounting policies.

Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

Risk concentration and mitigation

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 90.1% of the Gross Premiums Earned and 96.9% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.

In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2019:

Rating	% Reinsurers	
	2019	2018
A -	10.3%	18.5%
A	31.0%	25.9%
A +	27.6%	22.2%
AA -	-	26.0%
AA	20.7%	-
AA+	3.5%	3.7%
Not Rated	6.9%	3.7%

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 75,000,000 and a capacity of EUR 420,000,000.

At Fidelidade 60.35% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

Comparison between estimated and actual claims

Fidelidade's claims provision at 31 December 2018 totalled EUR 1,632 million. During 2019, EUR 384,559,731 were paid for claims which occurred in 2018 and previous years.

In December 2019, natural consumption would lead to a provision of EUR 1,247,408,237. However, there was a negative readjustment of over EUR 7.7 million, and the provision at the end of December 2019 was EUR 1,239,658,916.

There were negative readjustments for all lines of business except Accidents, Health, Marine and Transport, Aviation and Other Lines of Business. The most significant, in absolute terms, was in Motor, which was greater than EUR 36 million.

Development of Claims Provisions regarding claims occurred in previous years and their readjustments (corrections)

(amounts in euros)

Headings	Claims Provisions at 31 December 2018 (1)	Claims Paid in the year * (2)	Claims Provision at December 2019 * (3)	Readjustments (3)+(2)-(1)
Accidents and Health	955,157,674	167,294,959	823,884,895	36,022,180
Fire and Other Damage	158,276,266	76,610,148	75,074,111	(6,592,007)
Motor	393,501,966	119,578,528	237,357,024	(36,566,414)
Marine and Transport	2,442,823	963,112	1,875,592	395,881
Aviation	5,779,001	229,854	5,610,550	61,403
Transported Goods	3,348,611	1,495,529	1,323,720	(529,362)
Third Party Liabilities	99,564,781	11,169,693	88,192,778	(202,310)
Credit and SuretyShip	408,757	(367,346)	402,337	(373,766)
Legal Protection	22,921	-	1,253	(21,668)
Assistence	175,432	3,535	29,755	(142,142)
Other Lines of Business	13,289,736	7,581,719	5,906,901	198,884
Total	1,631,967,968	384,559,731	1,239,658,916	(7,749,321)

* Claims occurred in the year N-1 and previous years

Insurance Risks

The Insurer underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the insurer's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The insurer carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Company also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

Risk Assessment Assumptions

Non-life lines of business, except annuities

The main assumption for estimating the insurer's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

Annuities and whole life assistance in the Workers' Compensation line of business

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

Assumption	Factor	Increase in Liability
Longevity	+ 20%	5.39%
Expense	+ 10%	0.63%
Revision	4%	2.14%
Interest Rate	-1%	11.96%

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2019			2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Number of claims	+10%	71,253,328	(71,253,328)	(48,808,529)	81,874,223	(81,874,223)	(56,083,843)
Average claims cost	+10%	65,295,129	(65,295,129)	(44,727,163)	70,705,681	(70,705,681)	(48,433,391)
Average claims reserve	+10%	80,525,457	(80,525,457)	(55,727,163)	75,815,781	(75,815,781)	(51,933,810)
Longevity	+10%	1,334,309	(1,334,309)	(914,002)	18,012,174	(18,012,174)	(12,338,339)
Longevity	-10%	(768,605)	768,605	526,494	(17,938,952)	17,938,952	12,288,182
Discount rate	+1%	(6,112,574)	6,112,574	4,187,113	(81,522,189)	81,522,189	55,842,699
Discount rate	-1%	7,242,594	(7,242,594)	(4,961,177)	115,398,233	(115,398,233)	(79,047,789)

45.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by Reinsurance.

The Group has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Group works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Group's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Group's financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Group's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Company's financial capacity.

Motor, Workers' Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Group's financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody's) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is "A-".

45.5. Life Insurance

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Company's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2020	148,900,037	103,817,719	-	15,190,002	20,920,185	206,399,923
2021	125,858,300	86,890,086	-	14,289,549	19,039,024	205,327,635
2022	116,449,461	79,812,004	-	13,486,412	17,195,851	235,690,984

The following tables provide information on the change in these cash inflows and outflows, considering a 5% increase in expected redemptions.

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	145,391,184	101,680,032	-	15,190,002	20,392,404	278,427,426
2020	116,102,845	81,232,980	-	14,289,549	17,617,096	255,608,716
2021	101,606,079	71,321,497	-	13,486,412	15,107,468	261,287,347

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2019			2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality	+10%	(5,063,648)	5,063,648	3,468,648	(6,080,206)	6,080,206	4,164,941
Mortality	-10%	6,739,151	(6,739,151)	(4,616,318)	6,870,896	(6,870,896)	(4,706,564)
Expected income rate	+0.5%	(17,905,219)	17,905,219	12,265,075	(15,267,720)	15,267,720	10,458,388
Expected income rate	-0.5%	24,639,766	(24,639,766)	(16,878,240)	23,047,425	(23,047,425)	(15,787,486)
Incorred but not reported claims	+10%	2,005,716	(2,005,716)	(1,373,915)	2,355,824	(2,355,824)	(1,613,739)

46. CAPITAL MANAGEMENT

The new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese Law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

The Solvency II rules are divided into three pillars.

Pillar I (quantitative requirements)

The Solvency II rules define criteria for determining own funds eligible for the purposes of capital requirements by undertaking an economic assessment of the insurance Company's assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that an Insurance Company may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which an Insurance Company may be exposed.

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, it shall immediately inform the ASF. In the event of failure to comply with the SCR, it shall send this Authority a recovery plan within two months and take the measures necessary to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the Company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, it shall send to the ASF, within one month, a short-term financing plan, with a view to avoiding non-compliance or restoring the eligible own funds, at least to the level of the MCR, or with a view to reducing the Company's risk profile.

Pillar II (qualitative requirements and supervision)

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, risk management and internal control, including systems to ensure the suitability and qualification of those persons who effectively run the Company, supervise it and are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. Through this exercise, the Company must conduct a prospective assessment of the adequacy of the capital available to achieve its business objectives, taking into account its risk profile, and also the adequacy of the regulatory capital, and conduct a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

Pillar III (prudential reporting and public disclosures)

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, Fidelidade's capital management objectives meet the following general principles:

- Complying with the legal requirements by which Fidelidade is bound;

- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that Fidelidade is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, Fidelidade has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Company's daily activities, with an integrated approach being applied to ensure that the strategic objectives (clients' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, at the same time guaranteeing the Company's obligations to its stakeholders.

Risk management aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Company's business strategy.

The ORSA, which coincides timewise with the Company's strategic planning (which is never less than 3 years), plays a key role in the Company's Capital Management, and supports its main activities, namely:

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

Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual "Solvency and Financial Condition Report", enable detailed information to be provided on the Company's activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the "Solvency and Financial Condition Report", it is important to state that the Company complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Company has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees and the Assets and Liabilities Management Committee.

