

ANNUAL REPORT

2015

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

Separate and Consolidated Annual Report and Accounts 2015

Fidelidade – Companhia de Seguros, S.A.

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

In compliance with the legal and statutory information requirements, Fidelidade Board of Directors hereby presents its Consolidated Report and Accounts for 2015.

Compliance with these requirements also provides an opportunity, following an analysis of trends in the various business sectors and presentation of the financial statements, to highlight the most significant characteristics of the company, and the main areas of focus for business development.

REPORT OF THE BOARD OF DIRECTORS
FIDELIDADE – CONSOLIDATED ACCOUNTS

1 SUMMARY OF INDICATORS

	(million euros)	
	2015	2014 Restated
<i>FIDELIDADE (Consolidated Accounts)</i>		
Net Assets	15,092.9	14,102.1
Shareholders' Equity	1,891.4	1,296.6
Minority Interests	33.8	41.7
Liabilities	13,167.8	12,763.9
Solvency Ratio	236.8%	147.2%
Net Income	286.3	178.2
<i>INSURANCE ACTIVITY</i>		
Gross Written Premiums (million euros)	3,967.7	4,177.9
Life Business	297.3	282.0
Investment Contracts (Financial Instruments)	2,498.0	2,805.6
Non-Life Business	1,172.4	1,090.4
Market Share (Activity in Portugal)	29.7%	28.0%
Life Business (including Investment Contracts)	31.4%	28.9%
Non-Life Business	26.1%	25.5%

2 EXECUTIVE SUMMARY

The highlight of 2015 was the successful implementation of a strategic action programme entitled Project Compass, with the following immediate advantages:

- strengthening of the domestic business, leading to enhanced leadership in the market;
- international expansion, including completion of the first full year of activity in the branches in Mozambique and the determination of more ambitious objectives for the Macao operation, with the transformation of Non-Life branch office into a subsidiary;
- improvement in investment management, which has allowed the company to obtain a high level of profitability from investments in a context of some instability;
- organisational transformation with direct impact on efficiency levels and consequently on cost ratios associated with Non-Life businesses.

Fidelidade recorded a consolidated profit of €286.3 millions, an increase of €108.1 millions over the previous year, and, in 2015, attained a volume of gross written premiums (including resources from investment contracts) of €3,968 million against €4,178 million in 2014.

Activity in Portugal, which accounted for most of the premiums (94.9%), achieved a volume of direct insurance premiums of €3,765 million, corresponding to a year-on-year decrease of 5.9%, but a favourable performance in comparison with the market (-11.4%).

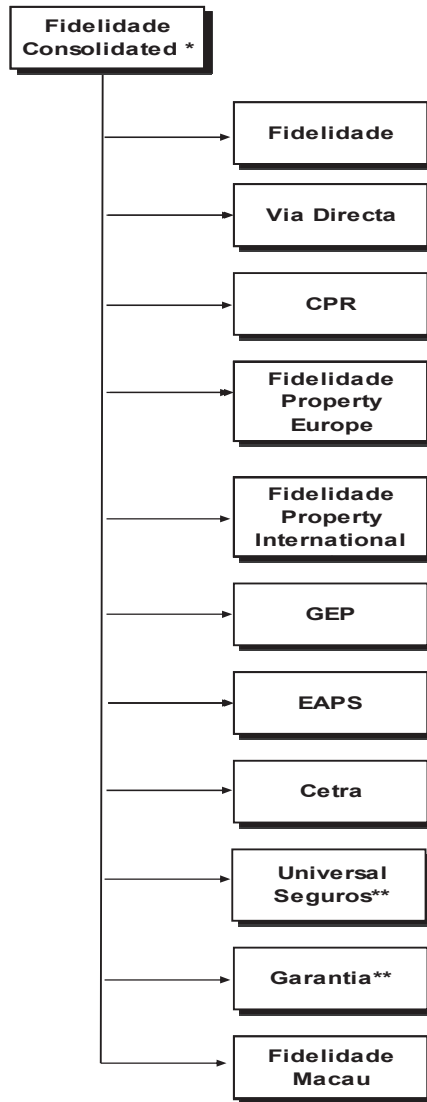
Consequently, Fidelidade Group increased its leadership in the Portuguese insurance market, with a total market share of 29.7% (+1.7pp over 2014), and held significant market leadership positions in both Life and Non-Life, and in all of its main lines of business.

Net consolidated assets totalled €15.1 billion, while Shareholders' Equity, including Minority Interests, rose to €1.9 billion, an increase of €587 million over 2014, mostly as a result of a capital increase through supplementary capital contributions of €522 million.

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3 PRESENTATION OF THE FIDELIDADE GROUP (INSURANCE SECTOR)

The companies held by Fidelidade operate in the Portuguese insurance market through various brands backed by the largest and most diversified distribution network in the Portuguese insurance market, and are also present in several different countries, through Fidelidade branches or subsidiaries (Universal Seguros, Garantia and Fidelidade Macau).



*Simplified organisation chart

**Subsidiary fully consolidated but not 100% owned

REPORT OF THE BOARD OF DIRECTORS FIDELIDADE – CONSOLIDATED ACCOUNTS

3.1 SCALE/POSITIONING OF THE FIDELIDADE GROUP'S INSURANCE SECTOR

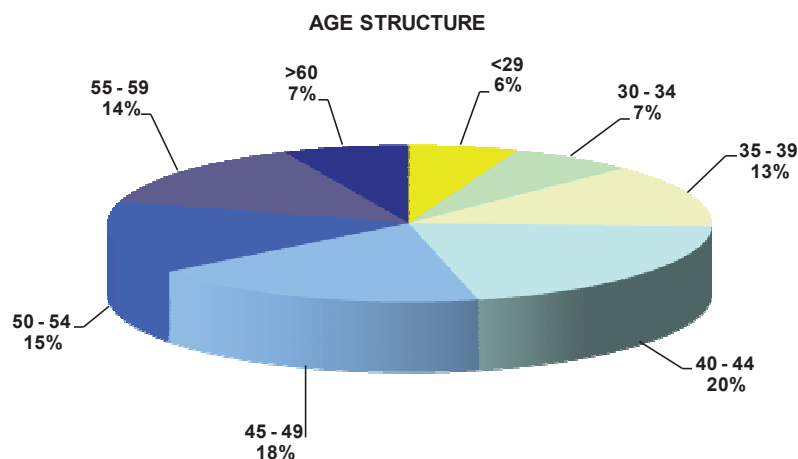
Fidelidade Group's insurance sector acts globally within the Portuguese insurance market retailing products for all insurance market segments within the scope of a multi-brand strategy and through the largest and most diversified distribution network for insurance products in the Portuguese market: Fidelidade agencies; tied insurance intermediaries; agents; brokers; CGD bank branches; CTT post offices; the Internet and telephone channels.

As regards its international activities, Fidelidade insurance sector is present in seven countries located across three continents (Spain, France, Luxembourg, Macao, Angola, Cape Verde and Mozambique).

3.2 HUMAN RESOURCES

In 2015, the Fidelidade insurance group employed a total of 3,208 members of staff.

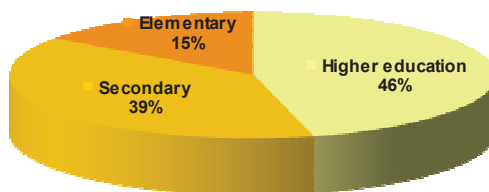
The average age of full-time staff was 45.9 years and the average career service was 18.3 years.



In terms of academic backgrounds, the trend towards higher levels of education continued, and members of staff with higher education degrees represent 46% of the total.

REPORT OF THE BOARD OF DIRECTORS FIDELIDADE – CONSOLIDATED ACCOUNTS

LEVEL OF QUALIFICATIONS



3.3 SOCIAL RESPONSIBILITY

Under the Social Responsibility Programme, the Fidelidade Group insurance companies have adopted a strategy based primarily on developing solutions that, besides being significant for business development, also enable responses to be provided to issues in the national interest and situations that may lead to major social inequality.

One specific example of the application of the Company's strategy with a view to developing a more informed and sustainable society is the development of products which increase awareness of issues related to savings and retirement, creating a catalyst for the adoption of a new mentality.

In matters related to health, active prevention is central to the Company's actions, and, in 2015, it launched the first oncological health insurance in Portugal. In the same year, with the aim of offering effective and wide-ranging protection to its clients in the event of a personal accident, Fidelidade created Vital Protection for Persons, an innovative insurance policy in the market, which begins where other policies end.

The Company assumes a role as a partner to and driver of entrepreneurship, and currently has several activities in progress related to entities which encourage the creation and/or development of companies in our country. Of particular note is the launch of Protechting, a programme which supports and accelerates innovative projects in the areas of Protection/Prevention for people and property, Services, Health and Savings.

Because life is our most precious asset, the WeCare Commitment was launched. This project aims to accompany and reintegrate people who have suffered serious accidents which jeopardise their physical, economic and social recovery, and seeks to support their social, professional and family reintegration, highlighting the close support needed in the creation of new life projects.

At the environmental level, the Company provides an insurance policy which derives from the Environmental Liability Directive. Also of note is the forest fire insurance, a joint project with a national business group, which guarantees the payment of reforestation in the wake of fire damage.

REPORT OF THE BOARD OF DIRECTORS FIDELIDADE – CONSOLIDATED ACCOUNTS

The performance of the insurers within the Fidelidade Group as regards the Social Responsibility Programme is shared with stakeholders via the publication of a two-yearly Sustainability Report and an interim update. The reports published follow the guidelines for Sustainability Reports of the Global Reporting Initiative (GRI), Version G3.1, and also consider the sector supplement defined by GRI for the Financial Sector. The 2014 report, which was again verified by an independent external body, resulted in the classification of Application Level B+.

4 MACROECONOMIC AND COMPETITIVE ENVIRONMENT

4.1 MACROECONOMIC ENVIRONMENT

In 2015, the Portuguese economy continued the trend towards recovery which had begun in the previous year, reflecting the growth in both internal demand, in particular for consumer durables and investment, and external demand, leading to increased exports.

The key driver of this positive development was the increase in disposable income in developed economies, reflecting the context of low interest rates, the marked decrease in the price of energy products, improvements in the labour market and increased confidence among private individuals. Furthermore, exports also benefited from the devaluation of the Euro in comparison with the main international currencies.

As a result of the progress described above, despite some structural imbalances which continue to be evident in the Portuguese economy, economic activity grew by 1.6% in 2015, slightly above the forecast for the Euro zone, enabling the Portuguese economy to renew progress towards real convergence with the performance of other European countries.

It is also important to note that the financing capacity of the Portuguese economy, measured by the balance of payments, remained at around 2%, which has been the case since 2012 due to the rebalancing of the current account.

In terms of inflation, there was a 0.5% increase in 2015, which is well below the reference value for the Euro zone, due to the fall in the price of raw materials, particularly oil.

In the labour market, the downward trend in the rate of unemployment continued, reaching an average annual rate of around 12%, reflecting both the higher level of employment associated with the improvement in economic activity and the reduction in the working population, particularly in the younger age groups where emigration has been significant.

Budgetary policy remained moderately restrictive in 2015, with high tax burdens and moderate growth in public expenditure, which made it possible to achieve a budget deficit at the end of the year slightly below 3%, marking the end of a period of excessive deficits.

More recent forecasts suggest continued recovery of the Portuguese economy, leading to annual growth of almost 2% which, while modest, represents an acceleration in relation to the recent recovery and confirms the end of the previous recessionary cycle.

This evolution will continue to be driven mainly by private consumption, investment and exports, and may be impacted by factors which affect the external demand for Portuguese goods and services, as well as changes in the current financing conditions.

4.2 INSURANCE SECTOR COMPETITIVE ENVIRONMENT

In 2015 direct insurance premiums in the Portuguese market reached €12.7 billion (equivalent to 7.2% of GDP), which represented a year-on-year decrease of 11.4%, due to the negative impact of Life business evolution.

Life business saw a 17% decrease in total premiums, to €8.7 billion, reflecting both changes made by some national financial groups in revenue generation policies and the current context of low interest rates, which had a significant impact on the level of private savings.

On the other hand, Non-Life business rose by 3.7%, reversing the downward trend that had been observed in recent years. Total premiums reached €4 billion (around 2.3% of GDP).

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Although this growth was based on an increase in most lines of business (with the exception of Transport), it is important to highlight the increase of 7.1% in the Accidents and Health lines of business, in particular in health insurance, which benefited from higher disposable incomes and the growing need to complement the National Health Service offer, and in Workers' Compensation insurance, which reflected a slight recovery in employment levels and a pricing increase that was necessary to achieve an appropriate technical balance for this product.

Furthermore, Motor and Fire and Other Damage business lines showed a growth in activity, both benefiting from a slight increase in the number of policies in a context of stable average premiums.

In general terms, the insurance market showed a decrease in concentration reflecting an increase in the market share of some smaller insurers operating in Life and Non-Life business.

4.3 HEALTHCARE SECTOR COMPETITIVE ENVIRONMENT

The Healthcare Sector in Portugal is traditionally dominated by public entities, above all for major healthcare systems, which are complemented by private clinics and by associations and entities with a social solidarity function.

In the last decade, healthcare costs rose faster than GDP resulting in Portugal being one of the EU countries with the highest levels of spending on health (over 10% of GDP).

Recent years have also seen the appearance and the expansion of major private projects as the dynamics of modern society has changed healthcare delivery models, due to generalised access to information, which has led to heightened expectations and demands from individuals in terms of choice and access to healthcare services

The private healthcare units have been concentrating their efforts on providing services of excellence, with highly qualified and skilled professionals, and deploying the most modern equipment and thereby responding to the growing and increasingly selective demand, driven by a growth in the use of healthcare insurance policies.

The indicators available demonstrate the already significant scale and the rapid growth in the private healthcare sector with estimates of the sector's turnover at approximately €1,500 million.

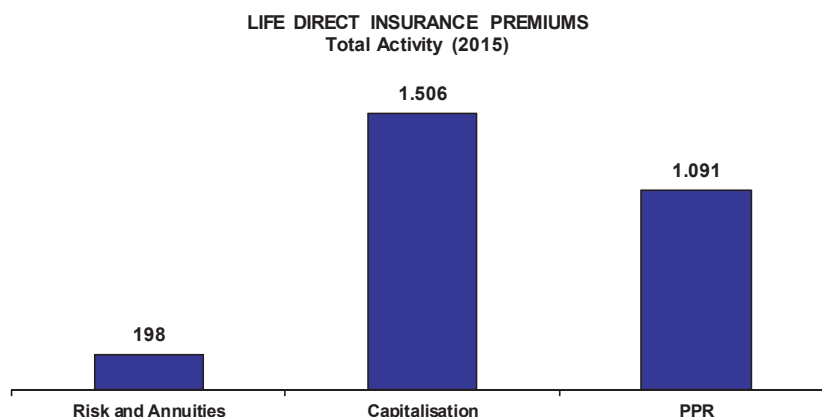
5 ANALYSIS OF ACTIVITY

5.1 POSITIONING OF THE INSURANCE SECTOR

In 2015, the companies within Fidelidade's consolidation perimeter maintained a clear leadership in the Portuguese insurance sector and held an overall market share of 29.7%, corresponding to a volume of direct insurance premiums (including revenues from investment contracts) of €3,765 million, representing a decrease of 5.9% over the previous year.

Life insurance business in Portugal accounted for €2,724 million in direct insurance premiums (including revenues from investment contracts), a decline of 9.9% compared with 2014, reflecting the evolution of capitalisation products. Nevertheless, Fidelidade Group increased its market share in this line of business reaching a market share of 31.4% (+2.5pp against 2014).

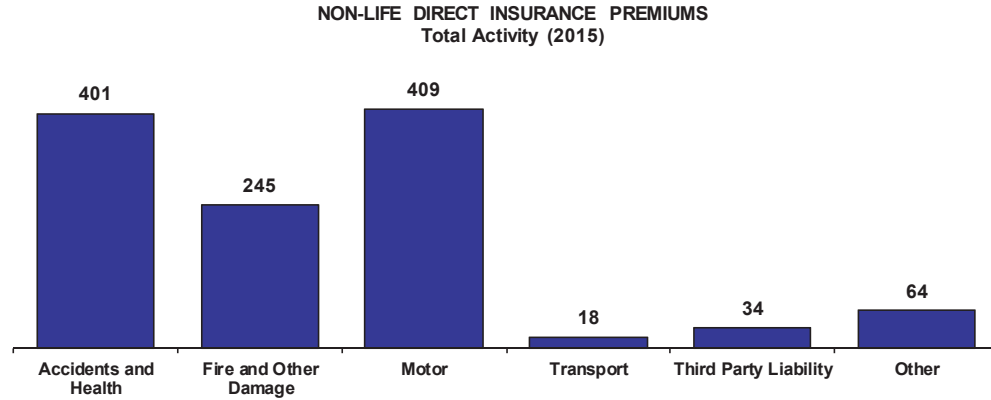
International activity recorded total Life insurance premiums of €72 million, an 8.7% rise over 2014.



Non-Life activity in Portugal recorded direct insurance premiums of €1,041 million, an increase of 6.1% over the previous year, a trend which was common to most business lines.

International activity recorded Non-Life premiums of €130 million, up 16.7% compared with 2014, which meant an increase in the proportion of Non-Life premiums to 11.1% (compared with 10.2% in 2014).

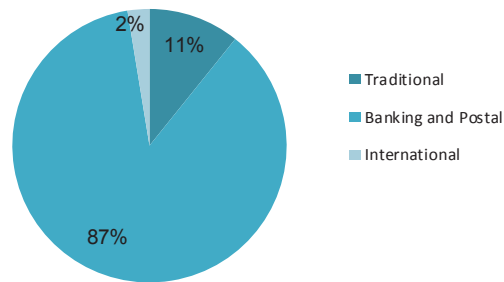
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In 2015, Non-Life market share was 26.1%, representing an increase when compared to 2014, allowing Fidelidade Group to consolidate its market leadership (more than double the share of the nearest competitor).

In terms of distribution channels, for Life business, banking and postal channels' share decreased by 3.7 p.p. compared with 2014, representing 87% of total premiums. On the contrary, there was an increase in the traditional channel and in international activity.

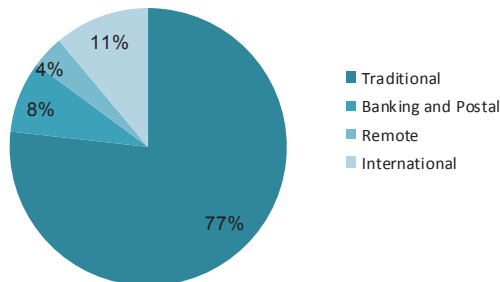
Life Premiums by Distribution Channel (2015)



In Non-Life business there was a reduction over the previous year in the share of the traditional channel, while the proportion of premiums from abroad increased.

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Non Life Premiums by Distribution Channel (2015)



5.2 POSITIONING OF THE HOSPITAL SECTOR

Luz Saúde is one of the major groups providing healthcare services in the Portuguese market, providing its services from 20 units (eight private hospitals, one NHS hospital under a Public-Private Partnership (PPP), two specialist long-term care units, seven private clinics operating on an out-patient basis and two residences for the elderly), and is present in the North, Centre and Centre-South regions of Portugal.

At the end of 2015, Luz Saúde units had 1179 in-patient beds, having recorded highly positive financial and operating results, reflecting the increased demand for private hospitals in Portugal and the development of synergies with Fidelidade's insurance business.

5.3 SUMMARY OF AFFILIATES' ACTIVITY



The company's guiding principles in 2015 continued to be based on strengthening the relationship with commercial networks, designing products adapted to clients' needs, paying constant attention to balancing technical operations, and increasing organisational efficiency levels, in addition to pursuing the Social Responsibility Programme.

Clients were the focus of the Company's activity in 2015, which meant constant concern with responding to people's real needs, by developing new products and innovating in the coverage and services provided.

One of the highlights of the year was the launch of Vital Protection for Persons, the Personal Accidents Insurance which provides a new form of protection, including protection at all stages in a person's life. Moreover, the size of the Group and synergies also made it possible to add value for clients and society in general. Thus, the Oncological Health Insurance was launched, combining skills from the health area within the Group.

There was also an increasingly consolidated focus on the digital strategy and strengthening of the commercial network. This expansion seeks not only to develop the digital channel through an active communication strategy which enables commercial opportunities to be identified and developed by way of personal contact, but also to strengthen Fidelidade's commercial network, through the expansion of the network of franchised stores, and the optimisation of the network of own stores in terms of geographic location and the active role with regard to clients.

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2015 was a year of many achievements, with several awards being won: Insurance Company with the Best Reputation from the Reputation Institute; Marktest Reputation Index; Brand of Trust 2015; Consumers' Choice in the insurance area 2015; Basef Seguros, 1st place in all Image indicators; The best large life and non-life insurer according to the magazine Exame; Global Banking & Finance Review: "Best Non-Life Insurance Company Portugal 2015" and "Best Customer Service Insurance Company Portugal 2015".

In 2015, Fidelidade maintained its clear leadership of the insurance sector with a market share of 29.4% (+1.7pp. compared to 2014), and recorded total premiums in Portugal of €3,721 million (including revenues from investment contracts), corresponding to a year-on-year decrease of 6.0%, resulting essentially from the performance of Life business (-9.9% over 2014).

This leadership was confirmed both in Life, with a market share of 31.4% (28.9% in 2014), and in Non-Life business with 25.0% (24.4% in 2014).

International activity produced total premiums of €126 million (including revenues from investment contracts), thus recording an increase of 11.7% over 2014.

In 2015 the Company achieved a net profit of €207.9 million.



Via Directa – Companhia de Seguros, S.A, is the insurance company within the Fidelidade Group that retails insurance policies over the Internet, providing a service of excellence to its clients and making insurance a simple, accessible and innovative product, supported by new technologies.

OK! Telesseguros brand is the market leader in the segment of direct channel insurers and accounts for 86% of Via Directa's business. It has held 1st place in the Advertising Recall Tables of the Portuguese insurance market since 2001.

Digital marketing was one of Via Directa's major focus points in 2015. Some highlights include a 24% increase in the number of visits to the Internet site and a rise of over 60% in the number of followers of the OK! Telesseguros brand's Facebook page.

The beginning of the year saw the launch of the ad "Hi, I'm the new Marta from OK! Telesseguros", which told people that OK! Telesseguros was different: simpler, more accessible, more innovative and with more product solutions, just like the "new Marta".

Via Directa increased its market share by 0.3 pp over 2014. Sustaining the business by placing emphasis on innovation and new technologies, Via Directa recorded growth of 2.5%.

In the remaining lines of business that begun operations recently, there was growth of 33% in home insurance and 37% in health, enhancing the company's leadership in the direct channel insurers market.

Despite the rise in the number of claims recorded in the motor insurance business, Via Directa significantly improved its Non-Life combined ratio in 2015, as a result of a significant reduction in its expenses, which enabled the company to achieve a net profit of €228,000.

In 2015, Via Directa, and its OK! telesseguros brand, was recognised for its capacity for innovation and won several awards : IDC CIO Awards with the OK! *driveyou* app, European Business Awards and Consumers' Choice 2016 for level of satisfaction.

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The corporate purpose of Companhia Portuguesa de Resseguros, S.A. (CPR) is to perform any operations related to reinsurance in Non-Life business in Portugal, and also internationally, in order to participate in the market redistribution of risks of a specific nature or size.

The underwriting risks in 2015 remained limited to Group companies, with participation in Fidelidade's Excess Loss Treaties.

In 2015 the net profit was €652,000, which represents an increase of €213,000 (+48.7%) over the previous year.

UNIVERSAL¹ SEGUROS

Since 2011, Fidelidade's presence in Angola has been represented by the Angolan insurance firm Universal Seguros, in which the Group holds a majority stake.

Universal Seguros operates as a generalist insurer for the Angolan market and runs a multi-channel network with a wide range of products and solutions for both individuals and companies. It also supports the internationalisation of Lusophone companies and complements the Group's banking business in Angola.

Universal Seguros is a recognised market leader for insurance service innovation in Angola and currently holds a portfolio of over 55,000 clients, including both individuals and companies, and serves a community of 100,000 insured persons. The innovative way in which it conducts its business through different distribution channels has been the main cornerstone of its commercial development. Universal Seguros operates through two own stores, the banking channel, brokers, exclusive agents, agreements with distributors, large clients and a telephone channel.

Universal Seguros has seen continuing growth in its premiums and technical result. At the end of the year it recorded premiums equivalent to €62 million (growth of 20%) and a net profit of €2,444 thousands.

Universal Seguros' portfolio is essentially Non-Life business. 2015 was marked by growth in Health (88%) and in Fire and Other Damage business lines (23%).

Non-Life combined ratio, net of reinsurance, stood at 88.5%, with a year-on-year decrease of 6 p.p. in the expense ratio.

Universal Seguros has 135 employees and low levels of churn and absenteeism. Priority is given to developing skills through training in classroom settings and on the job.

Universal Seguros will continue to prioritise innovation as a differentiating factor for its positioning in the Angolan insurance market and, in 2016, will continue to invest in developing its network of exclusive agents, expanding to the provinces of Benguela, Lubango, Huambo and Malange (through agents' stores), continually boosting its existing distribution network, developing the banking distribution network, developing innovative distribution networks, and developing

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distribution channels dedicated to the Chinese community, alongside continuing development of its staff.

In order to provide Universal Seguros with a solid capital structure, appropriate to the business growth strategy and to the obligations assumed, in 2015 the share capital was increased by 1,019,200,000 kwanzas.



Garantia, Companhia de Seguros de Cabo Verde SA is the leader in the Cape Verde insurance market, and in the last 6 years has been always been recognised as the brand that Cape Verdeans most trust.

The company aims to develop both Life and Non-Life businesses, presenting a diversified range of protection solutions for individuals, companies and self-employed persons. It has a multi-channel strategy regarding product distribution, which enables it to respond more effectively to market demands.

It intends to continue to be seen as a brand of trust and reference by Cape Verdeans, wherever they may be. Garantia is certified as having Quality-Oriented Management and management for continual improvement of the service provided to clients, as demonstrated by the international standard ISO 9001:2008.

In general terms, the following indicators can be highlighted for the 2015 financial year:

- Market share in the 3rd quarter of 58% (57% in the previous year);
- Increase of 5% in the total volume of direct insurance premiums: 66% in Life insurance and 3% in Non-Life;
- Reduction in claims costs;
- Non-Life combined ratio, net of reinsurance, at 84%
- Solvency margin coverage rate: 366%
- Net profit of €967,000

In 2016, Garantia intends, essentially, to increase its income, reduce costs and enhance the management model based on the quality management and continual improvement system, to be achieved by the following actions:

- Developing, increasing the robustness and boosting the product offer with the creation of new products (health insurance) and/or review of existing products with more flexible coverage and better adapted to local circumstances;
- Continuing to boost the sales of Retirement Savings Plan insurance policies;
- Strengthening the commercial policy, through improvements in communication with clients and in the quality of the service provided (increase in visits and reduction in response times);
- Extending the own distribution network (new own stores and exclusive agent stores) and implementing a system of objectives and commercial incentives;
- Developing company/individual cross-selling, banking insurance, postal, NGOs, electronic channels and a multi-channel approach (individuals and companies);
- Increasing claims management efficiency, by negotiating capacity with suppliers and maintaining high standards of selection and rigour when underwriting policies;

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- Concluding the implementation of workflow tools and scanning of documents in all stores;
- Implementing SAP;
- Implementing the budget management system.



In 2015, Fidelidade decided to strengthen its presence in Macao by setting up a Non-Life insurer under the local law. This insurer, Fidelidade Macau, began its operations on 1 October 2015, incorporating, by acquisition, the assets of Fidelidade's Non-Life branch, which was then closed.

The aim of Fidelidade Macau is to develop the Non-Life segment in Macao, ensuring a diversified offer of products and solutions for individuals and companies, which are specific to the needs of this market.

The distribution model is based on direct selling, on agents and brokers' network and on the bancassurance operation developed in partnership with BNU Macau.

From the beginning of operations on 1 October to the end of 2015, Fidelidade Macau achieved a total volume of premiums of €3 million and a net profit of €680,000.

Benefiting from the new company structure, the strategy for 2016 will focus on boosting business development through different distribution networks, increasing operating efficiency and the quality of the service provided to clients and partners, and strengthening commercial cooperation with BNU Bank in Macao.



The core objective of CETRA – Centro Técnico de Reparação Automóvel, S.A. is to engage in any and all activities related to motor vehicles, specifically their repair, loss adjusting, evaluation and recovery of wreckage, as well as the leasing of motor vehicles. The company changed its name to Fidelidade Car Service (FCS) in 2015

In 2015, the turnover was €4.1 million, which represents an increase of 31% in comparison with the previous year, resulting from 4967 repairs, which the company carried out during the year in question, 36% higher than the number of repairs performed in the previous year, which meant a reduction in the average cost of a repair of 6.7%. This increase in the company's activity stems from the implementation of a project to expand its own network of repair shops.

As planned, in 2015 FCS adopted a new operational management model, subcontracting panel-beating, painting and carwash services to the company CLSL, as well as investing in two new units, in Porto and Queluz.

In 2015 Cetra reported a net profit of €78,000.

For 2016, FCS plans to expand its activity, reorganising its premises in Olivais, improving the offer of fast chassis services, by the end of the first quarter. The main objective continues to be to provide a high quality service and establish closer and more proactive relations with our clients. Finally, although just as important, a reduction in the average time and cost of repairs is planned, as well as a reduction in budgeting and loss adjusting costs.

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EAPS, operating under the Safemode brand, develops and provides services ranging from Risk Analysis, Health and Safety at Work, Workplace Medicine and Self-Protection Measures. The company achieved a turnover of €1.7 million and a net profit of €27,000.

As a subsidiary of Fidelidade, it continued to provide technical support services for the activities of the insurer, contributing substantially to strengthening the competitiveness of Fidelidade's products and ensuring the loyalty of its portfolio of clients.

In its other activities, unrelated to the insurer, Safemode managed to grow in this segment despite the current economic climate, compared to 2014, and this now accounts for 46% of its total revenue.

In 2015, the company maintained all its official accreditations and certifications, awarded by the competent authorities. This year was also marked by the start of the Workplace Medicine operation.

Regarding the main lines of strategic direction for the coming year, EAPS intends to focus on growth and development in the company's business areas with greater potential, namely Workplace Medicine and Health and Safety at Work, Security Equipment and Systems, and Management Software.

FIDELIDADE IMOBILIÁRIO

The core activities of Fidelidade Property Europe and Fidelidade Property are the purchase and sale of real estate, including purchase for resale, rental or the establishing of other real estate rights to properties and the development, promotion and management of real estate projects for construction and renovation, as well as the provision of interrelated services.

These companies are responsible for managing the real estate assets of Fidelidade - Companhia de Seguros, which consist of real estate for own use and investment properties as well as investments in real estate funds and in real estate companies.

In 2015, Fidelidade Property Europe reported a net profit of €7.3 million, an increase of €6 million over 2014. In turn, Fidelidade Property International achieved €1.5 million against €66 thousand in 2014, when it began its activity in the second half of the year.



GEP – Gestão de Peritagens, S. A. is the company responsible for providing expert opinions for Fidelidade's insurance companies.

In 2015 GEP continued to invest in technical and behavioural training for its employees and service providers, to ensure high levels of rigour, transparency and technical Independence, which is a clear factor of differentiation in relation to current practice in the insurance market.

REPORT OF THE BOARD OF DIRECTORS FIDELIDADE – CONSOLIDATED ACCOUNTS

With a focus on the sustained improvement in services and the satisfaction of its clients, Fidelidade Group insurers and their agents and clients, Gep has been certified by a number of institutes, such as ISO 9001 since 2008, certification of automobile expert opinion issue by the Zaragoza Centre since 2008 and the certification of asset experts, in damage to buildings, issued by CICCOPN – the North Centre of Industrial Civil Construction and Public Works Training since 2010

The ISO 9001 quality certification was renewed in 2015 for the eighth time in a row, without any indication of “non-conformity” being recorded.

Over the course of 2015, GEP issued a total of 220,195 expert opinions and investigations, representing a decrease of 1.3% in its activity. This negative variation (-32.3%) results from property activity, with a decrease in requests for services and fewer severe climatic events. On the other hand, motor expert opinions and claims investigations increased by 6.5% and 12.8% respectively.

The 2015 financial year was characterised by continuing development of the key technical and operational indicators which contribute to the excellent performance of the Fidelidade insurance companies regarding the service provided to their insured persons and to a sustained reduction in claims costs. GEP’s net profit was €97 thousand.

Tools also underwent development and improvement and constituted another landmark in the creation of value, in particular GepExpert – the management tool for motor experts -, GePoP – a tool for calculating repairs needed following building damage – and SCAPA – the system for automatically controlling the issuing of motor expert opinions.

In 2016, besides the essential continued emphasis on service quality, operational efficiency and the creation of differentiating services, Gep will continue to invest in the internationalisation of its services in the emerging markets in Africa, with the main objective of providing services to the Africa-based Group insurers.



Luz Saúde is one of the major groups providing healthcare services in the Portuguese market, providing its services from 20 units (eight private hospitals, one NHS hospital under Public-Private Partnership (PPP) rules, two specialist long-term care units, seven private clinics operating on an out-patient basis and two residences for the elderly), and is present in the North, Centre and Centre-South regions of Portugal.

In 2015, the Luz Saúde units had 1179 beds, having recorded highly positive financial and operating results driven by growth of the business in the private healthcare segment and some synergies with Fidelidade’s insurance business.

Regarding new investments, land was acquired to expand Hospital da Luz and Hospital da Luz – Oeiras Clinic.

REPORT OF THE BOARD OF DIRECTORS FIDELIDADE – CONSOLIDATED ACCOUNTS

In 2016, Luz Saúde will maintain its focus on leveraging the increased demand for its services in the private healthcare sector, with the aim of continuing to improve the use of its installed capacity and, consequently, its overall profitability.

Luz Saúde also intends to continue to strengthen its position in the North of Portugal, and has just acquired, at the beginning of 2016, the Guimarães Private Hospital (now Hospital Luz Saúde Guimarães) and the Clíhotel Clinic in Gaia, which will allow it to expand its offer by around 200 beds.

5.4 MANAGEMENT OF FINANCIAL RISKS AND HEDGE ACCOUNTING

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

The derivative financial instruments are recognised at their fair value at the contract date and are 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 models which incorporate valuation techniques accepted in the market.

These are derivatives taken out with the aim of hedging Fidelity's Group exposure to the risks of exchange rate fluctuations inherent in its activity.

For all operations related to hedging derivatives, Fidelity Group prepares the necessary formal documentation, required by IAS39.

Assessments of hedge effectiveness are periodically performed and documented by comparing the change in the fair value of the hedging instrument and that of the hedged item (the 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 within specific balance sheet asset and liability headings, and variation in value of hedged items is recognised in the balance sheet headings where those instruments are recognised.

Fidelity Group began using hedge accounting in 2015.

5.5 ACQUISITION OF OWN SHARES

In the 2015 financial year, in compliance with that decided under Item 9 of the Agenda of the General Meeting of 31 March 2015, 13,300 own shares were acquired at the unit price of €11.20, amounting to a total of € 148,960.00. This acquisition was liquidated on 22 December 2015.

As no own shares were sold during the 2015 financial year, the number of own shares held at 31/12/2015 corresponds to the number of shares acquired in the year, that is, 13,300, as indicated above.

6 FINAL REMARKS

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

- The supervisory authorities, in particular the Supervisory Authority for Insurance and Pension Funds and the Health Regulatory Body for the supervisory and regulatory work they have carried out;
- 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 company's activity;
- The insurance distribution networks and the reinsurers, for the motivation, team spirit, openness and commitment they demonstrate in marketing our products;
- The employees of all companies included in the Fidelidade Group who, with their professionalism, dedication and competence, made it possible to achieve the results seen and to continually enhance the value of all the companies;
- The clients for their preference and for the constant stimulus to improve the quality of our service.

Lisbon, 23 February 2016

THE BOARD OF DIRECTORS

Guangchang GUO – Chairman

João Nuno de Oliveira Jorge Palma – Vice-Chairman

Jorge Manuel Baptista Magalhães Correia - Vice-Chairman

Qunbin WANG

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Michael LEE

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

José Pedro Cabral dos Santos

Lan KANG

Xiaoyong WU

Lingjiang XU

A2 Consolidated Financial Statements

Consolidated Statement of Financial Position

Consolidated Income Statement

Consolidated Statement of Changes in Equity

Consolidated Statement of Comprehensive Income

Consolidated Statement of Cash Flows

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FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 2014 (RESTATED)

Tax no: 500 918 880

(amounts in euros)

ASSETS	Notes	2015			31.12.2014 (Restated)	01.01.2014 (Restated)
		Gross amount	Impairment, depreciation / amortisation or adjustments	Net amount		
Cash and cash equivalents	4 and 11	2,037,402,392	-	2,037,402,392	357,289,525	170,987,715
Investments in associates and joint ventures	5 and 11	70,101,641	-	70,101,641	124,421,079	1,507,633
Financial assets held for trading	6 and 11	957,920	-	957,920	-	-
Financial assets initially recognised at fair value through profit or loss	6 and 11	888,247,479	-	888,247,479	863,235,679	913,455,115
Hedge Derivatives	7 and 11	1,285,939	-	1,285,939	-	-
Available-for-sale investments	8 and 11	8,612,224,272	-	8,612,224,272	9,259,865,258	6,211,825,143
Loans and accounts receivable	11	676,960,894	-	676,960,894	1,309,548,743	1,360,556,126
Deposits in ceding companies	9	948,511	-	948,511	968,804	951,346
Other deposits	9	656,319,256	-	656,319,256	1,302,408,870	1,356,543,720
Loans made	9	19,089,659	-	19,089,659	5,770,870	2,654,976
Other	9	603,468	-	603,468	400,199	406,084
Properties	11	1,550,643,925	(63,106,398)	1,487,537,527	1,032,747,171	562,352,703
Properties for own use	10	433,796,898	(63,106,398)	370,690,500	382,933,903	119,025,041
Investment properties	10	1,116,847,027	-	1,116,847,027	649,813,268	443,327,662
Other tangible assets	11 and 12	258,337,611	(217,162,079)	41,175,532	49,339,003	12,308,130
Inventories	13	8,774,590	(3,343)	8,771,247	8,486,395	705,630
Goodwill	14	361,819,107	-	361,819,107	361,693,534	2,207,444
Other intangible assets	15	68,159,392	(48,319,547)	19,839,845	20,950,617	21,345,914
Technical provisions for reinsurance ceded		252,430,428	-	252,430,428	237,178,255	266,218,229
Provision for unearned premiums	16	70,026,732	-	70,026,732	72,820,118	75,158,616
Mathematical provision for life insurance	16	12,439,196	-	12,439,196	10,463,963	12,903,425
Claims provision	16	169,964,500	-	169,964,500	153,623,584	178,119,943
Profit sharing provision	16	-	-	-	270,590	36,245
Asset for post-employment and long-term benefits	34	14,038,385	-	14,038,385	10,550,136	5,030,757
Other debtors for insurance and other operations		333,821,434	(59,329,982)	274,491,452	248,679,705	186,830,098
Accounts receivable for direct insurance operations	17	179,440,342	(24,863,571)	154,576,771	125,629,998	146,259,000
Accounts receivable for reinsurance operations	17	22,858,918	(8,996,572)	13,862,346	9,464,023	15,394,342
Accounts receivable for other operations	17	131,522,174	(25,469,839)	106,052,335	113,585,684	25,176,756
Tax assets		272,739,725	-	272,739,725	158,611,278	170,734,605
Recoverable tax assets	18	1,145,567	-	1,145,567	367,771	4,035,933
Deferred tax assets	18	271,594,158	-	271,594,158	158,243,507	166,698,672
Accruals and deferrals	19	72,881,254	-	72,881,254	59,470,744	29,992,023
TOTAL ASSETS		15,480,826,388	(387,921,349)	15,092,905,039	14,102,067,122	12,793,633,416

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 2014 (RESTATED)

Tax no: 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2015	31.12.2014 (Restated)	01.01.2014 (Restated)
LIABILITIES				
Technical provisions		3,838,185,255	3,906,337,207	4,003,821,017
Provision for unearned premiums	20	278,826,184	271,170,842	268,161,520
Mathematical provision for life insurance	20	1,632,994,332	1,667,380,282	1,756,642,234
Claims provision		1,743,286,027	1,746,889,038	1,781,954,195
Life	20	124,623,114	123,816,191	108,459,953
Workers' compensation	20	788,880,289	786,160,945	780,175,136
Other	20	829,782,624	836,911,902	893,319,106
Provision for profit sharing	20	68,765,439	109,188,316	106,541,655
Provision for interest rate commitments	20	5,626,534	7,454,750	6,505,548
Provision for portfolio stabilisation	20	25,272,158	24,502,158	23,545,774
Equalisation provision	20	22,471,715	20,994,212	19,458,757
Provision for unexpired risks	20	60,942,866	58,757,609	41,011,334
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	21	8,075,643,230	7,692,230,036	7,026,611,568
Other financial liabilities		487,038,637	470,836,687	145,714,281
Hedge derivatives	7 and 22	4,406,362	-	-
Deposits received from reinsurers	22	108,263,151	109,306,980	110,807,066
Other	22	374,369,124	361,529,707	34,907,215
Financial Liabilities held for trading	22	18,448,784	8,610,084	-
Loans	22	334,622,872	324,439,415	-
Others	22	21,297,468	28,480,208	34,907,215
Liabilities for post employment and other long term benefits	34	92,878	947,105	-
Other creditors for insurance and other operations		210,644,405	171,434,120	134,696,111
Accounts payable for direct insurance operations	23	94,953,090	75,711,022	67,060,724
Accounts payable for other reinsurance operations	23	47,450,950	38,741,478	35,139,315
Accounts payable for other operations	23	68,240,365	56,981,620	32,496,072
Tax liabilities		211,771,974	199,311,631	81,892,825
Tax payable liabilities	18	64,777,790	60,590,827	29,982,978
Deferred tax liabilities	18	146,994,184	138,720,804	51,909,847
Accruals and deferrals	24	157,224,869	112,411,165	59,158,168
Other provisions	25	187,172,922	210,354,124	143,582,134
TOTAL LIABILITIES		13,167,774,170	12,763,862,075	11,595,476,104
SHAREHOLDERS' EQUITY				
Paid-in-Capital	26	381,150,000	381,150,000	381,150,000
(Treasury shares)	26	(148,960)	-	-
Other capital instruments	26	521,530,515	-	-
Revaluation reserve		249,259,219	534,068,657	143,938,231
Adjustments in fair value of financial assets	27	92,559,711	433,965,774	116,843,015
Revaluation of properties for own use	27	72,992,202	69,933,131	26,687,766
Adjustments in fair value of hedging instruments in cash flow hedgings	27	(216,027)	-	-
Exchange differences	27	83,923,333	30,169,752	407,450
Deferred tax reserve	27	(45,501,996)	(120,303,229)	(22,792,067)
Other reserves	27	357,677,740	218,724,134	479,123,750
Retained earnings	27	141,113,706	104,680,449	91,275,945
Net income for the year	27	286,286,890	178,232,205	107,887,173
TOTAL SHAREHOLDERS' EQUITY		1,891,367,114	1,296,552,216	1,180,583,032
Non-controlling interests	28	33,763,755	41,652,831	17,574,280
TOTAL LIABILITIES AND NON-CONTROLLING INTERESTS		1,925,130,869	1,338,205,047	1,198,157,312
TOTAL LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY		15,092,905,039	14,102,067,122	12,793,633,416

Lisbon, 23 February 2016

Certified public accountant

On behalf of the Board of Directors

Carlos F. Tomé Silva Westerman

Jorge Manuel Baptista Magalhães Correia
*Vice Chairman*Wai Lam William MAK
Member

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2015 AND 2014 (RESTATED)

Tax no: 500 918 880

(amounts in euros)

Income statement	Notes	2015				2014
		Technical - life	Technical - non-life	Non-technical	Total	(Restated)
Earned premiums net of reinsurance		281,906,575	770,501,009	-	1,052,407,585	984,818,832
Gross premiums written	29	297,318,069	1,172,393,878	-	1,469,711,947	1,372,327,773
Reinsurance ceded premiums	29	(15,131,055)	(389,249,920)	-	(404,380,975)	(381,716,580)
Provision for unearned premiums (change)	20	(281,321)	(9,927,259)	-	(10,208,579)	(2,420,519)
Provision for unearned premiums, reinsurers' share (change)	16	882	(2,715,691)	-	(2,714,809)	(3,371,842)
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	30	2,306,164	-	-	2,306,164	2,055,164
Claims costs, net of reinsurance		(281,317,262)	(544,869,054)	-	(826,186,316)	(834,958,386)
Amounts paid		(282,273,014)	(562,047,907)	-	(844,320,921)	(847,052,718)
Gross amounts	31 and 32	(288,199,547)	(759,706,181)	-	(1,047,905,729)	(1,057,261,176)
Reinsurers' share	31	5,926,533	197,658,274	-	203,584,807	210,208,458
Claims Provision (change)		955,752	17,178,853	-	18,134,605	12,094,332
Gross amount	31	(784,533)	347,178	-	(437,355)	39,486,606
Reinsurers' share	31	1,740,285	16,831,674	-	18,571,960	(27,392,274)
Other technical provisions, net of reinsurance	31	1,058,216	(3,651,493)	-	(2,593,277)	(21,187,315)
Mathematical provision for life insurance, net of reinsurance		47,467,573	-	-	47,467,573	90,612,556
Gross amount	20 and 31	45,479,789	-	-	45,479,789	93,129,360
Reinsurers' share	31	1,987,784	-	-	1,987,784	(2,516,804)
Profit sharing, net of reinsurance	31	(41,525,982)	19,374	-	(41,506,609)	(16,001,967)
Operating costs and expenses, net		(93,272,246)	(249,685,649)	-	(342,957,895)	(316,702,366)
Aquisition expenses	32	(75,851,783)	(228,122,759)	-	(303,974,542)	(273,616,952)
Deferred cost aquisition (change)	20	(10,232)	160,251	-	150,020	477,772
Administrative expenses	32	(19,944,849)	(72,210,299)	-	(92,155,149)	(91,881,292)
Commissions and reinsurance profit sharing	32	2,534,618	50,487,158	-	53,021,776	48,318,106
Financial income		320,958,972	64,531,361	42,296,915	427,787,249	366,059,059
From Interest on financial assets not recognised at fair value through profit or loss	35	294,092,428	44,872,661	6,726,771	345,691,860	302,967,538
Other	35	26,866,544	19,658,700	35,570,144	82,095,389	63,091,521
Financial expenses		(6,508,838)	(7,559,124)	(12,625,119)	(26,693,081)	(27,824,450)
Other	32 and 36	(6,508,838)	(7,559,124)	(12,625,119)	(26,693,081)	(27,824,450)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		113,391,824	48,790,621	3,432,339	165,614,784	130,833,941
Available-for-sale investments	37	300,943,465	48,790,621	4,746,554	354,480,640	316,745,132
Financial liabilities recognised at amortised cost	21 and 37	(187,551,641)	-	-	(187,551,641)	(185,911,191)
Other	37	-	-	(1,314,215)	(1,314,215)	-
Net income on financial assets and liabilities recognised at fair value through profit or loss		(28,325,603)	11,119,511	173,834	(17,032,258)	(21,316,499)
Net income on financial assets and liabilities held for trading	38	(36,108,192)	(1,204,048)	(2,723)	(37,314,963)	(3,850,857)
Net income on financial assets and liabilities initially classified at fair value through profit or loss	38	5,421,565	11,249,785	176,558	16,847,908	(17,465,642)
Other	38	2,361,024	1,073,774	-	3,434,798	-
Exchange differences	39	45,520,139	8,362,786	(9,559,113)	44,323,812	15,179,533
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	40	-	19,944,885	30,661,691	50,606,576	6,189,114
Impairment losses (net of reversals)		(173,861,631)	(43,157,507)	32,129,134	(184,890,005)	(99,868,792)
Available-for-sale investments	41	(173,861,631)	(42,053,408)	(7,619,491)	(223,534,530)	(58,017,638)
Loans and accounts receivable at amortised cost	41	-	-	496,540	496,540	(2,589,054)
Other	41	-	(1,104,100)	39,252,085	38,147,986	(39,262,100)
Other technical income/expenses, net of reinsurance	42	532,686	1,259,950	-	1,792,636	2,643,451
Other income/expenses	43	-	-	20,170,991	20,170,991	(3,505,516)
Negative Goodwill recognised in profit and loss	14	-	-	-	-	8,668,157
Gains and losses of associates and joint ventures (equity method)	44	-	-	1,914,116	1,914,116	467,085
NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS		188,330,586	75,606,670	108,594,789	372,532,046	266,161,601
Current income tax - current taxes	18	-	-	(124,684,026)	(124,684,026)	(89,299,517)
Current income tax - deferred taxes	18	-	-	38,260,439	38,260,439	3,671,205
NET INCOME AFTER TAX AND BEFORE NON-CONTROLLING INTERESTS		188,330,586	75,606,670	22,171,203	286,108,459	180,533,289
Minority shareholders' interests	28	-	-	178,431	178,431	(2,301,084)
NET INCOME FOR THE YEAR	27	188,330,586	75,606,670	22,349,634	286,286,890	178,232,205

Lisbon, 23 February 2016

Certified public accountant

Carlos F. Tomé Silva Westerman

On behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Vice Chairman

Wai Lam William MAK
Member

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2015 AND 2014 FINANCIAL YEARS (RESTATED)

Tax no: 500 918 880

(amounts in euros)

	Paid-in-capital and other capital instruments	Revaluation reserves	Deferred tax reserves	Legal reserve	Other reserves		Retained earnings	Net income for the year	Sub-Total	Non-controlling Interests	Total
					Share premiums	Other reserves					
Balance at 31 December 2013	381,150,000	143,938,231	(22,792,067)	96,952,717	115,103,280	267,067,753	91,275,945	107,887,173	1,180,583,032	17,574,280	1,198,157,312
Appropriation of net income	-	-	-	9,346,664	-	(65,403)	98,605,912	(107,887,173)	-	-	-
Dividend distribution	-	-	-	-	-	(226,723,568)	(83,220,372)	-	(309,943,940)	-	(309,943,940)
Entry in the consolidation perimeter	-	58,244,615	(10,746,128)	-	-	(47,498,487)	-	-	-	24,632,041	24,632,041
Net gains through adjustments of fair value for available-for-sale investments	-	327,667,555	(86,096,574)	-	-	-	-	-	241,570,981	-	241,570,981
Financial statements restatement	-	4,956,557	-	-	-	-	-	-	4,956,557	-	4,956,557
Revaluation of properties for own use	-	(736,100)	(768,531)	-	-	-	-	-	(1,504,631)	-	(1,504,631)
Disposals of properties for own use	-	(2,201)	-	-	-	-	2,201	-	-	-	-
Actuarial gains and losses	-	-	100,071	-	-	(317,901)	-	-	(217,830)	-	(217,830)
Recognition of non-controlling interests	-	-	-	31,848	-	4,312,046	(1,261,148)	-	3,082,746	(553,490)	2,529,256
Others	-	-	-	72,209	-	442,976	(722,089)	-	(206,904)	-	(206,904)
Net income for the year	-	-	-	-	-	-	-	178,232,205	178,232,205	-	178,232,205
Balance at 31 December 2014	381,150,000	534,068,657	(120,303,229)	106,403,438	115,103,280	(2,782,584)	104,680,449	178,232,205	1,296,552,216	41,652,831	1,338,205,047
Appropriation of net income	-	-	-	15,080,369	-	125,209,445	37,942,391	(178,232,205)	-	-	-
Supplementary contributions	521,530,515	-	-	-	-	-	-	-	521,530,515	-	521,530,515
Own Shares	(148,960)	-	-	148,960	-	(148,960)	-	-	(148,960)	-	(148,960)
Net gains through adjustments of fair value for available-for-sale investments	-	(307,421,243)	72,895,012	-	-	-	-	-	(234,526,231)	-	(234,526,231)
Financial statements restatement	-	19,552,734	-	-	-	-	-	-	19,552,734	-	19,552,734
Revaluation of properties for own use	-	3,060,989	114,686	-	-	-	-	-	3,175,675	-	3,175,675
Disposals of properties for own use	-	(1,918)	-	-	-	-	1,918	-	-	-	-
Actuarial gains and losses	-	-	1,791,535	-	-	(4,925,528)	-	-	(3,133,993)	-	(3,133,993)
Recognition of non-controlling interests	-	-	-	(69,071)	-	1,267,617	748,287	-	1,946,833	(7,889,076)	(5,942,243)
Others	-	-	-	-	-	2,390,774	(2,259,339)	-	131,435	-	131,435
Net income for the year	-	-	-	-	-	-	-	286,286,890	286,286,890	-	286,286,890
Balance at 31 December 2015	902,531,555	249,259,219	(45,501,996)	121,563,696	115,103,280	121,010,764	141,113,706	286,286,890	1,891,367,114	33,763,755	1,925,130,869

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED AS AT 31 DECEMBER 2015 AND 2014 (RESTATED)

Tax no: 500 918 880

(amounts in euros)

	2015	2014
NET INCOME FOR THE YEAR	286,286,890	178,232,205
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments:		
Gross amount	(410,331,557)	292,906,907
Life insurance contracts with profit sharing	68,709,466	6,399,576
Exchange differences		
Gross amount	34,535,558	20,680,164
Life insurance contracts with profit sharing	(334,710)	96,923
Deferred tax	66,508,853	(85,681,584)
Current tax - Life insurance contracts with profit sharing	6,386,159	(414,990)
Change in potential gains due to financial statements restatement	19,552,734	4,956,557
Items that may not be reclassified subsequently as gains and losses		
Change in potential gains from properties for own use:		
Gross amount	3,060,989	(736,100)
Deferred tax	114,686	(768,531)
Actuarial deviations:		
Gross amount	(4,925,528)	(317,901)
Current tax	1,440,504	353,087
Deferred tax	351,031	(253,016)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	(214,931,815)	237,221,092
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	71,355,075	415,453,297

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.
CONSOLIDATED STATEMENT OF CASH-FLOWS
FOR THE 2015 AND 2014 (RESTATED) FINANCIAL YEARS

	(amounts in euros)	
	2015	2014
CASH-FLOWS GENERATED BY OPERATING ACTIVITIES:		
Operating cash flows prior to changes in assets and liabilities:		
Premiums received, net of reinsurance	1,065,330,972	990,611,193
Claims paid, net of reinsurance	(771,623,830)	(743,445,956)
Commissions on insurance, investment and service contracts, net	(129,084,585)	(97,443,018)
Profit sharing payments, net of reinsurance	(38,938,716)	(16,290,567)
Payments to suppliers	(104,999,717)	(127,720,895)
Payments to employees	(156,856,032)	(139,521,563)
Contributions to pension funds	(17,785,176)	(11,654,803)
Other	(12,402,531)	(4,494,923)
	<u>(166,359,615)</u>	<u>(149,960,532)</u>
 (Increases) / decreases in operating assets		
Debtors - direct insurance and reinsurance operations	(13,354,139)	20,755,400
Debtors - other operations	17,864,786	(31,756,296)
Other assets	(776,216)	10,674,961
	<u>3,734,431</u>	<u>(325,934)</u>
 (Increases) / decreases in operating liabilities		
Financial liabilities on investment contracts	196,279,938	479,981,950
Deposits received from reinsurers	(2,323,648)	(4,301,423)
Creditors - direct insurance and reinsurance operations	27,980,216	10,216,157
Creditors - other operations	11,258,745	(31,261,857)
Other liabilities	(15,920,805)	(3,227,712)
	<u>217,274,446</u>	<u>451,407,115</u>
 Net cash from operating activities before tax	<u>54,649,262</u>	<u>301,120,649</u>
Payments of income tax	(96,752,896)	(56,080,546)
Net cash from operating activities	<u>(42,103,634)</u>	<u>245,040,103</u>
CASH-FLOWS GENERATED BY INVESTING ACTIVITIES:		
Receipts on the sale or redemption of:		
Financial assets recognised at fair value through profit or loss	291,396,586	86,575,862
Available-for-sale investments	5,375,655,913	5,546,037,167
Held-to-maturity investments	-	151,065,827
Loans and accounts receivable	5,371,137,728	12,526,448,530
Investment properties	(12,081,701)	-
Tangible and intangible assets	18,128,035	-
Net income from financial assets	378,245,059	235,143,883
Other receipts	6,879,863	626,194
	<u>11,429,361,483</u>	<u>18,545,897,463</u>
Payments on the acquisition or initiation of:		
Financial assets recognised at fair value through profit or loss	(332,807,468)	(223,162,763)
Available-for-sale investments	(4,827,040,988)	(5,016,131,784)
Loans and accounts receivable	(4,660,583,424)	(12,428,028,843)
Investment properties	-	-
Tangible and intangible assets	(19,005,816)	-
Other	(446,489,906)	(17,181,111)
	<u>(10,285,927,602)</u>	<u>(17,684,504,501)</u>
 Business combinations		
Disposal of subsidiaries, associates and joint ventures	122,651,347	-
Acquisition of subsidiaries, associates and joint ventures	(73,663,761)	(665,806,554)
Net cash from investing activities	<u>1,192,421,466</u>	<u>195,586,408</u>
CASH-FLOWS GENERATED BY FINANCING ACTIVITIES:		
Other loans obtained	10,145,696	14,318,826
Other interest paid	(1,732,216)	(420,963)
Supplementary contributions	521,530,515	-
Own Shares	(148,960)	-
Distribution of dividends	-	(309,943,940)
Net cash from financing activities	<u>529,795,035</u>	<u>(296,046,077)</u>
Net increase / (decrease) of cash and cash equivalents	<u>1,680,112,867</u>	<u>144,580,434</u>
Cash and cash equivalents at start of the year	357,289,525	170,987,715
Entry into the consolidation perimeter	-	41,721,376
Cash and cash equivalents at end of the year	<u>2,037,402,392</u>	<u>357,289,525</u>

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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 (Supervisory Authority for Insurance and Pension Funds or “ASF”, by a resolution of its Board of Directors dated 23 February 2012.

The Company’s corporate purpose is the performance of the insurance and reinsurance activity 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 and associates, 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”), Universal Seguros, S.A. (“Universal”) and Fidelidade Macau - Companhia de Seguros, S.A. (“Fidelidade Macau”).

In 2014, the process of privatisation of the share capital of Fidelidade took place, pursuant to Decree Law No. 80/2013 of 12 June, under which Longrun Portugal, SGPS, SA (hereinafter “Longrun”) acquired from Caixa Seguros e Saúde, SGPS, SA (hereinafter “CSS”), 96,800,000 shares representing 80% of the share capital and voting rights of Fidelidade, as a result of direct sale to an investor who became the reference shareholder of Fidelidade (direct reference sale or DRS).

Also as part of the privatisation process the public offering (IPO) of a block of shares, representing 5% of the share capital reserved for employees, was completed. In this IPO 16,860 shares, representing 0.0139% of the share capital, were acquired by employees.

On 8 January 2015 in compliance with the provisions in clause 2.2. of the Direct Reference Sale Agreement, Longrun acquired the shares reserved for employees which had not been acquired, and consequently Longrun holds 102,833,140 shares representing 84.9861% of the share capital and voting rights.



In compliance with the resolution of the General Meeting of 31 March 2015, on 22 December 2015 the process of acquisition of own shares held by employees was concluded. Following this transaction the shareholder structure of the group was:

Shareholder	Effective Share (%)	Number of shares
Longrun Portugal, SGPS, S.A.	84.9861%	102,833,140
Caixa Seguros e Saúde, SGPS, S.A.	15.0000%	18,150,000
Employees	0.0029%	3,560
Own Shares	0.0110%	13,300
TOTAL	100%	121,000,000

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 2015.

Fidelidade's financial statements at 31 December 2015 were approved by the Board of Directors on 23 February 2016.

2. Accounting Policies

2.1 Basis of presentation and Consolidation Principles

2.1.1 Basis of presentation

The financial statements at 31 December 2015 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 4/2007-R, of 27 April, with the amendments introduced by Standard No. 20/2007-R, of 31 December and Standard No. 22/2010-R, of 16 December, of the Insurance and Pension Funds Supervisory Authority (from now ASF) 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, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to the type of insurance contract were adopted.

In 2015 the Group adopted the IFRS and interpretations of mandatory application for the tax years beginning on 1 January 2015. These standards are listed in Note 2.20. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

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



The accounting policies used by the Group in the preparation of its financial statements relating to 31 December 2015 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 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 detailed throughout 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.

In 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 accounting principles of the Group.

The amount which corresponds to third party shares in the 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

Subsidiaries are classified as companies over which the Group exercises control. Control is normally presumed to exist when the group has the power to exercise the majority of the voting rights. Control may also exist when the Group holds, either directly or indirectly, the power to manage the financial and operational policy of a given company in order to obtain benefits from its activities, even if the percentage of the share capital that it holds is less than 50%.

The subsidiary companies are fully consolidated from the time when the Group assumes control over their activities and this 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 share 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 obtains 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 value.

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 the 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 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 the fair value of the respective 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 ownership share of the entities.

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, 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 of the 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 currency.

Exchange rate differences calculated on exchange rate conversion are recognised in the income statement, with the exception of those created by non-monetary financial instruments recognised at fair value, such as shares 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 rate 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 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 on these is distributed internally to the 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 gains 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 – 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 instruments, includes:

- Non-derivative financial instruments which the Group intends to maintain 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 here 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 the 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 gains on financial assets and liabilities not recognised at fair value through profit or loss" or "Impairment losses (net of reversal)", 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 to 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.

Transfer 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 method. The Group derecognises financial liabilities when they are canceled 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 their subsequent appreciation are recognised in “Net gains on financial assets and liabilities recognised at fair value through profit or loss”.

ii) Other financial liabilities

This category includes subordinate liabilities, deposits received from reinsurers and also liabilities incurred on payment for provision of services or the purchase of assets, recognised in “Other creditors – 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.

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. 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 flow 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, namely those 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 therefore recognised in 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 the coverage of the fair value of foreign currency assets (currency fluctuation risk). Classification as hedge 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 frequency of this.

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 (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.

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, namely through the determination of an effectiveness rate between 80% and 125%, the Group also recognises in the income statement for the year the change in the 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 headings where those 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, namely:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, thus rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risk which do not meet the criteria necessary for hedge accounting to be used under IAS 39, namely due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or due to the results of 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 expenses for the year, in the headings “Net gains 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 “Income”. Positive and negative revaluations are recognised in “Held-for-trading financial assets” 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 reversal)”, 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 fair value adjustments of the 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 reversal)".

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.

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 fair value adjustments of the financial assets". If additional capital losses are subsequently determined, impairment is always considered to exist, and these are therefore recognised in the income statement.

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 reversal)”.

The Group does not have any non-current assets held for sale and groups of assets and liabilities for disposal.

2.8 Investment Properties

These are properties held by the Group to earn income via rentals 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 gains from sale of non-financial assets not classified as non-current assets held for sale and discontinued operations”.

Investment properties are assessed at intervals deemed appropriate to ensure that their book value does not differ significantly from their fair value. The Group has set a maximum reference period of 2 years between evaluations.

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 established a maximum reference period between evaluations of 2 years.

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 reversal)" 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:

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

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

Analyses are periodically undertaken to identify evidence of impairment on other tangible assets. An impairment loss is recognised in "Impairment losses (net of reversal)" 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 Leases

Operating Leases

Payments made by the Group for operating lease contracts are recognised in costs in the periods to which they relate.



Finance Leases

Finance leases are deemed to be contracts in which the risks and rewards deriving from the use of the asset are transferred to the lessee. These contracts are recognised on their commencement date in the assets and liabilities at the acquisition cost of the leased asset.

Periodic lease payments are composed of the finance charge which is recognised in the income statement and the financial amortisation of the capital which is deducted from the liability throughout the period of the lease.

All other leases are operating leases, and the lease payments made throughout the contract are recognised in costs in the periods to which they relate.

2.12 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.

2.13 Income tax

The companies in the Group with their head office in Portugal are subject to taxation in the form of Corporation Tax (IRC) 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. Added to IRC and the Municipal Surcharge, the aggregate rate of which, in 2014 and 2015 is 24.5% and 22.5%, respectively, there is the State Surcharge which corresponds to an additional rate of 3% on the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% on the profit between EUR 7,500,000 and EUR 35,000,000 and 7% on 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 IRC in these terms, the income of the branches is also further subject to local taxes in the countries/territories where they are established. Local taxes of the branches are deductible from the IRC tax of the head office pursuant to Article 91 of the respective IRC Code and to Double Taxation Agreements signed by Portugal.

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 the accounting income owing to adjustments to taxable income resulting from costs or gains which are not considered for fiscal purposes, or which will only be considered in other accounting periods, in addition to value adjustments for the purposes of calculating taxable gains.



Deferred tax corresponds to the impact on the 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 leading to temporary differences at the Group level are i) impairments ii) provisions temporarily not tax deductible, iii) potential capital gains and losses on available-for-sale investments, and iv) potential capital gains and losses 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. At 31 December 2015, the deferred tax assets and liabilities recognised by the Group were determined pursuant to Law No. 82-B/2014, of 31 December, according to which the aggregate tax rate to be applied to tax years beginning on or after 1 January 2015 would become 22.5%, plus the respective State Surcharge, which would correspond to the application of an additional rate of 3% on the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% on the taxable profit between EUR 7,500,000 and EUR 35,000,00 and 7% on the taxable profit which exceeds this amount.

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.

2.14 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 their occurring is remote.

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



2.15 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) in force at the time for the insurance activity, the Group committed itself 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 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.

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.

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 appropriate actuarial assumptions (Note 34). 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 periods to maturity 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 as regards liabilities and income expected 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 with 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 liability (asset) net of defined benefit, is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions" (Note 25).

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

As part of the new collective employment agreement for the insurance activity, signed on 23 December 2011, and published in the Bulletin of Work No. 2 of 15 January 2012, the former defined benefit pension plan was replaced, regarding workers actively employed, as of 1 January 2012, by a defined contribution plan, and the current value of liabilities for past services at 31 December 2011 was transferred to the individual account for each participant. This change was not applicable to liabilities with pensions being paid to workers who were in retirement or pre-retirement at 31 December 2011, or to employees who did not sign up to the current CEA.



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

Other long-term benefits

The liabilities regarding the seniority bonus, deriving from Clause 41(2) of the Collective Employment Agreement for the Insurance Activity in force, are calculated annually using universally accepted actuarial methods.

Short-term benefits

Short-term benefits, including performance-related productivity bonuses paid to employees, are recognised in "Employee Costs" in the period to which they relate, on an accrual basis.

2.16 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 pursuant 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 for in 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 supplementary contributions 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 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 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 balance sheet date and the end of the period to which the premium refers. It is calculated, for each contract in force, using the *pro rata temporis* method on the respective gross written premiums.

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.

In line with the ASF regulations, the deferred acquisition costs for each technical line of business may not exceed 20% of the respective deferred 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 with the future settlement of claims which are currently being managed and those from IBNR claims. Except for mathematical provisions and whole life assistance for workers’ compensation, the claims provisions set up by the Group are 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’ compensations seeks to recognise liability relating to:

- Approved pensions – pensions payable relating to claims the amounts of which have already been approved by the Employment Tribunal;
- Defined pensions – estimate of liabilities for pensions relating to 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%	4%
Management costs	2.40%	4%

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, considered as the expected cost of each of those pensions. 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 with pensions already in existence 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 2014 and 2015, 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 expenses which are whole life in nature and is composed of:

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

This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	4%
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 available provision is made.

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.

Analysis of sufficiency of the claims provisions

During the course of the year, the responsible actuary assesses/validates the sufficiency of the provisions for the various types of insurance, and then produces a specific end of year report.

This analysis is performed for the main lines of business/groups of business, which represent more than 90% of the claims provisions, namely for motor, workers' compensation, personal accidents and health claims.

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:

- i) 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;
- ii) 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;
- iii) 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’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 Group’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 to 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 acceptance — 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 in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to 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 comprising 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 of 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 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 reversal)”.

2.17 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 with financial instruments

The fees related to financial instruments, namely commissions charged or paid at the commencement 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 from the provision of services is recognised when the transaction which involved the provision of services can be reliably estimated. Revenue associated with the transaction is recognised with reference to the closing stage of the transaction at the balance sheet date.

In the case of the activity carried on by the units which provide private healthcare, the revenue is recognised on the basis of the activity produced in the period, valued based on price lists associated with each act of provision, regardless of whether it is actually invoiced.

In the case of activity performed as public provision (in a public-private partnership regime), the revenue is recognised by valuing the activity produced, calculated from the table agreed with the State contracting entity. In line with the contract, invoicing is on a monthly basis for an amount equivalent to 1/12 of 90% of the annual amount agreed for each year, with a rectification invoice being issued for the actual value of the production, in the six months following the end of each year. The difference between the amounts invoiced and the actual production is registered in “Other accounts payable or receivable”, in line with the principle of accrual-based accounting.



Within the scope of the activity carried on by the senior citizen residential homes, the revenue is recognised based on the Perpetual Rights to Use (PRU's). The amount is recognised in line with the characteristics of each type of contract:

- For PRU's where the holder has no right of transfer, or where there is a right to transfer only once, the value of the contract is accounted for, initially, in Deferred Income, and the income is allocated from the time the member joins the Club, for a period which takes into consideration the member's age (or that of the transferee, in the event of this possibility) at the date of the entry, taking into consideration the average life expectancy defined by the GRF95 tables;
- For PRU's with a right to unlimited transfers, the value of the contract is immediately recognised as earnings, and a costs accrual is registered in costs of sales, corresponding to a thousandth of the value of the unit in the total cost of the buildings, which, subsequently, is recognised in income in the same period to the period of amortisation of the corresponding fixed asset.

(iii) Fees for other services provided

Commissions on services provided are generally recognised as income during the period the service is being provided or as a lump sum if they result from the performance of single acts.

2.18 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 counting from the date of 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.

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

When applying the accounting principles described above, Fidelidade's Board of Directors is required to make estimates. The estimates with the greatest impact on the Group 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. 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 2.15., 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 on 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 on insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.16. 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 estimate on 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.



2.20 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

During the course of 2015 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 2015. The relevant changes for the Group were as follows:

Standards / Interpretations	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRIC 21 - Levies	634/2014	17-06-2014
IFRS 3 Business Combinations (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014
IFRS 13 Fair value measurement (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014
IAS 40 Investment property (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014

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	E.U. Regulation	Applicable to accounting periods beginning on or after
Amendment to IAS 19 – Employee benefits - Employee Contributions	29/2015	01-02-2015
IFRS 2 Share-based payment (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 3 Business combinations (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 8 Operating Segments (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IAS 16 Tangible fixed assets and IAS 38 Intangible assets (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IAS 24 Related party disclosure (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 5 – Non-current assets held for sale and Discontinued Operations (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IFRS 7 – Financial Instruments: Disclosures (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IAS 19 – Employee Benefits (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IAS 34 – Interim Financial Reporting (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IFRS 11: Accounting for acquisitions of interests in joint operations (Amendments to the Standard)	2173/2015	01-01-2016
IAS 1: Clarification on disclosure in financial reporting (Amendments to the Standard)	2406/2015	01-01-2016
IAS 16 and IAS 38: Clarification on acceptable methods of depreciation and amortisation (Amendments to the Standard)	2231/2015	01-01-2016
IAS 27: Equity method in separate financial statements (Amendments to the Standard)	2441/2015	01-01-2016



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

Standards / Interpretations	Applicable to accounting periods beginning on or after
IFRS 9 – Financial Instruments (2009) and subsequent amendments	01-01-2018
IFRS 14 – Regulated Assets	01-01-2016
IFRS 15 – Revenue from Contracts with Customers	01-01-2017
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in other Entities and IAS 28 - Investments in Associates and Jointly Controlled Entities	01-01-2016
IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures	01-01-2016

These standards have not been adopted (“endorsed”) by the European Union and, as such, have not been applied by the Group for the year ended 31 December 2015.



3. Group Companies and Transactions during the Period

The Group's structure in terms of its main subsidiaries, by sectors of activity, and the respective financial data taken from their individual accounts at 31 December 2015 and 2014, except when expressly indicated otherwise, can be summarised as follows:

Operating sector/entity	2015					
	Effective Share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	14,217,045,038	12,446,347,244	1,770,697,794	207,862,217	2,226,166,634
Via Directa - Companhia de Seguros, S.A.	100.00%	74,226,582	48,895,604	25,330,978	228,225	40,713,189
Companhia Portuguesa de Resseguros, S.A.	100.00%	15,490,601	5,438,915	10,051,686	651,804	972,281
Garantia - Companhia de Seguros de Cabo Verde, S.A. (b)	55.89%	24,847,676	15,057,978	9,789,698	966,867	8,091,863
Universal Seguros, S.A. (c)	68.70%	92,261,904	79,465,846	12,796,058	2,443,785	54,586,023
Fidelidade Macau - Companhia de Seguros, S.A.	99.99%	67,177,199	48,090,710	19,086,489	679,711	2,202,858
Real Estate						
Fidelidade - Property Europe, S.A.	100.00%	375,036,950	15,933,385	359,103,566	7,278,154	14,513,141
Fidelidade - Property Internacional, S.A.	100.00%	351,964,581	457,133	351,507,448	(7,845,080)	4,168,172
Fundo de Investimento Imobiliário Fechado Saudeinveste (d)	98.85%	135,212,129	26,840,302	108,371,827	5,783,522	8,827,478
Fundo de Investimento Imobiliário Fechado Bonança I (d)	100.00%	14,898,182	117,457	14,780,725	(283,643)	532,335
Higashi Shinagawa Two TMK (e)	96.46%	241,487,804	131,060,523	110,427,280	15,798,418	24,218,799
Healthcare						
Luz Saúde, S.A. (before Espírito Santo Saúde, SGPS, S.A.)	98.43%	572,986,216	337,545,619	235,440,597	19,616,035	424,189,572
Other sectors						
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	6,462,932	1,659,913	4,803,019	78,058	4,476,839
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	737,197	542,404	194,793	27,249	1,762,316
FCM Beteiligungs GmbH	51.00%	10,581,339	41,428	10,539,911	(7,350,750)	-
FID I (HK) LIMITED (e)	100.00%	136,671,034	108,658,737	28,012,297	24,087,061	-
FID III (HK) LIMITED (e)	100.00%	-	6,349	(6,349)	(3,142)	-
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,275,779	2,895,650	380,129	96,909	18,832,956
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	13,684	12,093	1,591	1,196	14,691
Fidelidade - Assistência e Serviços, Lda.	80.00%	23,117	20,996	2,121	1,730	26,437
FPE (IT) Società per Azioni	95.76%	322,038,204	24,163,333	297,874,871	5,550,271	4,168,172
FPI (UK) 1 LIMITED (e)	100.00%	329,825,721	110,162,033	219,663,688	1,656,438	5,614,923
FPI (US) 1 LLC (e)	100.00%	80,183,261	36,885,883	43,297,378	(1,381,689)	-
FPI (AU) 1 PTY LIMITED (e)	100.00%	78,922,398	47,473,050	31,449,348	1,668,905	5,247,030
GK Kita Aoyoma Support 2 (e)	100.00%	26,871,274	2,493,373	24,377,902	(47,956)	-

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

(b) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/ 110.265 CVE.

(c) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/147.83150 AOA for Balance Sheet headings and an average monthly exchange rate of 1 EUR/133.18254 AOA for the profit and loss headings.

(d) Amounts recorded as in available-for-sale investments.

(e) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/0.734 GBP, 1 EUR/1.4897 AUD, 1 EUR/8.4376 HKD, 1 EUR/131.07 JPY and 1 EUR/1.08870 USD for the profit and loss headings.



Operating sector/entity	2014					
	Effective Share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	13,422,383,005	12,164,979,452	1,257,403,553	159,108,030	1,760,599,143
Via Directa - Companhia de Seguros, S.A.	100.00%	74,680,937	47,636,519	27,044,418	539,822	40,468,429
Companhia Portuguesa de Resseguros, S.A.	100.00%	15,663,986	5,215,925	10,448,061	438,394	820,164
Garantia - Companhia de Seguros de Cabo Verde, S.A. (b)	55.89%	25,046,309	15,744,759	9,301,550	1,549,873	9,050,642
Universal Seguros, S.A. (c)	67.00%	55,019,300	50,647,254	4,372,045	1,278,139	34,454,979
Healthcare						
Luz Saúde, S.A. (before Espírito Santo Saúde, SGPS, S.A.)	98.22%	512,988,012	330,274,581	182,713,431	17,787,096	402,191,524
Real Estate						
Fidelidade - Property Europe, S.A.	100.00%	81,695,430	15,228,665	66,466,765	1,325,165	5,581,160
Fidelidade - Property Internacional, S.A.	100.00%	59,467,534	21,652	59,445,882	66,461	96,218
Fundo de Investimento Imobiliário Fechado SaudelInveste (d)	81.94%	134,329,512	31,741,207	102,588,305	9,517,264	14,759,262
Fundo de Investimento Imobiliário Fechado Bonança I (d)	100.00%	15,265,808	201,439	15,064,369	447,313	773,538
Higashi Shinagawa Two TMK (e)	96.46%	199,715,998	109,772,131	89,943,867	31,649,094	272,451
Other sectors						
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	5,310,893	937,146	4,373,747	43,330	3,424,406
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	973,896	786,976	186,920	38,752	2,318,446
FCM Beteiligungs GmbH	51.00%	23,780,625	16,422	23,764,203	(282,869)	-
FID I (HK) LIMITED (e)	100.00%	108,088,869	104,890,602	3,198,267	3,198,267	-
FID II (HK) LIMITED (e)	100.00%	14,458,993	14,461,824	(2,831)	(2,832)	-
FID III (HK) LIMITED (e)	100.00%	-	2,832	(2,832)	(2,832)	-
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,130,978	2,831,373	299,606	35,283	19,196,080
FPI (UK) 1 LIMITED (e)	100.00%	1	1	1	-	-
FPI (AU) 1 PTY LIMITED (e)	100.00%	3,911,256	3,815,031	96,225	-	96,224
GK Kita Aoyoma Support 2 (e)	100.00%	27,260,204	6,479	27,253,725	(6,483)	-

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

(b) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/110.265 CVE.

(c) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/125.11 AOA for Balance Sheet headings and an average monthly exchange rate of 1 EUR/129.988 AOA for the profit and loss headings.

(d) Amounts recorded as in available-for-sale investments.

(e) Amounts in Euros, considering the exchange rate at 31 December 2015 of 1 EUR/0.7789 GBP, 1 EUR/1.4829 AUD, 1 EUR/9.417 HKD, 1 EUR/145.23 JPY for the profit and loss headings.

The financial data at 31 December 2015 was taken from the provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, it is not expected that there will be material changes to the Group's financial statements.

The subsidiaries and associates, 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 exercise 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, nº 13 - 2º, 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 also performs activities related to insurance and reinsurance.

Companhia Portuguesa de Resseguros, S.A., with its head office in Lisbon, at Largo do Calhariz nº 30, was set up on 13 January 1983 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.



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

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

Fidelidade Macau – Companhia de Seguros, S.A., with its head office in Macao at Avenida da Praia Grande, nº 567, BNU Building, 14º, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

PROPERTY

Fidelidade – Property Europe, S.A., which was the name given to the company during 2014, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A.

Fidelidade – Property International, S.A. with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

Fundo de Investimento Imobiliário Fechado Saudeinveste was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, through the creation and management of a portfolio of predominantly real estate assets.

Fundo de Investimento Imobiliário Fechado Bonança I was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, through the creation and management of a portfolio of predominantly real estate assets.