47. MANAGED PENSION FUNDS

At 31 December 2019 and 2018, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

	2019							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	2,722,671	3,996,973	7,264,467	(7,765)	11,161	49,092	9,051	2,146,235
Debt instruments	11,991,265	55,426,480	-	1,815,105	1,196,271	1,580,505	545,068	-
Equity instruments	2,367,250	26,339,326	-	624,115	1,818,583	2,361,246	1,015,126	-
Others	(12,254)	(42,881)	(11,173)	(9,554)	(11,935)	(15,040)	(6,188)	(4,289)
	17,068,932	85,719,897	7,253,294	2,421,901	3,014,080	3,975,803	1,563,058	2,141,946
Amounts in Euros								
Cash and deposits	302,193	443,630	806,294	(862)	1,239	5,449	1,005	238,214
Debt instruments	1,330,928	6,151,867	-	201,461	132,776	175,423	60,498	-
Equity instruments	262,745	2,923,441	-	69,271	201,847	262,078	112,670	-
Others	(1,360)	(4,759)	(1,240)	(1,060)	(1,325)	(1,669)	(687)	(476)
	1,894,506	9,514,179	805,054	268,810	334,537	441,281	173,486	237,738

Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.00970 MOP.

	2018							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	27,089,273	33,776,952	56,546,406	217,832	256,595	250,721	172,651	5,773,769
Debt instruments	117,512,922	498,097,940	-	7,859,347	5,054,746	7,792,139	3,594,498	-
Equity instruments	19,366,321	205,042,881	-	2,310,756	6,771,898	10,966,830	6,384,569	-
Others	33	-	(99,051)	(45,294)	(54,685)	(87,819)	(48,241)	(9,474)
	163,968,548	736,917,773	56,447,355	10,342,641	12,028,554	18,921,871	10,103,478	5,764,295
Amounts in Euros								
Cash and deposits	2,932,850	3,656,899	6,122,060	23,584	27,781	27,145	18,692	625,104
Debt instruments	12,722,668	53,927,130	-	850,901	547,258	843,625	389,162	-
Equity instruments	2,096,716	22,199,197	-	250,177	733,167	1,187,336	691,233	-
Others	4	-	(10,724)	(4,904)	(5,921)	(9,508)	(5,223)	(1,026)
	17,752,238	79,783,226	6,111,336	1,119,758	1,302,285	2,048,598	1,093,864	624,078

Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.23650 MOP.

48. SUBSEQUENT EVENTS

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), which appeared in China in January 2020, the prevention and control of COVID-19 has been taking place predominantly in China and on a global scale considering the risk of contagion of the disease. The Group will fully implement the requirements and guidelines of the World Health Organization and all indications of the government and regulatory authorities and will increase its support for the prevention and control of epidemics.

COVID-19 has economic impacts at the national and global level and there already have been significant losses in the global markets that may affect the quality or the income from the Company's credit and investment assets and the extent of the impact depends on the state of epidemic preventive measures, the duration of the epidemic and the implementation of regulatory policies.

This is a non-adjustable subsequent event, which at report date, the assessment is currently in progress.

The Company will continue to monitor the evolution of COVID-19, assessing and taking active steps regarding its impacts on the Company's financial position and income.

REPORT AND OPINIONS ON THE SEPARATE ACCOUNTS

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Fidelidade – Companhia de Seguros, S.A. (the Company), which comprise the Separate Statement of Financial Position as at December 31, 2019 (which establishes a total of 16,802,567,666 euros and total equity of 2,605,137,757 euros, including a net profit for the year of 144,406,401 euros), the Separate Income Statement, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity and the separate Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the separate financial position of Fidelidade – Companhia de Seguros, S.A. as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal (“Autoridade de Supervisão de Seguros e Fundos de Pensões”).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section below. We are independent of the Company in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors’ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in notes 19 and 20 of financial statements, as at December 31, 2019, the technical provisions for life insurance and the financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts amounted to 2,525 m and 8,867 million	<p>Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the Company’s internal control procedures and execution of specific audit procedures to assess the

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>euros ("m "), respectively, representing approximately 80% of the total liabilities.</p> <p>These matters were considered to be as a key audit matter based on materiality to the financial statements and the fact that it is an area with a significant degree of judgement about uncertain future results, namely the timing and total value of liabilities to policyholders, as well as estimating the future income of the assets portfolio underlying these obligations. As described in note 2.15, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p>	<p>operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities;</p> <ul style="list-style-type: none"> ▶ Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates; ▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Company's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and ▶ Review the completeness and consistency of the disclosures in the financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

2. Measurement of Claims Provisions (non-life)

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As described in note 19 to the separate financial statements as at December 31, 2019, the claims provisions arising from non-life insurance contracts amounted to 1,608 m (11% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Company's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based on judgments, in particular the discount rate, mortality tables and estimation of expenses to be incurred (see details in subparagraph (d)) 2.15 note).</p> <p>In view of the materiality of these liabilities to the financial statements and that the process</p>	<p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life); ▶ Analytical review procedures on the financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations; ▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Company for the measurement of the claims liabilities (non-life), including analysis of consistency with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Company's products regulatory requirements and practices in the insurance sector;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>for their measurement incorporates estimation based on assumptions and actuarial techniques applied to information currently available, and that the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p>	<ul style="list-style-type: none"> ▶ Recalculation of claims provisions by our actuarial specialists for the segments representing the most significant share of the liabilities of the Company (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations; and ▶ Review the completeness and consistency of disclosures in the separate financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

3. Valuation of financial instruments at fair value

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As detailed in note 44, the assets and liabilities include financial instruments valued at fair value amounting to 10,765 m and 243 m, respectively, which represent about 64% of the total assets and 2% of the total liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates. The total value of instruments with reduced liquidity, recognised in the assets and liabilities of the Company, amounting to about 1,452 m (9% of the asset) and 230 m (2% of the liabilities), respectively, which were classified under the fair value hierarchy defined in the accounting framework as "level 2" and "level 3" (Note 44).</p> <p>The consideration of this matter as significant to the audit was based on their materiality to the financial statements and the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of the fair value of financial instruments.</p>	<p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value; ▶ Analytical review of the financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company with those observed in external sources of information; ▶ Analysis of the methodologies and assumptions used by the Company in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and ▶ Review the completeness and consistency of disclosures of financial instruments at fair value in the separate financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

4. Recognition and measurement of Impairment in investments in subsidiaries, associates and joint venture

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The separate financial statements of the Company as at December 31, 2019 include in the statement of financial position as more fully disclosed in note 4, investments in subsidiaries and associates, net of impairment, of 2,423 m, representing approximately 14% of the assets.</p> <p>These assets are subject to impairment tests at least annually. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information).</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of impairment losses.</p>	<p>Our approach to the risk of material misstatements in the valuation of investments in subsidiaries, associates and joint ventures included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> ▶ Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of these investments; ▶ Review of the assumptions used in the valuation models approved by the management, in particular the cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts; ▶ Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; and ▶ Review of the completeness and consistency of disclosures of investments in subsidiaries, associates and joint ventures in the financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.

5. Recognition and measurement of impairment losses on available-for-sale investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The income statement of the Company as at December 31, 2019, includes impairment losses from financial instruments held, classified as "available-for-sale investments", of 81.9 m (details disclosed in note 39).</p> <p>In accordance with the accounting principles and the defined investment policy, which is described in note 2.4 (d), the Company recognise impairment losses on available-for-sale investments based on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on</p>	<p>Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> ▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Company; ▶ Analytical review tests on the separate financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; ▶ Analysis of the policies/methodology for the recognition of impairment losses of the Company, based on the adopted accounting principles and market practices; and ▶ Review the completeness and consistency of disclosures in the separate financial statements on recognition of

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
assumptions taking into account impairment indicators observable at a given time, based on information currently available, and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.	impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.