Higashi Shinagawa Two TMK, with its head office at Tokyo Kyodo Accounting Office 3-1-1 Marunouchi, Chiyoda-ku, Tokyo, was set up on 1 August 2014 with the corporate purpose of the sale and purchase of property and property investments and management.



HEALTHCARE

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

OTHER SECTORS

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, nº 1 - B, was set up in 1988 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, nº 15, 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.º35 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 trailers and coupled items.

FCM Beteiligungs GmbH, with its head office in St. Pölten in Austria, at Hollausg 12, 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**, **FID II (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. During the year 2015 the FID II (HK) LIMITED entity was sold.

FPI (AU) 1 PTY LIMITED, with its head office at ‘Grosvenor Place’ Level 18, 225 George Street, Sydney, NSW 2000, Australia, 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, with the corporate purpose of purchasing property.

FPI (US) 1 LLC, with its head office at 1209 Orange Street, Wilmington, County New Castle, state of Delaware, United States of America has the corporate purpose of purchasing property.

FPE (IT) Società per Azioni, with its head office in Milan, Italy, has the corporate purpose of purchasing property.

GK Kita Aoyoma Support 2, with its head office at Tokyo Kyodo Accounting Office 3-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan, with the corporate purpose of purchase, sale, invest and management of properties.



Fidelidade - Assistência e Serviços, Lda., with its head office at Rua 1393, number 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 20 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, number 47 (Parallel to Rua José Craveirinha), District of Polana. - Maputo, Mozambique, was set up on 20 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.

The main movements regarding Group's subsidiaries during the 2015 tax year were the following:

During the 1st quarter of 2015 Fidelidade continued to exercise its squeeze out right over Luz Saúde, S.A. shares, increasing the participation in the share capital from 98.22% on 31 December 2014 to 98.429% at the end of the year.

On 17 July 2015, the sale of the capital held by the Company in FID II (HK) LIMITED was concluded.

On 23 July 2015 the companies Fidelidade – Assistência e Serviços, Lda. and Fidelidade – Consultoria e Gestão de Risco, Lda. were set up, each with share capital of MZN 20,000, which when converted to Euros at the exchange rate of their set-up date represents EUR 418.15. Fidelidade owns an 80% share of MZN 16,000.

On 2 July 2015 FPE (IT) Società per Azioni was set up by Fidelidade - Property Europe, S.A. with the issue of 292,324,600 shares, and with a holding of 95.76% of the share capital of EUR 279,924,600.

On 12 October 2015 Fidelidade Macau - Companhia de Seguros, S.A. was set up with a share capital of MOP 160,000,000 with Fidelidade holding a 99.9875% share of MOP 159,980,000, which when converted to Euros at the exchange rate on the set-up date represents EUR 17,889,051. This company was set up via the conversion of Fidelidade's former non-Life branch in Macao.

On 20 November 2015 Fidelidade – Companhia de Seguros, S.A. subscribed to a capital increase in Universal Seguros, S.A., and from then on held 158 shares, representing 68.6956% of the share capital. In the capital increase Fidelidade subscribed 91 new shares in the amount of AOA 713.44 million which when converted to Euros at the exchange rate on 31 December 2015 represents EUR 10,967,358.

In December 2015 Fidelidade - Property International, S.A. carried out a reduction in the share capital of Higashi Shinagawa Two TMK of EUR 2,614,027.

In 2015, Fidelidade - Companhia de Seguros, S.A. granted Fidelidade - Property Europe, S.A. supplementary contributions in the amount of EUR 285,314,784.

In 2015, Fidelidade - Companhia de Seguros, S.A. granted Fidelidade - Property International, S.A. supplementary contributions of EUR 299,906,645.

In 2015 Fidelidade – Property International, S.A. carried out a reduction in the share capital of GK Kita Aoyoma Support 2 of EUR 2,434,360.



In 2015 Fidelidade – Property International, S.A. made supplementary contributions of EUR 7,785,145 in order to strengthen the equity of FPI (AU) 1 PTY LIMITED.

In 2015 Fidelidade – Property International, S.A. made supplementary contributions of EUR 224,522,238 in order to strengthen the equity of FPI (UK) 1 LIMITED.

In December 2015, Fidelidade granted its subsidiary Cetra – Centro Técnico de Reparação Automóvel, S.A. supplementary contributions of EUR 444,000.

In December 2015, FID I (HK) LIMITED sold its stake in Nanxiang Holding Limited company.

4. Cash and Cash Equivalents

At 31 December 2015 and 2014, this heading was composed as follows:

	2015	2014
Cash and cash equivalents		
Headquarters	1,576,700	4,055,507
Branch offices	2,132,094	2,100,016
	<u>3,708,794</u>	<u>6,155,523</u>
Sight deposits		
Domestic currency	1,679,101,380	317,307,924
Foreign currency	354,592,218	33,826,078
	<u>2,033,693,598</u>	<u>351,134,002</u>
	<u>2,037,402,392</u>	<u>357,289,525</u>

5. Investments in Associates and Joint Ventures

At 31 December 2015 and 2014, this heading was composed as follows:

	2015		2014	
	Effective Share (%)	Balance Sheet Value	Effective Share (%)	Balance Sheet Value
Valued at acquisition cost:				
<u>Associates:</u>				
ACE - Investment Fund PL (a)	-	-	50.00%	14,562,472
Nanxiang Holding Limited	-	-	20.00%	108,088,875
HL – Sociedade Gestora do Edifício, S.A.	10.00%	29,400	10.00%	14,400
Valued by the equity accounting method:				
<u>Associates:</u>				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (b)	33.67%	1,646,055	33.67%	1,514,260
Highgrove - Investimentos e Participações, SGPS, S.A.	25.00%	-	25.00%	-
Genomed – Diagnósticos de Medicina Molecular, S.A.	37.50%	266,664	37.50%	241,072
		<u>1,912,719</u>		<u>1,755,332</u>
<u>Joint Ventures:</u>				
Madison 30 31 JV LLC	77.00%	68,159,522	-	-
		<u>70,101,641</u>		<u>124,421,079</u>

(a) Associate recognised at cost as no financial data was available as of December 2014.

(b) Values June 2015 and 2014, respectively (accounting period June 2014 to June 2015 and June 2013 to June 2014).



Since Highgrove has negative equity, the financial interest held by the Group was reduced to zero. Additionally, a liability was set up to cover responsibilities assumed with this subsidiary (Note 23).

The financial data of the associates, measured using the equity method, was as follows at 31 December 2015 and 2014:

Operating sector/entity	2015					
	Effective Share (%)	Assets	Liabilities	Shareholders' Equity (a)	Net Income	Total revenue
Health						
Genomed – Diagnósticos de Medicina Molecular, S.A.	37.50%	772,164	271,186	500,978	45,302	991,123
Other Sectors						
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (b)	33.67%	6,904,447	2,015,566	4,888,881	2,175,660	8,763,249
Madison 30 31 JV LLC	77.00%	88,518,416	-	88,519,152	(272)	-
Highgrove - Investimentos e Participações, SGPS, S.A.	25.00%	1,123,971	1,422,266	(298,296)	(224,567)	43,917
HL – Sociedade Gestora do Edifício, S.A.	10.00%	n.a	n.a	n.a	n.a	n.a

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

(b) Values at June 2015 (Accounting Period June/14 to June/15).

Operating sector/entity	2014					
	Effective Share (%)	Assets	Liabilities	Shareholders' Equity (a)	Net Income	Total revenue
Health						
Genomed – Diagnósticos de Medicina Molecular, S.A.	37.50%	1,125,641	682,963	442,678	17,805	929,107
HME - Gestão Hospitalar, S.A.	50.00%	2,744,058	12,739,652	(9,995,593)	(205,154)	-
Other Sectors						
ACE - Investment Fund PL	50.00%	n.a.	n.a.	n.a.	n.a.	n.a.
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (b)	33.67%	6,515,983	2,018,530	4,497,453	1,784,232	8,411,393
Highgrove - Investimentos e Participações, SGPS, S.A.	25.00%	2,250,342	2,324,071	(73,729)	(166,226)	-
Nanxiang Holding Limited	20.00%	1,772,163	1,195,047	577,116	32,729	107,573
HL – Sociedade Gestora do Edifício, S.A.	10.00%	94,617,609	92,400,147	2,217,462	1,930,497	-

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

(b) Values at June 2014 (Accounting Period June/13 to June/14).

The associates, 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 promoting activities of diagnosis, research and development in the field of Molecular Medicine.

OTHER SECTORS

Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., with its head office in Lisbon, at Rua Basílio Teles, nº 24 - 3º, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to insurance companies, loss adjusters, repair workshops or other interested parties.

Highgrove - Investimentos e Participações, SGPS, S.A., with its head office at Lugar de Meladas, nº 380, Mozelos, was set up on 21 September 1999 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.



The participation in this company arose following a partnership with the Chamartin Group to rebuild the closed condominium of Convento dos Inglesinhos, located in a historical area in the Bairro Alto district, which is currently selling its last units.

HL – Sociedade Gestora do Edifício, S.A. was set up on 21 December 2009, with its head office at Linda a Velha, Rua Mário Dionísio, nº 2, with the sole corporate purpose of exercising the activities of conception, design, construction and maintenance of the infrastructures of the Loures Hospital, including the exercise of all the other activities, as a principal or accessory, pursuant to the provisions of the Management Contract signed as part of the “Tender for the signing of the Management Contract for the conception, design, construction, financing, conservation and operation of the Loures Hospital”.

Madison 30 31 JV LLC is a joint ventures set up on 1 January 2015, with its head office at 352 Park Avenue South, New York 10010, United States of America.

ACE - Investment Fund PL, was sold following the sale of the company FID II (HKD), the owner of its capital.

6. Financial Assets Held for Trading and Financial Assets Initially Recognised at Fair Value through Profit or Loss

At 31 December 2015 and 2014, these headings were composed as follows:

	2015		2014	
	Held for trading (Note 7)	At fair value through profit or loss	Total	At fair value through profit or loss
Investments related to Unit-linked contracts	-	487,476,907	487,476,907	627,586,250
<u>Debt instruments</u>				
- Other entities:				
- Bonds and other securities				
Domestic issuers	-	1,360,017	1,360,017	1,359,626
Foreign issuers	-	399,410,555	399,410,555	230,689,415
	-	400,770,572	400,770,572	232,049,041
<u>Other financial instruments</u>				
- Investment units				
Domestic issuers	-	-	-	3,600,388
	-	-	-	3,600,388
<u>Derivatives instruments with positive fair value</u>				
- Currency futures	957,920	-	957,920	-
	957,920	888,247,479	889,205,399	863,235,679

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 being recognised in the “Financial liabilities on the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts” accounting heading.



At 31 December 2015 and 2014, investments allocated to Unit-linked contracts were composed as follows:

	2015	2014
Financial assets initially recognised at fair value through profit or loss:		
Debt instruments		
Group companies	62,366,921	70,440,511
Public debt		
Domestic issuers	375,369,103	487,733,597
Foreign issuers	13,285,588	13,356,718
Other issuers		
Domestic issuers	868,840	2,868,909
Foreign issuers	14,658,379	33,364,513
Equity instruments		
Domestic issuers	14,797,953	15,786,691
Foreign issuers	8,466,661	5,921,824
Accounts receivable	(430)	15
Transactions to be settled	(2,336,108)	(1,886,528)
	<u>487,476,907</u>	<u>627,586,250</u>
Other assets		
Deposits with credit institutions	<u>85,574,732</u>	<u>84,080,963</u>
Total (Note 21)	<u><u>573,051,639</u></u>	<u><u>711,667,212</u></u>

At 31 December 2015 and 2014, the heading “Financial assets initially recognised at fair value through profit or loss” includes fixed-income securities with embedded derivatives of EUR 400,582,503 and EUR 231,850,442 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.

The total of investment allocated to Unit-linked contracts reveals, at 31 December 2015 and 2014, a difference of EUR 2,216 and EUR 2,925 in relation to the total financial liabilities recognised at fair value (Note 21), which corresponds to the negative fair value of the swaps recognised in “Other financial liabilities” (Note 22) and that are allocated to Unit-linked contracts.

In the 2015 and 2014, the Group recognised net gains with the valuation of these investments in the amount of EUR 52,244,943 and EUR 6,486,467, respectively.

7. Hedge Derivatives

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

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 2015 and 2014, these operations were valued in line with the criteria set out in Note 2.6.c). On these dates, the notional amount and the book value had the following breakdown:

	Notional Amount			2015				
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		Total
				Assets (Note 6)	Liabilities (Note 22)	Assets	Liabilities (Note 22)	
Swaps								
Interest rate swaps	40,668,155	181,083,333	221,751,488	-	(7,625,988)	-	(250,706)	(7,876,694)
Futures								
Exchange Rate Futures	1,339,625,000	1,160,375,000	2,500,000,000	957,920	(10,822,796)	1,285,939	(4,155,656)	(12,734,593)
	<u>1,380,293,155</u>	<u>1,341,458,333</u>	<u>2,721,751,488</u>	<u>957,920</u>	<u>(18,448,784)</u>	<u>1,285,939</u>	<u>(4,406,362)</u>	<u>(20,611,287)</u>

	2014	
	Notional Amount	Book Value
	Trading Derivatives	Liabilities held for trading (Note 22)
Swaps		
Interest rate swaps	40,668,155	(8,609,482)
	<u>40,668,155</u>	<u>(8,609,482)</u>

The interest rate swaps contracted by the Group and classified as derivatives held for trade are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 22).

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, it were contracted EUR/USD futures listed on the CME (Chicago Mercantile Exchange), in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities.

The distribution of the Group's derivative financial instrument operations at 31 December 2015 and 2014, by period to maturity, was as follows:

	2015				2014	
	<= 3 months	> 6 months <= 1 year	> 5 Years	Total	> 5 Years	Total
Swaps						
Interest rate swaps	-	1,083,333	220,668,155	221,751,488	40,668,155	40,668,155
Futures						
Exchange Rate Futures	2,500,000,000	-	-	2,500,000,000	-	-
	<u>2,500,000,000</u>	<u>1,083,333</u>	<u>220,668,155</u>	<u>2,721,751,488</u>	<u>40,668,155</u>	<u>40,668,155</u>



The distribution of the Group's derivative financial operations at 31 December 2015 and 2014, by counterparty type, was as follows:

	2015		2014	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
<i>Financial Institutions</i>				
Caixa Geral Depósitos Group	40,668,155	(7,625,988)	40,668,155	(8,609,482)
Other institutions	181,083,333	(250,706)	-	-
Futures				
Exchange Rate Futures				
<i>Financial Institutions</i>				
Chicago	2,500,000,000	(12,734,593)	-	-
	<u>2,721,751,488</u>	<u>(20,611,287)</u>	<u>40,668,155</u>	<u>(8,609,482)</u>

In 2015 the following gains and losses related to hedge accounting were generated:

	2015		
	Gains	Losses	Net
Exchange Rate Futures	1,582,464	(28,630,626)	(27,048,162)
Hedged assets	68,692,875	(38,209,915)	30,482,960
	<u>70,275,339</u>	<u>(66,840,541)</u>	<u>3,434,798</u>

8. Available-for-Sale Investments

At 31 December 2015 and 2014, this heading was composed as follows:

	2015							Balance Sheet Value
	Aquisition cost	Interest receivables	Amount before impairment	Accumulated impairment (Note 41)	Net amount	Exchange Differences	Fair value reserve (Note 27)	
Debt instruments								
Public debt								
Domestic issuers	2,998,335,118	73,603,507	3,071,938,625	-	3,071,938,625	-	144,644,297	3,216,582,922
Foreign issuers	221,345,174	6,195,145	227,540,319	-	227,540,319	(706,561)	1,324,194	228,157,952
Other public issuers								
Foreign issuers	3,395,786	24,673	3,420,459	-	3,420,459	-	438,734	3,859,193
Foreign financial organisations	12,127,592	112,008	12,239,600	-	12,239,600	-	5,128,693	17,368,293
Other issuers								
Domestic issuers	272,241,311	3,546,281	275,787,592	(52,929,367)	222,858,225	-	4,476,172	227,334,397
Foreign issuers	1,760,090,482	31,857,520	1,791,948,002	(65,809,952)	1,726,138,050	21,032,007	(175,098,542)	1,572,071,515
Group companies	<u>1,231,503,820</u>	<u>61,827,970</u>	<u>1,293,331,790</u>	<u>-</u>	<u>1,293,331,790</u>	<u>-</u>	<u>(47,481,245)</u>	<u>1,245,850,545</u>
	<u>6,499,039,283</u>	<u>177,167,103</u>	<u>6,676,206,387</u>	<u>(118,739,319)</u>	<u>6,557,467,068</u>	<u>20,325,446</u>	<u>(66,567,697)</u>	<u>6,511,224,816</u>
Equity instruments								
Recognised at fair value								
Domestic issuers	269,396,506	-	269,396,506	(14,907,436)	254,489,070	-	(3,486,662)	251,002,408
Foreign issuers	<u>1,473,403,249</u>	<u>733,396</u>	<u>1,474,136,646</u>	<u>(134,762,184)</u>	<u>1,339,374,462</u>	<u>88,292,102</u>	<u>110,499,971</u>	<u>1,538,166,535</u>
	<u>1,742,799,755</u>	<u>733,396</u>	<u>1,743,533,152</u>	<u>(149,669,620)</u>	<u>1,593,863,532</u>	<u>88,292,102</u>	<u>107,013,309</u>	<u>1,789,168,943</u>
Other instruments								
Participation bonds								
Residents	27,434	11	27,445	-	27,445	-	(10,770)	16,675
Investment units								
Residents	292,524,092	-	292,524,092	(55,089,080)	237,435,012	-	45,576,957	283,011,969
Non-residents	26,951,104	-	26,951,104	(7,736,857)	19,214,247	(18)	9,656,988	28,871,217
Other	<u>(106,091)</u>	<u>36,743</u>	<u>(69,348)</u>	<u>-</u>	<u>(69,348)</u>	<u>-</u>	<u>-</u>	<u>(69,348)</u>
	<u>319,396,539</u>	<u>36,754</u>	<u>319,433,293</u>	<u>(62,825,937)</u>	<u>256,607,356</u>	<u>(18)</u>	<u>55,223,175</u>	<u>311,830,513</u>
	<u>8,561,235,578</u>	<u>177,937,254</u>	<u>8,739,172,831</u>	<u>(331,234,876)</u>	<u>8,407,937,955</u>	<u>108,617,530</u>	<u>95,668,787</u>	<u>8,612,224,272</u>



	2014							Balance Sheet Value
	Aquisition cost	Interest receivables	Amount before impairment	Accumulated impairment (Note 41)	Net amount	Exchange Differences	Fair value reserve (Note 27)	
Debt instruments								
Public debt								
Domestic issuers	2,053,387,309	72,408,965	2,125,796,274	-	2,125,796,274	-	159,440,205	2,285,236,479
Foreign issuers	1,685,264,251	46,647,807	1,731,912,058	-	1,731,912,058	-	121,902,189	1,853,814,247
Other public issuers								
Foreign issuers	3,394,910	24,741	3,419,651	-	3,419,651	-	489,148	3,908,799
Foreign financial organisations	13,095,531	139,767	13,235,298	-	13,235,298	-	5,656,097	18,891,395
Other issuers								
Domestic issuers	470,685,474	10,119,796	480,805,270	(47,929,367)	432,875,903	-	7,809,626	440,685,529
Foreign issuers	1,321,371,459	30,940,873	1,352,312,332	(1,523)	1,352,310,809	-	54,378,435	1,406,689,244
Group companies	<u>1,674,336,738</u>	<u>44,365,460</u>	<u>1,718,702,198</u>	<u>-</u>	<u>1,718,702,198</u>	<u>-</u>	<u>4,842,027</u>	<u>1,723,544,225</u>
	<u>7,221,535,672</u>	<u>204,647,409</u>	<u>7,426,183,081</u>	<u>(47,930,890)</u>	<u>7,378,252,191</u>	<u>-</u>	<u>354,517,728</u>	<u>7,732,769,919</u>
Equity instruments								
Recognised at fair value								
Domestic issuers	117,989,341	-	117,989,341	(12,929,671)	105,059,670	-	(5,345,010)	99,714,660
Foreign issuers	<u>994,920,220</u>	<u>-</u>	<u>994,920,220</u>	<u>(42,191,820)</u>	<u>952,728,400</u>	<u>25,114,164</u>	<u>118,903,293</u>	<u>1,096,745,857</u>
	<u>1,112,909,561</u>	<u>-</u>	<u>1,112,909,561</u>	<u>(55,121,491)</u>	<u>1,057,788,070</u>	<u>25,114,164</u>	<u>113,558,283</u>	<u>1,196,460,517</u>
Other instruments								
Participation bonds								
Residents	27,434	30	27,464	-	27,464	-	(10,770)	16,694
Investment units								
Residents	331,395,716	-	331,395,716	(63,832,338)	267,563,378	-	32,630,596	300,193,974
Non-residents	33,063,012	-	33,063,012	(7,715,085)	25,347,927	2,107	5,088,480	30,438,514
Other	<u>(14,781)</u>	<u>422</u>	<u>(14,359)</u>	<u>-</u>	<u>(14,359)</u>	<u>-</u>	<u>-</u>	<u>(14,359)</u>
	<u>364,471,381</u>	<u>452</u>	<u>364,471,833</u>	<u>(71,547,423)</u>	<u>292,924,410</u>	<u>2,107</u>	<u>37,708,306</u>	<u>330,634,823</u>
	<u>8,698,916,614</u>	<u>204,647,861</u>	<u>8,903,564,475</u>	<u>(174,599,804)</u>	<u>8,728,964,671</u>	<u>25,116,271</u>	<u>505,784,316</u>	<u>9,259,865,258</u>

9. Loans and Accounts Receivable

At 31 December 2015 and 2014, these headings were composed as follows:

	2015	2014
Deposits in ceding companies	<u>948,511</u>	<u>968,804</u>
Other deposits:		
Term deposits	591,660,030	1,302,408,870
Margin accounts - futures	<u>64,659,226</u>	<u>-</u>
	<u>656,319,256</u>	<u>1,302,408,870</u>
Loans made:		
Mortgage loans	324,822	529,272
Loans over policies	981,339	1,458,001
Debt securities	15,246,181	1,149,313
Other	<u>2,537,317</u>	<u>2,634,284</u>
	<u>19,089,659</u>	<u>5,770,870</u>
Other	<u>603,468</u>	<u>400,199</u>
	<u>676,960,894</u>	<u>1,309,548,743</u>



10. Properties

In 2015 and 2014, the “Properties” headings saw the following movements:

	Properties for own use	Investment properties	Total
Balances at 31 December 2013			
Gross amount	153,153,282	443,327,662	596,480,944
Accumulated depreciation and impairment	(34,128,241)	-	(34,128,241)
	<u>119,025,041</u>	<u>443,327,662</u>	<u>562,352,703</u>
Entry in consolidation perimeter			
Gross amount	262,846,163	180,636,534	443,482,697
Accumulated depreciation and impairment	(9,666,760)	-	(9,666,760)
Additions:			
Acquisitions made in year	16,858,071	14,621,121	31,479,192
Subsequent expenditure	-	4,440,848	4,440,848
Revaluations:			
As a credit to the income statement (note 40)	-	6,187,090	6,187,090
As a credit to the shareholders' equity	(736,100)	-	(736,100)
Additions/reversals of impairment in the year (note 41)	18,576	-	18,576
Depreciation for the year	(5,072,664)	-	(5,072,664)
Disposals and write offs (net)	(3,211)	-	(3,211)
Other movements	(335,213)	-	(335,213)
Balances at 31 December 2014			
Gross amount	431,763,877	649,813,268	1,081,577,145
Accumulated depreciation and impairment	(48,829,974)	-	(48,829,974)
	<u>382,933,903</u>	<u>649,813,268</u>	<u>1,032,747,171</u>
Entry in consolidation perimeter			
	35,859	-	35,859
Additions:			
Acquisitions made in year	13,416,617	396,282,669	409,699,286
Subsequent expenditure	768,984	7,544,867	8,313,851
Revaluations:			
As a credit to the income statement (note 40)	-	36,218,741	36,218,741
As a credit to the shareholders' equity	3,060,989	-	3,060,989
Additions/reversals of impairment in the year (note 41)	(1,270,285)	-	(1,270,285)
Depreciation for the year	(16,645,963)	-	(16,645,963)
Exchange differences	-	20,282,322	20,282,322
Transfers	(12,085,711)	12,081,701	(4,010)
Disposals and write offs (net)	(394,929)	(5,203,180)	(5,598,109)
Other movements	871,036	(173,361)	697,675
Balances at 31 December 2015			
Gross amount	433,796,898	1,116,847,027	1,550,643,925
Accumulated depreciation and impairment	(63,106,398)	-	(63,106,398)
	<u>370,690,500</u>	<u>1,116,847,027</u>	<u>1,487,537,527</u>

As stated in Note 2.9. above, properties for own use are valued at fair value, subject to depreciation (revalued cost), in line with the option set out in IAS 16.

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

Properties are valued as deemed appropriate or at least every two years, 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.



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 potential negative revaluations which may have been accounted for in earlier periods in the income statement.

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

Valuation methods

Properties are valued to obtain an estimation 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 – Fair value, 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 in Level 3 of the fair value hierarchy defined by IFRS 13.

Properties for own use

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

At 31 December 2015 and 2014, the fair value reserves associated with properties for own use were EUR 72,992,202 and EUR 69,933,131, respectively (Note 27).



At 31 December 2015 and 2014, the breakdown of the properties for own use according to their respective valuation date, was as follows:

	<u>2015</u>
2015	81,486,375
2014	264,054,509
In progress (without evaluation)	25,149,616
	<u>370,690,500</u>

11. Allocation of Investments and Other Assets

At 31 December 2015 and 2014, the allocation of investments and other assets using a prudential perspective to insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

	<u>2015</u>					
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	Total
Cash and cash equivalents	118,999,851	14,506,948	1,124,679,664	124,110,246	655,105,683	2,037,402,392
Investments in associates and joint ventures	-	-	1,646,054	-	68,455,587	70,101,641
Financial assets held for trading	-	642,969	314,951	-	-	957,920
Financial assets initially recognised at fair value through profit or loss	11,192,224	22,396,973	788,998,889	64,983,409	675,984	888,247,479
Hedge Derivatives	-	-	1,285,939	-	-	1,285,939
Available-for-sale investments	1,390,954,509	124,024,032	5,614,699,679	1,255,252,609	227,293,443	8,612,224,272
Loans made and accounts receivable	325,212,640	13,843,636	247,830,738	73,491,003	16,582,877	676,960,894
Properties	132,853	-	-	349,070,117	1,138,334,557	1,487,537,527
Other tangible assets	-	-	-	-	41,175,532	41,175,532
	<u>1,846,492,077</u>	<u>175,414,558</u>	<u>7,779,455,914</u>	<u>1,866,907,384</u>	<u>2,147,623,663</u>	<u>13,815,893,596</u>

	<u>2014</u>					
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	Total
Cash and cash equivalents	74,874,579	2,120,396	147,881,839	34,790,009	97,622,702	357,289,525
Investments in associates and joint ventures	-	-	-	-	124,421,079	124,421,079
Financial assets initially recognised at fair value through profit or loss	11,634,575	547,381	705,222,918	138,009,732	7,821,073	863,235,679
Available-for-sale investments	1,063,236,369	153,511,638	6,686,791,818	1,141,029,194	215,296,239	9,259,865,258
Loans made and accounts receivable	623,783,961	36,042,525	475,624,547	152,168,512	21,929,198	1,309,548,743
Properties	-	60,068	-	511,773,456	520,913,646	1,032,747,170
Other tangible assets	-	-	-	-	49,339,003	49,339,003
	<u>1,773,529,484</u>	<u>192,282,008</u>	<u>8,015,521,122</u>	<u>1,977,770,903</u>	<u>1,037,342,940</u>	<u>12,996,446,457</u>



12. Other Tangible Assets

In the 2015 and 2014, the other tangible assets saw the following movements:

	2015											
	Opening Balances		Entry in consolidation perimeter	Additions	Transfers and adjustments	Amortisation for the year	Exchange differences	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment						Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net Amount
Equipment												
Administrative	26,133,551	(24,736,292)	31,798	479,734	32,481	(704,746)	(39,779)	(504,572)	507,498	26,077,039	(24,877,367)	1,199,672
Machinery and tools	13,570,606	(12,664,056)	-	427,716	2,924	(457,657)	(8,367)	(5,708,834)	5,698,650	8,310,311	(7,449,329)	860,982
IT equipment	20,795,814	(18,557,487)	1,719	2,799,749	1,340	(2,629,070)	20,081	(7,308,299)	7,271,025	16,291,568	(13,896,697)	2,394,871
Interior installations	24,127,182	(19,064,859)	-	468,990	195,589	(1,139,708)	(61,746)	(1,843,034)	1,801,480	22,817,366	(18,333,471)	4,483,895
Transport material	2,670,197	(1,317,531)	1,790	666,260	(69)	(417,320)	(31,165)	(249,615)	219,965	3,005,840	(1,463,329)	1,542,512
Hospital equipment	127,086,630	(99,056,799)	61,610	4,367,042	-	(9,792,579)	-	(1,020,276)	996,304	130,495,005	(107,853,073)	22,641,932
Other equipment	36,721,688	(29,809,715)	11,968	1,613,600	(1,048,585)	(1,993,459)	(3,734)	(156,171)	149,860	37,135,686	(31,650,234)	5,485,451
Artistic assets	1,611,998	-	-	11,854	-	-	-	(7,699)	-	1,616,153	-	1,616,153
Leased equipment	9,387,529	(9,358,653)	-	-	-	(6,379)	-	(2,279,740)	2,279,740	7,107,789	(7,085,292)	22,497
Other tangible assets	6,047,651	(4,248,451)	24,876	863,872	(232,265)	(321,425)	-	(1,271,864)	16,590	5,432,270	(4,553,287)	878,983
Advances by tangible assets	-	-	-	-	1,048,585	-	-	(1,000,000)	-	48,585	-	48,585
	<u>268,152,846</u>	<u>(218,813,843)</u>	<u>133,761</u>	<u>11,698,816</u>	<u>-</u>	<u>(17,462,344)</u>	<u>(124,711)</u>	<u>(21,350,105)</u>	<u>18,941,112</u>	<u>258,337,611</u>	<u>(217,162,078)</u>	<u>41,175,532</u>

	2014											
	Opening Balances		Entry in consolidation perimeter	Additions	Transfers and adjustments	Amortisation for the year	Exchange differences	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment						Gross amount	Amortisation and impairment	Gross Amount	Accumulated amortisation and impairment	Net Amount
Equipment												
Administrative	19,187,420	(18,696,884)	1,066,873	392,558	(150,019)	(530,158)	129,737	(148,051)	145,783	26,133,551	(24,736,292)	1,397,259
Machinery and tools	13,907,124	(12,591,329)	299	163,614	344	(570,367)	398	(523,859)	520,326	13,570,606	(12,664,056)	906,550
IT equipment	14,119,295	(11,973,522)	752,135	1,271,279	(53,443)	(1,860,245)	-	(122,942)	105,770	20,795,814	(18,557,487)	2,238,327
Interior installations	22,650,380	(18,233,520)	191,652	1,284,020	13,774	(849,201)	15,340	(63,088)	53,066	24,127,182	(19,064,859)	5,062,323
Transport material	451,227	(240,995)	126,979	1,140,849	8,260	(219,709)	85,882	(107,002)	107,175	2,670,197	(1,317,531)	1,352,666
Hospital equipment	6,542	(5,819)	30,407,076	671,879	867,818	(3,941,150)	-	(833,006)	856,491	127,086,630	(99,056,799)	28,029,831
Other equipment	4,674,383	(2,529,034)	3,419,572	1,889,764	(1,302,358)	118,500	(71,347)	300,315	142,178	36,721,688	(29,809,715)	6,911,973
Artistic assets	1,565,523	-	38,776	7,699	-	-	-	-	-	1,611,998	-	1,611,998
Leased equipment	9,353,530	(9,337,013)	-	33,999	-	(21,640)	-	-	-	9,387,529	(9,358,653)	28,876
Other tangible assets	24,844	(24,022)	1,042,704	16,184	(357,219)	(326,988)	-	(6,937)	8,309	4,625,326	(4,248,451)	376,875
Tangible assets in progress	-	-	-	1,422,325	-	-	-	-	-	1,422,325	-	1,422,325
	<u>85,940,268</u>	<u>(73,632,138)</u>	<u>37,046,066</u>	<u>8,294,170</u>	<u>(972,843)</u>	<u>(8,200,958)</u>	<u>160,010</u>	<u>(1,504,570)</u>	<u>1,939,098</u>	<u>268,152,846</u>	<u>(218,813,843)</u>	<u>49,339,003</u>

The entries in the consolidation perimeter, in 2015, refer to the acquisition of HME – Gestão Hospitalar, S.A. by Luz Saúde S.A. and, in 2014, the acquisition of Luz Saúde, S.A. and Garantia – Companhia de Seguros de Cabo Verde S.A..



13. Inventories

At 31 December 2015 and 2014, the breakdown of this heading was as follows:

	<u>2015</u>	<u>2014</u>
Hospital Goods	8,141,670	-
Real estate	435,049	539,648
Goods	11,457	7,760,753
Products and works in progress	44,344	64,940
Salvage	11,695	12,353
Other inventories	130,375	112,208
	<u>8,774,590</u>	<u>8,489,902</u>
Impairment of goods (Note 41)	(3,343)	(3,507)
	<u>8,771,247</u>	<u>8,486,395</u>

14. Goodwill

The Group's recognition of goodwill at 31 December 2015 and 2014 was as follows:

	<u>2015</u>			<u>2014</u>		
	<u>Gross Amount</u>	<u>Impairment Loss (Note 41)</u>	<u>Net amount</u>	<u>Gross Amount</u>	<u>Impairment Loss (Note 41)</u>	<u>Net amount</u>
Goodwill recognised in Goodwill						
Cetra - Centro Técnico de Reparação Automóvel, S.A.	8,665	-	8,665	8,665	-	8,665
Universal 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	359,143,778	-	359,143,778
GK Kita Aoyoma Support 2	15,319	-	15,319	-	-	-
	<u>361,819,107</u>	<u>-</u>	<u>361,819,107</u>	<u>361,693,534</u>	<u>-</u>	<u>361,693,534</u>
Goodwill recognised in Investments						
Highgrove - Investimentos e Participações, SGPS, S.A.	957,001	(957,001)	-	957,001	(957,001)	-
	<u>957,001</u>	<u>(957,001)</u>	<u>-</u>	<u>957,001</u>	<u>(957,001)</u>	<u>-</u>
	<u>362,776,108</u>	<u>(957,001)</u>	<u>361,819,107</u>	<u>362,650,535</u>	<u>(957,001)</u>	<u>361,693,534</u>

The following movements occurred in this heading in 2014 and 2015:

Goodwill (net) at 31 December 2013	<u>2,207,445</u>
Acquisition of 55.89% of Garantia – Companhia de Seguros de Cabo Verde, S.A.	342,311
Acquisition of 98.21% of Luz Saúde, S.A.	359,143,778
Goodwill (net) at 31 December 2014	<u>361,693,534</u>
GK Kita acquisition cost change	15,319
Acquisition of 0.21% of Luz Saúde, S.A.	110,254
Goodwill (net) at 31 December 2015	<u>361,819,107</u>



The determination of goodwill for the main companies acquired is as follows:

Goodwill recognised in Goodwill

Acquisition of 55.89% of Garantia – Companhia de Seguros de Cabo Verde, S.A.	6,260,184
Shareholders' equity of corporate acquisition (55.89%) at 30 April 2014	(5,917,873)
	342,311
Acquisition of 98.21% of Luz Saúde, S.A.	474,065,126
Shareholders' equity of corporate acquisition (98.21%) in September 2014	114,921,348
	359,143,778
Acquisition of 68% of Universal Seguros, S.A.	6,059,590
Shareholders' equity of corporate acquisition (70%) in 2011	(3,860,810)
	2,198,780

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.

At least annually, the Group performs impairment tests of goodwill recorded in the balance sheet, in accordance with the requirements of IAS 36 - "Impairment of Assets". With this purpose, "goodwill" is allocated to units generating cash flows and the respective recoverable amount is calculated based on estimates of future cash flows, updated based on discount rates considered appropriate by the Group. Impairment losses related to "goodwill" are registered in the income statement and cannot be reversed.

The recoverable amount of the asset corresponds to the higher value between the fair value less the selling costs and its value in use.

The impairment tests incorporate the information available at the time of their realisation, 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 place for recognition of impairment losses.

15. Other Intangible Assets

In the 2015 and 2014, the other intangible assets headings saw the following movements:

	2015									
	Opening balances					Disposals and write-offs (net)			Closing balances	
	Gross amount	Accumulated amortisation and impairment	Acquisitions	Transfers and adjustments	Amortisation for the year	Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	164,570,421	(149,080,129)	2,731,049	2,182,792	(8,367,301)	(109,317,286)	109,307,623	60,063,579	(48,047,393)	12,016,185
Other intangible assets	335,604	(269,639)	-	372	(2,885)	-	-	335,606	(272,154)	63,452
Intangible assets in progress	5,394,360	-	4,549,011	(2,183,164)	-	-	-	7,760,207	-	7,760,207
	170,300,385	(149,349,768)	7,280,060	-	(8,370,186)	(109,317,286)	109,307,623	68,159,392	(48,319,547)	19,839,845



	2014									
	Opening balances					Disposals and write-offs (net)			Closing balances	
	Gross amount	Accumulated amortisation and impairment	Acquisitions	Transfers and adjustments	Amortisation for the year	Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	147,437,412	(134,088,080)	2,264,968	7,055,870	(7,611,646)	(722,222)	722,222	164,570,421	(149,080,129)	15,490,292
Other intangible assets	240,582	(240,583)	8,473	-	(9,563)	-	-	335,604	(269,639)	65,965
Intangible assets in progress	7,996,581	-	3,599,264	(7,055,870)	-	-	-	5,394,360	-	5,394,360
	<u>155,674,575</u>	<u>(134,328,663)</u>	<u>5,872,705</u>	<u>-</u>	<u>(7,621,209)</u>	<u>(722,222)</u>	<u>722,222</u>	<u>170,300,385</u>	<u>(149,349,768)</u>	<u>20,950,617</u>

At 31 December 2015 and 2014, the values recognised in intangible assets in progress refer to costs incurred with the development of new IT applications (software).

In 2015 and 2014, 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 20,591,949 and EUR 20,432,709 respectively.

In the year 2015, the Group discontinued and wrote off some software applications, which resulted in a decrease in the heading “Other intangible assets” of EUR 109,317,286.

16. Technical Provisions for Reinsurance Ceded

At 31 December 2015 and 2014, technical provisions for reinsurance ceded were composed as follows:

	2015			2014		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	122,501	69,904,231	70,026,732	-	72,820,118	72,820,118
Mathematical provision	12,439,196	-	12,439,196	10,463,963	-	10,463,963
Claims provision						
Reported claims	7,882,623	151,227,189	159,109,812	7,359,607	136,576,128	143,935,735
Claims incurred but not reported (IBNR)	2,517,579	8,337,109	10,854,688	1,438,026	8,249,823	9,687,849
	<u>10,400,202</u>	<u>159,564,298</u>	<u>169,964,500</u>	<u>8,797,633</u>	<u>144,825,951</u>	<u>153,623,584</u>
	<u>22,961,899</u>	<u>229,468,529</u>	<u>252,430,428</u>	<u>19,532,186</u>	<u>217,646,069</u>	<u>237,178,255</u>



Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2015 and 2014, is set out in the following table:

	2015			2014		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	122,501	-	122,501	121,619	-	121,619
Non-life insurance						
Workers` compensation	129,075	(1,070)	128,005	96,933	-	96,933
Personal accidents and passengers	3,945,562	(1,780,912)	2,164,650	3,048,877	(1,266,897)	1,781,980
Health	22,886,922	(38,203)	22,848,719	24,979,237	(35,631)	24,943,606
Fire and other damage	25,004,063	(3,897,501)	21,106,562	26,783,498	(4,162,092)	22,621,406
Motor	590,432	(16,192)	574,240	598,617	(563,864)	34,753
Marine, aviation and transport	315,397	(30,858)	284,539	1,940,137	(207,551)	1,732,586
Third party liability	2,133,889	(181,938)	1,951,951	2,326,841	(207,369)	2,119,472
Credit and suretyship	110,487	(4,106)	106,381	187,167	(5,568)	181,599
Legal Protection	1,908,501	(84)	1,908,417	1,857,634	(84)	1,857,550
Assistance	15,430,591	(1,396)	15,429,195	14,305,140	(1,396)	14,303,744
Other	4,870,287	(1,468,715)	3,401,572	3,895,742	(870,872)	3,024,870
	77,325,206	(7,420,975)	69,904,231	80,019,823	(7,321,324)	72,698,499
	77,447,707	(7,420,975)	70,026,732	80,141,442	(7,321,324)	72,820,118

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded at 31 December 2015 and 2014:

	2015			
	Opening balances	Liabilities originated in the year	Exchange differences	Closing balance
Life Insurance				
Provision for unearned premiums	121,619	882	-	122,501
Non-life insurance				
Provision for unearned premiums				
Workers` compensation	96,933	32,547	(405)	129,075
Personal accidents and passengers	3,048,877	895,221	1,464	3,945,562
Health	24,979,237	(1,830,041)	(262,274)	22,886,922
Fire and other damage	26,783,498	(1,582,670)	(196,765)	25,004,063
Motor	598,617	(537,658)	529,473	590,432
Marine, aviation and transport	1,940,137	(1,624,327)	(413)	315,397
Third party liability	2,326,841	(150,025)	(42,927)	2,133,889
Credit and suretyship	187,167	(76,684)	4	110,487
Legal Protection	1,857,634	51,220	(353)	1,908,501
Assistance	14,305,140	1,132,180	(6,729)	15,430,591
Other	3,895,742	974,546	(1)	4,870,287
	80,019,823	(2,715,691)	21,074	77,325,206
Deferred acquisition costs				
Workers` compensation	-	(1,018)	(52)	(1,070)
Personal accidents and passengers	(1,266,897)	(514,660)	645	(1,780,912)
Health	(35,631)	(24,058)	21,486	(38,203)
Fire and other damage	(4,162,092)	113,246	151,345	(3,897,501)
Motor	(563,864)	512,995	34,677	(16,192)
Marine, aviation and transport	(207,551)	171,632	5,061	(30,858)
Third party liability	(207,369)	517	24,914	(181,938)
Credit and suretyship	(5,568)	1,466	(4)	(4,106)
Legal Protection	(84)	-	-	(84)
Assistance	(1,396)	-	-	(1,396)
Other	(870,872)	(597,843)	-	(1,468,715)
	(7,321,324)	(337,723)	238,072	(7,420,975)
	72,820,118	(3,052,532)	259,146	70,026,732



	2014				
	Opening balances	Liabilities originated in the year	Exchange differences	Entry in consolidation perimeter	Closing balance
Life Insurance					
Provision for unearned premiums	-	121,619	-	-	121,619
Non-life insurance					
Provision for unearned premiums					
Workers` compensation	89,093	7,435	-	405	96,933
Personal accidents and passengers	3,628,722	(573,943)	(68,519)	62,617	3,048,877
Health	25,638,462	(813,219)	153,994	-	24,979,237
Fire and other damage	27,075,702	(190,093)	(315,297)	213,186	26,783,498
Motor	1,394,065	(1,930,696)	672,175	463,073	598,617
Marine, aviation and transport	1,897,778	1,517	9,292	31,550	1,940,137
Third party liability	2,607,894	(300,705)	(5,725)	25,377	2,326,841
Credit and suretyship	218,118	(30,937)	(14)	-	187,167
Legal Protection	1,817,321	43,418	(3,105)	-	1,857,634
Assistance	14,661,182	(356,459)	(5,011)	5,428	14,305,140
Other	3,245,521	650,219	2	-	3,895,742
	<u>82,273,858</u>	<u>(3,493,463)</u>	<u>437,792</u>	<u>801,636</u>	<u>80,019,823</u>
Deferred acquisition costs					
Personal accidents and passengers	(1,563,083)	296,340	(154)	-	(1,266,897)
Health	(6,486)	(27,828)	(1,317)	-	(35,631)
Fire and other damage	(4,101,881)	(41,546)	(18,665)	-	(4,162,092)
Motor	(224,148)	(310,622)	(29,094)	-	(563,864)
Marine, aviation and transport	(246,280)	39,033	(304)	-	(207,551)
Third party liability	(184,627)	(20,017)	(2,725)	-	(207,369)
Credit and suretyship	(7,084)	1,519	(3)	-	(5,568)
Legal Protection	(43)	(40)	(1)	-	(84)
Assistance	(1,327)	(69)	-	-	(1,396)
Other	(780,282)	(90,590)	-	-	(870,872)
	<u>(7,115,241)</u>	<u>(153,820)</u>	<u>(52,263)</u>	<u>-</u>	<u>(7,321,324)</u>
	<u>75,158,617</u>	<u>(3,525,664)</u>	<u>385,529</u>	<u>801,636</u>	<u>72,820,118</u>

Information on the claims provision for reinsurance ceded, at 31 December 2015 and 2014, is set out below:

	2015			2014		
	Reported	Not reported	Total	Reported	Not reported	Total
Life Insurance	7,882,623	2,517,579	10,400,202	7,359,607	1,438,026	8,797,633
Non-life insurance	151,227,189	8,337,109	159,564,297	136,576,128	8,249,823	144,825,951
Workers` compensation	944,656	37,218	981,874	934,544	920	935,464
Personal accidents and passengers	7,849,321	75,611	7,924,932	7,194,075	36,248	7,230,323
Health	46,202,717	3,283,105	49,485,822	43,710,036	3,511,526	47,221,562
Fire and other damage	55,773,622	3,762,798	59,536,420	42,828,819	3,454,856	46,283,675
Motor	7,311,215	3,589	7,314,804	6,459,596	1,210	6,460,806
Marine, aviation and transport	5,825,545	190,765	6,016,311	8,375,967	237,901	8,613,868
Third party liability	22,043,573	111,883	22,155,456	21,778,548	42,240	21,820,788
Credit and suretyship	396	27,441	27,837	472	27,441	27,913
Assistance	-	-	-	(1,599)	-	(1,599)
Other	5,276,144	844,697	6,120,841	5,295,670	937,481	6,233,151
	<u>159,109,811</u>	<u>10,854,688</u>	<u>169,964,500</u>	<u>143,935,735</u>	<u>9,687,849</u>	<u>153,623,584</u>



The following tables provide information on the movement in the claims provisions for reinsurance ceded at 31 December 2015 and 2014:

	2015				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	8,797,633	8,219,258	(6,616,689)	-	10,400,202
Non-life insurance	144,825,951	223,772,223	(206,071,408)	(2,962,469)	159,564,297
Workers' compensation	935,464	1,860,864	(1,729,730)	(84,724)	981,874
Personal accidents and passengers	7,230,323	1,311,284	(617,569)	894	7,924,932
Health	47,221,562	162,578,242	(157,658,392)	(2,655,590)	49,485,822
Fire and other damage	46,283,675	41,742,153	(28,360,547)	(128,861)	59,536,420
Motor	6,460,806	3,013,515	(2,074,512)	(85,005)	7,314,804
Marine, aviation and transport	8,613,868	1,650,394	(4,243,519)	(4,432)	6,016,311
Third party liability	21,820,788	1,953,876	(1,614,457)	(4,751)	22,155,456
Credit and suretyship	27,913	1,232	(1,308)	-	27,837
Other	6,231,552	9,660,663	(9,771,374)	-	6,120,841
	153,623,584	231,991,482	(212,688,097)	(2,962,469)	169,964,500

	2014					
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Entry in consolidation perimeter	Closing balance
Life insurance	12,979,640	4,715,579	(8,897,586)	-	40,811	8,797,633
Non-life insurance	175,130,419	64,958,885	(95,226,075)	(37,278)	4,338,354	144,825,951
Workers' compensation	324,893	693,954	(83,361)	(22)	996,255	935,464
Personal accidents and passengers	7,360,071	385,894	(515,641)	(1)	34,385	7,230,323
Health	39,164,744	8,238,928	(146,458)	(35,652)	-	47,221,562
Fire and other damage	60,283,181	63,468,053	(77,466,061)	(1,498)	89,920	46,283,675
Motor	14,482,757	(5,871,586)	(2,150,365)	-	2,943,860	6,460,806
Marine, aviation and transport	10,233,612	4,715,560	(6,335,304)	-	250,276	8,613,868
Third party liability	30,096,991	(6,614,252)	(1,661,846)	(105)	25,257	21,820,788
Credit and suretyship	18,227	17,542	(7,856)	-	(1,599)	27,913
Other	13,165,943	(75,208)	(6,859,183)	-	-	6,231,552
	188,110,059	69,674,464	(104,123,661)	(37,278)	4,379,165	153,623,584

Liabilities originated in the year and the amounts paid are not deducted from the reinsurers' portion of the processed reimbursements.



17. Other Debtors for Insurance and Other Operations

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
Accounts receivable for direct insurance operations:		
Premiums pending collection	81,585,764	82,938,689
Claims reimbursements	18,403,133	19,910,848
Brokers	54,160,807	33,796,027
Co-insurers	14,457,905	14,086,851
Other:		
IFAP	8,022,707	12,996,745
Worker's compensation fund	2,159,507	2,234,402
Others	650,519	1,732,136
	<u>179,440,342</u>	<u>167,695,698</u>
(Adjustments to premiums pending collection - Note 41)	(14,320,358)	(13,272,359)
(IFAP adjustments - Note 41)	(424,635)	(650,826)
(Adjustments for doubtful debts - Note 41)	<u>(10,118,578)</u>	<u>(28,142,515)</u>
	<u>154,576,771</u>	<u>125,629,998</u>
Accounts receivable for other reinsurance operations:		
Reinsurers' current accounts	22,411,005	20,718,717
Reinsureds' current accounts	447,913	560,772
	<u>22,858,918</u>	<u>21,279,489</u>
(Adjustments for doubtful debts - Note 41)	<u>(8,996,572)</u>	<u>(11,815,466)</u>
	<u>13,862,346</u>	<u>9,464,023</u>
Accounts receivable for other operations:		
Group companies	8,868	10,161
Associates	772,152	1,074,071
Other shareholders	2,147,427	1,256,484
Employees	1,586,763	1,266,038
Pension fund	46,395	32,913
Clients - current accounts	96,954,502	91,169,256
IFAP	4,596,206	8,509,412
Debtors - items held under custody	258,469	-
Transactions to be settled	-	17,894,526
Real estate rentals	2,695,334	3,118,230
Advance to suppliers	970,882	4,738,944
Others	21,485,176	25,338,841
	<u>131,522,174</u>	<u>154,408,876</u>
(Adjustments for doubtful debts - Note 41)	<u>(25,469,839)</u>	<u>(40,823,192)</u>
	<u>106,052,335</u>	<u>113,585,684</u>
	<u>274,491,452</u>	<u>248,679,705</u>

In the years 2015 and 2014 the value under the item “Clients - current accounts” includes the amount of EUR 91,579,431 and EUR 88,521,171, 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.

Balances receivable from IFAP correspond, essentially, to bonuses and compensation for excess claims regarding crop insurance campaigns from 2007 to 2015.



18. Tax Assets and Liabilities

The balances for tax assets and liabilities at 31 December 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
<u>Current tax assets</u>		
Others	1,145,567	367,771
	<u>1,145,567</u>	<u>367,771</u>
<u>Current tax liabilities</u>		
Income tax payable	(28,618,713)	(26,445,098)
Others		
Stamp duty	(8,859,464)	(8,205,090)
Motor insurance guarantee fund	(2,254,321)	(2,283,164)
Workers' compensation fund	(4,736,344)	(4,205,335)
National Civil Protection Authority Tax	(1,858,028)	(1,717,059)
Portuguese Insurance Institute Tax	(1,802,432)	(1,958,743)
Nacional Medical Emergency Institute Tax	(2,569,131)	(2,029,025)
Social Security	(5,848,877)	(5,200,694)
Deductions	(7,036,985)	(7,034,018)
Other	(1,193,495)	(1,512,601)
	<u>(64,777,790)</u>	<u>(60,590,827)</u>
Deferred tax assets	271,594,158	158,243,507
Deferred tax liabilities	(146,994,184)	(138,720,804)
	<u>124,599,974</u>	<u>19,522,703</u>
Total	<u>60,967,751</u>	<u>(40,700,353)</u>

At 31 December 2015 and 2014, the balances relating to current income tax assets and liabilities break down as follows:

	<u>2015</u>	<u>2014</u>
Income tax estimate recognised as a charge to the income statement	(124,684,026)	(89,299,517)
Income tax estimate recognised as a charge to reserves	7,826,663	(317,095)
Deductions at source	5,959,498	8,268,403
Payments on account	80,668,042	59,318,802
Others	1,611,110	(4,415,692)
	<u>(28,618,713)</u>	<u>(26,445,098)</u>

In 2015 and 2014 the heading “Income tax estimate recognised as a charge to the income statement” corresponds to the amount of the estimate of Corporation Tax (IRC) plus Municipal Surcharge, separately taxed items and State Surcharge calculated as set out by law.

In 2015 and 2014, the income tax registered in reserves is the result of the variation in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the variation in actuarial deviations relating to post-employment benefits granted to employees.



Movements of deferred taxes during 2015 and 2014 were:

	2015					Closing balance
	Opening balance	Change in			Exchange differences	
	Shareholder's equity	Income statement	Consolidation Adjustments			
Valuation of available-for-sale investments	(111,606,475)	66,508,854	-	-	-	(45,097,621)
Properties:						
- For own use	(519,603)	101,068	(142,435)	680,894	-	119,924
- Investment properties	25,889,663	-	(5,351,341)	-	(1,277,743)	19,260,579
Provisions and impairment temporarily not allowed for fiscal purposes	100,173,010	351,032	40,585,032	23,915	472,490	141,605,479
Employee benefits	10,851,647	-	1,473,308	273,144	-	12,598,099
Carry-back of tax losses	(285,527)	-	1,481,719	(104,468)	-	1,091,724
Other	(4,980,012)	-	214,156	(212,354)	-	(4,978,210)
	<u>19,522,703</u>	<u>66,960,954</u>	<u>38,260,439</u>	<u>661,131</u>	<u>(805,253)</u>	<u>124,599,974</u>

	2014					Closing balance
	Opening balance	Change in			Others	
	Entry in perimeter	Shareholder's equity	Income statement			
Valuation of available-for-sale investments	(25,399,029)	(874,548)	(85,357,019)	88,937	(64,816)	(111,606,475)
Properties:						
- For own use	10,746,978	(26,625,435)	15,962,488	(4,414,089)	3,810,455	(519,603)
- Investment properties	39,955,454	(11,827,246)	-	(2,238,545)	-	25,889,663
Provisions and impairment temporarily not allowed for fiscal purposes	77,348,809	13,496,054	(253,016)	8,921,488	659,675	100,173,010
Employee benefits	11,043,517	-	-	(192,137)	268	10,851,647
Carry-back of tax losses	1,057,439	99,736	-	(1,442,702)	-	(285,527)
Other	35,657	(7,070,101)	-	2,948,253	(893,822)	(4,980,012)
	<u>114,788,825</u>	<u>(32,801,540)</u>	<u>(69,647,547)</u>	<u>3,671,205</u>	<u>3,511,760</u>	<u>19,522,703</u>

In 2015 the tax rate was 29.5% (in 2014 the tax rate was 27.5%), except for the part corresponding to tax losses, where the tax rate was 21%.

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of the 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 IRC Code, but are reported as taxable income in the 2012 tax year and the following nine taxation periods.



The costs with income tax recognised in gains and losses, and the tax burden, measured by the ratio between the allocation for income tax and the profit in the year before tax, may be represented as follows:

	2015	2014
Current tax		
Estimated tax for the year	98,446,224	69,432,167
State surcharge	24,702,501	19,565,698
Separately taxed items	961,615	1,037,114
	<u>124,110,340</u>	<u>90,034,979</u>
Other	573,686	(735,462)
	<u>124,684,026</u>	<u>89,299,517</u>
Deferred tax	(38,260,439)	(3,671,205)
Total tax in income statement	<u>86,423,587</u>	<u>85,628,312</u>
Consolidated income before tax and non-controlling interests	<u>372,532,046</u>	<u>266,161,601</u>
Tax burden	23.20%	32.17%

Reconciliation between the nominal tax rate and the effective tax rate in the 2015 and 2014 was as follows:

	2015		2014	
	Rate	Tax	Rate	Tax
Income before tax		<u>372,532,046</u>		<u>266,161,601</u>
Income tax calculated at nominal rate	25.14%	93,654,706	31.16%	82,945,903
Definitive differences to be deducted:				
Dividends from equity instruments	(0.69%)	(2,580,406)	(1.21%)	(3,217,556)
Net capital losses, non-deductible provisions and impairment	(0.33%)	(1,239,190)	-	-
Capital losses included in the net profit	(14.51%)	(54,040,070)	(7.18%)	(19,123,568)
Properties capital gains and losses	-	-	(0.22%)	(590,521)
Surplus tax estimate	(0.00%)	(18,209)	-	-
Not relevant for fiscal purposes provisions	(0.36%)	(1,340,424)	-	-
Prior year adjustments	(0.01%)	(34,074)	(0.44%)	(1,160,854)
Negative equity variations	(0.36%)	(1,338,673)	-	-
Others	-	-	(2.56%)	(6,806,454)
Definitive differences to be added:				
Non-deductible social utility actions	0.01%	21,414	-	-
Not relevant for fiscal purposes provisions	2.65%	9,878,915	1.38%	3,662,972
Properties capital gains and losses	1.92%	7,152,873	-	-
Capital gains (computed in fiscal terms)	10.54%	39,280,542	0.91%	2,414,242
Non-Deductable impairments	1.06%	3,931,506	6.29%	16,751,160
Payment of termination benefits to employees, post-employment benefits and other long term benefits to employees	0.26%	984,013	-	-
Other	0.84%	3,112,016	-	-
Fiscal benefits:				
Net job creation	(0.38%)	(1,412,079)	(0.04%)	(116,567)
Others	(0.05%)	(170,464)	(0.07%)	(173,845)
Autonomous taxation	0.38%	1,426,890	0.39%	1,037,114
Deferred Taxes Assets and Liabilities - Taxe rate change effect	(2.91%)	(10,845,701)	3.76%	10,006,286
	<u>23.20%</u>	<u>86,423,587</u>	<u>32.17%</u>	<u>85,628,312</u>



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, the Management of the various subsidiaries consider that there is unlikely to be any correction relating to the prior years which would be significant for these financial statements.

Pursuant to current legislation, tax losses for 2015 and 2014 may be carried forward up to 12 years after they occur and may be deducted from the tax profit generated during that period (while the reporting period for tax losses generated in 2013 and 2012 is five years, for those generated in 2011 it is 4 years and for those generated in 2009 it is 6 years).

19. Accruals and Deferrals

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
Accrued income	51,046,037	40,342,299
Deferred expenses:		
Commission on the issue of financial products	12,502,337	9,763,550
Insurance	2,099,219	848,607
Rents and leases	2,253,684	2,335,701
Assistance for IT equipment	1,326,443	1,348,491
Advertising	438,495	346,450
APS subscriptions	312,258	294,293
Software licences	873,681	930,486
Fees/Commissions	-	923
Other	2,029,100	3,259,944
	<u>72,881,254</u>	<u>59,470,744</u>

At 31 December 2015 and 2014, the heading “Accrued income” includes estimates of the profit commissions receivable from life reinsurers, of EUR 3,658,000 and EUR 5,594,467 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.



20. Technical Provisions

At 31 December 2015 and 2014, technical provisions for direct insurance and reinsurance accepted were composed as follows:

	2015			2014		
	Life	Non-life	Total	Life	Non-life	Total
Provision for unearned premiums	1,796,858	277,029,326	278,826,184	1,515,796	269,655,046	271,170,842
Mathematical provision for life insurance	1,632,994,332	-	1,632,994,332	1,667,380,282	-	1,667,380,282
Claims provision:						
Reported claims	98,652,055	1,535,315,978	1,633,968,033	97,964,418	1,538,549,371	1,636,513,789
Claims incurred but not reported (IBNR)	25,971,059	83,346,935	109,317,994	25,851,773	84,523,477	110,375,250
	124,623,114	1,618,662,913	1,743,286,027	123,816,191	1,623,072,848	1,746,889,039
Provision for profit sharing	68,763,675	1,764	68,765,439	109,128,835	59,481	109,188,316
Provision for interest rate commitments	5,626,534	-	5,626,534	7,454,750	-	7,454,750
Provision for portfolio stabilisation	25,272,158	-	25,272,158	24,502,158	-	24,502,158
Equalisation provision	-	22,471,715	22,471,715	-	20,994,212	20,994,212
Provision for unexpired risks	-	60,942,866	60,942,866	-	58,757,609	58,757,609
	<u>99,662,367</u>	<u>83,416,345</u>	<u>183,078,712</u>	<u>141,085,743</u>	<u>79,811,302</u>	<u>220,897,045</u>
	<u>1,859,076,671</u>	<u>1,979,108,584</u>	<u>3,838,185,255</u>	<u>1,933,798,012</u>	<u>1,972,539,196</u>	<u>3,906,337,208</u>

At 31 December 2015 and 2014, the provisions for unearned premiums on direct insurance and reinsurance accepted was as follows:

	2015			2014		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance:	<u>1,796,858</u>	<u>-</u>	<u>1,796,858</u>	<u>1,515,796</u>	<u>-</u>	<u>1,515,796</u>
Non-life insurance:						
Workers' compensation	13,576,921	(2,254,113)	11,322,808	13,345,392	(2,304,492)	11,040,900
Personal accidents and passengers	7,675,687	(1,316,971)	6,358,716	7,036,245	(1,366,041)	5,670,204
Health	29,767,423	(3,225,894)	26,541,529	25,874,826	(2,882,523)	22,992,303
Fire and other damage	91,305,491	(15,890,424)	75,415,067	91,907,877	(15,660,706)	76,247,171
Motor	158,667,505	(30,153,372)	128,514,133	154,767,285	(30,127,098)	124,640,187
Marine, aviation and transport	2,087,376	(343,297)	1,744,079	2,870,575	(306,893)	2,563,682
Third party liability	9,490,617	(1,443,513)	8,047,104	9,542,956	(1,509,460)	8,033,496
Credit and suretyship	236,469	(16,990)	219,479	345,451	(23,398)	322,053
Legal Protection	2,448,341	(487,963)	1,960,378	2,446,658	(488,459)	1,958,199
Assistance	12,569,876	(2,503,790)	10,066,086	11,431,840	(2,271,938)	9,159,902
Other	8,449,690	(1,609,743)	6,839,947	8,697,796	(1,670,847)	7,026,949
	<u>336,275,396</u>	<u>(59,246,070)</u>	<u>277,029,326</u>	<u>328,266,901</u>	<u>(58,611,855)</u>	<u>269,655,046</u>
	<u>338,072,254</u>	<u>(59,246,070)</u>	<u>278,826,184</u>	<u>329,782,697</u>	<u>(58,611,855)</u>	<u>271,170,842</u>



The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2015 and 2014 were as follows:

	2015			Closing Balance
	Opening Balance	Liabilities originated in the year	Exchange Differences	
Provision for unearned premiums				
Life insurance	<u>1,515,796</u>	<u>281,321</u>	<u>(259)</u>	<u>1,796,858</u>
Provision for unearned premiums:				
Non-life insurance:				
Workers' compensation	13,345,392	185,576	45,953	13,576,921
Personal accidents and passengers	7,036,245	643,009	(3,567)	7,675,687
Health	25,874,826	4,947,940	(1,055,343)	29,767,423
Fire and other damage	91,907,877	(235,138)	(367,248)	91,305,491
Motor	154,767,285	4,391,467	(491,247)	158,667,505
Marine, aviation and transport	2,870,575	(778,980)	(4,219)	2,087,376
Third party liability	9,542,956	(14,035)	(38,304)	9,490,617
Credit and suretyship	345,451	(108,163)	(819)	236,469
Legal Protection	2,446,658	4,498	(2,815)	2,448,341
Assistance	11,431,840	1,139,190	(1,154)	12,569,876
Other	8,697,796	(248,105)	-	8,449,691
	<u>328,266,901</u>	<u>9,927,259</u>	<u>(1,918,763)</u>	<u>336,275,397</u>
Deferred acquisition costs:				
Non-life insurance:				
Workers' compensation	(2,304,492)	53,779	(3,400)	(2,254,113)
Personal accidents and passengers	(1,366,041)	49,580	(510)	(1,316,971)
Health	(2,882,523)	(403,107)	59,735	(3,225,895)
Fire and other damage	(15,660,706)	(243,904)	14,186	(15,890,424)
Motor	(30,127,098)	334,220	(360,494)	(30,153,372)
Marine, aviation and transport	(306,893)	(36,750)	346	(343,297)
Third party liability	(1,509,460)	62,464	3,483	(1,443,513)
Credit and suretyship	(23,398)	6,421	(13)	(16,990)
Legal Protection	(488,459)	147	349	(487,963)
Assistance	(2,271,938)	(231,919)	67	(2,503,790)
Other	(1,670,847)	248,816	(187,712)	(1,609,743)
	<u>(58,611,855)</u>	<u>(160,253)</u>	<u>(473,963)</u>	<u>(59,246,071)</u>
	<u>271,170,842</u>	<u>10,048,327</u>	<u>(2,392,985)</u>	<u>278,826,184</u>



	2014				Closing Balance
	Opening Balance	Entry in the consolidation perimeter	Liabilities originated in the year	Exchange Differences	
Provision for unearned premiums					
Life insurance	<u>1,501,766</u>	<u>-</u>	<u>(14,030)</u>	<u>28,060</u>	<u>1,515,796</u>
Provision for unearned premiums:					
Non-life insurance:					
Workers' compensation	13,937,093	11,795	(602,883)	(613)	13,345,392
Personal accidents and passengers	8,824,034	30,521	(1,820,126)	1,816	7,036,245
Health	26,048,868	-	(366,256)	192,214	25,874,826
Fire and other damage	91,836,151	412,980	(538,477)	197,223	91,907,877
Motor	149,484,120	1,002,144	4,184,146	96,875	154,767,285
Marine, aviation and transport	2,998,009	44,759	(182,993)	10,800	2,870,575
Third party liability	9,214,658	35,028	255,442	37,828	9,542,956
Credit and suretyship	416,330	51,298	(119,839)	(2,338)	345,451
Legal Protection	2,542,647	-	(94,550)	(1,439)	2,446,658
Assistance	11,534,703	649	(103,717)	205	11,431,840
Other	6,902,054	-	1,795,742	-	8,697,796
	<u>323,738,667</u>	<u>1,589,174</u>	<u>2,406,489</u>	<u>532,571</u>	<u>328,266,901</u>
Deferred acquisition costs:					
Non-life insurance:					
Workers' compensation	(2,327,295)	-	31,492	(8,689)	(2,304,492)
Personal accidents and passengers	(1,746,592)	-	380,167	384	(1,366,041)
Health	(2,552,481)	-	(322,578)	(7,464)	(2,882,523)
Fire and other damage	(15,782,875)	-	99,411	22,758	(15,660,706)
Motor	(29,548,355)	-	122,735	(701,478)	(30,127,098)
Marine, aviation and transport	(344,603)	-	37,917	(207)	(306,893)
Third party liability	(1,534,179)	-	26,465	(1,746)	(1,509,460)
Credit and suretyship	(57,367)	-	33,970	(1)	(23,398)
Legal Protection	(364,300)	-	(124,132)	(27)	(488,459)
Assistance	(1,691,060)	-	(580,864)	(14)	(2,271,938)
Other	(1,129,806)	-	(156,391)	(384,650)	(1,670,847)
	<u>(57,078,913)</u>	<u>-</u>	<u>(451,808)</u>	<u>(1,081,134)</u>	<u>(58,611,855)</u>
	<u>268,161,520</u>	<u>1,589,174</u>	<u>1,940,651</u>	<u>(520,503)</u>	<u>271,170,842</u>



At 31 December 2015 and 2014, the claims provision on direct insurance and reinsurance accepted was as follows:

	2015			2014		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	98,652,055	25,971,059	124,623,114	97,964,418	25,851,773	123,816,191
Non-life insurance:	1,535,315,978	83,346,935	1,618,662,913	1,538,549,371	84,523,477	1,623,072,847
Workers' compensation:	776,751,895	12,128,394	788,880,289	773,425,662	12,735,283	786,160,945
Mathematical provision	565,149,550	934,466	566,084,016	558,239,893	1,014,860	559,254,753
Provision for lifelong assistance	160,826,545	7,911,113	168,737,658	160,168,426	7,949,314	168,117,740
Provision for temporary assistance	50,775,800	3,282,815	54,058,615	55,017,343	3,771,109	58,788,452
Other:	758,564,083	71,218,541	829,782,624	765,123,709	71,788,193	836,911,902
Personal accidents and passengers	22,226,900	475,506	22,702,406	15,041,798	428,766	15,470,564
Health	48,315,071	3,591,133	51,906,204	41,753,695	3,739,732	45,493,427
Fire and other damage	116,221,715	13,406,427	129,628,142	109,426,077	13,515,666	122,941,743
Motor	450,003,508	45,573,615	495,577,123	471,160,977	46,079,521	517,240,498
Marine, aviation and transport	11,088,308	1,076,856	12,165,164	13,442,332	975,988	14,418,320
Third party liability	103,345,420	5,300,845	108,646,265	106,472,259	5,036,413	111,508,672
Credit and suretyship	827,284	74,844	902,128	781,303	76,572	857,875
Legal Protection	15,549	8,314	23,863	64,009	13,451	77,460
Assistance	65,075	37,938	103,013	157,209	51,132	208,341
Other	6,455,253	1,673,063	8,128,316	6,824,050	1,870,952	8,695,002
	1,633,968,033	109,317,994	1,743,286,027	1,636,513,789	110,375,249	1,746,889,038

The movement in the claims provision on direct insurance and reinsurance accepted during 2015 and 2014 was as follows:

	2015				
	Opening Balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing Balance
Life insurance	123,816,191	285,667,316	(284,860,393)	-	124,623,114
Non-life insurance:	1,623,072,847	734,135,105	(739,762,311)	1,217,272	1,618,662,913
Workers' compensation	786,160,945	115,439,344	(113,790,207)	1,070,207	788,880,289
Personal accidents and passengers	15,470,564	15,007,619	(7,776,344)	567	22,702,406
Health	45,493,427	177,853,977	(171,922,316)	481,116	51,906,204
Fire and other damage	122,941,743	107,833,327	(101,262,381)	115,453	129,628,142
Motor	517,240,498	291,182,362	(312,387,091)	(458,646)	495,577,123
Marine, aviation and transport	14,418,320	3,654,560	(5,912,602)	4,886	12,165,164
Third party liability	111,508,672	7,930,628	(10,796,724)	3,689	108,646,265
Credit and suretyship	857,875	311,430	(267,177)	-	902,128
Legal Protection	77,460	(46,560)	(7,037)	-	23,863
Assistance	208,341	(102,639)	(2,689)	-	103,013
Other	8,695,002	15,071,057	(15,637,743)	-	8,128,316
	1,746,889,038	1,019,802,421	(1,024,622,704)	1,217,272	1,743,286,027



	2014				
	Opening Balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing Balance
Life insurance:	108,459,953	349,831,805	(334,475,567)	-	123,816,191
Non-life insurance:	1,673,494,242	733,032,946	(783,613,910)	159,569	1,623,072,847
Workers' compensation	780,175,136	138,489,608	(132,579,823)	76,024	786,160,945
Personal accidents and passengers	15,408,171	9,990,563	(9,928,340)	170	15,470,564
Health	40,824,971	154,577,947	(149,952,712)	43,221	45,493,427
Fire and other damage	139,283,568	122,502,247	(138,844,672)	600	122,941,743
Motor	563,045,172	257,128,341	(302,972,471)	39,456	517,240,498
Marine, aviation and transport	12,670,066	14,019,422	(12,271,180)	12	14,418,320
Third party liability	111,570,689	22,062,839	(22,124,942)	86	111,508,672
Credit and suretyship	455,007	1,223,228	(820,360)	-	857,875
Legal Protection	5,768	76,950	(5,258)	-	77,460
Assistance	617	221,592	(13,868)	-	208,341
Other	10,055,077	12,740,209	(14,100,284)	-	8,695,002
	<u>1,781,954,195</u>	<u>1,082,864,751</u>	<u>(1,118,089,477)</u>	<u>159,569</u>	<u>1,746,889,038</u>

Liabilities originated in the year and the amounts paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Group.

At 31 December 2015 and 2014, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

	2015	2014
Non-life insurance:		
Workers' compensation	25,114,103	23,277,225
Personal accidents and passengers	368,105	252,441
Health	3,682,055	3,428,386
Fire and other damage	3,291,533	5,174,504
Motor	21,311,698	19,452,738
Marine, aviation and transport	39,286	4,909
Third party liability	1,036,256	577,070
Credit and suretyship	55,297	3,082
Legal Protection	-	306
Assistance	6,008,104	6,586,948
Others	36,429	-
	<u>60,942,866</u>	<u>58,757,609</u>

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2015 and 2014 was as follows:

	2015		
	Opening Balance	Appropriations for the year	Closing Balance
Non-life insurance			
Workers' compensation	23,277,225	1,836,878	25,114,103
Personal accidents and passengers	252,441	115,664	368,105
Health	3,428,386	253,669	3,682,055
Fire and other damage	5,174,504	(1,882,971)	3,291,533
Motor	19,452,738	1,858,960	21,311,698
Marine, aviation and transport	4,909	34,377	39,286
Third party liability	577,070	459,186	1,036,256
Credit and suretyship	3,082	52,215	55,297
Legal Protection	306	(306)	-
Assistance	6,586,948	(578,844)	6,008,104
Others	-	36,429	36,429
	<u>58,757,609</u>	<u>2,185,257</u>	<u>60,942,866</u>



	2014		
	Opening Balance	Appropriations for the year	Closing Balance
Non-life insurance			
Workers' compensation	14,164,542	9,112,683	23,277,225
Personal accidents and passengers	32,741	219,700	252,441
Health	2,812,806	615,580	3,428,386
Fire and other damage	8,781,827	(3,607,323)	5,174,504
Motor	14,404,460	5,048,278	19,452,738
Marine, aviation and transport	48,067	(43,158)	4,909
Third party liability	490,189	86,881	577,070
Credit and suretyship	174,721	(171,639)	3,082
Legal Protection	-	306	306
Assistance	101,981	6,484,967	6,586,948
	<u>41,011,334</u>	<u>17,746,275</u>	<u>58,757,609</u>

At 31 December 2015 and 2014, the mathematical provision for life insurance and the provision for profit sharing in direct insurance and reinsurance accepted were as follows:

	2015				
	Mathematical provision	Deferred acquisition costs	Total Mathematical provision	Provision for profit sharing	Total
Insurance contracts:					
Life individual risk	54,341,483	(3,544)	54,337,939	15,182,138	69,520,077
Life group risk	156,392,984	-	156,392,984	15,702,383	172,095,367
Life individual capitalisation	22,236,205	(51,388)	22,184,817	31,283	22,216,100
Life group capitalisation	2,860,953	-	2,860,953	-	2,860,953
	<u>235,831,625</u>	<u>(54,932)</u>	<u>235,776,693</u>	<u>30,915,804</u>	<u>266,692,497</u>
Investment contracts with a discretionary profit sharing component:					
Life individual capitalisation	293,471,531	(15,358)	293,456,173	13,839,322	307,295,495
Life group capitalisation	283,509,699	-	283,509,699	6,528,762	290,038,461
Life individual PPR	820,287,800	(36,033)	820,251,767	17,479,787	837,731,554
	<u>1,397,269,030</u>	<u>(51,391)</u>	<u>1,397,217,639</u>	<u>37,847,871</u>	<u>1,435,065,510</u>
	<u>1,633,100,655</u>	<u>(106,323)</u>	<u>1,632,994,332</u>	<u>68,763,675</u>	<u>1,701,758,007</u>



	2014				
	Mathematical provision	Deferred acquisition costs	Total Mathematical provision	Provision for profit sharing	Total
Insurance contracts:					
Life individual risk	45,771,268	(2,961)	45,768,307	14,912,243	60,680,550
Life group risk	162,168,143	-	162,168,143	16,134,452	178,302,595
Life individual capitalisation	17,354,865	(47,830)	17,307,035	21,882	17,328,917
Life group capitalisation	2,727,555	-	2,727,555	-	2,727,555
	<u>228,021,831</u>	<u>(50,791)</u>	<u>227,971,040</u>	<u>31,068,577</u>	<u>259,039,617</u>
Investment contracts with a discretionary profit sharing component:					
Life individual capitalisation	318,563,386	(19,881)	318,543,505	26,149,839	344,693,344
Life group capitalisation	271,343,465	-	271,343,465	6,398,546	277,742,011
Life individual PPR	849,568,155	(45,883)	849,522,272	45,511,873	895,034,145
	<u>1,439,475,006</u>	<u>(65,764)</u>	<u>1,439,409,242</u>	<u>78,060,258</u>	<u>1,517,469,500</u>
	<u>1,667,496,837</u>	<u>(116,555)</u>	<u>1,667,380,282</u>	<u>109,128,835</u>	<u>1,776,509,117</u>

The movement in the mathematical provision and in the provision for profit sharing in direct insurance and reinsurance accepted during 2015 and 2014 were as follows:

	2015						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted:							
Mathematical provision:							
- Insurance contracts	227,971,040	7,289,121	-	(4,142)	-	520,674	235,776,693
- Investment contracts with a discretionary profit-sharing component	<u>1,439,409,242</u>	<u>(52,768,910)</u>	<u>-</u>	<u>14,374</u>	<u>418,385</u>	<u>10,144,548</u>	<u>1,397,217,639</u>
	<u>1,667,380,282</u>	<u>(45,479,789)</u>	<u>-</u>	<u>10,232</u>	<u>418,385</u>	<u>10,665,222</u>	<u>1,632,994,332</u>
Profit sharing provision							
- Insurance contracts	31,068,577	8,279,453	(5,056,722)	-	-	(3,375,504)	30,915,804
- Investment contracts with a discretionary profit-sharing component	<u>78,060,258</u>	<u>33,250,200</u>	<u>(63,318,034)</u>	<u>-</u>	<u>-</u>	<u>(10,144,553)</u>	<u>37,847,871</u>
	<u>109,128,835</u>	<u>41,529,653</u>	<u>(68,374,756)</u>	<u>-</u>	<u>-</u>	<u>(13,520,057)</u>	<u>68,763,675</u>
	<u>1,776,509,117</u>	<u>(3,950,136)</u>	<u>(68,374,756)</u>	<u>10,232</u>	<u>418,385</u>	<u>(2,854,835)</u>	<u>1,701,758,007</u>
	2014						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted:							
Mathematical provision:							
- Insurance contracts	218,787,980	(11,336,065)	-	(636)	-	20,519,761	227,971,040
- Investment contracts with a discretionary profit-sharing component	<u>1,537,854,254</u>	<u>(81,793,295)</u>	<u>-</u>	<u>(25,329)</u>	<u>274,673</u>	<u>(16,901,061)</u>	<u>1,439,409,242</u>
	<u>1,756,642,234</u>	<u>(93,129,360)</u>	<u>-</u>	<u>(25,965)</u>	<u>274,673</u>	<u>3,618,700</u>	<u>1,667,380,282</u>
Profit sharing provision							
- Insurance contracts	29,615,935	6,727,433	(1,604,310)	-	-	(3,670,481)	31,068,577
- Investment contracts with a discretionary profit-sharing component	<u>76,831,849</u>	<u>9,276,008</u>	<u>(4,892,189)</u>	<u>-</u>	<u>-</u>	<u>(3,155,410)</u>	<u>78,060,258</u>
	<u>106,447,784</u>	<u>16,003,441</u>	<u>(6,496,499)</u>	<u>-</u>	<u>-</u>	<u>(6,825,891)</u>	<u>109,128,835</u>
	<u>1,863,090,018</u>	<u>(77,125,919)</u>	<u>(6,496,499)</u>	<u>(25,965)</u>	<u>274,673</u>	<u>(3,207,191)</u>	<u>1,776,509,117</u>

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.16. f).