6. Valuation of real estate investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The separate financial statements of the Company as at December 31, 2019 include real estate assets as disclosed in notes 10 and 18 to the financial statements, recorded at fair value, classified as investment and own use properties, of 69.8 m and 40.9 m, respectively, which represent a total of about 1% of the assets of the Company.</p> <p>The real estate appraisals were based on the methods disclosed in note 10 to the financial statements and assumptions for which the effects of the economic and the ability of the market to absorb the available supply is crucial.</p> <p>The consideration of this matter as a key audit matter was based on their materiality to the financial statements and the inherent risk on the assumptions used in appraisals performed by external experts.</p>	<p>Our approach to the risk of material misstatements included a specific strategy consisting of a combination of evaluation of controls and substantive procedures, namely:</p> <ul style="list-style-type: none"> ▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of real estate investments; ▶ Analytical review tests on real estate items included in the separate financial statements; ▶ Analysis of the valuation reports prepared by experts, testing the appropriateness of the valuation methods used and reasonableness of the assumptions made; ▶ Comparative analysis of value and assumptions of the appraisals made in the year with those of previous years and price comparison with available market information; and ▶ Verification of the completeness and consistency of disclosures of real estate in the separate financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- ▶ the preparation of the financial statements which present a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by Autoridade de Supervisão de Seguros e Fundos de Pensões;
- ▶ the preparation of the Management Report, in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and

- ▶ assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the of the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of Management Report with financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Company, we have not identified any material misstatement.

On additional items set out in article 10° of Regulation (EU) nr. 537/2014

Pursuant to article 10° of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade - Companhia de Seguros, S.A. for the first time in the shareholders' general meeting held on May 15, 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on March 31, 2015 for the period between 2015 and 2017. On March 29, 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on March 31 for the mandate between 2017 and 2019;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Company; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Company in conducting the audit.

Lisbon, March 12, 2020

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

(signed)

Ricardo Nuno Lopes Pinto - ROC nr. 1579
Registered with the Portuguese Securities Market Commission under license nr. 20161189

Fidelidade – Companhia de Seguros, S.A.

Report and Opinion of the Supervisory Board

2019

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other governing bodies.

We have examined the Report of the Board of Directors and the other separate accounting documents for the year in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following

OPINION

- That the Report of the Board of Directors and other separate accounting documents for the year, as submitted by the Board of Directors, should be approved;
- That the proposal for the application of income set out in the Report of the Board of Directors should be approved;

The Supervisory Board wishes to express its gratitude to the Board of Directors and other governing bodies for their excellent collaboration during the course of the year.

Lisbon, 13 March 2020.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2019

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the separate accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Report of the Board of Directors provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 13 March 2020.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Fidelidade – Companhia de Seguros, S.A., (hereinafter “Company” or “Fidelidade”) produces its Corporate Governance Report in a clear and transparent manner, applying the rules in force and observing best practice and recommendations, to make public its principles and regulatory standards within the scope of Corporate Governance.

This Corporate Governance Report relates to 2019 and was drawn up in compliance with that set out in Article 70(2) b) of the Portuguese Code of Commercial Companies and in Article 32(1) a) iv) of Regulatory Standard No. 8/2016 – R, of 16 August.

INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Capital structure

Fidelidade's share capital, of 457,380,000.00 euros, is represented by 145,200,000 nominative shares, with the nominal value of 3.15 euros each, which are fully subscribed and paid up. All the shares grant identical rights and are mutually fungible.

In line with its Articles of Association, besides the ordinary shares, Fidelidade may issue preferential shares without a vote, up to 20% of the share capital. Fidelidade has only issued ordinary shares.

The shareholder structure of the company became the following:

Shareholder	% of Capital	No. of shares
Longrun Portugal, SGPS, S.A.	84.9884%	123,403,140
Caixa Geral de Depósitos, S.A.	15.0000%	21,780,000
Employees	0.0025%	3,560
Own Shares	0.0092%	13,300
TOTAL:	100%	145,200,000

2. Restrictions on the transfer of shares

There are no limits on the transferability of shares.

3. Number of own shares, percentage of corresponding share capital and percentage of voting rights to which the own shares would correspond

At 31 December 2019, Fidelidade holds 13,300 own shares, which corresponds to 0.0092% of the share capital and percentage of votes.

4. Regime which is subject to the renewal or withdrawal of counter measures, in particular those which provide for limitation of the number of votes which may be held or exercised by a single shareholder individually or in a concerted manner with other shareholders

The Company's Articles of Association do not provide for any limitation to the number of votes which may be held or exercised by a single shareholder individually or in a concerted manner with other shareholders.

5. Shareholders agreements which the company is aware of and which may lead to restrictions regarding the transfer of securities or voting rights

See Point 2 above.

II. Shareholdings held

6. Identification of the natural or legal persons who are holders of qualifying shares, with an indication of the percentage of capital and votes attributed and the source and causes of attribution

The qualifying shares in the company's share capital at 31 December 2019, with an indication of the percentage of capital and votes and of votes attributed and the source and causes of attribution, are set out in the following table:

Shareholder	No. of Shares	% of Share Capital	% of Voting Rights	Method of Attribution
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	84.9884%	Acquisition
Caixa Geral de Depósitos, S.A.	21,780,000	15%	15%	Acquisition

7. Indication of the number of shares and bonds held by the members of the management and supervisory bodies

At 31 December 2019, the members of the management and supervisory bodies did not hold shares in the Company.

At 31 December 2019, the members of the management and supervisory bodies did not hold bonds in the Company.

B. CORPORATE BODIES AND COMMITTEES

I. General Meeting

a) Composition of the Presiding Board of the General Meeting

8. Identification and position of the members of the presiding board of the general meeting and respective mandate

The Presiding Board of the General Meeting on 31 December 2019 had the following composition:

Position	Name
President	Nuno Azevedo Neves
Secretary	Paula Rodrigues Morais

b) Exercise of the right to vote

9. Potential restrictions on the right to vote, such as limitations to the exercise of the vote subject to ownership of a number or percentage of shares, time limits imposed for the exercise of the vote or systems whereby the financial rights attaching to securities are separated from the holding of securities

Pursuant to Article 10 of the Company's Articles of Association, one vote corresponds to every 100 (one hundred) shares. Shareholders with a number of shares lower than this minimum number may form a group to make up the necessary number to exercise the vote and be represented by one of the group members.

Fidelidade shareholders may only participate, debate and vote in the General Meeting, in person or via a representative, if, on the date of registration, corresponding to 0.00 (GMT) of the fifth trading day prior to the day on which the General Meeting is held, they held shares which grant them, according to the law and the Articles of Association, at least one vote and which comply with the applicable legal formalities, in the terms set out in the corresponding meeting notification.

No shareholder may be represented by two or more persons.

Postal voting is not permitted.

10. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in a relationship with him as set out in article 20(1) of the Securities Code

The Articles of Association do not contemplate any maximum percentage of voting rights which may be exercised by a single shareholder or by a shareholder that is in a relationship with him as set out in Article 20(1) of the Securities Code.

11. Identification of the shareholders' resolutions which, by imposition of the articles of association, may only be taken by a qualified majority, besides those provided for in law, and indication of those majorities

Resolutions of the General Meeting are approved by a majority of the votes of the shareholders present or represented at the General Meeting, whenever the law or the Articles of Association do not require a greater number (Article 11(2) of the Articles of Association).

Resolutions concerning any amendments to the Company's Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the company, suppression or reduction of the preference right of the Company shareholders in increases in share capital, cancellation of shares representing the share capital, the suspension or cessation of the exercise of the principal activity included in the Company's corporate purpose, authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis, and the appointment of the company's supervisory body and the respective external auditor when this is not one of the four largest international auditing companies, may only be approved if a vote in favour is achieved with a majority of at least 95% of the voting rights representing the entirety of the share capital.