21. 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 2015 and 2014 is set out below:

	2015					Closing Balance
	Opening Balance	Issues	Redemptions	Income and expenditure	Other	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	668,648,640	3,464,808	(135,466,571)	7,653,211	-	544,300,087
Unit-linked group capitalisation	668,782	-	-	52,463	-	721,245
Unit-Linked PPR	42,346,865	236,479	(14,809,034)	304,589	(50,810)	28,028,089
	<u>711,664,287</u>	<u>3,701,286</u>	<u>(150,275,605)</u>	<u>8,010,263</u>	<u>(50,810)</u>	<u>573,049,422</u>
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	3,728,227,571	1,040,758,751	(353,146,812)	101,718,984	(367,575)	4,517,190,918
Life individual fixed rate	3,246,908,900	1,453,579,399	(1,806,341,999)	85,808,786	-	2,979,955,087
Capitalisation OP. Individual fixed rate	5,429,278	-	(5,347)	23,871	-	5,447,802
	<u>6,980,565,749</u>	<u>2,494,338,150</u>	<u>(2,159,494,158)</u>	<u>187,551,641</u>	<u>(367,575)</u>	<u>7,502,593,807</u>
	<u>7,692,230,036</u>	<u>2,498,039,437</u>	<u>(2,309,769,763)</u>	<u>195,561,904</u>	<u>(418,385)</u>	<u>8,075,643,229</u>
2014						
	Opening Balance	Issues	Redemptions	Income and expenditure	Other	Closing Balance
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	944,342,992	2,629,724	(341,344,074)	63,019,998	-	668,648,640
Unit-linked group capitalisation	773,711	-	(52,466)	(52,463)	-	668,782
Unit-Linked PPR	43,037,400	257,625	(1,921,899)	1,081,596	(107,857)	42,346,865
	<u>988,154,103</u>	<u>2,887,349</u>	<u>(343,318,439)</u>	<u>64,049,131</u>	<u>(107,857)</u>	<u>711,664,287</u>
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	2,807,307,190	1,059,496,575	(227,624,822)	89,215,444	(166,816)	3,728,227,571
Life individual fixed rate	3,224,707,568	1,743,243,052	(1,817,677,766)	96,636,046	-	3,246,908,900
Capitalisation OP. Individual fixed rate	6,442,707	-	(1,073,128)	59,699	-	5,429,278
	<u>6,038,457,465</u>	<u>2,802,739,627</u>	<u>(2,046,375,716)</u>	<u>185,911,189</u>	<u>(166,816)</u>	<u>6,980,565,749</u>
	<u>7,026,611,568</u>	<u>2,805,626,976</u>	<u>(2,389,694,155)</u>	<u>249,960,320</u>	<u>(274,673)</u>	<u>7,692,230,036</u>

“Other investment contracts” corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost. A significant proportion of these liabilities is hedged by investments in Portuguese public debt securities, which are recognised as available-for-sale investments (Note 8), which were acquired with effective yields higher than those guaranteed to the insured persons. The potential capital gains and losses on available-for-sale investments are recognised in the revaluation reserves.



22. Other Financial Liabilities

At 31 December 2015 and 2014 this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Hedge Derivatives		
Fair Value Hedge	4,406,362	-
Deposits received from reinsurers:		
Life	4,994,028	4,286,850
Non-life	<u>103,269,123</u>	<u>105,020,130</u>
	<u>108,263,151</u>	<u>109,306,980</u>
Other:		
Derivatives trading instruments (Note 6):		
Interest rate swaps	7,625,988	8,609,482
Futures	<u>10,822,796</u>	-
	18,448,784	8,609,482
Financial liabilities valued at amortised cost		
Loans obtained from credit/financial institutions		
Credit / financial institution	158,612,609	164,751,507
Securities market	21,297,468	28,480,208
Commercial Paper - Luz Saúde, S.A.	<u>176,010,263</u>	<u>159,688,510</u>
	<u>374,369,124</u>	<u>361,529,707</u>
	<u>487,038,637</u>	<u>470,836,687</u>

The heading “Loans obtained from credit/financial institutions” at 31 December 2015 includes loans obtained by companies from the Group consolidation perimeter paying interest at an average annual rate of 1.27%.



23. Other Creditors for Insurance and Other Operations

At 31 December 2015 and 2014 this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Accounts payable for direct insurance operations:		
Brokers	51,572,013	36,530,314
Policyholders	31,711,397	25,516,666
Co-insurers	11,669,680	13,664,042
	<u>94,953,090</u>	<u>75,711,022</u>
Accounts payable for other reinsurance operations:		
Reinsurers' current accounts	45,052,886	35,517,832
Insured's Current accounts	2,398,064	3,223,646
	<u>47,450,950</u>	<u>38,741,478</u>
Accounts payable for other operations:		
Suppliers of tangible assets	936,596	1,098,068
Suppliers' current accounts	38,703,784	35,826,054
Employees	43,808	80,194
Consultants, advisors and intermediaries	1,172,646	1,078,931
Pension funds	387,227	384,093
Internal regularisation accounts	2,145,370	1,716,390
Clients current accounts	9,484,443	3,234,476
Miscellaneous creditors	15,366,491	13,563,414
	<u>68,240,365</u>	<u>56,981,620</u>
	<u>210,644,405</u>	<u>171,434,120</u>

The heading "Internal regularisation accounts" recognises various transactions made in the last days of December, which will be settled in the first days of the following month.

The heading "Miscellaneous creditors" includes liabilities with Highgrove – Investimentos e Participações, SGPS, S.A., as this subsidiary has negative equity.



24. Accruals and Deferrals (Liabilities)

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
Deferred income:		
Rents and leases	30,652,634	6,460,374
Loans	-	37,761
Other	376,656	658,703
	<u>31,029,290</u>	<u>7,156,838</u>
Accrued expenses:		
Interest payable	283,720	479,824
Holiday and holiday subsidies payable	29,545,645	28,787,853
Insurance	337,227	672,173
Variable remuneration payable to employees	7,942,213	8,961,382
Performance bonus	10,255,418	6,250,215
Seniority bonus	677,748	1,010,549
Other costs with employees	1,079,214	1,147,233
Provision for finder's fees	1,070,071	1,225,138
Commissions payable	35,338,540	20,725,209
Deferred payments - marketing	4,972,178	3,766,104
Municipal tax on real estate	1,671,779	1,574,886
Audit	429,679	704,118
Advertising	466,796	167,536
Electricity	297,278	253,705
Invoices pending conferral	3,127,164	-
Rents	46,117	11,517
Medical Fees	12,885,374	13,405,706
Outsourcing (except accounting and computing)	5,135,381	4,215,830
Other	10,634,037	11,895,349
	<u>126,195,579</u>	<u>105,254,327</u>
	<u>157,224,869</u>	<u>112,411,165</u>

25. Other Provisions

Information on the above account heading movements for 2015 and 2014 is set out below:

	2015					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Uses	Actuarial gains and losses from equity	
Other Provisions						
Provisions for tax	19,072,603	5,906,315	-	-	-	24,978,918
Provisions for the cost of employee benefits (Note 34):						
Health benefits	22,021,108	-	(646,509)	(1,530)	818,320	22,191,389
Pension costs	2,903,957	-	(15,689)	(1,154)	147,763	3,034,877
Provision for FAT	45,236,302	1,800,000	-	-	-	47,036,302
Provision for restructuring	52,338,451	25,100,000	(16,914,149)	-	-	60,524,302
Others	68,781,703	-	(38,581,261)	(793,308)	-	29,407,134
	<u>210,354,124</u>	<u>32,806,315</u>	<u>(56,157,608)</u>	<u>(795,993)</u>	<u>966,084</u>	<u>187,172,922</u>



	2014						
	Opening balances	Entry in the consolidation perimeter	Increases	Recoveries and cancellations	Others	Actuarial gains and losses from equity	Closing balances
Other Provisions							
Provisions for tax	10,828,216	59,228	8,185,159	-	-	-	19,072,603
Provisions for the cost of employee benefits (Note34):							
Health benefits	22,993,574	-	-	(363,663)	-	(608,803)	22,021,108
Pension costs	2,273,949	-	154,600	-	-	475,408	2,903,957
Provision for FAT	43,785,382	-	1,450,920	-	-	-	45,236,302
Provision for restructuring	32,077,525	-	27,299,163	-	(7,038,237)	-	52,338,451
Others	31,623,488	34,042,766	3,115,449	-	-	-	68,781,703
	<u>143,582,134</u>	<u>34,101,994</u>	<u>40,205,291</u>	<u>(363,663)</u>	<u>(7,038,237)</u>	<u>(133,395)</u>	<u>210,354,124</u>

The Group set up a provision related to the employee restructuring and rejuvenating program, which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age. Accordingly, the plan was initiated in 2014 and 2015 and covered employees who meet the criteria below.

The extent of the plan was as follows:

- In 2014: 153 departures, 100 of these of employees aged between 56 and 60 and 53 aged over 60.
- In 2015: 110 departures, 75 of these of employees aged between 56 and 60 and 35 aged over 60.

In 2014 the Group reviewed the development of the plan and decided to adjust it, for the period between 2015 and 2018, while maintaining the same conditions as in 2013. Consequently, the provision for restructuring was increased by EUR 27,299,163. With the development of the plan, 86 employees departed in 2014, resulting in use of EUR 7,038,236 of the provision. At 31 December 2014, EUR 52,153,917 is recognised in the provision for restructuring. In the same period 91 employees were hired.

In 2015 the Group reviewed the development of the plan and decided to adjust it for the period between 2016 to 2019, while maintaining the same conditions previously disclosed. Consequently the provision for restructuring was increased by EUR 25,100,000. With the development of the plan, 147 employees departed in 2015, resulting in use of EUR 16,914,149 of the provision. At 31 December 2015, EUR 60,524,302 is recognised in the provision for restructuring. In the same period 126 employees were hired.

When calculating the provision, the actual cost of the recently negotiated redundancies of employees was considered, with an increase in the amount to reflect the additional expense resulting from the increase in the statutory retirement age to 66.

The other amounts recognised in the heading “Other provisions – Others” are to respond to ongoing legal cases and other contingencies resulting from the Group’s activity.

In 2015 and 2014, the increase in headings “Provisions for restructuring” and “Others” includes EUR 6,453,883 and EUR 22,283,265, respectively, and is recognised in the heading “Impairment losses (net of reversal)”.

The heading “Other provisions – Health benefits” represents the liabilities assumed by the Group in relation to employees’ health benefits. The heading “Other Provisions – 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 34).



26. Paid-In Capital

The share capital of EUR 381,150,000 is composed of 121 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 equity amounting to EUR 521,530,514 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Seguros e Saúde, SGPS, S.A.: EUR 21,530,514.

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.

As during the year 2015 no own shares were sold, the number of own shares held at 31 December 2015 is 13,300, the number of shares acquired during the year.

The shareholder structure at 31 December 2015 and 2014 was as follows:

Shareholders	2015		2014	
	Number of Shares	%Share	Number of Shares	%Share
Longrun Portugal, SGPS, S.A.	102,833,140	84.9861%	96,800,000	80.0000%
Caixa Seguros e Saúde, SGPS, S.A.	18,150,000	15.0000%	24,183,140	19.9861%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.00290%	16,860	0.01390%
Own Shares	13,300	0.01100%	-	-
	<u>121,000,000</u>	<u>100%</u>	<u>121,000,000</u>	<u>100%</u>

The Group became a part of the Fosun Group as of 15 May 2014 with Fosun's acquisition of 80% of the share capital of Fidelidade.

The income of 2014 was applied as indicated below:

	2014
Application of income for the period	
Legal Reserve	15,080,369
Free Reserves	125,209,445
Retained earnings	<u>37,942,391</u>
	<u>178,232,205</u>



The income per share on 31 December 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Net Income for the year	286,286,890	178,232,205
Number of shares (at the end of the year)	121,000,000	121,000,000
Income per Share (in Euros)	<u>2.37</u>	<u>1.47</u>

27. Reserves, Retained Earnings and Income for the Year

At 31 December 2015 and 2014, reserves and retained earnings were composed as follows:

	<u>2015</u>	<u>2014</u>
Revaluation reserves		
Fair value adjustments:		
- Available-for-sale investments		
Gross gains (Note 8)	95,668,787	505,784,316
Amount attributable to policyholders	<u>(5,042,089)</u>	<u>(73,751,555)</u>
	90,626,698	432,032,761
- Other financial assets	<u>1,933,013</u>	<u>1,933,013</u>
	92,559,711	433,965,774
- Revaluations of properties for own use (Note 11)	72,992,202	69,933,131
- Fair value adjustments of hedging instruments		
i in cash flow hedgings	<u>(216,027)</u>	-
	165,335,886	503,898,905
Exchange differences		
Gross capital gains (Note 8)	84,161,121	30,072,829
Amount attributable to policyholders	<u>(237,788)</u>	<u>96,923</u>
	<u>249,259,219</u>	<u>534,068,657</u>
Deferred tax reserve:		
- Available-for-sale investments	(45,079,609)	(111,588,462)
- Properties for own use	(9,311,456)	(9,426,142)
- Actuarial gains and losses: Post-employment benefits	14,339,869	12,899,366
- Actuarial gains and losses: Health benefits	2,374,751	2,023,719
- Tax (paid)/deduced from potential capital gains in assets	<u>(7,825,551)</u>	<u>(14,211,710)</u>
	<u>(45,501,996)</u>	<u>(120,303,229)</u>
Revaluation reserves, net of deferred taxes	<u>203,757,223</u>	<u>413,765,428</u>
Other reserves:		
- Legal reserve	121,563,697	106,403,439
- Share premiums	115,103,280	115,103,280
- Actuarial gains and losses: Post-employment benefits	(46,452,308)	(42,345,099)
- Actuarial gains and losses: Health benefits	(4,253,196)	(3,434,877)
- Other reserves	<u>171,716,267</u>	<u>42,997,391</u>
	<u>357,677,740</u>	<u>218,724,134</u>
Retained earnings	<u>141,113,706</u>	<u>104,680,449</u>
Net income for the year	<u>286,286,890</u>	<u>178,232,205</u>
	<u>988,835,559</u>	<u>915,402,216</u>

“Revaluation reserve” reflects potential capital gains and losses on available-for-sale investments and properties for own use.



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 reaches the amount of share capital. The legal reserve may not be distributed, but may be used to increase the share capital or to cover accumulated losses.

The following is an assessment of consolidated profit at 31 December 2015 and 2014:

	2015	2014
Contribution to consolidated net income		
Insurance		
Fidelidade - Companhia de Seguros, S.A.	207,862,216	159,108,030
Via Directa - Companhia de Seguros, S.A.	228,225	539,822
Companhia Portuguesa de Resseguros, S.A.	651,804	438,394
Universal Seguros, S.A.	2,443,785	1,278,139
Fidelidade Macau - Companhia de Seguros, S.A.	679,711	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.	966,867	472,192
Property		
Fidelidade - Property Europe, S.A.	7,278,154	1,325,165
Fidelidade - Property International, S.A.	(7,845,080)	66,461
Fundo de Investimento Imobiliário Fechado Saudeinvest	5,783,522	9,517,264
Fundo de Investimento Imobiliário Fechado Bonança 1	(283,643)	447,313
Highgrove (Equity accounting method)	(56,142)	(40,376)
FPI (UK) 1 LIMITED	1,656,438	-
FPI US 1 LLC	(1,381,689)	-
FPI (AU) 1 PTY LIMITED	1,668,905	-
FPE (IT) Società per Azioni	5,550,271	-
Madison 30 31 JV LLC (Equity accounting method)	(209)	-
GK Kita Aoyoma Support 2	(47,956)	(6,483)
Higashi Shinagawa Two TMK	15,798,418	-
Health		
Luz Saúde, S.A. (consolidated accounts excluding non-controlling interests)	19,803,197	3,609,314
Other sectors		
GEP - Gestão de Peritagens Automóveis, S.A.	96,909	35,283
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	27,249	38,752
Cetra - Centro Técnico de Reparação Automóvel, S.A.	78,058	12,591
Fidelidade - Consultoria e Gestão de Risco, Lda	1,196	-
Fidelidade - Assistência e Serviços, Lda	1,730	-
FCM Beteiligungs GmbH	(7,350,750)	(279,669)
FID I (HK) LIMITED	24,087,062	3,198,267
FID II (HK) LIMITED	1,213,528	(2,832)
FID III (HK) LIMITED	(3,142)	100,655
Audatex Portugal - Peritagens Informatizadas		
Derivadas de Acidentes, S.A. (Equity accounting method)	732,545	600,751
Elimination of dividends	(1,562,525)	(4,903,067)
Other consolidation adjustments		
Non-controlling interests (Note 28)	178,431	(2,301,084)
Annulment / Reversal of impairment losses and Fiscal Impact	21,881,322	454,483
Property adjustments	(88,404)	(47,057)
Correction of results from previous years	(824,656)	(109,195)
Annulment of exchange differences on intra-group transactions	(11,623,114)	(3,297,317)
Other	(1,315,343)	7,976,409
	<u>286,286,890</u>	<u>178,232,205</u>



28. Non-Controlling Interests

The value of the shares of third parties in subsidiaries breaks down as follows per entity:

	<u>2015</u>	<u>2014</u>
Fundo de Investimento Imobiliário Fechado Saudeinveste	1,243,892	18,530,274
Garantia - Companhia de Seguros de Cabo Verde, S.A.	4,317,795	4,102,496
Universal Seguros, S.A.	3,950,088	1,399,054
FCM Beteiligungs GmbH	5,164,557	11,644,553
Luz Saúde, S.A.	3,575,449	3,396,661
FPE (IT) Società per Azioni	12,635,435	-
Fidelidade – Assistência e Serviços, S.A.	424	-
Fidelidade Macau - Companhia de Seguros, S.A.	1,193	-
Higashi Shinagawa Two TMK	<u>2,874,922</u>	<u>2,294,613</u>
	<u>33,763,755</u>	<u>41,367,651</u>

The part of the consolidated profit attributable to minority shareholders in 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Fundo de Investimento Imobiliário Fechado Saudeinveste	897,217	1,719,080
Garantia - Companhia de Seguros de Cabo Verde, S.A.	426,442	208,263
Universal Seguros, S.A.	773,503	409,004
FCM Beteiligungs GmbH	(3,475,114)	(137,038)
Luz Saúde, S.A.	457,459	101,775
FPE (IT) Società per Azioni	235,435	-
Fidelidade – Assistência e Serviços, S.A.	346	-
Fidelidade Macau - Companhia de Seguros, S.A.	42	-
Higashi Shinagawa Two TMK	<u>506,239</u>	<u>-</u>
	<u>(178,431)</u>	<u>2,301,084</u>



29. Earned Premiums, Net of Reinsurance

In the 2015 and 2014 this heading was composed as follows:

	2015			2014		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:						
Life insurance	297,318,069	(15,131,055)	282,187,014	281,951,786	(9,419,595)	272,532,191
Insurance Contracts without Profit Sharing	163,307,552	(13,724,531)	149,583,021	151,729,768	(8,439,625)	143,290,143
Insurance Contracts with Profit Sharing	41,084,870	(1,406,524)	39,678,346	47,931,682	(979,970)	46,951,712
Investment Contracts with a discretionary Profit Sharing component	92,925,647	-	92,925,647	82,290,336	-	82,290,336
Non-life insurance:						
Workers' compensation	143,538,096	(7,861,664)	135,676,432	128,813,743	(5,211,861)	123,601,882
Personal accidents and passengers	27,240,284	(8,560,405)	18,679,879	24,238,803	(7,655,916)	16,582,887
Health	230,241,898	(207,293,519)	22,948,379	201,595,766	(197,498,762)	4,097,004
Fire and other damage	245,272,094	(96,692,210)	148,579,884	234,698,092	(97,043,529)	137,654,563
Motor	409,380,024	(2,639,857)	406,740,167	394,387,613	(1,813,682)	392,573,931
Marine, aviation and transport	18,316,668	(10,621,106)	7,695,562	16,283,797	(11,816,320)	4,467,477
Third party liability	34,110,735	(10,641,770)	23,468,965	31,580,685	(9,189,063)	22,391,622
Credit and suretyship	838,070	(445,813)	392,257	942,810	(658,544)	284,266
Legal protection	5,714,169	(3,849,067)	1,865,102	5,687,516	(3,758,615)	1,928,901
Assistance	30,039,374	(31,287,271)	(1,247,897)	27,541,281	(29,557,236)	(2,015,955)
Other	27,702,466	(9,357,238)	18,345,228	24,605,881	(8,093,457)	16,512,424
	<u>1,172,393,878</u>	<u>(389,249,920)</u>	<u>783,143,958</u>	<u>1,090,375,987</u>	<u>(372,296,985)</u>	<u>718,079,002</u>
	<u>1,469,711,947</u>	<u>(404,380,975)</u>	<u>1,065,330,972</u>	<u>1,372,327,773</u>	<u>(381,716,580)</u>	<u>990,611,193</u>
Change in provision for unearned premiums						
Life insurance	(281,321)	882	(280,439)	(14,030)	121,619	107,589
Insurance Contracts without Profit Sharing	(362,643)	3,223	(359,420)	(33,908)	49,771	15,863
Insurance Contracts with Profit Sharing	40,435	(2,341)	38,094	15,914	71,848	87,762
Investment Contracts with a discretionary Profit Sharing component	40,887	-	40,887	3,964	-	3,964
Non-life insurance:						
Workers' compensation	(185,576)	32,547	(153,029)	602,883	7,435	610,318
Personal accidents and passengers	(643,009)	895,221	252,212	1,820,126	(573,943)	1,246,183
Health	(4,947,940)	(1,830,041)	(6,777,981)	366,256	(813,219)	(446,963)
Fire and other damage	235,138	(1,582,670)	(1,347,532)	538,477	(190,093)	348,384
Motor	(4,391,467)	(537,658)	(4,929,125)	(4,184,146)	(1,930,696)	(6,114,842)
Marine, aviation and transport	778,980	(1,624,327)	(845,347)	182,993	1,519	184,512
Third party liability	14,035	(150,025)	(135,990)	(255,442)	(300,705)	(556,147)
Credit and suretyship	108,163	(76,684)	31,479	119,839	(30,937)	88,902
Legal protection	(4,498)	51,220	46,722	94,550	43,418	137,968
Assistance	(1,139,190)	1,132,180	(7,010)	103,717	(356,459)	(252,742)
Other	248,105	974,546	1,222,651	(1,795,742)	650,219	(1,145,523)
	<u>(9,927,259)</u>	<u>(2,715,691)</u>	<u>(12,642,950)</u>	<u>(2,406,489)</u>	<u>(3,493,461)</u>	<u>(5,899,950)</u>
	<u>(10,208,580)</u>	<u>(2,714,809)</u>	<u>(12,923,389)</u>	<u>(2,420,519)</u>	<u>(3,371,842)</u>	<u>(5,792,361)</u>
Earned premiums:						
Life insurance	297,036,748	(15,130,173)	281,906,575	281,937,756	(9,297,976)	272,639,780
Insurance Contracts without Profit Sharing	162,944,909	(13,721,308)	149,223,601	151,695,860	(8,389,854)	143,306,006
Insurance Contracts with Profit Sharing	41,125,305	(1,408,865)	39,716,440	47,947,596	(908,122)	47,039,474
Investment Contracts with a discretionary Profit Sharing component	92,966,534	-	92,966,534	82,294,300	-	82,294,300
Non-life insurance:						
Workers' compensation	143,352,520	(7,829,117)	135,523,403	129,416,626	(5,204,426)	124,212,200
Personal accidents and passengers	26,597,275	(7,665,184)	18,932,091	26,058,929	(8,229,859)	17,829,070
Health	225,293,958	(209,123,560)	16,170,398	201,962,022	(198,311,981)	3,650,041
Fire and other damage	245,507,232	(98,274,880)	147,232,352	235,236,569	(97,233,622)	138,002,947
Motor	404,988,557	(3,177,515)	401,811,042	390,203,467	(3,744,378)	386,459,089
Marine, aviation and transport	19,095,648	(12,245,433)	6,850,215	16,466,790	(11,814,801)	4,651,989
Third party liability	34,124,770	(10,791,795)	23,332,975	31,325,243	(9,489,768)	21,835,475
Credit and suretyship	946,233	(522,497)	423,736	1,062,649	(689,481)	373,168
Legal protection	5,709,671	(3,797,847)	1,911,824	5,782,066	(3,715,197)	2,066,869
Assistance	28,900,184	(30,155,091)	(1,254,907)	27,644,998	(29,913,695)	(2,268,697)
Other	27,950,571	(8,382,692)	19,567,879	22,810,139	(7,443,238)	15,366,901
	<u>1,162,466,619</u>	<u>(391,965,611)</u>	<u>770,501,008</u>	<u>1,087,969,498</u>	<u>(375,790,446)</u>	<u>712,179,052</u>
	<u>1,459,503,367</u>	<u>(407,095,784)</u>	<u>1,052,407,583</u>	<u>1,369,907,254</u>	<u>(385,088,422)</u>	<u>984,818,832</u>



30. Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment or Service Contracts

In 2015 and 2014, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 2,306,164 and EUR 2,055,164, respectively.

31. Claims Cost, Net of Reinsurance

In the 2015 and 2014, this heading was composed as follows:

	2015			2014		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance:						
Direct insurance and reinsurance accepted	288,199,547	784,533	288,984,080	318,405,142	15,333,206	333,738,348
Reinsurance ceded	(5,926,533)	(1,740,285)	(7,666,818)	(7,087,511)	2,951,664	(4,135,847)
	<u>282,273,014</u>	<u>(955,752)</u>	<u>281,317,262</u>	<u>311,317,631</u>	<u>18,284,870</u>	<u>329,602,501</u>
Non-life insurance:						
Direct insurance and reinsurance accepted						
Workers' compensation	142,509,985	4,893,339	147,403,324	129,351,144	4,987,197	134,338,341
Personal accidents and passengers	9,191,633	7,423,159	16,614,792	9,495,107	(169,683)	9,325,424
Health	168,748,974	7,012,279	175,761,253	151,933,878	6,401,307	158,335,185
Fire and other damage	103,858,410	7,934,627	111,793,037	119,033,175	(17,124,941)	101,908,234
Motor	301,394,657	(21,817,550)	279,577,107	300,904,584	(50,844,639)	250,059,945
Marine, aviation and transport	6,280,346	(2,243,795)	4,036,551	5,897,133	1,529,039	7,426,172
Third party liability	10,025,383	(2,852,357)	7,173,026	11,300,585	1,374,003	12,674,588
Credit and suretyship	685,514	23,167	708,681	266,674	74,611	341,285
Legal protection	93,037	(53,598)	39,439	132,678	71,694	204,372
Assistance	413,793	(105,328)	308,465	504,347	207,724	712,071
Other	16,504,449	(561,121)	15,943,328	10,036,731	(1,326,124)	8,710,607
	<u>759,706,181</u>	<u>(347,178)</u>	<u>759,359,003</u>	<u>738,856,036</u>	<u>(54,819,812)</u>	<u>684,036,224</u>
Reinsurance ceded						
Workers' compensation	(1,416,671)	(163,672)	(1,580,343)	(413,410)	83,161	(330,249)
Personal accidents and passengers	(594,827)	(702,163)	(1,296,990)	(486,082)	129,479	(356,603)
Health	(153,179,182)	(5,042,939)	(158,222,121)	(148,099,441)	(5,746,127)	(153,845,568)
Fire and other damage	(25,626,807)	(13,544,905)	(39,171,712)	(38,090,905)	19,331,174	(18,759,731)
Motor	(1,782,660)	(336,982)	(2,119,642)	(6,376,366)	9,916,427	3,540,061
Marine, aviation and transport	(4,185,790)	3,173,327	(1,012,463)	(3,679,920)	(905,155)	(4,585,075)
Third party liability	(1,171,112)	(325,128)	(1,496,240)	(1,405,758)	542,630	(863,128)
Credit and suretyship	33,457	76	33,533	(145,614)	(5,376)	(150,990)
Assistance	(91)	(1,599)	(1,690)	-	-	-
Others	(9,734,591)	112,310	(9,622,281)	(4,423,450)	1,094,396	(3,329,054)
	<u>(197,658,274)</u>	<u>(16,831,675)</u>	<u>(214,489,949)</u>	<u>(203,120,946)</u>	<u>24,440,609</u>	<u>(178,680,337)</u>
	<u>562,047,907</u>	<u>(17,178,853)</u>	<u>544,869,054</u>	<u>535,735,090</u>	<u>(30,379,203)</u>	<u>505,355,887</u>
	<u>844,320,921</u>	<u>(18,134,605)</u>	<u>826,186,316</u>	<u>847,052,721</u>	<u>(12,094,333)</u>	<u>834,958,388</u>

"Claims paid" includes costs with claims management and refunds processed by the Group.



The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2015 and 2014:

	2015						
	Claims paid	Changes in claim provision	Sub-total	Changes in other technical provisions	Changes in mathematical provision	Profit sharing	Total
Direct insurance and reinsurance accepted							
- Insurance contracts	103,702,890	747,474	104,450,364	770,000	7,289,121	8,279,453	120,788,938
- Investment contracts with a discretionary profit sharing component	<u>184,496,657</u>	<u>37,059</u>	<u>184,533,716</u>	<u>(1,828,216)</u>	<u>(52,768,910)</u>	<u>33,250,200</u>	<u>163,186,790</u>
	<u>288,199,547</u>	<u>784,533</u>	<u>288,984,080</u>	<u>(1,058,216)</u>	<u>(45,479,789)</u>	<u>41,529,653</u>	<u>283,975,728</u>
Reinsurance ceded							
- Insurance contracts	<u>(5,926,533)</u>	<u>(1,740,285)</u>	<u>(7,666,818)</u>	-	<u>(1,987,784)</u>	<u>(3,671)</u>	<u>(9,658,273)</u>
	<u>(5,926,533)</u>	<u>(1,740,285)</u>	<u>(7,666,818)</u>	-	<u>(1,987,784)</u>	<u>(3,671)</u>	<u>(9,658,273)</u>
Net:							
- Insurance contracts	97,776,357	(992,811)	96,783,546	770,000	5,301,337	8,275,782	111,130,665
- Investment contracts with a discretionary profit sharing component	<u>184,496,657</u>	<u>37,059</u>	<u>184,533,716</u>	<u>(1,828,216)</u>	<u>(52,768,910)</u>	<u>33,250,200</u>	<u>163,186,790</u>
	<u>282,273,014</u>	<u>(955,752)</u>	<u>281,317,262</u>	<u>(1,058,216)</u>	<u>(47,467,573)</u>	<u>41,525,982</u>	<u>274,317,455</u>
	2014						
	Claims paid	Changes in claim provision	Sub-total	Changes in other technical provisions	Changes in mathematical provision	Profit sharing	Total
Direct insurance and reinsurance accepted							
- Insurance contracts	95,204,856	16,596,679	111,801,535	956,384	(11,336,065)	6,727,433	108,149,287
- Investment contracts with a discretionary profit sharing component	<u>223,200,286</u>	<u>(1,263,473)</u>	<u>221,936,813</u>	<u>949,202</u>	<u>(81,793,295)</u>	<u>9,276,008</u>	<u>150,368,728</u>
	<u>318,405,142</u>	<u>15,333,206</u>	<u>333,738,348</u>	<u>1,905,586</u>	<u>(93,129,360)</u>	<u>16,003,441</u>	<u>258,518,015</u>
Reinsurance ceded							
- Insurance contracts	<u>(7,087,511)</u>	<u>2,951,664</u>	<u>(4,135,847)</u>	-	<u>2,516,804</u>	<u>(39,917)</u>	<u>(1,658,960)</u>
	<u>(7,087,511)</u>	<u>2,951,664</u>	<u>(4,135,847)</u>	-	<u>2,516,804</u>	<u>(39,917)</u>	<u>(1,658,960)</u>
Net:							
- Insurance contracts	88,117,345	19,548,343	107,665,688	956,384	(8,819,261)	6,687,516	106,490,327
- Investment contracts with a discretionary profit sharing component	<u>223,200,286</u>	<u>(1,263,473)</u>	<u>221,936,813</u>	<u>949,202</u>	<u>(81,793,295)</u>	<u>9,276,008</u>	<u>150,368,728</u>
	<u>311,317,631</u>	<u>18,284,870</u>	<u>329,602,501</u>	<u>1,905,586</u>	<u>(90,612,556)</u>	<u>15,963,524</u>	<u>256,859,055</u>

In 2015 and 2014, the changes in other technical provisions include the costs of increasing the provision to stabilise the portfolio of EUR 770,000 and EUR 956,384 respectively. In the 2015 and 2014, this heading also includes the reversion of EUR 1,828,216 and the allocation of EUR 949,202 respectively, to the provision for interest rate commitments.



32. Net Operating Costs, by Type and Function

In 2015 and 2014, the Group's operating costs, by type, were as follows:

	<u>2015</u>	<u>2014</u>
Employee costs (Note 33)	<u>273,154,493</u>	<u>172,362,496</u>
External supplies and services:		
Electricity	7,413,749	3,676,875
Fuel	2,156,975	1,252,524
Water	1,108,076	417,402
Printed Material	473,770	571,977
Office Supplies	796,571	529,743
Conservation and repair	14,766,239	7,368,948
Rents and leases	24,664,511	19,289,806
Representation expenses	1,645,717	1,353,732
Communication	10,626,986	9,484,445
Travel and accommodation	5,536,098	4,827,546
Insurance	2,242,746	1,114,524
Expenditure with self-employed workers	58,809,446	16,190,335
Advertising and publicity	14,107,306	12,725,621
Litigation and notary expenses	765,088	291,462
Security and surveillance	3,673,816	2,018,944
Specialist work	63,455,313	56,679,955
Contributions	1,102,293	1,195,560
Cleanliness, hygiene and comfort	2,191,499	1,822,838
Expenses with premium collections	2,230,163	5,658,430
Software licences	4,705,792	4,911,747
Subcontracts	92,279,639	23,454,308
Others	9,600,368	3,518,183
	<u>324,352,161</u>	<u>178,354,905</u>
Taxes and charges	16,308,461	14,803,963
Depreciation and amortisation in the period (Notes 10, 12 and 15)	42,478,493	20,873,814
Other provisions	(16,897,410)	17,558,363
Commissions	8,545,750	6,126,369
Interest paid	9,011,468	4,511,685
	<u>656,953,416</u>	<u>414,591,595</u>

The increase in several of the operating costs headings is explained by the inclusion of Luz Saúde, S.A., which entered the consolidation perimeter in October 2014, with a contribution in that year of just three months compared to a full year in 2015.

In 2015 and 2014, the heading "Impairment losses (net of reversal)" includes uses and allocations of "Other provisions" (Note 25) of EUR 6,453,883 and EUR 22,283,265, respectively.



In 2015 and 2014, the balance of reinsurance fees and profit sharing is as follows:

	2015		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	(1,030,884)	3,565,502	2,534,618
Related to non-Life insurance	45,602,228	4,884,930	50,487,158
	<u>44,571,344</u>	<u>8,450,432</u>	<u>53,021,776</u>

	2014		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	2,640,866	54,458	2,695,324
Related to non-Life insurance	45,244,054	378,728	45,622,782
	<u>47,884,920</u>	<u>433,186</u>	<u>48,318,106</u>

In the 2015 and 2014 profit and loss statement, these costs were as follows:

	2015			
	Life technical account	Non life technical account	Non technical account	Total
Acquisition costs:				
- Cost allocations	28,554,753	104,531,889	-	133,086,642
- Brokerage commissions	46,999,110	122,678,290	-	169,677,400
- Other	297,920	912,580	-	1,210,500
	<u>75,851,783</u>	<u>228,122,759</u>	<u>-</u>	<u>303,974,542</u>
Administrative expenses:				
- Cost allocations	19,877,457	63,301,066	-	83,178,523
- Brokerage remuneration	66,937	8,865,980	-	8,932,917
- Other	455	43,253	-	43,708
	<u>19,944,849</u>	<u>72,210,299</u>	<u>-</u>	<u>92,155,148</u>
Financial expenses (Note 36):				
- Cost allocations	4,112,743	7,105,094	12,625,119	23,842,956
- Other	2,396,095	454,030	-	2,850,125
	<u>6,508,838</u>	<u>7,559,124</u>	<u>12,625,119</u>	<u>26,693,081</u>
Claims costs - amounts paid:				
- Cost allocations	6,293,058	95,399,617	-	101,692,675
- Technical costs	281,906,489	664,306,564	-	946,213,053
	<u>288,199,547</u>	<u>759,706,181</u>	<u>-</u>	<u>1,047,905,728</u>
Other cost allocations (Note 40)	-	-	315,152,620	315,152,620
Total operating costs allocations	<u>58,838,011</u>	<u>270,337,666</u>	<u>327,777,739</u>	<u>656,953,416</u>



	2014			Total
	Life technical account	Non life technical account	Non technical account	
Acquisition costs:				
- Cost allocations	28,360,534	106,242,127	-	134,602,661
- Brokerage commissions	29,648,075	108,032,897	-	137,680,972
- Other	230,993	1,102,326	-	1,333,319
	<u>58,239,602</u>	<u>215,377,350</u>	<u>-</u>	<u>273,616,952</u>
Administrative expenses:				
- Cost allocations	20,082,717	63,080,685	-	83,163,402
- Brokerage remuneration	69,279	8,598,051	-	8,667,330
- Other	584	49,976	-	50,560
	<u>20,152,580</u>	<u>71,728,712</u>	<u>-</u>	<u>91,881,292</u>
Financial expenses (Note 36):				
- Cost allocations	16,743,389	5,461,555	1,345,067	23,550,011
- Other	4,274,439	-	-	4,274,439
	<u>21,017,828</u>	<u>5,461,555</u>	<u>1,345,067</u>	<u>27,824,450</u>
Claims costs - amounts paid:				
- Cost allocations	7,282,613	69,877,256	-	77,159,869
- Technical costs	311,122,529	668,978,778	-	980,101,307
	<u>318,405,142</u>	<u>738,856,034</u>	<u>-</u>	<u>1,057,261,176</u>
Other cost allocations (Note 44)	-	-	96,115,652	96,115,652
Total operating costs allocations	<u>72,469,253</u>	<u>244,661,623</u>	<u>97,460,719</u>	<u>414,591,595</u>

33. Employee Costs

In 2015 and 2014, this heading was composed as follows:

	2015	2014
Remuneration:		
Statutory bodies	7,030,142	4,184,533
Employees	191,067,181	120,853,229
Remuneration expenses	41,205,043	26,950,843
Post-employment benefits:		
Defined benefit	10,766,270	6,180,421
Defined contribution	1,152,974	925,051
Termination of employment benefits	7,510,336	1,473,805
Mandatory insurance	2,411,751	2,021,599
Social action costs	9,658,676	7,850,136
Other employee costs	2,352,120	1,922,879
	<u>273,154,493</u>	<u>172,362,496</u>



In 2015 and 2014, the costs of post-employment benefits were as follows:

	<u>2015</u>	<u>2014</u>
Post-employment benefits		
Defined benefit plan (Note 34)	10,328,073	6,087,665
Individual retirement Plan	1,226,021	933,731
Employee transfer	(75,820)	(579)
Other costs	<u>440,970</u>	<u>84,655</u>
	<u>11,919,244</u>	<u>7,105,472</u>

In 2015 and 2014, the heading “Post-employment benefits – Employee transfer” corresponds to the cost of post-employment benefits for employees of Insurance Group Companies who were assigned to other entities in the Group.