II. Management

Board of Directors

Composition

12. Identification of the corporate governance model adopted

Fidelidade adopts a unitary corporate governance model with a Board of Directors which includes an Executive Committee and a supervisory body comprising a Supervisory Board and a Statutory Auditor.

13. Articles of association rules on the appointment and replacement of members of the board of directors

The members of the Board of Directors are elected by the General Meeting. The Chair and Deputy Chairs of the Board of Directors are chosen by the Board of Directors itself, except when they are appointed by the General Meeting of shareholders which elects the Board of Directors.

Vacancies or impediments in the Board of Directors are filled by co-opting until a resolution is submitted to the first subsequent General Meeting.

14. Composition of the board of directors, with an indication of the articles of association's minimum and maximum number of members, duration of the mandate, number of effective members, date when first appointed and duration of the mandate of each member

Pursuant to the Company's Articles of Association, the Board of Directors is composed of at least five and at most seventeen members, elected for mandates of three years, which are renewable.

At 31 December 2019, the Board of Directors was composed of thirteen members appointed to exercise duties for the three-year period 2017-2019, six of whom were non-executive members and six of whom were executive members, as reflected in the following table:

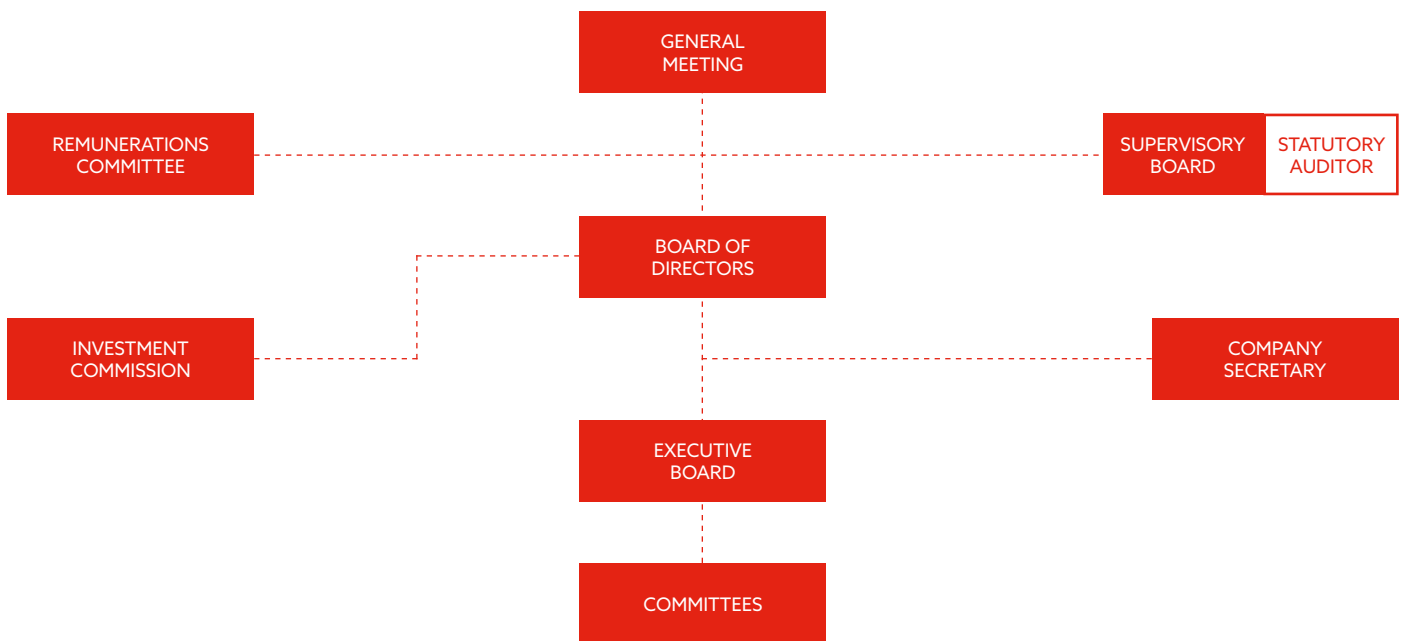
Members of the Board of Directors (BD)	Position	Date of Appointment to Mandate	Duration of Mandate	Observations
Jorge Manuel Baptista Magalhães Correia	Chairman	31-03-2017	2017/2019	Executive
José Manuel Alvarez Quintero	Vice-Chairman	31-03-2017	2017/2019	Executive
Lingjiang XU	Member	31-03-2017	2017/2019	Non-executive
José João Guilherme	Member	31-03-2017	2017/2019	Non-executive
Francisco Ravara Cary	Member	31-03-2017	2017/2019	Non-executive
João Eduardo de Noronha Gamito de Faria	Member	31-03-2017	2017/2019	Non-executive
António Manuel Marques de Sousa Noronha	Member	31-03-2017	2017/2019	Executive
Rogério Miguel Antunes Campos Henriques	Member	31-03-2017	2017/2019	Executive
Wai Lam William MAK	Member	31-03-2017	2017/2019	Executive
André Simões Cardoso	Member	31-03-2017	2017/2019	Executive
Tao LI	Member	07-09-2017	2017/2019	Non-executive
Yu PEI	Member	08-06-2018	2017/2019	Non-executive
Feifei ZHANG	Member	10-12-2018	2017/2019	Non-executive

At 31 December 2019, the Executive Committee was composed as follows:

Members of the Executive Committee (EC)	Position	Date of Appointment to Mandate	Duration of Mandate
Jorge Manuel Baptista Magalhães Correia	Chairman	31-03-2017	2017/2019
Rogério Miguel Antunes Campos Henriques	Vice-Chairman	31-03-2017	2017/2019
José Manuel Alvarez Quintero	Member	31-03-2017	2017/2019
António Manuel Marques de Sousa Noronha	Member	31-03-2017	2017/2019
Wai Lam William MAK	Member	31-03-2017	2017/2019
André Simões Cardoso	Member	31-03-2017	2017/2019

15. Organisation chart concerning the sharing of competences between the various governing bodies, including information on delegation of competences

The following table represents Fidelidade’s Corporate Governance structure during 2019:



Board of Directors

The Board of Directors, as a governing body of the Company, has the broadest of powers to manage and represent the company. Pursuant to Article 15(1) of the Articles of Association, besides the general powers given to it, the Board of Directors is responsible for:

- a) Managing the company business and performing all the acts and operations related to the corporate purpose which do not fall within the competence of other company bodies;
- b) Representing the company in and out of court, actively and passively, with the power to withdraw, settle and accept liability in any proceedings, and also entering into arbitration agreements;
- c) Acquiring, selling or otherwise disposing of or encumbering movable and immovable rights and property;
- d) Setting up companies, subscribing, acquiring, pledging and disposing of shares;
- e) Establishing the technical and administrative organisation of the company and the rules of internal operation, regarding employees and their remuneration;
- f) Appointing legal representatives, with the powers it deems appropriate, including those of delegation.

Resolutions of the Board of Directors which deal with the following issues may only be taken by a majority of 6 of the 7 members:

- a) Material change in the business, including the disposal of the whole or a substantial part of the company's assets;
- b) The entering into, amendment or termination of any contract between the company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code;
- c) Definition of the voting choices to be adopted by company representatives at general meetings and in the boards of directors of the companies in which the company holds the majority of the voting rights or the right to appoint the majority of the members of the management body, when resolutions on the following matters are at issue:
 - i. amendments to the Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the company;
 - ii. suppression or reduction of the preference right of the shareholders in increases in share capital;
 - iii. cancellation of shares representing the share capital;
 - iv. suspension or cessation of the exercise of the principal activity included in the corporate purpose;
 - v. authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis;
 - vi. appointment of the supervisory body and the respective external auditor when this is not one of the four largest international auditing companies;
 - vii. a material change in the business, including the disposal of the whole or a substantial part of the assets of the company in question;
 - viii. the entering into, amendment or termination of any contract between the company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code.

The Chair of the Board of Directors has specific powers based on the provisions in Article 16 of the Articles of Association and is responsible for:

- a) Representing the Board of Directors in and out of court;
- b) Coordinating the Board of Directors' activity and convening and managing the respective meetings;
- c) Ensuring the correct implementation of the Board of Directors' resolutions.

Executive Committee

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee, the Board of Directors has delegated the day-to-day management of the Company to this board, which includes:

- a) All insurance and reinsurance operations and operations which are connected or complementary to insurance and reinsurance operations, including those which relate to acts and contracts regarding salvage, the rebuilding and repair of real estate, vehicle repair, and the application of provisions, reserves and capital;
- b) Representation of the Company before the supervisory authorities and associations for the sector;
- c) Acquisition of services;

- d) Employees' admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
- e) Exercise of disciplinary powers and the application of any sanctions;
- f) Representation of the Company before any bodies which represent the employees;
- g) Opening and closing of branches or agencies;
- h) Nomination of the person representing the Company at the general meetings of companies in which it holds shares, with determination of how the vote is to be cast;
- i) Nomination of the persons who will take up company positions for which the Company is elected, and the persons that the Company will indicate to take up company positions in companies in which it holds a share;
- j) Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
- k) Representation of the Company in and out of court, actively and passively, including initiating and defending any judicial or arbitration proceedings, and accepting liability in, withdrawing from or settling any actions, and assuming arbitration commitments;
- l) Appointment of legal representatives, with or without power of attorney, to perform certain acts, or categories of acts, with definition of the scope of the respective mandates.

The delegation of powers to the Executive Committee does not cover matters which remain the exclusive competence of the Board of Directors.

Investment Committee

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

The Investment Committee is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Committee are appointed by the Board of Directors, and the respective mandate coincides with the mandate of the Board of Directors.

III. Supervision

Supervisory Board and Statutory Auditor

Composition

16. Identification of the supervisory body and competences

Supervision of the company is charged, pursuant to Article 413(1) a) of the Code of Commercial Companies, to a Supervisory Board and a Statutory Auditor Firm, with the competences set out in law and the current mandate of which corresponds to the period 2017/2019.

The Company's Articles of Association establish the Supervisory Board's competences as those which are set out in the law.

17. Composition of the supervisory board, with an indication of the position of each member, date of appointment and duration of the mandate according to the articles of association

The Supervisory Board is composed of three permanent members and one replacement, with mandates of three years, which are renewable, and was composed as follows at 31 December 2019:

Members of the Supervisory Board	Position	Date of Appointment to Mandate	Duration of Mandate
Pedro Antunes de Almeida	Chair	31-03-2017	2017/2019
Vasco Jorge Valdez Ferreira Matias	Member	31-03-2017	2017/2019
João Filipe Gonçalves Pinto	Member	31-03-2017	2017/2019
Isabel Gomes de Novais Paiva	Replacement	31-03-2017	2017/2019

The members of the Supervisory Board comply with the independence requirements set out in Article 414(5) of the Code of Commercial Companies, as they are not associated with any specific interest group in the Company and there are no circumstances which might affect their impartiality when analysing or taking decisions.

IV. Statutory Auditor

18. Identification of the Statutory Auditor and the partner of the Statutory Auditor representing it

The Statutory Auditor, at 31 December 2019, is Ernst & Young Audit & Associados – SROC, S.A., represented by its partner Ricardo Nuno Lopes, Statutory Auditor no. 1579 and registered with the Portuguese Securities Market Commission under license no. 20161189.

19. Indication of the number of years the Statutory Auditor consecutively carries out duties with the company and/or group

The Statutory Auditor was appointed on 15 May 2014, and reappointed on 31 March 2017 to exercise its duties until the end of the period 2017/2019.

20. Description of other services provided by the statutory auditor to the company

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

- Certification on Solvency and Financial Condition Annual Report pursuant to Regulation No. 2/2017-R, of March 24 of the ASF;
- Review of the Annual Report on the Organizational Structure and the Risk Management and Internal Control Systems pursuant to Circular no. 1/2017 of the ASF.

Besides the services above-mentioned, Ernst & Young Audit & Associados – SROC, S.A. does not provide other type of services on a recurring basis to the Company or to companies controlled by it.

However, when this does occur, the provision of other services to the Company or companies controlled by it is in strict compliance with the procedures defined in law, namely in Law No. 140/2015, of 7 September.

C. INTERNAL ORGANISATION

I. Articles of Association

21. Rules applicable to amendments to the Company's Articles of Association

Any amendment to the Company's Articles of Association requires a resolution of the General Meeting with a vote in favour with a majority of at least 95% of the voting rights representing the entirety of the share capital.

II. Reporting of irregularities

22. Means and policy for reporting irregularities occurring in the company

Fidelidade has a culture of responsibility and compliance, and recognises the importance of the process of reporting and analysing irregularities as a corporate best practice tool. The Company implements appropriate means for receiving, investigating and archiving reports of irregularities alleged to have been committed by members of the corporate bodies and by Company employees or employees of companies within the Fidelidade Group.

Irregularities are deemed to be any acts or omissions, whether wilful or negligent, relating to the Company's management, accounting organisation and internal supervision which may seriously:

- a) Break the law, regulations and other rules in force;
- b) Jeopardise the property of clients, shareholders and the Company;
- c) Cause damage to the Company's reputation or that of the companies within the Fidelidade Group.

Irregularities can be reported by employees, representatives, agents or any other persons who provide services on a permanent or occasional basis at the Company or at any Group entity, shareholders and any other persons.

III. Internal control and risk management

23. Bodies responsible for the internal audit and for the implementation of internal control systems

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September, which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet the requirements set out therein.

The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of the Company's daily activities, and an integrated approach is applied, enabling the Company to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are upheld.

Moreover, the own risk and solvency assessment (ORSA) enables risk, capital and return to be related to each other in a prospective vision, in the context of the business strategy established by the Company.

The Group has policies, processes and procedures relating to the governance system which are adapted to its business strategy and operations, guaranteeing sound and prudent management of its business. In terms of organisational structure, the risk management and internal control systems are managed by the following bodies: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, and the Life and Non-Life Products Committees, and Asset and Liability Management Committee.

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

Included within the set of prudential recommendations of the supervisory authorities, in order to guarantee operational continuity of the processes, systems and communications, the Fidelidade Group has a Business Continuity Plan (BCP) so as to guarantee the conducting of a structured assessment of damage and agile decision-making regarding the type of recovery to be undertaken.