In 2015 and 2014, the number of employees working for the Group, by category, was as follows:

	<u>2015</u>	<u>2014</u>
Senior management	113	102
Line management	453	428
Technical	3,504	3,173
Administrative	3,598	3,693
Ancillary	<u>610</u>	<u>597</u>
	<u>8,278</u>	<u>7,993</u>

In the 2015 and 2014, the Group recognised an increase in the estimate for seniority bonuses of EUR 94,687 and EUR 441,008 respectively, with the accumulated liability at 31 December 2015 of EUR 828,452.

34. Retirement Pensions and Other Long-Term Benefits

At 31 December 2015 and 2014, 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:

	<u>2015</u>	<u>2014</u>
Assets		
Defined benefit plan	14,038,385	10,550,136
Liabilities		
Defined contribution plan	(92,878)	(947,105)
	<u>13,945,507</u>	<u>9,603,031</u>

Regarding 2015, in the “Defined Contribution Plan” the Group recorded a cost of EUR 1,504,727, with the payment of EUR 92,878 still pending, which corresponds to December 2015 contributions paid in January 2016.



Defined Contribution Plan

Within the scope of the new employment contract for the insurance activity, signed on 23 December 2011, all employees of working age employed as permanent staff, with employment contracts of indefinite term, covered by this CEA, are entitled to an individual retirement plan (IRP), a defined contributions plan which replaces the system of retirement pensions set out in the former collective employment agreement.

The provisions of the previous defined benefit plan apply to current employees employed permanently with contracts of indefinite term who are not covered by the collective agreement for the insurance activity signed on 23 December 2011.

In line with the rules set out in the new CEA, 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 enters retirement due to disability or old age granted by the Social Security, 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 the provisions of Annex V to the CEA, and correspond to the amount which results from applying the percentages indicated in the following table to the employee's basic annual salary:

Civil Year	IRP contribution
2012	1.00%
2013	2.25%
2014	2.50%
2015	2.75%
2016	3.00%
2017 and after	3.25%

Additionally, according to the terms of Clause 49 (1), of the New Collective Agreement, the first annual contribution to the IRP from the companies will be made:

- In 2015, for current employees admitted to the insurance activity prior to 22 June 1995;
- In 2012, for current employees, admitted to the insurance activity between 22 June 1995 and 31 December 2009;
- In the year following the completion of two years of service within the Group, for employees admitted after 1 January 2010.

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.



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 pension 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 “XVIII 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 2015 and 2014, were determined by Fidelidade’s life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

	2015	2014
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)
Disability table	0.00%	n/a
Discount rate	2.25%	2.50%
Salary growth rate	2.00%	2.00%
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 2015 and 2014 and the actual amounts:

	2015		2014	
	<u>Assumptions</u>	<u>Real</u>	<u>Assumptions</u>	<u>Real</u>
Salary growth rate	2.00%	0.91%	2.00%	0.16%
Pensions growth rate	0.75%	0.00%	0.75%	0.00%



At 31 December 2015 and 2014, the Group's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

	2015			2014		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Liabilities for past services						
Active employees	6,301,565	40,199	6,341,764	6,088,826	36,895	6,125,721
Retired and pre-retired	181,856,040	219,826	182,075,866	187,345,661	252,152	187,597,813
	<u>188,157,605</u>	<u>260,025</u>	<u>188,417,630</u>	<u>193,434,487</u>	<u>289,047</u>	<u>193,723,534</u>
Autonomous pension fund	151,192,161	618,875	151,811,036	149,530,103	632,540	150,162,643
Mathematical provisions	50,644,979	-	50,644,979	54,111,027	-	54,111,027
	<u>201,837,140</u>	<u>618,875</u>	<u>202,456,015</u>	<u>203,641,130</u>	<u>632,540</u>	<u>204,273,670</u>
Difference	<u>13,679,535</u>	<u>358,850</u>	<u>14,038,385</u>	<u>10,206,643</u>	<u>343,493</u>	<u>10,550,136</u>
Funding level	<u>107.27%</u>	<u>238.01%</u>	<u>107.45%</u>	<u>105.28%</u>	<u>218.84%</u>	<u>105.45%</u>

Pursuant to Standard No. 5/2007-R, of 27 April, of the ASF, insurance companies must ensure at the end of each year:

- the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and
- the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2015 and 2014, 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.

Given the current level of funding of the obligation, it is unlikely that it will be necessary to make contributions in the next year.

The Group's defined benefit pension funds have the following average duration:

Fidelidade – Companhia de Seguros, S.A.

Fidelidade Pension Fund	8.73	years
Mundial Confiança Pension Fund	7.38	years
Império Bonança Pension Fund	10.02	years
Companhia Portuguesa de Resseguros, S.A. Pension Fund	6	years
Fidelidade Property Europe, S.A. Pension Fund	18	years

At 31 December 2015 and 2014, the number of beneficiaries was as follows:

	2015	2014
Active employees	1,109	1,225
Retired and pre-retired	2,090	2,091
Annuity holders	589	621
	<u>3,788</u>	<u>3,937</u>



The movements in the pension fund and in the mathematical provisions during 2015 and 2014 were as follows:

	Fidelidade	Others	Total
Balances at 31 December 2013	206,767,833	656,297	207,424,130
Contributions	11,654,803	-	11,654,803
Change in mathematical provisions	(3,213,760)	-	(3,213,760)
Pensions paid	(17,193,015)	(53,719)	(17,246,734)
(Payments)/ Receipts in respect of other benefits	(822,445)	-	(822,445)
Net income of pension funds	6,447,715	29,962	6,477,677
Balances at 31 December 2014	203,641,130	632,540	204,273,670
Contributions	17,785,176	-	17,785,176
Change in mathematical provisions	(3,466,049)	-	(3,466,049)
Pensions paid	(18,322,837)	(30,207)	(18,353,044)
(Payments)/ Receipts in respect of other benefits	(864,972)	-	(864,972)
Net income of pension funds	3,064,692	16,542	3,081,234
Balances at 31 December 2015	201,837,140	618,875	202,456,015

At 31 December 2015 and 2014 the Group's Pension Funds were managed by CGD Pensões – Sociedade Gestor de Fundos de Pensões, S.A..

At 31 December 2015 and 2014, the pension fund net assets were composed as follows, according to the respective valuation sources:

	2015								
	Market value			Others			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	40,783,467	47,139	40,830,606	-	-	-	40,783,467	47,139	40,830,606
Debt instruments									
Public debt	4,295,171	-	4,295,171	-	-	-	4,295,171	-	4,295,171
	4,295,171	-	4,295,171	-	-	-	4,295,171	-	4,295,171
Investment funds									
National shares	597,855	-	597,855	-	-	-	597,855	-	597,855
European shares	2,614,508	55,282	2,669,790	-	-	-	2,614,508	55,282	2,669,790
Real Estate	12,682,271	28,213	12,710,484	2,299,684	15,345	2,315,029	14,981,955	43,558	15,025,513
Debt instruments									
Public debt	19,573,182	106,589	19,679,771	-	-	-	19,573,182	106,589	19,679,771
Other issuers	67,738,200	208,722	67,946,922	-	-	-	67,738,200	208,722	67,946,922
Hedge funds	576,716	5,715	582,431	-	-	-	576,716	5,715	582,431
	103,782,732	404,521	104,187,253	2,299,684	15,345	2,315,029	106,082,416	419,866	106,502,282
Others	31,107	151,870	182,977	-	-	-	31,107	151,870	182,977
	148,892,477	603,530	149,496,007	2,299,684	15,345	2,315,029	151,192,161	618,875	151,811,036



	2014								
	Market value			Others			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	39,912,071	98,892	40,010,963	-	-	-	39,912,071	98,892	40,010,963
Equity instruments	1,071,421	-	1,071,421	-	-	-	1,071,421	-	1,071,421
Debt instruments									
Public debt	20,126,366	-	20,126,366	-	-	-	20,126,366	-	20,126,366
Other issuers	52,467,191	-	52,467,191	-	-	-	52,467,191	-	52,467,191
	72,593,557	-	72,593,557	-	-	-	72,593,557	-	72,593,557
Real Estate	-	-	-	10,814,101	-	10,814,101	10,814,101	-	10,814,101
Investment funds									
European shares	1,686,372	58,631	1,745,003	-	-	-	1,686,372	58,631	1,745,003
Real Estate	3,932,217	28,084	3,960,301	-	14,177	14,177	3,932,217	42,261	3,974,478
Debt instruments									
Public debt	13,874,597	105,728	13,980,325	-	-	-	13,874,597	105,728	13,980,325
Other issuers	4,039,072	175,789	4,214,861	-	-	-	4,039,072	175,789	4,214,861
Treasury	1,606,695	-	1,606,695	-	-	-	1,606,695	-	1,606,695
	25,138,953	368,232	25,507,185	-	14,177	14,177	25,138,953	382,409	25,521,362
Others	-	151,434	151,434	-	(195)	(195)	-	151,239	151,239
	138,716,002	618,558	139,334,560	10,814,101	13,982	10,828,083	149,530,103	632,540	150,162,643

On these dates, the pension funds portfolio contained the following assets issued or managed by entities in the CGD Group:

	2015			2014		
	Fidelidade	Other	Total	Fidelidade	Other	Total
Cash and cash equivalents	31,906,566	47,139	31,953,705	39,912,071	98,892	40,010,963
Debt instruments	-	-	-	10,744,926	-	10,744,926
Investment funds						
National shares	597,855	-	597,855	-	-	-
Real Estate	2,299,684	15,345	2,315,029	2,082,715	14,175	2,096,890
Debt instruments						
Other issuers	12,767,171	140,464	12,907,635	-	112,392	112,392
Treasury	-	-	-	1,606,695	-	1,606,695
	15,664,710	155,809	15,820,519	3,689,410	126,567	3,815,977
	47,571,275	202,948	47,774,223	54,346,407	225,459	54,571,866



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 2015 and 2014, may be demonstrated as follows:

	Liabilities			Cover			Difference		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Position at 31 December 2013	<u>201,652,801</u>	<u>337,036</u>	<u>201,989,837</u>	<u>206,767,833</u>	<u>656,297</u>	<u>207,424,130</u>	<u>5,115,032</u>	<u>319,261</u>	<u>5,434,293</u>
Impact of changing retirement age	(8,512,881)	284	(8,512,597)	-	-	-	8,512,881	(284)	8,512,597
Current services expenses	93,687	896	94,583	-	-	-	(93,687)	(896)	(94,583)
Net defined benefit interest	4,452,652	11,160	4,463,812	4,929,629	22,759	4,952,388	476,977	11,599	488,576
Normal cost for the year	4,546,339	12,056	4,558,395	4,929,629	22,759	4,952,388	383,290	10,703	393,993
Increased liabilities for early retirements	5,659,214	-	5,659,214	-	-	-	(5,659,214)	-	(5,659,214)
Other changes in the income statement	-	-	-	(822,444)	-	(822,444)	(822,444)	-	(822,444)
Changes having an impact in the income statement (Note 30)	<u>10,205,553</u>	<u>12,056</u>	<u>10,217,609</u>	<u>4,107,185</u>	<u>22,759</u>	<u>4,129,944</u>	<u>(6,098,368)</u>	<u>10,703</u>	<u>(6,087,665)</u>
Actuarial gains and losses:									
return on plan assets, not included in interest income	-	-	-	1,518,085	7,205	1,525,290	1,518,085	7,205	1,525,290
resulting from changes in financial assumptions	10,895,718	21,585	10,917,303	-	-	-	(10,895,718)	(21,585)	(10,917,303)
resulting from differences between assumptions and actual amounts	(399,929)	(28,801)	(428,730)	-	-	-	399,929	28,801	428,730
Changes with an impact on shareholders' equity	<u>10,495,789</u>	<u>(7,216)</u>	<u>10,488,573</u>	<u>1,518,085</u>	<u>7,205</u>	<u>1,525,290</u>	<u>(8,977,704)</u>	<u>14,421</u>	<u>(8,963,283)</u>
Contributions to the plan:									
paid by entity	-	-	-	11,654,802	-	11,654,802	11,654,802	-	11,654,802
Change in mathematical provisions	(3,213,760)	-	(3,213,760)	(3,213,760)	-	(3,213,760)	-	-	-
Payments made by the plan:									
pensions paid	(17,193,015)	(53,113)	(17,246,128)	(17,193,015)	(53,721)	(17,246,736)	-	(608)	(608)
Position at 31 December 2014	<u>193,434,487</u>	<u>289,047</u>	<u>193,723,534</u>	<u>203,641,130</u>	<u>632,540</u>	<u>204,273,670</u>	<u>10,206,643</u>	<u>343,493</u>	<u>10,550,136</u>
Current services expenses	107,997	1,136	109,133	-	-	-	(107,997)	(1,136)	(109,133)
Net defined benefit interest	3,254,051	7,185	3,261,236	3,509,216	16,176	3,525,392	255,165	8,991	264,156
Normal cost for the year	3,362,048	8,321	3,370,369	3,509,216	16,176	3,525,392	147,168	7,855	155,023
Increased liabilities for early retirements	9,618,124	-	9,618,124	-	-	-	(9,618,124)	-	(9,618,124)
Other changes in the income statement	-	-	-	(864,972)	-	(864,972)	(864,972)	-	(864,972)
Changes having an impact in the income statement (Note 30)	<u>12,980,172</u>	<u>8,321</u>	<u>12,988,493</u>	<u>2,644,244</u>	<u>16,176</u>	<u>2,660,420</u>	<u>(10,335,928)</u>	<u>7,855</u>	<u>(10,328,073)</u>
Actuarial gains and losses:									
return on plan assets, not included in interest income	-	-	-	(444,525)	367	(444,158)	(444,525)	367	(444,158)
resulting from changes in financial assumptions	3,033,125	5,435	3,038,560	-	-	-	(3,033,125)	(5,435)	(3,038,560)
resulting from differences between assumptions and actual amounts	498,706	(12,568)	486,138	-	-	-	(498,706)	12,568	(486,138)
Changes with an impact on shareholders' equity	<u>3,531,831</u>	<u>(7,133)</u>	<u>3,524,698</u>	<u>(444,525)</u>	<u>367</u>	<u>(444,158)</u>	<u>(3,976,356)</u>	<u>7,500</u>	<u>(3,968,856)</u>
Contributions to the plan:									
paid by entity	-	-	-	17,785,176	-	17,785,176	17,785,176	-	17,785,176
Change in mathematical provisions	(3,466,048)	-	(3,466,048)	(3,466,048)	-	(3,466,048)	-	-	-
Payments made by the plan:									
pensions paid	(18,322,837)	(30,210)	(18,353,047)	(18,322,837)	(30,208)	(18,353,045)	-	2	2
Position at 31 December 2015	<u>188,157,605</u>	<u>260,025</u>	<u>188,417,630</u>	<u>201,837,140</u>	<u>618,875</u>	<u>202,456,015</u>	<u>13,679,535</u>	<u>358,850</u>	<u>14,038,385</u>

Medical Assistance

The Group supports 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 after May 1998. At 31 December 2015 and 2014, these liabilities totalled EUR 22,191,389 and EUR 22,021,108, respectively, and were covered by provisions (Note 25). The actuarial deviations determined on 31 December 2015 and 2014 relating to this benefit amounted to EUR 958,227 and EUR (133,395), 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 2015, the sensitivity of the defined benefit liabilities assumed by the Group, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios		2015	A	B	C
Financial assumptions					
	Discount rate	2.25%	2.75%	1.75%	2.25%
	Salary growth rate	2.00%	2.00%	2.00%	2.00%
	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
Liabilities at 31 December 2015					
Scenarios		2015	A	B	C
Retirees	Old age	58,268,423	55,975,470	60,732,769	63,421,036
	Early retirement	15,858,790	15,144,318	16,629,700	17,014,141
	Invalidity	14,461,614	13,583,596	15,433,260	15,122,364
Pensioners	Widowhood	4,075,743	3,903,053	4,262,911	4,095,264
	Orphanhood	151,541	139,571	165,287	152,472
Pre-Retirees	Pension up to INR	29,522,211	29,152,149	29,901,780	29,620,389
	Charges up to INR	5,063,126	4,995,158	5,132,883	5,081,467
	Pension after INR				
	> Pension plan	3,537,850	3,381,827	3,709,040	3,777,593
	> Complementary plan	271,764	251,654	294,134	278,434
Active employees	Pension plan	2,816,901	2,598,438	3,068,465	3,015,116
	Complementary plan	3,484,663	3,051,364	3,991,947	3,692,348
Total		137,512,626	132,176,598	143,322,176	145,270,624

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 50,644,979.



35. Income

In the 2015 and 2014, the investment income headings were composed as follows:

	2015				2014			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investment allocated to technical provisions for life insurance:								
Properties	-	-	803	803	-	-	3,211	3,211
Financial assets initially recognised at fair value through profit or loss	73,033	-	-	73,033	12,405	-	-	12,405
Available-for-sale investments	44,841,108	7,068,334	-	51,909,442	41,391,333	12,210,439	-	53,601,772
Loans and accounts receivable	6,536,175	-	-	6,536,175	3,589,833	-	-	3,589,833
Held-to-maturity investments	-	-	-	-	366,078	-	-	366,078
Sight deposits in credit institutions	74,933	-	-	74,933	15,163	-	-	15,163
	<u>51,525,249</u>	<u>7,068,334</u>	<u>803</u>	<u>58,594,386</u>	<u>45,376,830</u>	<u>12,217,289</u>	<u>3,211</u>	<u>57,597,330</u>
Investments related to contracts considered to be investment contracts for accounting purposes:								
Financial assets held for trading	(1,393,936)	-	-	(1,393,936)	(439,241)	-	-	(439,241)
Financial assets initially recognised at fair value through profit or loss	28,004,652	181,991	-	28,186,643	29,939,632	173,084	-	30,112,716
Available-for-sale investments	206,931,597	24,235,683	-	231,167,280	147,397,093	2,044,612	-	149,441,705
Loans and accounts receivable	4,225,264	-	-	4,225,264	8,043,811	-	-	8,043,811
Held-to-maturity investments	-	-	-	-	28,655,864	-	-	28,655,864
Sight deposits in credit institutions	179,335	-	-	179,335	187,529	-	-	187,529
	<u>237,946,912</u>	<u>24,417,674</u>	<u>-</u>	<u>262,364,586</u>	<u>213,784,688</u>	<u>2,217,696</u>	<u>-</u>	<u>216,002,384</u>
	<u>289,472,161</u>	<u>31,486,008</u>	<u>803</u>	<u>320,958,972</u>	<u>259,161,518</u>	<u>14,434,985</u>	<u>3,211</u>	<u>273,599,714</u>
Investments allocated to technical provisions for non-life insurance areas:								
Properties	-	-	18,172,208	18,172,208	-	-	18,152,336	18,152,336
Financial assets held for trading	-	-	-	-	-	6,850	-	6,850
Financial assets initially recognised at fair value through profit or loss	1,445,443	41,049	-	1,486,492	500,198	-	-	500,198
Available-for-sale investments	30,411,938	11,010,202	-	41,422,140	22,078,438	7,210,637	-	29,289,075
Loans and accounts receivable	3,440,232	-	-	3,440,232	2,776,453	-	-	2,776,453
Held-to-maturity investments	-	-	-	-	5,101,156	-	-	5,101,156
Sight deposits in credit institutions	10,289	-	-	10,289	322,546	-	-	322,546
	<u>35,307,902</u>	<u>11,051,251</u>	<u>18,172,208</u>	<u>64,531,361</u>	<u>30,778,791</u>	<u>7,217,487</u>	<u>18,152,336</u>	<u>56,148,614</u>
Investment not allocated:								
Properties	-	-	35,468,299	35,468,299	-	-	14,689,459	14,689,459
Financial assets held for trading	(1,128)	-	-	(1,128)	(39,728)	-	-	(39,728)
Financial assets initially recognised at fair value through profit or loss	56,160	46,813	-	102,973	79,241	5,207	-	84,448
Available-for-sale investments	4,289,821	1,117,647	-	5,407,468	15,163,377	2,128,262	-	17,291,639
Loans and accounts receivable	1,315,583	-	-	1,315,583	1,072,566	-	-	1,072,566
Held-to-maturity investments	-	-	-	-	3,115,700	-	-	3,115,700
Sight deposits in credit institutions	3,720	-	-	3,720	96,647	-	-	96,647
	<u>5,664,156</u>	<u>1,164,460</u>	<u>35,468,299</u>	<u>42,296,916</u>	<u>19,487,803</u>	<u>2,133,469</u>	<u>14,689,459</u>	<u>36,310,731</u>
	<u>330,444,219</u>	<u>43,701,719</u>	<u>53,641,310</u>	<u>427,787,249</u>	<u>309,428,112</u>	<u>23,785,941</u>	<u>32,845,006</u>	<u>366,059,059</u>



36. Financial Expenses

In 2015 and 2014, the financial expenses headings were composed as follows:

	2015				2014			
	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 32):								
Costs allocated	4,112,743	7,105,094	12,625,119	23,842,956	16,743,389	5,461,555	1,345,067	23,550,011
Other Investment expenses	2,396,095	454,030	-	2,850,125	4,274,439	-	-	4,274,439
	<u>6,508,838</u>	<u>7,559,124</u>	<u>12,625,119</u>	<u>26,693,081</u>	<u>21,017,828</u>	<u>5,461,555</u>	<u>1,345,067</u>	<u>27,824,450</u>

37. Net Income on Financial Assets and Liabilities not Recognised at Fair Value through Profit or Loss

In the 2015 and 2014, these headings were composed as follows:

	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Allocated to technical provisions for life insurance:						
Available-for-sale investments:	69,102,039	(3,139,736)	65,962,303	50,208,957	(1,782,022)	48,426,935
	<u>69,102,039</u>	<u>(3,139,736)</u>	<u>65,962,303</u>	<u>50,208,957</u>	<u>(1,782,022)</u>	<u>48,426,935</u>
Investments related to contracts considered to be investment contracts for accounting purposes:						
Available-for-sale investments:	344,052,783	(109,071,621)	234,981,162	193,252,857	(286,232)	192,966,625
Financial liabilities at amortised cost	108,274	(187,659,915)	(187,551,641)	41,444	(185,952,635)	(185,911,191)
	<u>344,161,057</u>	<u>(296,731,536)</u>	<u>47,429,521</u>	<u>193,294,301</u>	<u>(186,238,867)</u>	<u>7,055,434</u>
Investments allocated to technical provisions for non-life insurance:						
Available-for-sale investments:	57,131,259	(8,340,638)	48,790,621	73,905,085	(1,242,942)	72,662,143
	<u>57,131,259</u>	<u>(8,340,638)</u>	<u>48,790,621</u>	<u>73,905,085</u>	<u>(1,242,942)</u>	<u>72,662,143</u>
Investments not allocated:						
Investments in associates and joint ventures	-	(1,314,215)	(1,314,215)	-	-	-
Available-for-sale investments:	4,882,744	(136,190)	4,746,554	2,788,943	(99,514)	2,689,429
	<u>4,882,744</u>	<u>(1,450,405)</u>	<u>3,432,339</u>	<u>2,788,943</u>	<u>(99,514)</u>	<u>2,689,429</u>
	<u>475,277,099</u>	<u>(309,662,315)</u>	<u>165,614,784</u>	<u>320,197,286</u>	<u>(189,363,345)</u>	<u>130,833,941</u>



38. Net Income on Financial Assets and Liabilities recognised at Fair Value through Profit or Loss

In the 2015 and 2014, these headings were composed as follows:

Realised gains and losses	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance:						
Financial assets initially recognised at fair value through profit or loss	-	(17,931)	(17,931)	-	(17,775)	(17,775)
	-	(17,931)	(17,931)	-	(17,775)	(17,775)
Investments related to contracts considered to be investment contracts for accounting purposes:						
Financial assets initially recognised at fair value through profit or loss	6,460,844	(4,720,254)	1,740,590	1,200,623	(2,976,567)	(1,775,944)
	6,460,844	(4,720,254)	1,740,590	1,200,623	(2,976,567)	(1,775,944)
	6,460,844	(4,738,185)	1,722,659	1,200,623	(2,994,342)	(1,793,719)
Investments allocated to technical provisions for non-life insurance:						
Financial assets initially recognised at fair value through profit or loss	9,513,605	(77,768)	9,435,837	-	(61,757)	(61,757)
	9,513,605	(77,768)	9,435,837	-	(61,757)	(61,757)
Investments not allocated:						
Financial assets held for trading	-	-	-	1,966	(26,149)	(24,183)
Financial assets initially recognised at fair value through profit or loss	147,350	(834)	146,516	-	(862)	(862)
	147,350	(834)	146,516	1,966	(27,011)	(25,045)
	16,121,799	(4,816,787)	11,305,012	1,202,589	(3,083,110)	(1,880,521)
Unrealised gains and losses						
Unrealised gains and losses	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance:						
Financial assets held for trading	6,222,644	(11,933,610)	(5,710,966)	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	(396,363)	(396,363)	1,316,441	(52,300)	1,264,141
Others	4,579,866	(5,346,993)	(767,127)	-	-	-
	10,802,510	(17,676,966)	(6,874,456)	1,316,441	(52,300)	1,264,141
Investments related to contracts considered to be investment contracts for accounting purposes:						
Financial assets held for trading	6,685,390	(37,082,616)	(30,397,226)	751,600	(4,516,066)	(3,764,466)
Financial assets initially recognised at fair value through profit or loss	21,824,451	(17,729,182)	4,095,269	44,014,292	(65,236,719)	(21,222,427)
Others	240,836,417	(237,708,266)	3,128,151	-	-	-
	269,346,258	(292,520,064)	(23,173,806)	44,765,892	(69,752,785)	(24,986,893)
	280,148,768	(310,197,030)	(30,048,262)	46,082,333	(69,805,085)	(23,722,752)
Investments allocated to technical provisions for non-life insurance:						
Financial assets held for trading	2,911,693	(4,115,742)	(1,204,049)	-	-	-
Financial assets initially recognised at fair value through profit or loss	3,188,271	(1,374,323)	1,813,948	4,845,829	(689,560)	4,156,269
Others	69,340,003	(68,266,228)	1,073,775	-	-	-
	75,439,967	(73,756,293)	1,683,674	4,845,829	(689,560)	4,156,269
Investments not allocated:						
Financial assets held for trading	1,630	(4,354)	(2,724)	22,651,705	(22,713,913)	(62,208)
Financial assets initially recognised at fair value through profit or loss	218,995	(188,953)	30,042	228,065	(35,352)	192,713
	220,625	(193,307)	27,318	22,879,770	(22,749,265)	130,505
	355,809,360	(384,146,630)	(28,337,270)	73,807,932	(93,243,910)	(19,435,978)



Total	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance:						
Financial assets held for trading	6,222,644	(11,933,610)	(5,710,966)	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	(414,294)	(414,294)	1,316,441	(70,075)	1,246,366
Others	4,579,866	(5,346,993)	(767,127)			
	<u>10,802,510</u>	<u>(17,694,897)</u>	<u>(6,892,387)</u>	<u>1,316,441</u>	<u>(70,075)</u>	<u>1,246,366</u>
Investments related to contracts considered to be investment contracts for accounting purposes:						
Financial assets held for trading	6,685,390	(37,082,616)	(30,397,226)	751,600	(4,516,066)	(3,764,466)
Financial assets initially recognised at fair value through profit or loss	28,285,295	(22,449,436)	5,835,859	45,214,915	(68,213,286)	(22,998,371)
Others	240,836,417	(237,708,266)	3,128,151			
	<u>275,807,102</u>	<u>(297,240,318)</u>	<u>(21,433,216)</u>	<u>45,966,515</u>	<u>(72,729,352)</u>	<u>(26,762,837)</u>
	<u>286,609,612</u>	<u>(314,935,215)</u>	<u>(28,325,603)</u>	<u>47,282,956</u>	<u>(72,799,427)</u>	<u>(25,516,471)</u>
Investments allocated to technical provisions for non-life insurance:						
Financial assets held for trading	2,911,693	(4,115,742)	(1,204,049)	-	-	-
Financial assets initially recognised at fair value through profit or loss	12,701,876	(1,452,091)	11,249,785	4,845,829	(751,317)	4,094,512
Others	69,340,003	(68,266,228)	1,073,775			
	<u>84,953,572</u>	<u>(73,834,061)</u>	<u>11,119,511</u>	<u>4,845,829</u>	<u>(751,317)</u>	<u>4,094,512</u>
Investments not allocated:						
Financial assets held for trading	1,630	(4,354)	(2,724)	22,653,671	(22,740,062)	(86,391)
Financial assets initially recognised at fair value through profit or loss	366,345	(189,787)	176,558	228,065	(36,214)	191,851
	<u>367,975</u>	<u>(194,141)</u>	<u>173,834</u>	<u>22,881,736</u>	<u>(22,776,276)</u>	<u>105,460</u>
	<u>371,931,159</u>	<u>(388,963,417)</u>	<u>(17,032,258)</u>	<u>75,010,521</u>	<u>(96,327,020)</u>	<u>(21,316,499)</u>



39. Exchange Differences

In the 2015 and 2014, this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Investments allocated to technical provisions for life insurance:		
Financial assets initially recognised at fair value through profit or loss	(255,290)	-
Available-for-sale investments	6,112,499	354,309
Loans and accounts receivable	2,262,421	2,315,823
Sight Deposits in Credit Institutions	1,244,251	376,531
Other	<u>629</u>	<u>2,245</u>
	<u>9,364,510</u>	<u>3,048,908</u>
Investments related to contracts considered for accounting purposes as investment contracts:		
Financial assets initially recognised at fair value through profit or loss	12,784,221	1,964,153
Available-for-sale investments	19,367,695	391,287
Loans and accounts receivable	955,274	-
Sight Deposits in Credit Institutions	3,048,332	1,781,270
Other	<u>107</u>	<u>18</u>
	<u>36,155,629</u>	<u>4,136,728</u>
	<u>45,520,139</u>	<u>7,185,636</u>
Investments allocated to technical provisions for non-life insurance areas:		
Investments in associates and joint ventures	-	6,999,808
Financial assets initially recognised at fair value through profit or loss	2,738,194	795,648
Available-for-sale investments	4,198,551	(256)
Held-to-maturity investments	-	(1,019,696)
Sight Deposits in Credit Institutions	(155,357)	1,550,709
Loans and accounts receivable	1,580,987	303
Other	<u>411</u>	<u>-</u>
	<u>8,362,786</u>	<u>8,326,516</u>
Investments not allocated:		
Financial assets initially recognised at fair value through profit or loss	146,797	-
Available-for-sale investments	(1,737,982)	2,194
Sight Deposits in Credit Institutions	(7,967,969)	(408,130)
Other	<u>41</u>	<u>73,317</u>
	<u>(9,559,113)</u>	<u>(332,619)</u>
	<u>44,323,812</u>	<u>15,179,533</u>



40. 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 the 2015 and 2014, this heading was composed as follows:

Realised gains and losses	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance:						
Properties for own use	3,496	-	3,496	-	-	-
Investment properties	1,474,910	-	1,474,910	-	-	-
	<u>1,478,406</u>	<u>-</u>	<u>1,478,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments not allocated:						
Investment properties	590,000	-	590,000	-	-	-
Investments in associates and joint ventures	12,319,429	-	12,319,429	-	-	-
	<u>12,909,429</u>	<u>-</u>	<u>12,909,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,387,835</u>	<u>-</u>	<u>14,387,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrealised gains and losses						
			(Note 10)			(Note 10)
Investments allocated to technical provisions for life insurance:						
Investments in associates and joint ventures	-	-	-	2,024	-	2,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Investments allocated to technical provisions for non-life insurance:						
Investment properties	34,224,307	(15,757,828)	18,466,479	8,475,429	(8,268,463)	206,966
	<u>34,224,307</u>	<u>(15,757,828)</u>	<u>18,466,479</u>	<u>8,475,429</u>	<u>(8,268,463)</u>	<u>206,966</u>
Investments not allocated:						
Investment properties	25,801,335	(8,049,073)	17,752,262	10,400,432	(4,420,308)	5,980,124
	<u>25,801,335</u>	<u>(8,049,073)</u>	<u>17,752,262</u>	<u>10,400,432</u>	<u>(4,420,308)</u>	<u>5,980,124</u>
	<u>60,025,642</u>	<u>(23,806,901)</u>	<u>36,218,741</u>	<u>18,877,885</u>	<u>(12,688,771)</u>	<u>6,189,114</u>
Total						
Investments allocated to technical provisions for life insurance:						
Investments in associates and joint ventures	-	-	-	2,024	-	2,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Investments allocated to technical provisions for non-life insurance:						
Properties for own use	3,496	-	3,496	-	-	-
Investment properties	35,699,217	(15,757,828)	19,941,389	8,475,429	(8,268,463)	206,966
	<u>35,702,713</u>	<u>(15,757,828)</u>	<u>19,944,885</u>	<u>8,475,429</u>	<u>(8,268,463)</u>	<u>206,966</u>
Investments not allocated:						
Investment properties	26,391,335	(8,049,073)	18,342,262	10,400,432	(4,420,308)	5,980,124
Investments in associates and joint ventures	12,319,429	-	12,319,429	-	-	-
	<u>38,710,764</u>	<u>(8,049,073)</u>	<u>30,661,691</u>	<u>10,400,432</u>	<u>(4,420,308)</u>	<u>5,980,124</u>
	<u>74,413,477</u>	<u>(23,806,901)</u>	<u>50,606,576</u>	<u>18,877,885</u>	<u>(12,688,771)</u>	<u>6,189,114</u>



41. Impairment Losses (Net of Reversal)

The movement in impairment losses in the 2015 and 2014 was as follows:

	2015				Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	
Impairment on available-for-sale investments (Note 8):					
Debt instruments	47,930,890	70,808,429	-	-	118,739,319
Capital instruments	55,121,491	148,643,747	-	(54,095,618)	149,669,620
Other instruments	71,547,423	4,082,354	-	(12,803,840)	62,825,937
Impairment on loans and accounts receivable (Note 9)	2,589,054	-	(496,539)	-	2,092,515
Impairment on property for own use (Note 10)	11,834,376	2,680,675	(1,410,390)	(1,974,893)	11,129,768
Impairment on inventories (Note 13)	3,507	-	(164)	-	3,343
Adjustments to premiums pending collection (Note 17)	13,272,359	1,660,898	-	(612,899)	14,320,358
Value adjustments - IFAP (Note 17)	650,826	-	(226,191)	-	424,635
Adjustments for doubtful debts (Note 17)	80,781,173	-	(34,398,931)	(1,797,253)	44,584,989
	283,731,099	227,876,103	(36,532,215)	(71,284,503)	403,790,484

In the 2015 and 2014, the account heading “Impairment losses (net of reversal)” included uses and allocations of “Other provisions” (Note 25), of EUR 6,453,883 and EUR 22,283,265, respectively.

	2014						
	Opening balances	Entry in consolidation perimeter	Increases	Recoveries and cancellations	Use	Other	Closing balances
Impairment on available-for-sale investments (Note 8):							
Debt instruments	2,951,068	-	44,979,822	-	-	-	47,930,890
Capital instruments	71,165,049	-	6,063,671	-	(22,107,229)	-	55,121,491
Other instruments	80,388,923	-	6,974,145	-	(15,815,645)	-	71,547,423
Impairment on loans and accounts receivable (Note 9)	-	-	2,589,054	-	-	-	2,589,054
Impairment on property for own use (Note 10)	9,784,115	2,068,837	310,591	(329,167)	-	-	11,834,376
Impairment on inventories (Note 13)	3,507	-	-	-	-	-	3,507
Adjustments to premiums pending collection (Note 17)	12,278,884	-	336,965	-	-	656,510	13,272,359
Value adjustments - IFAP (Note 17)	4,529,028	-	-	(3,878,202)	-	-	650,826
Adjustments for doubtful debts (Note 17)	50,568,152	10,366,831	20,538,648	-	(779,733)	87,275	80,781,173
	231,668,726	12,435,668	81,792,896	(4,207,369)	(38,702,607)	743,785	283,731,099

42. Other Technical Income/Expenses, Net of Reinsurance

In 2015 and 2014, this heading was composed as follows:

	2015			2014		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance:						
- Co-insurance management commissions	15,513	(19,710)	(4,197)	19,662	(11,536)	8,126
- Pension fund management commissions	534,654	-	534,654	397,553	-	397,553
- Other	13,183	(10,954)	2,229	17,461	(12,291)	5,170
	563,350	(30,664)	532,686	434,676	(23,827)	410,849
Related to non-life insurance:						
- Co-insurance management commissions	837,706	(432,272)	405,434	795,977	(131,493)	664,484
- Other	1,279,688	(425,172)	854,516	1,569,835	(1,717)	1,568,118
	2,117,394	(857,444)	1,259,950	2,365,812	(133,210)	2,232,602
	2,680,744	(888,108)	1,792,636	2,800,488	(157,037)	2,643,451



43. Other Income/Expenses

In the 2015 and 2014, this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Non-current income and gains:		
Tax rebates	4,840,324	900,101
Other	<u>1,031,058</u>	<u>48,713</u>
	<u>5,871,382</u>	<u>948,814</u>
Financial income and gains:		
Interest obtained	396,321	1,094,149
Exchange rate gains	5,915,895	8,521,038
Cash discounts	442,392	221,726
Other financial income and gains	<u>129,760</u>	<u>242,229</u>
	<u>6,884,368</u>	<u>10,079,142</u>
Income from other assets:		
Gains on other tangible assets	<u>110,033</u>	<u>21,684</u>
	<u>110,033</u>	<u>21,684</u>
Pension fund management fees (Macao Branch Life)	12,657	13,469
Other Gains	<u>-</u>	<u>55,283</u>
	<u>12,657</u>	<u>68,752</u>
Other non-technical income:		
Adjustments to balances	228,707	844,869
Provisions of services	<u>403,142,481</u>	<u>106,909,211</u>
	<u>403,371,188</u>	<u>107,754,080</u>
Non-current expenses and losses:		
Donations	(140,738)	(148,131)
Sponsorship	(512,587)	(533,829)
Gifts to clients	(114,924)	(3,780)
Fines and penalties	(33,434)	89,034
Miscellaneous contributions	(167,387)	(80,032)
Other expenses:		
Insufficient tax estimate	(2,110,680)	(161,303)
Corrections to previous years	(53,531)	(11,824)
Bad debts	(1,721,811)	(2,456,165)
Adjustments to balances	54,559	(574,990)
Other	<u>(1,055,136)</u>	<u>(952,215)</u>
	<u>(5,855,669)</u>	<u>(4,833,235)</u>
Financial expenses and losses:		
Interest paid	75,096	(261,947)
Exchange rate losses	(5,471,820)	(5,138,946)
Banking services	(986,498)	(137,688)
Other financial expenses and losses	<u>(800,113)</u>	<u>386,214</u>
	<u>(7,183,335)</u>	<u>(5,152,367)</u>
Losses in other assets:		
Losses in other intangible assets	(9,361)	-
Losses in other tangible assets	<u>(109,903)</u>	<u>(11,499)</u>
	<u>(119,264)</u>	<u>(11,499)</u>
Other non-technical expenses:		
Allocation of non-technical expenses (Note 33):		
Employee costs	(104,010,721)	(29,009,549)
External supplies and services	(176,206,931)	(52,476,727)
Depreciation for the year	(25,005,887)	(6,248,348)
Interest	(5,999,432)	(3,382,763)
Other	<u>(3,929,649)</u>	<u>(4,998,265)</u>
	<u>(315,152,620)</u>	<u>(96,115,652)</u>
Cost of goods sold	<u>(67,767,749)</u>	<u>(16,265,234)</u>
	<u>20,170,991</u>	<u>(3,505,515)</u>



44. Gains and losses of associates and joint ventures (equity method)

In 2015 and 2014, this heading was composed as follows:

	2015	2014
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	732,545	620,410
Highgrove - Investimentos e Participações, SGPS, S.A.	(57,322)	(149,572)
Genomed - Diagnósticos de Medicina Molecular, S.A.	25,590	(3,753)
Madison 30 31 JV LLC	(226)	-
FID II (HK) LIMITED	1,213,528	-
	<u>1,914,116</u>	<u>467,085</u>

45. Segment Reporting

The Group determines and 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 “Insurer”. 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



2015

	Life			
	Risk	Capitalisation with profit sharing	Financial liabilities	TOTAL
Income				
Gross Premiums	197,919,732	99,335,101	-	297,254,833
Earned Premiums	197,597,524	99,375,989	-	296,973,513
Claims rate	(96,875,872)	(185,791,839)	-	(282,667,711)
Commissions and Remuneration on Acquisition	(13,920,140)	(2,339,503)	(28,718,552)	(44,978,195)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(11,371,360)	17,182,502	(225)	5,810,917
Income from Reinsurance Accepted, Ceded and Retroceded	(2,907,901)	(1,888)	-	(2,909,789)
Income, Expenses and Realised Gains	49,442,567	79,176,909	505,482,493	634,101,969
Unrealised Gains and Impairment	(3,910,490)	(6,813,884)	(155,274,085)	(165,998,459)
Gains and Losses on Financial Liabilities	-	-	(195,561,904)	(195,561,904)
Costs by Type	(22,168,632)	(10,572,862)	(26,223,433)	(58,964,927)
Other Costs and Income	1,871	(76,200)	(54)	(74,383)
Income Tax	(17,332,223)	(144,460)	(20,118,961)	(37,595,644)
	78,555,344	(10,005,236)	79,585,279	148,135,387
Assets				
Investments allocated to technical provisions	373,589,094	1,549,394,450	-	1,922,983,544
Financial assets allocated to Unit-linked insurance	-	-	547,288,997	547,288,997
Financial assets allocated to other investment contracts	-	-	7,141,300,105	7,141,300,105
Technical Provisions of reinsurance ceded	22,961,899	-	-	22,961,899
Policyholders, Brokers and Co-insurers	5,353,001	2,614,989	23,030,155	30,998,145
Reinsured and Reinsurers	1,322,649	1,488	-	1,324,137
Other Debtors and Creditors	-	69,348	2,346,525	2,415,873
Current Taxes	16,616	940,075	2	956,693
Deferred Taxes	15,038,609	15,746	124,807,531	139,861,886
Tangible and Intangible Assets (Net)	2,514,790	944,051	2,610,688	6,069,529
Accruals and Deferrals	250,989	309,956	12,583,720	13,144,665
Cash balances	33,065,518	120,263,883	1,164,641,166	1,317,970,567
	454,113,165	1,674,553,986	9,018,608,889	11,147,276,040
Liabilities				
Provisions for Unearned Premiums	1,784,898	11,960	-	1,796,858
Mathematical Provision	210,759,800	1,422,234,532	-	1,632,994,332
Provision for Profit Sharing	30,884,520	37,879,156	-	68,763,676
Claims Provision	104,465,269	20,157,845	-	124,623,114
Other Technical Provisions	25,272,158	5,626,534	-	30,898,692
Financial Liabilities on Unit-linked insurance	-	-	573,049,423	573,049,423
Financial Liabilities on other investment contracts	-	-	7,502,593,807	7,502,593,807
Policyholders, Brokers and Co-insurers	4,504,282	4,225,595	15,456,687	24,186,564
Reinsured and Reinsurers	4,885,238	-	-	4,885,238
Other Debtors and Creditors	347,977	3,364,824	1,073,425	4,786,226
Current Taxes	7,136,478	2,222,817	7,821,223	17,180,518
Deferred Taxes	4,087,950	48,403	78,664,919	82,801,272
Other Financial Liabilities	5,050,621	2,672,231	17,364,554	25,087,406
Accruals and Deferrals	4,334,832	2,743,109	24,420,871	31,498,812
	403,514,023	1,501,187,006	8,220,444,909	10,125,145,938



2015

	Non-life							Total
	Workers' Compensation	Health	Property	Motor	Transported Goods	Third party liability	Other	
Income								
Gross Premiums	143,480,150	229,816,173	265,788,785	452,880,475	18,266,341	34,065,449	27,268,672	1,171,566,045
Earned Premiums	143,138,842	224,760,379	266,431,920	446,086,276	19,051,534	34,009,903	26,566,529	1,160,045,383
Claims rate	(139,261,174)	(174,143,571)	(113,699,863)	(258,833,053)	(3,248,638)	(5,129,134)	(15,218,306)	(709,533,739)
Commissions and Remuneration on Acquisition	(13,956,934)	(18,386,790)	(33,508,056)	(49,369,691)	(1,069,732)	(3,670,608)	(3,532,839)	(123,494,650)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(3,923,378)	(845,799)	(1,056,866)	(4,423,321)	(129,878)	(813,222)	(243,700)	(11,436,164)
Income from Reinsurance Accepted, Ceded and Retroceded	(5,870,887)	(24,021,450)	(41,692,042)	(31,214,785)	(10,722,593)	(9,368,101)	(4,725,489)	(127,615,347)
Income, Expenses and Realised Gains	47,865,531	5,549,624	15,714,236	47,454,147	3,012,603	8,531,218	1,598,185	129,725,544
Unrealised Gains and Impairment	(5,695,920)	(1,246,550)	(3,280,559)	(9,770,117)	(804,027)	(2,038,841)	(520,899)	(23,356,913)
Gains and Losses on Financial Liabilities	-	-	-	-	-	-	-	-
Costs by Type	(34,293,221)	(20,233,837)	(59,096,206)	(118,074,390)	(2,800,871)	(7,900,541)	(8,241,703)	(250,640,769)
Other Costs and Income	37,415	1,942	1,815,057	21,929,686	7,170	19,445	13,051	23,823,766
Income Tax	(2,881,257)	(1,488,373)	(11,545,890)	(18,271,135)	(931,246)	(3,068,799)	(401,464)	(38,588,164)
	(14,840,983)	(10,054,425)	20,081,731	25,513,617	2,364,322	10,571,320	(4,706,635)	28,928,947
Assets								
Investments allocated to technical provisions	826,136,823	85,100,931	223,364,777	718,906,476	13,359,699	102,297,997	28,227,507	1,997,394,210
Technical Provisions of reinsurance ceded	1,966,859	72,211,029	93,162,094	26,452,904	6,376,302	24,469,262	10,144,773	234,783,223
Policyholders, Brokers and Co-insurers	22,651,052	20,149,984	34,499,175	38,455,401	1,867,588	4,503,802	2,190,356	124,317,358
Reinsured and Reinsurers	772,246	1,213,123	11,272,246	2,852,866	222,323	2,190,672	2,230,227	20,753,703
Other Debtors and Creditors	-	14,502	436,767	2,451,540	-	9,065	3,775	2,915,649
Current Taxes	-	-	-	-	224	661	719	1,604
Deferred Taxes	16,334,635	3,449,100	14,845,824	32,783,534	1,015,981	5,357,169	1,036,058	74,822,301
Tangible and Intangible Assets (Net)	2,786,703	2,047,664	5,363,516	12,700,727	168,243	1,118,866	1,100,970	25,286,689
Accruals and Deferrals	339,673	403,510	561,832	1,636,039	-	84,177	103,408	3,147,507
Cash balances	61,504,296	7,424,205	29,834,978	70,230,361	675,403	5,422,343	1,903,960	176,995,546
	932,492,287	192,014,048	413,341,209	906,469,848	23,704,631	145,454,014	46,941,753	2,660,417,790
Liabilities								
Provisions for Unearned Premiums	11,322,808	26,502,289	81,107,258	143,130,216	1,789,448	8,123,795	6,231,473	278,207,287
Provision for Profit Sharing	-	-	-	-	-	-	1,763	1,763
Claims Provision	794,186,561	51,831,173	138,822,038	500,161,517	12,469,079	108,906,528	22,578,477	1,628,955,373
Other Technical Provisions	25,114,103	3,669,909	25,597,165	27,620,888	39,286	1,097,937	275,293	83,414,581
Policyholders, Brokers and Co-insurers	11,954,606	16,304,589	17,714,507	19,824,962	1,329,234	3,380,138	997,222	71,505,258
Reinsured and Reinsurers	1,952,509	10,607,739	18,038,987	5,243,116	756,208	3,888,494	10,327,668	50,814,721
Other Debtors and Creditors	928,761	-	204,924	3,910,493	-	-	-	5,044,178
Current Taxes	5,700,888	2,170,237	9,416,598	16,191,478	451,252	1,432,919	420,632	35,784,004
Deferred Taxes	15,606,894	1,197,325	3,195,387	11,589,067	195,152	1,459,288	379,017	33,622,130
Other Financial Liabilities	1,946,637	70,524,190	17,801,333	5,217,543	1,461,935	1,219,561	8,530,979	106,702,178
Other provisions	47,036,302	-	-	231,540	-	-	-	47,267,842
Accruals and Deferrals	6,983,286	4,025,193	11,388,263	20,578,790	590,829	1,549,087	1,503,930	46,619,378
	922,733,355	186,832,644	323,286,460	753,699,610	19,082,423	131,057,747	51,246,454	2,387,938,693



2014

	INSURANCE SEGMENT			HEALTH SEGMENT	ADJUSTMENTS	TOTAL
	Life	Non-life	Not allocated			
Income						
Gross Premiums	281,974,085	1,092,721,909	-	-	(4,794,449)	1,369,901,545
Earned Premiums	281,960,054	1,090,088,078	-	-	(4,770,300)	1,367,277,832
Claims rate	(326,444,851)	(631,290,545)	-	-	21,314,685	(936,420,711)
Commissions and Remuneration on Acquisition	(27,808,897)	(108,985,369)	-	-	91,402	(136,702,864)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	75,501,623	(25,279,585)	-	-	85,664	50,307,702
Income from Reinsurance Accepted, Ceded and Retroceded	(4,965,004)	(154,755,023)	-	-	1,463,976	(158,256,051)
Income, Expenses and Realised Gains	509,240,572	134,252,331	40,396,502	419,262	(6,191,375)	678,117,292
Unrealised Gains and Impairment	11,085,276	23,073,813	(34,943,870)	(1,513,093)	(33,080,654)	(35,378,528)
Gains and Losses on Financial Liabilities	(249,960,322)	-	-	-	-	(249,960,322)
Costs by Type	(72,734,685)	(253,280,149)	(10,190,149)	(318,893,516)	240,506,904	(414,591,595)
Other Costs and Income	(144,060)	24,051,797	6,172,634	342,628,262	(273,240,871)	99,467,762
Income Tax	(39,775,996)	(41,384,393)	(3,855,324)	(4,870,005)	4,257,406	(85,628,312)
	155,953,710	56,490,955	(2,420,207)	17,770,910	(49,563,163)	178,232,205
Assets						
Investments allocated to technical provisions	1,908,961,376	2,228,956,784	996,433,605	221,003,173	(633,176,291)	4,722,178,647
Financial assets allocated to Unit-linked insurance	683,905,528	-	-	-	-	683,905,528
Financial assets allocated to other investment contracts	7,345,020,601	-	-	-	(161,286,846)	7,183,733,755
Technical Provisions of reinsurance ceded	19,532,186	224,198,416	-	-	(6,552,347)	237,178,255
Policyholders, Brokers and Co-insurers	25,917,822	99,783,436	-	-	-	125,701,258
Reinsured and Reinsurers	695,137	11,496,374	33,514	-	(2,714,386)	9,510,639
Other Debtors and Creditors	313,079,883	30,133,078	147,492,035	83,884,376	(118,371,930)	456,217,442
Current Taxes	1,848,651	11,725	3,020,732	758,191	-	5,639,299
Deferred Taxes	72,243,278	74,592,122	8,468,403	23,753,477	(20,813,773)	158,243,507
Tangible and Intangible Assets (Net)	6,635,393	26,115,129	790,518	45,234,975	-	78,776,015
Goodwill	-	-	-	94,481,384	267,212,150	361,693,534
Accruals and Deferrals	10,379,884	2,845,223	9,041,978	37,396,255	(192,596)	59,470,744
Cash balances	263,070,795	51,965,667	19,174,727	23,078,336	-	357,289,525
	10,651,290,534	2,750,097,954	1,184,455,512	529,590,167	(675,896,019)	14,439,538,148
Liabilities						
Provisions for Unearned Premiums	1,515,796	273,101,446	-	-	(3,446,400)	271,170,842
Mathematical Provision	1,667,380,282	-	-	-	-	1,667,380,282
Provision for Profit Sharing	109,128,842	59,474	-	-	-	109,188,316
Claims Provision	123,816,191	1,627,152,754	-	-	(4,079,907)	1,746,889,038
Other Technical Provisions	31,956,908	79,751,821	-	-	-	111,708,729
Financial Liabilities on Unit-linked insurance	711,664,289	-	-	-	-	711,664,289
Financial Liabilities on other investment contracts	6,980,565,747	-	-	-	-	6,980,565,747
Policyholders, Brokers and Co-insurers	26,050,160	49,732,122	-	-	-	75,782,282
Reinsured and Reinsurers	1,025,364	40,477,116	-	-	(2,714,386)	38,788,094
Other Debtors and Creditors	73,200,483	68,569,509	332,832,805	41,687,499	(126,279,949)	390,010,347
Current Taxes	18,414,613	36,980,296	6,124,246	4,343,200	-	65,862,355
Deferred Taxes	56,325,692	58,625,252	8,853,174	7,524,257	7,392,429	138,720,804
Other Financial Liabilities	12,896,332	108,787,699	131,785,047	221,104,858	(3,737,249)	470,836,687
Other provisions	-	45,508,401	136,283,950	8,300,759	20,261,014	210,354,124
Accruals and Deferrals	15,087,841	42,612,240	7,447,763	47,347,104	(83,783)	112,411,165
	9,829,028,540	2,431,358,130	623,326,985	330,307,677	(112,688,231)	13,101,333,101
					Total Segments	1,159,972,842
					Shareholder's equity, reserves and retained earnings	1,159,972,842



2014

	Life			
	Risk	Capitalisation with profit sharing	Financial liabilities	TOTAL
Income				
Gross Premiums	188,337,385	93,617,474	19,226	281,974,085
Earned Premiums	188,319,390	93,621,438	19,226	281,960,054
Claims rate	(107,550,998)	(218,893,853)	-	(326,444,851)
Commissions and Remuneration on Acquisition	(13,524,392)	(2,056,394)	(12,228,111)	(27,808,897)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	3,903,418	71,593,725	4,480	75,501,623
Income from Reinsurance Accepted, Ceded and Retroceded	(4,963,707)	(1,297)	-	(4,965,004)
Income, Expenses and Realised Gains	20,843,131	80,833,711	407,563,730	509,240,572
Unrealised Gains and Impairment	(1,065,428)	(3,443,366)	15,594,070	11,085,276
Gains and Losses on Financial Liabilities	-	-	(249,960,322)	(249,960,322)
Costs by Type	(23,369,447)	(12,945,396)	(36,419,842)	(72,734,685)
Other Costs and Income	(2,235)	(141,752)	(73)	(144,060)
Income Tax	(12,223,444)	(2,700,784)	(24,851,768)	(39,775,996)
	50,366,288	5,866,032	99,721,390	155,953,710
Assets				
Investments allocated to technical provisions	360,411,753	1,548,549,162	461	1,908,961,376
Financial assets allocated to Unit-linked insurance	-	-	683,905,528	683,905,528
Financial assets allocated to other investment contracts	-	-	7,345,020,601	7,345,020,601
Technical Provisions of reinsurance ceded	19,532,186	-	-	19,532,186
Policyholders, Brokers and Co-insurers	1,818,539	2,553,952	21,545,331	25,917,822
Reinsured and Reinsurers	695,137	-	-	695,137
Other Debtors and Creditors	1,777,065	34,305,741	276,997,077	313,079,883
Current Taxes	16,109	1,832,542	-	1,848,651
Deferred Taxes	22,278,638	4,912,988	45,051,652	72,243,278
Tangible and Intangible Assets (Net)	2,616,452	1,078,591	2,940,350	6,635,393
Accruals and Deferrals	247,267	228,078	9,904,539	10,379,884
Cash balances	35,833,785	53,381,156	173,855,854	263,070,795
	445,226,931	1,646,842,210	8,559,221,393	10,651,290,534
Liabilities				
Provisions for Unearned Premiums	1,462,948	52,848	-	1,515,796
Mathematical Provision	207,936,450	1,459,443,832	-	1,667,380,282
Provision for Profit Sharing	31,046,695	78,082,147	-	109,128,842
Claims Provision	103,744,726	20,071,465	-	123,816,191
Other Technical Provisions	24,502,158	7,454,750	-	31,956,908
Financial Liabilities on Unit-linked insurance	-	-	711,664,289	711,664,289
Financial Liabilities on other investment contracts	-	-	6,980,565,747	6,980,565,747
Policyholders, Brokers and Co-insurers	4,979,879	2,645,419	18,424,862	26,050,160
Reinsured and Reinsurers	1,025,311	53	-	1,025,364
Other Debtors and Creditors	16,392,229	13,913,521	42,894,733	73,200,483
Current Taxes	5,192,921	2,216,658	11,005,034	18,414,613
Deferred Taxes	18,360,106	3,862,971	34,102,615	56,325,692
Other Financial Liabilities	4,286,850	-	8,609,482	12,896,332
Accruals and Deferrals	3,929,432	2,337,036	8,821,373	15,087,841
	422,859,705	1,590,080,700	7,816,088,135	9,829,028,540



2014

	Non-life							
	Workers' Compensation	Health	Property	Motor	Transported Goods	Third party liability	Other	Total
Income								
Gross Premiums	129,079,053	200,973,505	253,861,216	435,949,064	16,884,963	31,618,599	24,355,509	1,092,721,909
Earned Premiums	129,448,197	201,438,363	252,357,131	432,332,348	17,021,741	31,368,623	26,121,675	1,090,088,078
Claims rate	(124,894,254)	(156,071,883)	(97,470,873)	(229,183,651)	(7,024,445)	(9,036,239)	(7,609,200)	(631,290,545)
Commissions and Remuneration on Acquisition	(12,402,281)	(15,881,163)	(28,921,886)	(44,856,467)	(1,092,674)	(2,845,490)	(2,985,408)	(108,985,369)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(10,671,494)	(913,899)	2,660,458	(15,209,785)	(87,597)	(385,865)	(671,403)	(25,279,585)
Income from Reinsurance Accepted, Ceded and Retroceded	(4,896,381)	(22,303,243)	(67,562,033)	(38,899,243)	(5,777,230)	(9,730,036)	(5,586,857)	(154,755,023)
Income, Expenses and Realised Gains	53,566,143	5,415,159	15,370,690	49,347,987	1,235,859	8,066,454	1,250,039	134,252,331
Unrealised Gains and Impairment	36,241,728	(970,059)	(1,196,219)	(9,475,189)	(265,947)	(1,505,327)	244,826	23,073,813
Costs by Type	(34,745,371)	(17,230,760)	(58,316,363)	(122,571,751)	(1,837,261)	(9,356,049)	(9,222,594)	(253,280,149)
Other Costs and Income	36,926	7,466	2,380,926	21,589,517	5,732	10,408	20,822	24,051,797
Income Tax	(5,049,258)	(1,554,566)	(10,395,935)	(20,072,570)	(543,201)	(2,300,901)	(1,467,962)	(41,384,393)
	26,633,955	(8,064,585)	8,905,896	23,001,196	1,634,977	4,285,578	93,938	56,490,955
Assets								
Investments allocated to technical provisions	984,606,401	76,276,561	241,684,447	778,925,490	20,363,951	108,361,421	18,738,513	2,228,956,784
Technical Provisions of reinsurance ceded	1,032,397	72,066,484	79,203,840	26,953,341	10,986,760	24,919,287	9,036,307	224,198,416
Policyholders, Brokers and Co-insurers	17,505,320	14,481,639	33,101,374	29,485,199	1,472,649	2,800,595	936,660	99,783,436
Reinsured and Reinsurers	439,113	(2,710,103)	7,279,086	3,140,150	514,606	568,210	2,265,312	11,496,374
Other Debtors and Creditors	16,000,895	675,749	2,748,907	9,441,928	135,386	1,000,950	129,263	30,133,078
Current Taxes	-	-	541	-	204	6,976	4,004	11,725
Deferred Taxes	9,133,649	2,852,393	18,831,308	35,987,118	960,845	4,159,774	2,667,035	74,592,122
Tangible and Intangible Assets (Net)	2,882,743	2,270,274	6,137,090	12,311,402	122,994	1,060,680	1,329,946	26,115,129
Accruals and Deferrals	389,847	356,042	517,102	1,386,154	12,113	73,068	110,897	2,845,223
Cash balances	20,351,560	1,499,622	5,799,707	21,833,406	279,984	1,622,587	578,801	51,965,667
	1,052,341,925	167,768,661	395,303,402	919,464,188	34,849,492	144,573,548	35,796,738	2,750,097,954
Liabilities								
Provisions for Unearned Premiums	11,040,900	22,960,523	82,050,109	140,807,178	2,626,688	8,116,533	5,499,515	273,101,446
Provision for Profit Sharing	-	-	-	-	-	-	59,474	59,474
Claims Provision	788,512,489	45,419,453	129,437,085	521,786,907	14,766,287	112,408,993	14,821,540	1,627,152,754
Other Technical Provisions	23,277,225	3,428,386	25,876,520	26,367,008	4,909	636,992	160,781	79,751,821
Policyholders, Brokers and Co-insurers	6,622,330	9,256,114	17,473,056	11,313,425	1,089,311	2,628,734	1,349,152	49,732,122
Reinsured and Reinsurers	1,255,502	8,130,445	15,159,651	8,033,193	1,466,748	1,899,253	4,532,324	40,477,116
Other Debtors and Creditors	64,652,135	-	270,628	3,646,746	-	-	-	68,569,509
Current Taxes	6,183,096	2,200,547	9,165,710	17,082,200	392,604	1,100,673	855,466	36,980,296
Deferred Taxes	6,949,002	2,184,471	15,257,013	28,015,305	728,223	3,383,672	2,107,566	58,625,252
Other Financial Liabilities	-	71,381,165	19,249,087	5,797,611	2,218,383	1,888,650	8,252,803	108,787,699
Other provisions	45,236,302	-	-	272,099	-	-	-	45,508,401
Accruals and Deferrals	6,205,324	4,694,850	10,271,104	18,265,459	400,836	1,558,887	1,215,780	42,612,240
	959,934,305	169,655,954	324,209,963	781,387,131	23,693,989	133,622,387	38,854,401	2,431,358,130



Geographical markets

2015

	Portugal	Rest of European Union	Africa	Asia	Rest of World	Total
Income						
Gross Premiums	1,289,028,827	84,893,083	73,635,964	3,014,189	18,248,815	1,468,820,878
Earned Premiums	1,281,664,720	85,913,381	68,526,125	3,753,560	17,161,110	1,457,018,896
Claims rate	(837,639,409)	(52,157,322)	(29,971,770)	(6,997,979)	(17,070,436)	(943,836,916)
Commissions and Remuneration on Acquisition	(151,090,276)	(14,075,910)	(975,198)	(630,615)	(1,700,846)	(168,472,845)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	19,954,207	(15,473,583)	(5,484,460)	11,910	(4,545,407)	(5,537,333)
Income from Reinsurance Accepted, Ceded and Retroceded	(128,725,075)	(4,077,361)	(7,097,588)	4,678,575	4,737,348	(130,484,101)
Income, Expenses and Realised Gains	763,808,719	28,296,772	2,656,808	26,469,918	962,449	822,194,666
Unrealised Gains and Impairment	(146,303,920)	(12,314,023)	(1,067,340)	13,558,045	3,054,509	(143,072,729)
Gains and Losses on Financial Liabilities	(194,168,802)	(1,393,102)	-	-	-	(195,561,904)
Costs by Type	(606,036,994)	(17,266,751)	(21,200,146)	(10,422,194)	(2,027,331)	(656,953,416)
Other Costs and Income	336,201,501	773,938	(927,560)	13,790,462	(12,422,182)	337,416,159
Income Tax	(85,811,272)	(127,860)	(332,157)	(100,892)	(51,406)	(86,423,587)
	251,853,399	(1,901,821)	4,126,714	44,110,790	(11,902,192)	286,286,890
Assets						
Investments allocated to technical provisions	4,094,104,197	865,873,467	40,697,893	81,863,864	-	5,082,539,421
Financial assets allocated to Unit-linked insurance	542,647,560	4,641,437	-	-	-	547,288,997
Financial assets allocated to other investment contracts	6,058,866,544	48,620,710	-	-	-	6,107,487,254
Technical Provisions of reinsurance ceded	186,295,620	33,094,627	7,420,842	25,612,321	7,018	252,430,428
Policyholders, Brokers and Co-insurers	110,549,562	7,561,844	35,731,793	1,461,202	11,102	155,315,503
Reinsured and Reinsurers	14,420,757	1,690,897	4,623,897	382,963	127,282	21,245,796
Other Debtors and Creditors	161,828,163	1,003,465	6,436,302	4,439,281	101,379	173,808,590
Current Taxes	1,923,900	304,503	366,027	-	73	2,594,503
Deferred Taxes	258,687,084	5,148,075	145,357	-	7,613,642	271,594,158
Tangible and Intangible Assets (Net)	65,185,261	1,368,479	3,146,844	86,040	-	69,786,624
Goodwill	359,262,698	-	2,541,090	15,319	-	361,819,107
Accruals and Deferrals	71,039,286	882,243	894,874	64,851	-	72,881,254
Cash balances	1,867,298,619	39,262,800	17,115,711	113,231,657	493,605	2,037,402,392
	13,792,109,251	1,009,452,547	119,120,630	227,157,498	8,354,101	15,156,194,027
Liabilities						
Provisions for Unearned Premiums	244,710,666	9,369,448	19,259,332	5,486,738	-	278,826,184
Mathematical Provision	1,295,642,398	314,046,651	398,735	-	22,906,548	1,632,994,332
Provision for Profit Sharing	63,303,685	5,430,473	-	-	31,281	68,765,439
Claims Provision	1,652,744,419	37,259,771	21,066,491	32,168,637	46,709	1,743,286,027
Other Technical Provisions	110,487,640	1,053,801	2,496,765	275,067	-	114,313,273
Financial Liabilities on Unit-linked insurance	568,268,620	4,780,803	-	-	-	573,049,423
Financial Liabilities on other investment contracts	7,463,518,941	39,074,866	-	-	-	7,502,593,807
Policyholders, Brokers and Co-insurers	60,366,345	3,637,536	28,141,474	1,450,896	2,095,571	95,691,822
Reinsured and Reinsurers	36,374,211	10,395,445	6,512,217	1,552,527	-	54,834,400
Other Debtors and Creditors	96,544,792	430,471	7,148,656	13,505,331	4,421,863	122,051,113
Current Taxes	63,388,948	1,949,038	496,743	373,997	18,000	66,226,726
Deferred Taxes	129,361,888	3,919,304	608,003	-	13,104,989	146,994,184
Other Financial Liabilities	360,989,122	9,296,343	2,991,774	113,761,398	-	487,038,637
Other provisions	164,139,706	102,737	1,567,848	-	21,362,631	187,172,922
Accruals and Deferrals	130,048,156	24,757,354	2,313,349	-	106,010	157,224,869
	12,439,889,537	465,504,041	93,001,387	168,574,591	64,093,602	13,231,063,158
					Total Segments	1,638,843,979
					Shareholders' equity, reserves and retained earnings	1,638,843,979



2014

	Portugal	Rest of European Union	Africa	Rest of World	Total
Income					
Gross Premiums	1,213,610,595	70,816,681	62,529,997	22,944,272	1,369,901,545
Earned Premiums	1,221,326,570	70,211,451	52,444,809	23,295,002	1,367,277,832
Claims rate	(843,615,376)	(49,177,306)	(24,639,994)	(18,988,035)	(936,420,711)
Commissions and Remuneration on Acquisition	(123,166,570)	(10,979,062)	(877,390)	(1,679,842)	(136,702,864)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	65,106,385	(3,168,814)	(3,178,516)	(8,451,353)	50,307,702
Income from Reinsurance Accepted, Ceded and Retroceded	(148,344,941)	(8,552,369)	(5,929,145)	4,570,404	(158,256,051)
Income, Expenses and Realised Gains	656,569,867	17,543,590	3,067,106	936,729	678,117,292
Unrealised Gains and Impairment	(67,408,143)	(1,312,503)	(3,393,276)	36,735,394	(35,378,528)
Gains and Losses on Financial Liabilities	(249,256,402)	(703,920)	-	-	(249,960,322)
Costs by Type	(362,092,725)	(16,748,304)	(14,107,939)	(21,642,627)	(414,591,595)
Other Costs and Income	98,919,585	258,876	428,162	(138,861)	99,467,762
Income Tax	(79,958,788)	(104,155)	(496,986)	(5,068,383)	(85,628,312)
	168,079,462	(2,732,516)	3,316,831	9,568,428	178,232,205
Assets					
Investments allocated to technical provisions	3,970,559,823	383,556,313	35,170,479	332,892,032	4,722,178,647
Financial assets allocated to Unit-linked insurance	681,059,591	2,845,937	-	-	683,905,528
Financial assets allocated to other investment contracts	7,146,886,023	36,847,732	-	-	7,183,733,755
Technical Provisions of reinsurance ceded	177,790,480	34,030,077	12,000,979	13,356,719	237,178,255
Policyholders, Brokers and Co-insurers	99,437,277	8,217,258	16,227,919	1,818,804	125,701,258
Reinsured and Reinsurers	4,669,722	4,413,608	33,514	393,795	9,510,639
Other Debtors and Creditors	438,150,729	1,363,653	3,689,617	13,013,443	456,217,442
Current Taxes	(1,089,801)	644,750	-	6,084,350	5,639,299
Deferred Taxes	150,677,808	549,070	145,321	6,871,308	158,243,507
Tangible and Intangible Assets (Net)	74,297,206	1,918,037	2,469,114	91,658	78,776,015
Goodwill	359,152,444	-	2,541,090	-	361,693,534
Accruals and Deferrals	56,024,995	992,439	585,831	1,867,479	59,470,744
Cash balances	325,813,365	16,510,847	6,529,112	8,436,201	357,289,525
	13,483,429,662	491,889,721	79,392,976	384,825,789	14,439,538,148
Liabilities					
Provisions for Unearned Premiums	238,445,742	10,197,007	17,348,894	5,179,199	271,170,842
Mathematical Provision	1,349,305,857	299,694,452	457,641	17,922,332	1,667,380,282
Provision for Profit Sharing	105,172,180	3,947,406	-	68,730	109,188,316
Claims Provision	1,669,121,829	39,386,409	21,385,455	16,995,345	1,746,889,038
Other Technical Provisions	109,895,332	1,664,810	-	148,587	111,708,729
Financial Liabilities on Unit-linked insurance	708,104,450	3,559,839	-	-	711,664,289
Financial Liabilities on other investment contracts	6,954,844,932	25,720,815	-	-	6,980,565,747
Policyholders, Brokers and Co-insurers	64,092,348	6,282,811	4,472,501	934,622	75,782,282
Reinsured and Reinsurers	25,416,549	8,345,888	3,842,434	1,183,223	38,788,094
Other Debtors and Creditors	256,275,771	1,071,720	2,262,942	130,399,914	390,010,347
Current Taxes	63,165,867	1,579,708	1,068,790	47,990	65,862,355
Deferred Taxes	134,685,936	3,475,241	559,627	-	138,720,804
Other Financial Liabilities	345,960,760	10,427,440	11,164,042	103,284,445	470,836,687
Other provisions	208,617,217	344,903	1,392,004	-	210,354,124
Accruals and Deferrals	108,685,887	907,961	2,578,766	238,551	112,411,165
	12,341,790,657	416,606,410	66,533,096	276,402,938	13,101,333,101
				Total Segments	1,159,972,842
				Shareholder's equity, reserves and retained earnings	1,159,972,842

The headings “Policyholders, Brokers and Co-insurers”, “Reinsured and Reinsurers”, “Other Debtors and Creditors” and “Current taxes” are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by segments leads to a different breakdown of balances.



46. Related Parties

Fidelidade Group's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and the Caixa Geral de Depósitos, and respective management bodies.

At 31 December 2015 and 2014 the Group's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2015

	CARES	CGD	Multicare - Seguros Saúde, SA	Xingtao Assets Limited	TOM TAILOR	Bona Film Group Ltd	HOLDING GAILLON II
ASSETS							
Available-for-sale investments	-	487,078,867	-	669,756,750	31,436,281	-	142,205,008
Financial assets initially recognised at fair value through profit or loss	-	62,366,492	-	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-	-
Provision for unearned premiums	18,583,907	-	22,254,019	-	-	-	-
Claims provision	-	-	48,577,199	-	-	-	-
Brokers	-	2,314,821	-	-	-	-	-
Shareholders - group companies	-	6,119	-	-	-	-	-
Other Debtors	14,318	-	37,539	-	-	-	-
Accruals and Deferrals	-	20,533	-	-	-	-	-
Other deposits	-	80,002,273	-	-	-	-	-
Demand deposits in local currency	-	1,446,397,671	-	-	-	-	-
Demand deposits in a foreign currency	-	169,404,684	-	-	-	-	-
LIABILITIES							
Shareholders - group companies	-	37,224	414,368	-	-	-	-
Claims provision	-	-	168	-	-	-	-
Brokers	-	4,783,399	2,502,250	-	-	-	-
Policyholders	-	34	-	-	-	-	-
Reinsurers current accounts - Group companies	1,600,785	-	4,401,337	-	-	-	-
Other financial liabilities	-	33,125,988	70,563,854	-	-	-	-
Suppliers - current accounts	11,636	69,739	32,693	-	-	-	-
Other creditors	-	76,658,904	-	-	-	-	-
Accruals and deferrals	22,308	13,761,604	46,996	-	-	-	-
LOSSES							
Claims Costs	(1,020)	-	(472,723)	-	-	-	-
Changes in technical provisions for reinsurance ceded	-	-	(2,307,773)	-	-	-	-
Premiums reinsurance ceded	(42,769,157)	-	(202,309,594)	-	-	-	-
Investments related to deposits and investment contracts	-	(2,810,019)	-	(64,420)	-	(67,891)	-
Operating expenses - Brokerage remuneration	-	(43,455,947)	-	-	-	-	-
Employee costs	88,382	13,143	2,347,966	-	-	-	-
External supplies and services	(367)	(1,580,882)	12,401	-	-	-	-
Interest paid	-	(822,385)	(862,550)	-	-	-	-
Commissions	-	(2,996,586)	-	-	-	-	-
Financial costs and losses - banking services	-	(56,691)	(69,977)	-	-	-	-
Losses on financial assets and liabilities	-	(6,982)	-	(103,269)	-	(68,742)	-
Exchange rate losses	-	(14,050,471)	-	-	-	-	-
Impairment losses	-	-	-	-	(29,281,498)	-	-
Other non-technical expenses	-	(20,074)	-	-	-	-	-
GAINS							
Commissions on reinsurance ceded	3,390,856	-	25,994,252	-	-	-	-
Reinsurers' part of costs with claims	-	-	155,802,649	-	-	-	-
Changes in technical provisions for reinsurance ceded	1,124,610	-	-	-	-	-	-
Investments related to deposit contracts and investment contracts	-	5,604,238	-	24,862,419	-	28,895,886	733,396
Investment income	265,379	18,626,546	563,949	7,233,899	-	-	5,898,088
Gains on financial assets and liabilities	-	12,726,646	-	1,551	-	30,011,113	-
Exchange rate gains	-	15,607,431	-	-	-	8,543,466	-
Investment income - term deposits	-	515,745	-	-	-	-	-
Non-technical income	3,716	1,927,517	199	-	-	-	-



	RHJ International	Fidelidade Assistência Assistance	Peak Reinsurance Company	Sogrupa-Serv Admn	Xsource, ACE	Sogrupa-SI	Others	TOTAL
ASSETS								
Available-for-sale investments	66,079,133	-	-	-	-	-	-	1,396,556,039
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-	-	62,366,492
Loans and accounts receivable	-	-	-	30,100	-	-	-	30,100
Provision for unearned premiums	-	-	-	-	-	-	-	40,837,926
Claims provision	-	-	4,618	-	-	-	-	48,581,817
Brokers	-	-	-	-	-	-	-	2,314,821
Shareholders - group companies	-	-	-	-	-	-	-	6,119
Other Debtors	-	-	-	-	74,888	71,829	201	198,775
Accruals and Deferrals	-	-	-	-	-	-	-	20,533
Other deposits	-	-	-	-	-	-	-	80,002,273
Demand deposits in local currency	-	-	-	-	-	-	-	1,446,397,671
Demand deposits in a foreign currency	-	-	-	-	-	-	-	169,404,684
LIABILITIES								
Shareholders - group companies	-	-	-	-	39	-	1,842	453,473
Claims provision	-	1,226,309	-	-	-	-	7,122	1,233,599
Brokers	-	-	-	-	-	-	-	7,285,649
Policyholders	-	-	-	-	-	-	-	34
Reinsurers current accounts - Group companies	-	-	1,681,438	-	-	-	-	7,683,560
Other financial liabilities	-	-	732,222	-	-	-	-	104,422,064
Suppliers - current accounts	-	-	-	-	-	-	2,362	116,430
Other creditors	-	-	-	-	-	-	7,955	76,666,859
Accruals and deferrals	-	-	-	-	-	-	7	13,830,915
LOSSES								
Claims Costs	-	(8,765,204)	-	-	-	-	(406,759)	(9,645,706)
Changes in technical provisions for reinsurance ceded	-	-	-	-	-	-	-	(2,307,773)
Premiums reinsurance ceded	-	-	(5,015,387)	-	-	-	-	(250,094,138)
Investments related to deposits and investment contracts	-	-	-	-	-	-	-	(2,942,330)
Operating expenses - Brokerage remuneration	-	-	-	-	-	-	-	(43,455,947)
Employee costs	-	-	-	-	-	900,416	17,616	3,879,946
External supplies and services	-	-	-	(275,796)	512,423	(1,801,916)	(3,350)	(3,649,910)
Interest paid	-	-	-	-	-	-	-	(1,684,925)
Commissions	-	-	-	-	-	-	-	(2,996,586)
Financial costs and losses - banking services	-	-	-	-	-	-	-	(126,668)
Losses on financial assets and liabilities	-	-	-	-	-	-	-	(178,993)
Exchange rate losses	-	-	-	-	-	-	-	(14,050,471)
Impairment losses	-	-	-	-	-	-	-	(29,281,498)
Other non-technical expenses	-	-	-	-	-	-	(723)	(20,797)
GAINS								
Commissions on reinsurance ceded	-	-	577,679	-	-	-	-	29,962,787
Reinsurers' part of costs with claims	-	-	384,441	-	-	-	-	156,187,090
Changes in technical provisions for reinsurance ceded	-	-	-	-	-	-	-	1,124,610
Investments related to deposit contracts and investment contracts	-	-	-	-	-	-	-	60,095,939
Investment income	-	-	-	678,359	-	-	-	33,266,220
Gains on financial assets and liabilities	-	-	-	-	-	-	-	42,739,310
Exchange rate gains	-	-	-	-	-	-	-	24,150,897
Investment income - term deposits	-	-	-	-	-	-	-	515,745
Non-technical income	-	-	-	-	-	-	379	1,931,811



2014

	CARES	CGD	Multicare - Seguros Saúde, SA	Xingtao Assets Limited	TOM TAILOR	Bona Film Group Ltd	FCM Beteiligungs GmbH	Others	TOTAL
ASSETS									
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	14,093,820	-	14,093,820
Available-for-sale investments	-	742,060,612	-	977,475,000	48,137,421	48,746,185	-	-	1,816,419,218
Financial assets held for trading	-	4,540,641	-	-	-	-	-	-	4,540,641
Financial assets initially recognised at fair value through profit or loss	-	70,440,528	-	-	-	-	-	-	70,440,528
Loans and accounts receivable	-	-	-	-	-	-	-	30,100	30,100
Provision for unearned premiums	15,130,255	-	21,767,201	-	-	-	-	-	36,897,456
Claims provision	-	-	44,147,221	-	-	-	-	-	44,147,221
Brokers	-	827,016	-	-	-	-	-	-	827,016
Reinsurers current accounts - group companies	71,185	-	-	-	-	-	-	-	71,185
Shareholders - group companies	-	-	-	-	-	-	-	261,206	261,206
Other Debtors	7,920	19,489	-	-	-	-	-	208,875	236,284
Accruals and Deferrals	-	18,910	-	-	-	-	-	-	18,910
Other deposits	-	173,320,710	-	-	-	-	-	-	173,320,710
Demand deposits in local currency	-	307,348,158	-	-	-	-	-	-	307,348,158
Demand deposits in a foreign currency	-	16,777,873	-	-	-	-	-	-	16,777,873
LIABILITIES									
Shareholders - group companies	-	10,948	461,353	-	-	-	-	-	472,301
Brokers	-	4,054,926	281,404	-	-	-	-	-	4,336,330
Reinsurers current accounts - Group companies	-	-	2,733,413	-	-	-	-	290,296	3,023,709
Reinsured current accounts - Group companies	-	-	1,908,996	-	-	-	-	-	1,908,996
Other financial liabilities	-	13,150,123	65,721,124	-	-	-	-	-	78,871,247
Suppliers - current accounts	-	13,304	-	-	-	-	-	359,717	373,021
Other creditors	-	-	-	-	-	-	-	1	1
Accruals and deferrals	22,115	6,550,785	46,996	-	-	-	-	-	6,619,896
LOSSES									
Claims Costs	-	-	(1,680,242)	-	-	-	-	-	(1,680,242)
Changes in technical provisions for reinsurance ceded	(441,238)	-	(2,873,655)	-	-	-	-	-	(3,314,893)
Premiums reinsurance ceded	(36,192,304)	-	(185,854,031)	-	-	-	-	(642,826)	(222,689,161)
Investments related to deposits and investment contracts	-	(6,989,058)	-	-	-	-	-	-	(6,989,058)
Operating expenses - Brokerage remuneration	-	(32,169,644)	-	-	-	-	-	-	(32,169,644)
Employee costs	118,868	(253,600)	3,582,664	-	-	-	-	1,768,977	5,216,909
External supplies and services	(2,797)	(2,088,562)	28,150	-	-	-	-	(3,037,861)	(5,101,070)
Interest paid	-	(261,034)	(358,881)	-	-	-	-	-	(619,915)
Commissions	-	(2,971,490)	-	-	-	-	-	-	(2,971,490)
Financial costs and losses - banking services	-	(43,279)	(34,099)	-	-	-	-	-	(77,378)
Losses on financial assets and liabilities	-	(22,740,409)	-	-	-	-	-	-	(22,740,409)
Exchange rate losses	-	(2,267,994)	-	-	-	-	-	-	(2,267,994)
Other non-technical expenses	-	(4,919)	-	-	-	-	-	-	(4,919)
GAINS									
Premiums reinsurance accepted	-	-	324,284	-	-	-	-	-	324,284
Commissions on reinsurance ceded	3,425,714	-	23,914,011	-	-	-	-	19,987	27,359,712
Reinsurers' part of costs with claims	-	-	146,353,087	-	-	-	-	-	146,353,087
Investments related to deposit contracts and investment contracts	-	18,925,647	-	4,096,967	-	-	-	-	23,022,614
Investment income	253,310	35,838,317	562,106	319,320	-	-	-	11,201	36,984,254
Gains on financial assets and liabilities	-	22,718,047	-	-	-	-	-	-	22,718,047
Exchange rate gains	-	2,964,091	-	-	-	-	-	-	2,964,091
Investment income - term deposits	-	2,785,420	-	-	-	-	-	-	2,785,420
Non-technical income	-	25,396	-	-	-	-	-	-	25,396



Payment of remuneration to statutory bodies

The Remuneration Commission 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 2015 were as follows:

Board of Directors

	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance	
Non-executive members						
Chairman						
Guangchang Guo	-	-	-	-	-	
Vice-president						
João Nuno de Oliveira Jorge Palma	-	-	-	-	-	
Members						
Qunbin Wang	-	-	-	-	-	
Nuno Maria Pinto de Magalhães Fernandes Thomaz	-	-	-	-	-	
Michael Lee	-	-	-	-	-	
José Pedro Cabral dos Santos	-	-	-	-	-	
Lan Kang	-	-	-	-	-	
Xiaoyong Wu	-	-	-	-	-	
Lingjiang Xu	-	-	-	-	-	
	Fixed Remuneration	Capitalisation insurance Deferred receipt	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Executive members						
Vice-charman and chairman of executive board						
Jorge Manuel Baptista Magalhães Correia	350,000	225,000	100,000	2,574	940	181
Members of Executive Board						
António Manuel Marques Sousa Noronha	290,000	80,000	80,000	2,535	592	181
José Manuel Alvarez Quintero	290,000	80,000	80,000	2,574	1,547	181
Rogério Miguel Antunes Campos Henriques	290,000	95,000	80,000	2,457	1,427	181
Wai Lam William Mak	290,000	35,000	45,000	2,574	348	181
Total of Board of Directors	1,510,000	515,000	385,000	12,714	4,853	905

Supervisory Board

	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance
Chairman					
Pedro Antunes de Almeida	42,000	-	-	-	-
Members					
José António da Costa Figueiredo	30,800	-	-	-	-
Luís Manuel Machado Vilhena da Cunha	30,800	-	-	-	-
Total of Supervisory Board	103,600	-	-	-	-

*Concerning the financial year 2014

The fees paid to Ernst & Young, SROC, S.A., the Company's Statutory Auditor, relating to 2015 totalled about EUR 514,500.