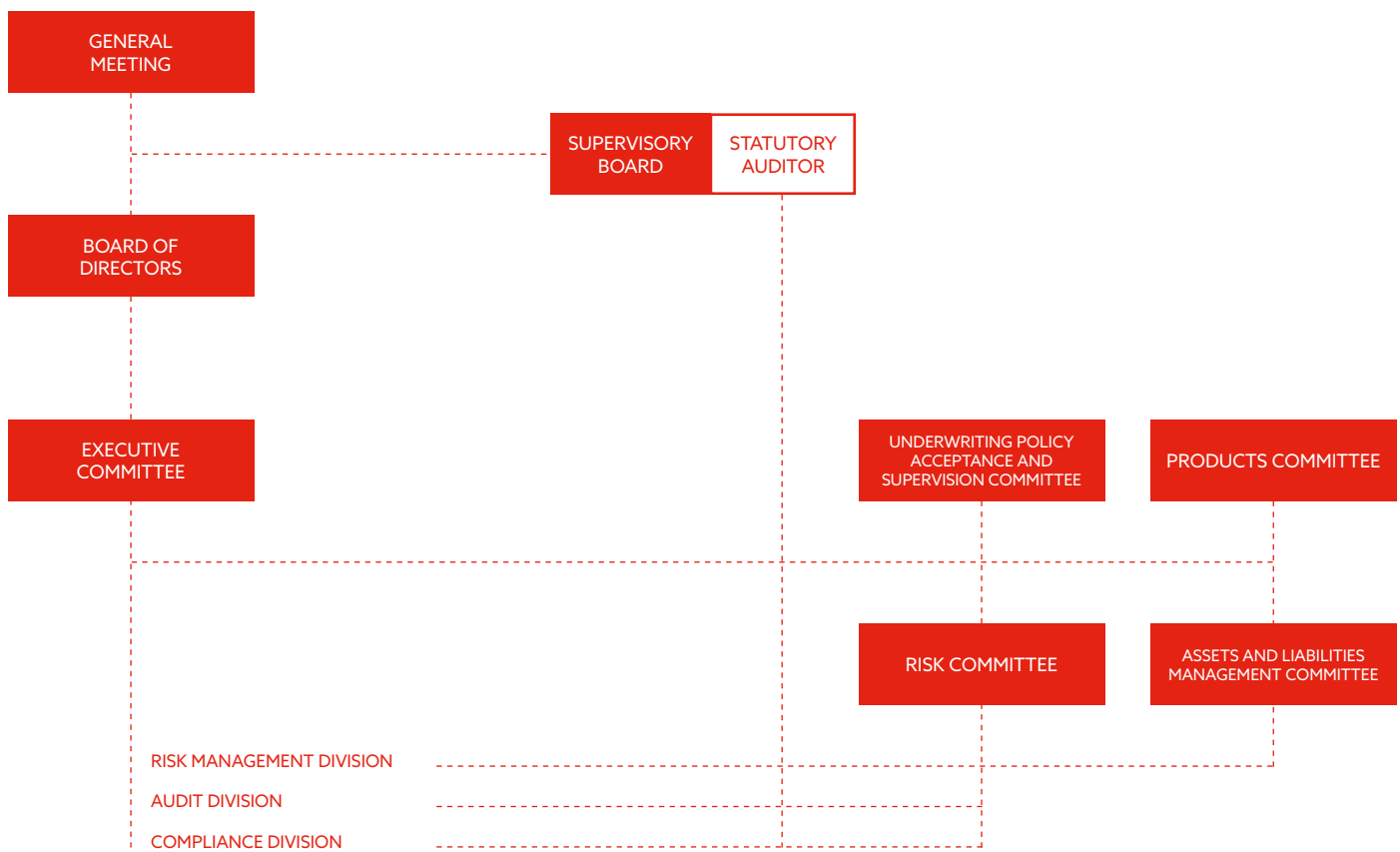
Regarding the public reporting requirements, in 2019 the Company prepared and disseminated, on its Internet site, the "2018 Solvency and Financial Condition Report", which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management for 2018. This information, together with the annual quantitative reports submitted to the ASF, is certified by the statutory auditor and the responsible actuary.

The Company also conducted the annual own risk and solvency assessment (ORSA) in 2019, reporting its findings to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted during the preparatory phase for applying the Solvency II rules, and the activities, which are still ongoing, aimed at its consolidation, place Fidelidade at a comfortable level of compliance with these new rules.

24. Explanation of the hierarchical and/or functional relationships of dependence in relation to other bodies or committees of the company

The hierarchical or functional relationship of dependence of the Risk Management Division, the Audit Division and Compliance Division, in relation to other bodies or committees of the Company is reflected in the following table:



25. Existence of other functional areas with risk control competences

Alongside the areas with key functions within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Affairs Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Corporate Performance Division and the Accounting and Financial Information Division, and which ensures the existence of substantial, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial situation, the development of the activity, compliance with the defined strategy and objectives, identification of the Company's risk profile, market behaviour and growth prospects.

The process of financial and management information is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the company and its subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division, the Compliance Division, the Audit Division, the Accounting and Financial Information Division and the Strategic Planning and Corporate Performance Division ensure the implementation of the procedures, applying the resources necessary to obtain all the information relevant for the process of consolidation and reporting at the Company level – with regard to both accounts and support for the management and supervision and control of risks – which include:

- Definition of the content and format of the information to be reported by the bodies included within the consolidation, in line with the accounting policies and guidelines defined by the management body, and the dates on which the reports are required;
- Identification and control of intra-Company operations; and
- A guarantee that the management information is coherent between the various entities, so that it is possible to measure and follow the evolution and profitability of each business and confirm that the established objectives have been met, as well as assess and control the risks which each entity runs, in both absolute and relative terms.

26. Identification and description of the main types of risk (economic, financial and legal) to which the company is exposed in the performance of its activity

This information is provided in the Notes to the Separate Financial Statements (Notes 44, 45 and 46) and Consolidated Financial Statements (Notes 49, 50 and 51).

27. Description of the process of identification, assessment, monitoring, control and management of risks

The risk management system aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

The ORSA plays a key role in monitoring the Company's risk profile and the capital adequacy in terms of meeting the regulatory requirements and the internal capital needs.

IV. Internet Site

28. Address(es)

The address of Fidelidade's website is:

www.fidelidade.pt

29. Place where information on the company, corporate bodies and documents relating to the company accounts can be found

Information about the Company and the corporate bodies and documents relating to the accounts are available on the Company's website, at the address indicated above.

30. Place where the articles of association and the rules governing the functioning of the corporate bodies can be found

The Articles of Association and the rules governing the functioning of the bodies and committees are available from the Company's Head Office, from the Company Secretary.

31. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

Notices convening general meetings and all the preparatory and subsequent information related to these are available at the Company's Head Office, from the Company Secretary.

32. Place where the historical archive on the resolutions passed at the company's general meetings, the share capital represented and the results of the votes, relating to the last three years, is disclosed

The historical archive with the resolutions passed at the Company's general meetings, the share capital represented and the results of the votes, relating to the last three years, is available from the Company's Head Office, from the Company Secretary.

D. REMUNERATION

I. Competence to determine

33. Indicação quanto à competência para a determinação da remuneração dos órgãos sociais, dos membros da comissão executiva ou administrador delegado e dos dirigentes da sociedade

The fixing of the remuneration of the members of the corporate bodies is the responsibility of the Remunerations Committee.

II. Remunerations Committee

34. Composition of the remunerations committee

The composition of the Remunerations Committee, appointed on 29 March 2019, is as follows as at 31 December 2019:

Cargo	Nome
Chair	Yumin CAI
Member	Haining MU

35. Knowledge and experience of the members of the remunerations committee on remuneration policy issues

The members of the Remunerations Committee are persons who, given their professional experience and curriculum vitae, have the appropriate knowledge and profile with regard to remuneration policy issues.

III. Remunerations structure

36. Description of the remuneration policy for the management and supervisory bodies as set out in Article 2 of law no. 28/2009, of 19 June

The Remunerations Committee submitted a declaration to the General Meeting of 29 March 2019, in compliance with the provisions of Article 2 of Law No. 28/2009, of 19 June, on the remuneration policy for the members of the respective management and supervisory bodies, which was approved by all the shareholders present or represented.

According to the aforementioned declaration, the remuneration policy was based on the following principles:

"The remuneration of the members of the Company's management and supervisory bodies is established by the Remunerations Committee in the light of the Remuneration Policy in force, with reference to the applicable laws and regulations, and the guiding principles of the remuneration policy for the members of the corporate bodies of the Group companies.

To ensure alignment with the interests of the company, the remuneration of the executive members of the management body is composed of a fixed component and a variable component.

The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity. The fixed remuneration is paid in 14 monthly instalments, with the corresponding holiday and Christmas subsidies included within these, pursuant to the legislation in force.

The variable component is determined according to performance, assessed on the basis of a series of defined objectives, namely, financial, operational, risk and strategic objectives, and is granted on an individual and annual basis, in relation to the year ended. It may not be more than a percentage of the gross fixed remuneration in force at the end of that year, so that these are appropriately balanced.

The members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable.

The members of the Supervisory Board only receive fixed remuneration.

There are no share allocation or stock option plans for members of the Company's management and supervisory bodies."

Information on the annual amount of remuneration paid to the members of the corporate bodies is that which is set out in this Corporate Governance Report.

Given the above, the level of compliance with the recommendations contained in Circular No. 6/2010, of 1 April, from the then Portuguese Insurance Institute, now the Insurance and Pension Funds Supervisory Authority, regarding the remuneration policy can be summarised as follows:

Item	Recommendation	Level of Compliance	Observations
I. General Principles	I.1. Institutions should adopt a remuneration policy consistent with effective management and control of risks which avoids excessive exposure to risk and potential conflicts of interest, and which is consistent with the objectives, values and long-term interests of the institution, particularly with the prospects for sustainable growth and profitability and protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers.	Met	
	I.2. The remuneration policy should be appropriate to the size, nature and complexity of the activity carried on or to be carried on by the institution and, in particular, as regards the risks taken or to be taken.	Met	
	I.3. Institutions should adopt a clear, transparent and appropriate structure for defining, implementing and monitoring the remuneration policy, which identifies, in an objective way, the employees involved in each case and their respective responsibilities and competences.	Met	
II. Approval of the remuneration policy	II.1. Without prejudice to the provisions of Article 2(1) of Law No. 28/2009, of 19 June, with regard to the remuneration of the members of the management and supervisory bodies, the remuneration policy should be approved by a remunerations committee or, where the existence of such a body is not feasible or appropriate given the size, nature and complexity of the institution concerned, by the General Meeting or by the general and supervisory board, as applicable.	Met	
	II.2. With regard to the remuneration of the remaining employees covered by the Circular, the remuneration policy should be approved by the management body.	Met	
	II.3. When determining the remuneration policy the involvement should be sought of persons with functional independence and adequate technical capacity, including persons who belong to structural units responsible for key functions and, whenever necessary, human resources, in addition to external experts, in order to avoid conflicts of interests and to enable an independent value judgement to be formed as to the adequacy of the remuneration policy, including its effects on the management of the institution's risks and capital.	Met	
	II.4. The remuneration policy should be transparent and accessible to all employees of the institution. The remuneration policy should also be subject to periodic review and be formalised in a separate document, duly updated, showing the date of the introduced changes and the justification for them, and an archive should be kept of earlier versions.	Met	
	II.5. The employees should be informed of the evaluation process, including the criteria used to determine the variable remuneration, prior to the time period covered by the evaluation process.	Met	
III. Remunerations committee	III.1. The remuneration committee, if any, should carry out a review, at least once a year, of the institution's remuneration policy and its implementation, in particular with regard to the remuneration of the executive members of the management body, including their remuneration based on shares or options, to enable an independent and substantiated value judgement to be formed as to the adequacy of the remuneration policy, in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.	Met	
	III.2. The members of the remunerations committee should be independent from the members of the management body and should meet suitability requirements and possess professional qualifications which are appropriate to the performance of their duties, in particular having knowledge and / or professional experience in remuneration policy issues.	Met	

Item	Recommendation	Level of Compliance	Observations
IV. Remuneration of members of the management body Executive members	III.3. If the remuneration committee seeks, in the exercise of its functions, the provision of external services in relation to remuneration, it should not recruit a natural or legal person that provides or has provided, in the previous three years, services to any structure in a relationship of dependence to the management body, to the management body itself or a structure that has a current relationship as a consultant of the institution. This recommendation also applies to any natural or legal person who is connected to any of the above by means of an employment or provision of services contract.	Met	
	III.4. The remunerations committee should report annually to the shareholders on the exercise of its functions and should attend any general meetings where the remuneration policy is included on the agenda.	Met	
	III.5. The remunerations committee should meet at least once a year, and should prepare minutes of all meetings held.	Met	
	IV.1. The remuneration of directors performing executive duties should include a variable component, which is determined by a performance assessment carried out by the competent bodies of the institution, according to predetermined measurable criteria, including non-financial criteria, which considers, in addition to individual performance, the real growth of the institution and the wealth effectively created for shareholders, protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers, its long-term sustainability and the risks taken, as well as compliance with the rules applicable to the institution's activity.	Met	
	IV.2. The fixed and variable components of the total remuneration should be appropriately balanced. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.	Met	
	IV.3. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.	Met	Through the mechanism equivalent to financial instruments issued by the institution.
	IV.4. A significant part of the variable remuneration should be deferred for a period of not less than three years and its payment should be dependent on the continued positive performance of the institution over this period.	Met	
	IV.5. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration.	Met	
	IV.6. The members of the Board of Directors should not enter into contracts with the institution, or with third parties, the purpose of which is to mitigate the risk inherent in the variability of the remuneration established for them by the institution.	Met	
	IV.7. Up until the end of their mandate, the executive members of the management body should maintain the shares in the institution which they have obtained via variable remuneration schemes, up to the limit of twice the value of the total annual remuneration, with the exception of those which need to be sold in order to pay taxes resulting from the gains from those same shares.	Not applicable	
IV.8. When the variable remuneration includes options, the beginning of the period for them to be exercised should be deferred for a period of not less than three years.	Not applicable	No options were awarded.	
IV.9. After the period referred to in the previous paragraph, the executive members of the management body should retain a given number of shares, until the end of their mandate, subject to the need to finance any costs related to the acquisition of shares, and the number of shares to be retained should be fixed.	Not applicable	No options were awarded.	

Item	Recommendation	Level of Compliance	Observations
Non-executive members	IV.10. The remuneration of the non-executive members of the management body should not include any component the value of which depends on the performance or the value of the institution.	Not applicable	Non-executive members do not receive remuneration.
Compensation in the event of dismissal	IV.11. Appropriate legal instruments should be established so that the compensation fixed for any form of unfair dismissal of a member of the management body is not paid if the dismissal or termination by agreement is the result of the inadequate performance of the member of the management body.	Not applicable	No compensation has been established.
V. Remuneration of employees	V.1. If the remuneration of the institution's employees includes a variable component, this must be properly balanced in relation to the fixed component of the remuneration, taking into account, namely, the performance, the responsibilities and functions of each employee and the activity performed by the institution. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.	Met	
Relationship between fixed remuneration and variable remuneration	V.2. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.	Not met	No financial instruments were issued by the institution to be awarded to its employees.
Criteria for awarding variable remuneration	V.3. The performance assessment should take into account not only the individual performance but also the collective performance of the business unit of which the employee is a part and of the institution itself, and it should include relevant non-financial criteria, such as respect for the rules and procedures applicable to the activity being carried on, namely the internal control rules and those concerning the relationship with policyholders, insured persons, participants, beneficiaries and taxpayers, in order to promote the sustainability of the institution and the creation of value in the long term.	Met	
	V.4. The criteria for awarding variable remuneration according to performance should be predetermined and measurable, and should be related to a multi-annual framework of three to five years, to ensure that the assessment process is based on long-term performance.	Partially met	The remuneration policy for employees of the Group is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees.
	V.5. The variable remuneration, including the deferred portion of that remuneration, should only be paid or constitute an acquired right if it is sustainable in the light of the financial situation of the institution as a whole and if it is justified in the light of the performance of the employee in question and of the business unit to which he or she belongs. The total variable remuneration should, in general terms, be severely reduced in the event of a regression in the performance or a negative performance for the institution.	Met	There is no deferred portion of the variable remuneration.
Deferral of the variable remuneration	V.6. A significant part of the variable remuneration should be deferred for a period of not less than three years and its payment should be dependent on the future performance criteria, measured on the basis of criteria adjusted to the risk, which consider the risks associated with the activity from which its allocation results.	Not met	The remuneration policy for employees of the Group is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees.

Item	Recommendation	Level of Compliance	Observations
Remuneration of employees who perform key functions	V.7. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration, and the deferred percentage should increase significantly in line with the employee's level in the hierarchy or responsibility.	Not applicable	No portion of the variable remuneration is subject to deferral in the terms of the previous paragraph. While the remuneration is consistent with the role in the institution, it is not dissociated from the performance of the latter.
	V.8. Employees involved in performing tasks associated with key functions should be remunerated based on the pursuit of the objectives linked to their functions, regardless of the performance of the areas under their control, and the remuneration should provide a reward which is appropriate to the importance of the exercise of their duties.	Met	
	V.9. In particular, the actuarial function and the responsible actuary should be remunerated in a manner consistent with their role in the institution and not in relation to the company's performance.	Partially met	
VI. Assessment of the remuneration policy	VI.1. The remuneration policy should be subject to an independent internal assessment, at least once a year, to be carried out by employees with key functions in the institution, working in conjunction with each other.	Met	
	VI.2. The assessment provided for in the previous paragraph should include, namely, an analysis of the remuneration policy and its implementation in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.	Met	
	VI.3. The employees with key functions should provide the management body and the General Meeting or the remunerations committee, if any, with a report containing the results of the analysis referred to in VI.1., which, namely, identifies the measures needed to correct any possible insufficiencies in the light of these recommendations.	Met	

IV. Disclosure of Remunerations

37. Indication of the annual amount of remuneration paid by the company as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and, in relation to the latter, reference to the different components that have given rise to it

Non-executive members of the Board of Directors do not receive any remuneration.

The annual amount of gross remuneration paid by the Company, as a whole and individually, to the executive members of the Company's Board of Directors, is set out in the following tables:

Members of the Executive Committee (EC)	Fixed Remuneration 2019 (€)	Observations
Jorge Manuel Baptista Magalhães Correia	420,000	01.01.2019 to 31.12.2019
Rogério Miguel Antunes Campos Henriques	354,300	01.01.2019 to 31.12.2019
José Manuel Alvarez Quintero	333,000	01.01.2019 to 31.12.2019
António Manuel Marques de Sousa Noronha	333,000	01.01.2019 to 31.12.2019
Wai Lam William Mak	333,000	01.01.2019 to 31.12.2019
André Simões Cardoso	290,000	01.01.2019 to 31.12.2019
Jun LI	185,429	01.04.2019 to 30.09.2019 (effective date of resignation)
TOTAL		2,249,428

Members of the Executive Committee (EC)	Sort-term and deferred variable remuneration paid in 2019 and relative to previous years (€)				Observations
	2015	2016	2017	2018	
Jorge Manuel Baptista Magalhães Correia	53,674.4	50,300.8 €	48,496.5	117,001.5	01.01.2019 to 31.12.2019
Rogério Miguel Antunes Campos Henriques	35,025.9	33,538.6 €	31,868.4	76,886.5	01.01.2019 to 31.12.2019
José Manuel Alvarez Quintero	35,025.9	33,538.6 €	29,098.4	70,201.0	01.01.2019 to 31.12.2019
António Manuel Marques de Sousa Noronha	35,025.0	33,538.6 €	29,098.4	70,201.0	01.01.2019 to 31.12.2019
Wai Lam William Mak	-35,025.9	33,538.6 €	29,098.4	70,201.0	01.01.2019 to 31.12.2019
André Simões Cardoso	-	-	27,712.7	66,858.0	01.01.2019 to 31.12.2019
Jun LI	-	-	85,700.8	133,715.4	01.04.2019 to 30.09.2019 (effective date of resignation)
TOTAL	193,777.10	184,455.20	1281,073.60	605,064.40	

Members of the Executive Committee (EC)	Long-term variable remuneration paid in 2019 and relative to previous				Observations
	2015	2016	2017	2018	
Jorge Manuel Baptista Magalhães Correia	314,7465	-	-	-	01.01.2019 to 31.12.2019
Rogério Miguel Antunes Campos Henriques	240,733	-	-	-	01.01.2019 to 31.12.2019
José Manuel Alvarez Quintero	240,733	-	-	-	01.01.2019 to 31.12.2019
António Manuel Marques de Sousa Noronha	240,733	-	-	-	01.01.2019 to 31.12.2019
Wai Lam William Mak	240,733	-	-	-	01.01.2019 to 31.12.2019
André Simões Cardoso	-	-	-	-	01.01.2019 to 31.12.2019
Jun LI	-	-	-	-	01.01.2019 to 30.09.2019 (effective date of resignation)
TOTAL	1,277,678	-	-	-	

38. Compensation paid or owed to former executive directors concerning contract termination during the year

Jun LI, Member of the Executive Committee, ceased functions on 30 September 2019, and no compensation was paid.

39. Indication of the annual amount of remuneration paid by the company as a whole and individually to members of the Company's supervisory bodies, for the purposes of law no. 28/2009, of 19 June

The amount of gross remuneration paid in 2019, as a whole and individually, to the members of the Company's supervisory body is set out in the following table:

Members of the Supervisory Board	Fidelidade (€)	Observations
Pedro Nunes de Almeida	42,000	
Vasco Jorge Valdez Ferreira Matias	30,800	
João Filipe Gonçalves Pinto	30,800	
Isabel Gomes de Novais Paiva	0	Reserve
TOTAL	103,600	

40. Indication of the remuneration in the year in question of the president of the presiding board of the general meeting

The President of the Presiding Board of the General Meeting receives gross annual remuneration of € 3,000.

V. Agreements with remuneration implications

41. Reference to the existence and description, with an indication of the sums involved, of agreements between the company and members of the management body, which provide for compensation in the event of resignation or unfair dismissal or termination of the employment following a change in the control of the company (article 245-A, (1) I)

There are no agreements between the Company and the members of the management body which provide for compensation in the event of resignation, unfair dismissal or termination of the work relationship following a change in the control of the company.

VI. Share allocation or stock option plans

42. Identification of the plan and respective recipients

There are no plans with these characteristics.

43. Stock options for employees and company staff

There are no stock options for employees and staff.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

44. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

Fidelidade has adopted a set of transparent and objective rules which are applicable to transactions with related parties, which are subject to specific approval mechanisms.

45. Indication of the transactions which were subject to control in the year in question

All transactions with related parties were subject to control.

46. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of prior assessment of the business to be conducted between the company and holders of qualifying shares or entities which are in any kind of relationship with them, pursuant to article 20 of the securities code.

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

II. Information on the transactions

47. Indication of the location of accounting information including information on transactions with related parties

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