47. Disclosures Relating to Financial Instruments

STATEMENTS OF FINANCIAL POSITION

At 31 December 2015 and 2014 the financial instruments had the following balance sheet value:

	2015		
	Recognised at fair value	Not recognised at fair value	Balance sheet value
<u>Assets</u>			
Cash and cash equivalents	-	2,037,402,392	2,037,402,392
Investments in associates and joint ventures	-	70,101,641	70,101,641
Financial assets held for trading	957,920	-	957,920
Financial assets initially recognised at fair value through profit or loss	888,247,479	-	888,247,479
Hedge derivatives	1,285,939	-	1,285,939
Available-for-sale investments	8,558,130,000	54,094,272	8,612,224,272
Loans and accounts receivable	-	676,960,894	676,960,894
Other debtors	-	158,031,019	158,031,019
	9,448,621,338	2,996,590,218	12,445,211,556
<u>Liabilities</u>			
Mathematical provision for life insurance	-	1,460,142,569	1,460,142,569
Financial liabilities on the deposit component of insurance and investment contracts	573,049,422	7,502,593,808	8,075,643,230
Hedge derivatives	4,406,362	-	4,406,362
Deposits received from reinsurers	-	108,263,151	108,263,151
Other financial liabilities	18,448,784	355,920,340	374,369,124
Other creditors	-	142,404,040	142,404,040
	595,904,568	9,569,323,908	10,165,228,476
<u>2014</u>			
	Recognised at fair value	Not recognised at fair value	Balance sheet value
<u>Assets</u>			
Cash and cash equivalents	-	357,289,525	357,289,525
Investments in associates and joint ventures	-	124,421,079	124,421,079
Financial assets initially recognised at fair value through profit or loss	863,235,679	-	863,235,679
Available-for-sale investments	9,128,582,427	131,282,830	9,259,865,257
Loans and accounts receivable	-	1,309,548,743	1,309,548,743
Other debtors	-	118,781,564	118,781,564
	9,991,818,106	2,041,323,741	12,033,141,847
<u>Liabilities</u>			
Mathematical provision for life insurance	-	1,439,409,242	1,439,409,242
Financial liabilities on the deposit component of insurance and investment contracts	711,664,289	6,980,565,747	7,692,230,036
Deposits received from reinsurers	-	109,306,980	109,306,980
Other financial liabilities	8,610,084	352,919,623	361,529,707
Other creditors	-	114,452,500	114,452,500
	720,274,373	8,996,654,092	9,716,928,465

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 2015 and 2014, the net gains and losses on financial instruments had the following breakdown:

	2015			2014		
	As a charge to			As a charge to		
	Income	Shareholder's equity	Total	Income	Shareholder's equity	Total
Earned premiums net of reinsurance	92,966,534	-	92,966,534	82,294,300	-	82,294,300
Claims costs, net of reinsurance	(184,533,716)	-	(184,533,716)	(217,425,016)	-	(217,425,016)
Mathematical provision for life insurance, net of reinsurance	52,768,910	-	52,768,910	91,023,517	-	91,023,517
Income from financial instruments:						
Financial assets at fair value through profit or loss	29,849,141	-	29,849,141	30,709,767	-	30,709,767
Financial assets held for trading	(1,395,064)	-	(1,395,064)	(463,251)	-	(463,251)
Available-for-sale investments	329,906,331	-	329,906,331	249,624,191	-	249,624,191
Loans and accounts receivable	15,517,254	-	15,517,254	15,482,663	-	15,482,663
Held-to-maturity investments	-	-	-	37,238,798	-	37,238,798
Sight deposits	268,277	-	268,277	621,885	-	621,885
Net income on financial assets and liabilities not recognised at fair value through profit or loss:						
Available-for-sale investments	354,480,640	(307,421,243)	47,059,397	316,745,132	328,188,003	459,021,944
Financial liabilities at amortised cost	(187,551,641)	-	(187,551,641)	(185,911,191)	-	(185,911,191)
Other	(1,314,215)	-	(1,314,215)	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss:						
Financial assets and liabilities held for trading	(37,314,963)	-	(37,314,963)	(3,850,857)	-	(3,850,857)
Financial assets and liabilities initially recognised at fair value through profit or loss	16,847,908	-	16,847,908	(17,465,642)	-	(17,465,642)
Other	3,434,798	-	3,434,798	-	-	-
Exchange rate differences	44,323,812	-	44,323,812	15,179,533	-	15,179,533
Impairment losses (net of reversals):						
Available-for-sale investments	(223,534,530)	-	(223,534,530)	(58,017,638)	-	(58,017,638)
Loans and accounts receivable at amortised cost	496,540	-	496,540	(2,589,054)	-	(2,589,054)
Interest on deposits received from reinsurers	(1,279,819)	-	(1,279,819)	(1,077,834)	-	(1,077,834)
	303,936,197	(307,421,243)	(3,485,046)	352,119,303	328,188,003	494,396,115

In the years ended on 31 December 2015 and 2014, the income and expenses with interest, calculated according to the effective rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

	2015	2014
Assets		
Available-for-sale investments	286,474,464	226,030,241
Loans and accounts receivable	15,517,254	15,482,663
Held-to-maturity investments	-	37,238,798
Sight deposits with credit institutions	268,277	621,885
	302,259,995	279,373,587
Liabilities		
Mathematical provision for life insurance	(32,296,814)	(35,680,554)
Financial liabilities on the deposit component of insurance and investment contracts	(187,551,641)	(185,911,191)
Deposits received from reinsurers	1,279,819	1,077,834
	(218,568,636)	(220,513,911)



OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2015 and 2014, the method for assessing the fair value of the financial instruments reflected in the Group's financial statements can be summarised as follows:

	2015				
	Fair value assessment methodology			Not recognised at fair value	Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	2,037,402,392	2,037,402,392
Investments in associates and joint ventures	-	-	-	70,101,641	70,101,641
Financial assets held for trading	957,920	-	-	-	957,920
Financial assets initially recognised at fair value through profit or loss	411,966,884	468,352,490	7,928,105	-	888,247,479
Hedge derivatives	1,285,939	-	-	-	1,285,939
Available-for-sale investments	5,198,741,650	1,754,273,838	1,605,114,512	54,094,272	8,612,224,272
Loans and accounts receivable	-	-	-	676,960,894	676,960,894
Other debtors	-	-	-	158,031,019	158,031,019
	<u>5,612,952,393</u>	<u>2,222,626,328</u>	<u>1,613,042,617</u>	<u>2,996,590,218</u>	<u>12,445,211,556</u>
Liabilities					
Mathematical provision for life insurance	-	-	-	1,460,142,569	1,460,142,569
Financial liabilities on the deposit component of insurance and investment contracts	-	573,049,422	-	7,502,593,808	8,075,643,230
Hedge derivatives	4,155,656	250,706	-	-	4,406,362
Deposits received from reinsurers	-	-	-	108,263,151	108,263,151
Other financial liabilities	10,822,796	7,625,988	-	355,920,340	374,369,124
Other creditors	-	-	-	142,404,040	142,404,040
	<u>14,978,452</u>	<u>580,926,116</u>	<u>-</u>	<u>9,569,323,908</u>	<u>10,165,228,476</u>
	<u>5,597,973,941</u>	<u>1,641,700,212</u>	<u>1,613,042,617</u>	<u>(6,572,733,690)</u>	<u>2,279,983,080</u>
2014					
	Fair value assessment methodology			Not recognised at fair value	Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	357,289,525	357,289,525
Investments in associates and joint ventures	-	-	-	124,421,079	124,421,079
Financial assets initially recognised at fair value through profit or loss	21,658,907	812,809,582	28,767,190	-	863,235,679
Available-for-sale investments	990,534,026	7,291,603,618	846,444,783	131,282,830	9,259,865,257
Loans and accounts receivable	-	-	-	1,309,548,743	1,309,548,743
Other debtors	-	-	-	118,781,564	118,781,564
	<u>1,012,192,933</u>	<u>8,104,413,200</u>	<u>875,211,973</u>	<u>2,041,323,741</u>	<u>12,033,141,847</u>
Liabilities					
Mathematical provision for life insurance	-	-	-	1,439,409,242	1,439,409,242
Financial liabilities on the deposit component of insurance and investment contracts	-	711,664,289	-	6,980,565,747	7,692,230,036
Deposits received from reinsurers	-	-	-	109,306,980	109,306,980
Other financial liabilities	-	8,610,084	-	352,919,623	361,529,707
Other creditors	-	-	-	114,452,500	114,452,500
	<u>-</u>	<u>720,274,373</u>	<u>-</u>	<u>8,996,654,092</u>	<u>9,716,928,465</u>
	<u>1,012,192,933</u>	<u>7,384,138,827</u>	<u>875,211,973</u>	<u>(6,955,330,351)</u>	<u>2,316,213,382</u>



The tables above present the classification in line with the fair value hierarchy set out in IFRS 13 – Fair value, of the financial instruments held by the Group at 31 December 2015 and 2014 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 2014 and 2015 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

	Available-for-sale investments	Financial assets initially recognised at fair value through profit or loss
Balances in 31 December 2013	646,979,951	64,898,136
Acquisitions	4,734,448	-
Revaluations		
- as a charge to the income statement	42,167,643	(1,128,519)
- as a charge to shareholders' equity	24,956,510	-
Reinforcements/ reversals of impairment in the year	(7,495,881)	-
Transfers from		
Held-to-maturity investments	232,830,048	-
Entry in the consolidation perimeter	730,286	-
Disposals	(98,458,222)	(35,002,427)
Balances at 31 December 2014	846,444,783	28,767,190
Acquisitions	153,576,206	-
Revaluations		
- as a charge to the income statement	2,538,831	(3,547,812)
- as a charge to shareholders' equity	2,851,211	-
Reinforcements/ reversals of impairment in year	8,682,335	-
Transfers from		
level 2 to level 3	689,243,417	-
Disposals	(98,222,271)	(17,291,273)
Balances at 31 December 2015	1,605,114,512	7,928,105

In the review of the initial classifications in the application of IFRS 13, it was concluded that, in the case of government bonds, the concept of organised market where informed and interested parties meet in order to transact, is the market embodied in trading platform. Because the bulk of transactions between institutional investors are carried out in this market, giving liquidity and depth to the observed prices which are of unrestricted access to the various participants, a reclassification from level 2 to level 1 was made.



At 31 December 2015 and 2014, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

	2015		Difference
	Balance sheet value	Fair value	
<u>Assets</u>			
Cash and cash equivalents	2,037,402,392	2,037,402,392	-
Available-for-sale investments	54,094,272	54,094,272	-
Loans and accounts receivable	676,960,894	676,960,894	-
Other debtors	158,031,019	158,031,019	-
	<u>2,926,488,577</u>	<u>2,926,488,577</u>	-
<u>Assets</u>			
<u>Assets</u>			
	2014		Difference
	Balance sheet value	Fair value	
Cash and cash equivalents	357,289,525	357,289,525	-
Available-for-sale investments	131,282,830	131,282,830	-
Loans and accounts receivable	1,309,548,743	1,309,548,743	-
Other debtors	118,781,564	118,781,564	-
	<u>1,916,902,662</u>	<u>1,916,902,662</u>	-

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
 - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
 - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

Management policies on financial risks inherent to the Group’s activity

The Group’s objectives, rules and procedures on market risk management are governed by the Investments Policy defined on the basis of guidelines approved by the Executive Committee. This Policy is regularly updated and undergoes mandatory review every three years.

The Investments Policy defines the guiding principles for managing investments and provides support for the Group’s entire investment process, including asset and liability management (ALM), strategic asset allocation (SAA), tactical asset allocation (TAA), dynamic management of the investment portfolio and control and reporting activities regarding investment activity. The Investments Policy aims to ensure alignment with the objectives and respective investment strategy, and to enable an effective process for accompanying and supervising the activity.

The investment process which the Group follows is based on best governance practice in order to enable rational and substantiated decisions when selecting assets and an appropriate risk-return ratio.



The Group's investment activity follows a structured process containing 5 key steps:

- **Identification of the opportunity:** identification, by the team or body with responsibility for assets management, of investment opportunities which fit within the Investments Policy and the guidelines approved by the Investment Committee and which have an appropriate risk-profitability ratio for the Group;
- **Assessment of the opportunity:** the assessment is also performed by the team or body with responsibility for assets management, taking into account both qualitative aspects (e.g. expected trend for a given class of asset, industry or geographical location) and quantitative aspects (e.g. expected return, credit risk);
- **Investment proposal:** the proposal written by the team or body with responsibility for assets management should be submitted for the consideration of the person in charge of taking the respective decision, the head of the Investment Division or the head of Fidelidade Property, according to the delegation of competence, in accordance with the following guidelines:
 - a. Operations have to be documented and validated by the person responsible for approving the operation, in a simple format containing the operation, its rationale, amount, date and the signature of the person responsible for the approval. To the extent possible, and so as not to create additional complexity in the investment process, this process should be computerised;
 - b. For operations which exceed the autonomy of the proponent structural body, an investment proposal should be submitted to the Executive Committee.
- **Performance of the transaction:** if the investment proposal receives a favourable opinion, the body responsible for supervising it should authorise and confirm the realization of the operation, including performance and payment, via the bodies with responsibility for the process;
- **Control:** effective control of the investment should be ensured by the Risk Management Division, which guarantees that it complies with the regulations in force and is coherent with the levels of risk and return defined by the Group.

The following items are also decisive within the scope of the investment activity:

1. Definition of the portfolio objective

The primary objective of the investments portfolio is to generate income for the Group, restricted by the risks and other constraints defined by the Asset and Liability Management Strategic and Tactical Committees.

From an operations point of view, the main objective of the activity is to create value by selecting assets with the best risk vs. return profile. Specifically, the Group's asset management activity seeks to:

- Support generation of financial income;
- Guarantee the competitiveness of the insurance offer;
- Ensure mitigation of risk in the insurance activity;
- Comply with the regulations in force in the Group and in the ASF regarding the activity.



2. Definition of classes of assets and respective investment universe

The classes of assets eligible for investment by the Group, and the respective investment universes.

- Treasury: instruments essentially geared to short-term liquidity management;
- Fixed income: medium or long-term debt instruments;
- Variable income: instruments which provide variable gains and which must be quoted on the stock market and are subject to regulation and supervision;
- Real estate: category of investments linked to the real estate market;
- Alternative investments:
 - Private Equity: category of investments in private venture capital funds;
 - Infrastructures: investment category exclusively for funds with a focus on investment in infrastructures;
 - Hedge Funds: category of investments in hedge funds;
 - Commodities: investment in assets linked to the evolution of the value of commodities, for example, precious metals or cereals;
 - Funds which cannot be allocated to a single class of assets: this category includes funds of funds and funds which cover several classes of assets and for which there is no monthly “look through” for the fund;
 - Other similar instruments approved by the Executive Committee.

3. Definition of exposure limits in asset risk management

The investment portfolio of financial assets and real estate should establish a balanced exposure to different classes of assets, always considering the return vs. risk ratio. In order to ensure adequate risk management and a balanced portfolio, it is essential to define the maximum limits of portfolio exposure, and the mechanisms which allow for adequate control and management of the levels of risk and potential losses. Here the importance of ensuring compliance with the applicable legal rules of the ASF should be noted.

Consequently, maximum exposure limits have been defined for Group’s portfolio, at any given point in time, based on 5 specific criteria:

- Class of asset;
- Rating level;
- Sector of activity;
- Geographical location;
- Concentration by position.

4. Definition of the risk management and control process

- **Asset risk management** - Limits are defined regarding the exposure to different classes of assets, considering the risk vs. return ratio, which enable adequate risk management and a balanced portfolio. Mechanisms have also been established to enable management and control of the levels of risk and potential losses.



- **Risk management and control process** - The Risk Management Division accompanies the limits of exposure to different classes of assets, via the production of monitoring reports for the activity. In this context, situations of real or potential non-compliance are identified. In the first case non-compliance is due to the established limit being broken, while in the second relevant observation of the assets portfolio is close to the maximum limit defined for it. For both real and potential non-compliance, a process of identification, approval and application of corrective measures has been established.
- **Asset losses control mechanisms** - Control mechanisms have been set up for losses in the Group's investment activity resulting from variations in market conditions, in order to set in motion actions to limit the loss. Accordingly, when the loss limit is reached, procedures are triggered similar to those provided for non-compliance with exposure limits. Loss limits which restrict the investment activity's impact on the Solvency ratio, measured as part of Solvency II, have also been determined. The Risk Management Division regularly checks the loss limits, in order to enable a preventive reaction to fluctuations.
- **Reporting and monitoring of the investment activity** - A regular process of reporting has been set up for the various levels of the Group involved in asset management activities, in order to enable adequate supervision of the investment activity, and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, considering the recipient, the type of report, its content, its frequency and the body responsible for producing it.

Credit risk

At 31 December 2015 and 2014, the Group's exposure to credit risk was as follows:

	2015			2014		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	2,033,693,598	-	2,033,693,598	351,134,002	-	351,134,002
Financial assets initially recognised at fair value through profit or loss	867,319,403	-	867,319,403	769,372,777	-	769,372,777
Available-for-sale investments	6,629,980,810	(118,739,319)	6,511,241,491	7,780,717,468	(47,930,890)	7,732,786,578
Loans and accounts receivable	676,960,894	-	676,960,894	1,309,548,743	-	1,309,548,743
Other debtors	191,466,527	(33,435,508)	158,031,019	172,011,904	(53,230,340)	118,781,564
Maximum exposure to credit risk	<u>10,399,421,232</u>	<u>(152,174,827)</u>	<u>10,247,246,405</u>	<u>10,382,784,894</u>	<u>(101,161,230)</u>	<u>10,281,623,664</u>

In 2015 and 2014, the net book value of the available-for-sale investments presented in the table includes shares with credit risk, in the amount of EUR 16,675 and EUR 16,694, 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 2015 and 2014, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

Class of asset	2015			
	Country of origin			Total
	Portugal	Rest of European Union	Other	
Deposits in credit institutions				
A- up to A+	440,505,668	2,787,209	1,489,066	444,781,943
BBB- up to BBB+	-	120,731,993	1,432	120,733,425
BB- up to BB+	1,946,407,898	51,793,678	21,925,825	2,020,127,401
B- up to B+	24,132,626	33,382	39,012,207	63,178,215
Not rated	2,037,636	4,904,958	34,249,276	41,191,870
	2,413,083,828	180,251,220	96,677,806	2,690,012,854
Deposits in ceding companies				
Not rated	948,511	-	-	948,511
	948,511	-	-	948,511
Total	2,414,032,339	180,251,220	96,677,806	2,690,961,365
Class of asset	2014			
	Country of origin			Total
	Portugal	Rest of European Union	Other	
Deposits in credit institutions				
A- up to A+	250,858,639	3,237,560	-	254,096,199
BBB- up to BBB+	200,049,216	9,847	-	200,059,063
BB- up to BB+	554,618,793	261,259,315	6,369,954	822,248,062
B- up to B+	315,584,803	151,830	25,160,433	340,897,066
Not rated	2,422,330	4,209,797	29,610,355	36,242,482
	1,323,533,781	268,868,349	61,140,742	1,653,542,872
Deposits in ceding companies				
Not rated	968,804	-	-	968,804
	968,804	-	-	968,804
Total	1,324,502,585	268,868,349	61,140,742	1,654,511,676

“Deposits in credit institutions” includes other deposits in the heading “Loans and accounts receivable” of EUR 656,319,256 and EUR 1,302,408,870, in 2015 and 2014, respectively.



At 31 December 2015 and 2014, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

Class of asset	2015				
	Country of origin				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets initially recognised at fair value through profit or loss					
<i>Corporate</i>					
AA- up to AA+	-	2,693,958	868,985	-	3,562,943
A- up to A+	-	1,499,730	337,539	-	1,837,269
BBB- up to BBB+	-	1,335,526	299,999	-	1,635,525
BB- up to BB+	-	2,003,138	-	60,416,747	62,419,885
Not rated	-	15,770,185	-	278,034,438	293,804,623
	-	23,302,537	1,506,523	338,451,185	363,260,245
<i>Governments and other local authorities</i>					
AAA	-	2,502,873	-	-	2,502,873
AA- up to AA+	-	4,739,835	-	-	4,739,835
BBB- up to BBB+	-	6,042,880	-	-	6,042,880
BB- up to BB+	375,369,102	-	-	-	375,369,102
	375,369,102	13,285,588	-	-	388,654,690
<i>Financial institutions</i>					
AAA	-	221,375	-	-	221,375
AA- up to AA+	-	604,336	175,233	122,057	901,626
A- up to A+	-	2,657,612	199,059	57,623	2,914,294
BBB- up to BBB+	2,927,391	9,789,720	572,793	-	13,289,904
B- up to B+	52,432,843	7,807,269	-	-	60,240,112
	55,360,234	21,080,312	947,085	179,680	77,567,311
<i>Other issuers</i>					
A- up to A+	-	36,408,186	-	-	36,408,186
BBB- up to BBB+	68,259	-	-	-	68,259
BB- up to BB+	1,360,017	-	-	-	1,360,017
Not rated	-	695	-	-	695
	1,428,276	36,408,881	-	-	37,837,157
Total Financial assets initially recognised at fair value through profit or loss	432,157,612	94,077,318	2,453,608	338,630,865	867,319,403

Class of asset	2015				
	Country of origin				
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale investments (net of impairment)					
<i>Corporate</i>					
AA- up to AA+	-	5,383,311	2,153	-	5,385,464
A- up to A+	-	29,994,645	1,337,559	2,928,662	34,260,866
BBB- up to BBB+	59,118,922	70,233,400	30,630,403	120,218,644	280,201,369
BB- up to BB+	4,833,521	205,539,352	25,992,173	141,492,872	377,857,918
B- up to B+	-	72,456,570	35,124,110	85,415,405	192,996,085
Less than B-	-	23,392,829	8,120,774	23,454,046	54,967,649
Not rated	148,333,396	89,014,928	-	870,524,939	1,107,873,263
	212,285,839	496,015,035	101,207,172	1,244,034,568	2,053,542,614
<i>Governments and other local authorities</i>					
AAA	-	23,994,043	-	-	23,994,043
AA- up to AA+	-	41,353,500	-	-	41,353,500
BBB- up to BBB+	-	61,548,716	-	61,634,918	123,183,634
BB- up to BB+	3,216,582,921	-	-	43,259,650	3,259,842,571
Not rated	-	-	-	226,317	226,317
	3,216,582,921	126,896,259	-	105,120,885	3,448,600,065
<i>Financial institutions</i>					
AAA	-	11,020,932	-	11,444,702	22,465,634
AA- up to AA+	-	20,198,005	-	11,108,599	31,306,604
A- up to A+	-	113,435,035	16,184,312	-	129,619,347
BBB- up to BBB+	5,440,754	98,203,321	51,619,648	50,508,917	205,772,640
BB- up to BB+	55,303,203	22,121,849	-	37,610,741	115,035,793
B- up to B+	391,226,693	61,087,560	-	8,930,663	461,244,916
Less than B-	8,671,530	-	-	-	8,671,530
Not rated	-	-	-	7,443,422	7,443,422
	460,642,180	326,066,702	67,803,960	127,047,044	981,559,886
<i>Other issuers</i>					
AAA	-	-	-	17,368,293	17,368,293
BBB- up to BBB+	10,170,633	-	-	-	10,170,633
	10,170,633	-	-	17,368,293	27,538,926
Total available-for-sale investments (net of impairment)	3,899,681,573	948,977,996	169,011,132	1,493,570,790	6,511,241,491



Class of asset	2014				
	Country of origin				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets initially recognised at fair value through profit or loss					
<i>Corporate</i>					
AA- up to AA+	-	2,793,415	801,285	-	3,594,700
A- up to A+	-	1,815,374	202,338	-	2,017,712
BBB- up to BBB+	1,980,924	1,307,714	-	-	3,288,638
BB- up to BB+	-	2,168,937	-	-	2,168,937
Not rated	-	-	-	183,408,867	183,408,867
	1,980,924	8,085,440	1,003,623	183,408,867	194,478,854
<i>Governments and other local authorities</i>					
AAA	-	1,507,684	-	-	1,507,684
AA- up to AA+	-	4,323,436	-	-	4,323,436
BBB- up to BBB+	-	7,525,598	-	-	7,525,598
BB- up to BB+	487,434,372	-	-	-	487,434,372
Not rated	299,224	-	-	-	299,224
	487,733,596	13,356,718	-	-	501,090,314
<i>Financial institutions</i>					
AAA	-	225,321	-	-	225,321
AA- up to AA+	-	331,658	292,266	343,398	967,322
A- up to A+	-	29,312,791	95,686	119,268	29,527,745
BBB- up to BBB+	2,506,089	1,473,148	913,701	-	4,892,938
BB- up to BB+	60,618,982	8,078,229	-	-	68,697,211
	63,125,071	39,421,147	1,301,653	462,666	104,310,537
<i>Other issuers</i>					
A- up to A+	-	38,446,548	-	-	38,446,548
BBB- up to BBB+	125,196	-	-	-	125,196
BB- up to BB+	1,359,626	-	-	-	1,359,626
Not rated	-	2,213	-	-	2,213
	1,484,822	38,448,761	-	-	39,933,583
Total Financial assets initially recognised at fair value through profit or loss	554,324,413	99,312,066	2,305,276	183,871,533	839,813,288

Class of asset	2014				
	Country of origin				
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale investments (net of impairment)					
<i>Corporate</i>					
AA- up to AA+	-	6,132,021	1,142,768	-	7,274,789
A- up to A+	-	96,262,846	26,198,065	5,283,404	127,744,315
BBB- up to BBB+	159,507	113,036,836	-	-	113,196,343
BB- up to BB+	71,706,862	307,838,261	-	-	379,545,123
B- up to B+	-	29,457,548	-	-	29,457,548
Not rated	150,541,289	-	-	981,087,497	1,131,628,786
	222,407,658	552,727,512	27,340,833	986,370,901	1,788,846,904
<i>Governments and other local authorities</i>					
AAA	-	37,528,763	-	-	37,528,763
AA- up to AA+	-	107,471,690	-	-	107,471,690
BBB- up to BBB+	-	1,712,722,592	-	-	1,712,722,592
BB- up to BB+	2,285,236,479	-	-	-	2,285,236,479
	2,285,236,479	1,857,723,045	-	-	4,142,959,524
<i>Financial institutions</i>					
AAA	-	23,711,486	-	14,138,300	37,849,786
AA- up to AA+	-	14,940,414	-	26,206,272	41,146,686
A- up to A+	-	322,217,688	35,651,684	-	357,869,372
BBB- up to BBB+	164,858,066	198,891,730	81,904,778	-	445,654,574
BB- up to BB+	587,083,608	61,983,024	-	-	649,066,632
B- up to B+	148,733,822	30,108,118	-	-	178,841,940
Less than B-	8,706,533	-	-	28,778,146	37,484,679
Not rated	5,000,000	-	-	2,528,285	7,528,285
	914,382,029	651,852,460	117,556,462	71,651,003	1,755,441,954
<i>Other issuers</i>					
AAA	-	-	-	17,912,147	17,912,147
AA- up to AA+	-	-	-	979,249	979,249
BBB- up to BBB+	18,654,213	-	-	-	18,654,213
BB- up to BB+	-	7,992,621	-	-	7,992,621
	18,654,213	7,992,621	-	18,891,396	45,538,230
Total available-for-sale investments (net of impairment)	3,440,680,379	3,070,295,638	144,897,295	1,076,913,300	7,732,786,612



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 41). At 31 December 2015 and 2014, the balance sheet value of premiums from insured persons pending collection was as follows:

	2015						
	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	Net balance sheet value
Life insurance:							
Capitalisation products	5,803,478	355,132	288,698	(223,551)	30,885	(94,815)	6,159,827
Life risk products	418,271	546,341	800,168	1,136,172	2,030,313	(2,128,218)	2,803,047
Non-life insurance:							
Motor	11,147,418	6,792,154	3,382,266	2,447,068	1,861,602	(5,041,856)	20,588,652
Workers' compensation	2,240,157	2,650,845	1,294,715	2,662,739	1,296,248	(1,875,469)	8,269,235
Health	2,755,632	2,926,496	1,481,371	894,079	358,341	(1,348,052)	7,067,867
Fire and other damage	6,965,631	2,706,574	1,402,514	2,868,734	759,882	(1,980,886)	12,722,449
Transports	819,198	322,024	127,118	215,655	228,515	(435,456)	1,277,054
Third party liability	912,234	420,449	497,759	401,471	113,712	(511,398)	1,834,227
Other (includes personal accidents)	2,863,508	2,287,405	605,304	972,650	718,389	(904,208)	6,543,048
	33,925,527	19,007,420	9,879,913	11,375,017	7,397,887	(14,320,358)	67,265,406
2014							
	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	Net balance sheet value
Life insurance:							
Capitalisation products	3,389,028	157,542	91,424	48,517	333,983	(27,533)	3,992,961
Life risk products	412,784	698,214	811,906	1,378,503	1,671,754	(2,400,884)	2,572,277
Non-life insurance:							
Motor	8,712,192	1,492,709	1,513,716	416,646	467,427	(2,930,929)	9,671,761
Workers' compensation	2,933,573	740,311	334,516	789,340	183,046	(1,028,586)	3,952,200
Health	2,090,666	1,518,960	663,182	2,026,685	200,305	(787,729)	5,712,069
Fire and other damage	9,055,010	2,195,955	669,554	1,029,806	470,893	(1,042,211)	12,379,007
Transports	1,353,063	245,801	319,715	117,728	57,794	(161,141)	1,932,960
Third party liability	1,146,659	403,571	123,903	119,112	46,311	-	1,839,556
Other (includes personal accidents)	2,809,747	1,886,960	330,264	477,311	111,235	(676,873)	4,938,644
	31,902,722	9,340,023	4,858,180	6,403,648	3,542,748	(9,055,886)	46,991,435

Liquidity risk

At 31 December 2015 and 2014, the estimated cash-flows (not discounted) of the financial instruments, according to the respective contractual maturity, were as follows:

	2015									
	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	Total
Assets										
Cash and cash equivalents	2,037,402,392	-	-	-	-	-	-	-	-	2,037,402,392
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	70,101,641	70,101,641
Financial assets held for trading	-	-	-	-	-	-	-	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	464,479	22,789,216	13,790,540	171,288,653	586,155,050	94,219,635	8,584,790	1,283,576	23,264,614	921,840,553
Hedge derivatives	-	-	-	-	-	-	-	-	1,285,939	1,285,939
Available-for-sale investments	93,434,116	513,151,364	303,097,212	1,106,866,379	1,341,643,008	868,409,960	3,612,457,537	139,181,457	2,101,209,095	10,079,450,128
Loans and accounts receivable	4,702,023	515,196,215	18,935,696	30,909,829	139,530,978	2,037,577	2,334,409	182,348	1,522,865	715,251,940
Other debtors	158,031,019	-	-	-	-	-	-	-	-	158,031,019
	2,294,034,029	1,051,136,795	335,823,448	1,309,064,861	2,067,329,036	964,667,172	3,623,376,736	140,647,381	2,198,342,074	13,984,421,532
Liabilities										
Mathematical provision for life insurance	18,906,447	18,131,552	29,194,259	114,815,915	313,858,262	272,610,603	296,527,095	262,947,204	24,447,238	1,351,438,575
Financial liabilities on the deposit component of insurance and investment contracts	202,567,306	316,818,662	381,412,507	726,684,822	2,639,287,973	1,954,294,091	1,968,549,843	470,787,709	4,040,053	8,664,442,966
Hedge derivatives	-	-	-	-	-	-	-	-	4,406,362	4,406,362
Deposits received from reinsurers	112,774	225,548	338,322	108,939,796	-	-	-	-	-	109,615,440
Other financial liabilities	1,494,658	1,463,191	35,114,685	12,143,141	55,456,194	251,585,709	36,220,729	-	10,822,796	404,201,103
Other creditors	142,404,040	-	-	-	-	-	-	-	-	142,404,040
	365,485,225	336,638,953	446,059,773	962,583,674	3,008,602,429	2,478,490,403	2,301,297,667	733,734,913	43,716,449	10,676,609,486



	2014									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	357,289,525	-	-	-	-	-	-	-	-	-	357,289,525
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	124,421,079	-	124,421,079
Financial assets initially recognised at fair value through profit or loss	382,729	1,778,438	4,850,775	179,217,896	408,189,046	246,841,406	30,811,463	1,141,638	25,308,904	898,522,295	
Available-for-sale investments	171,766,853	400,554,431	122,146,802	371,486,009	2,923,433,055	2,134,003,983	2,186,753,466	14,832,592	1,527,078,647	9,852,055,838	
Loans and accounts receivable	956,525,128	208,400,466	18,600,526	42,995,868	94,540,938	31,702,688	3,769,687	188,560	3,034,483	1,359,758,344	
Other debtors	118,781,564	-	-	-	-	-	-	-	-	118,781,564	
	1,604,745,799	610,733,335	145,598,103	593,699,773	3,426,163,039	2,412,548,077	2,221,334,616	16,162,790	1,679,843,113	12,710,828,645	
Liabilities											
Mathematical provision for life insurance	24,095,166	21,769,350	24,807,359	110,758,743	334,726,184	258,468,835	350,416,987	298,776,932	25,002,076	1,448,821,632	
Financial liabilities on the deposit component of insurance and investment contracts	869,666,579	266,617,959	421,273,014	792,995,146	1,965,288,142	2,036,421,972	1,544,172,106	418,156,262	2,849,791	8,317,440,971	
Deposits received from reinsurers	29,604	59,208	88,812	109,484,604	-	-	-	-	-	109,662,228	
Other financial liabilities	5,171,650	16,341,603	44,978,604	11,030,896	52,550,614	151,447,995	112,924,697	-	-	394,446,059	
Other creditors	114,452,500	-	-	-	-	-	-	-	-	114,452,500	
	1,013,415,499	304,788,120	491,147,789	1,024,269,389	2,352,564,940	2,446,338,802	2,007,513,790	716,933,194	27,851,867	10,384,823,390	

The amounts presented above are not comparable with the accounting balances as they include cash-flows projections and are not discounted.

The calculation of the estimated cash-flows of the financial instruments was based on the principles and assumptions 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;
- Subordinated liabilities, given that they have no defined repayment period, were classified as being of “Indefinite” 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;
- The Hedge Derivatives were classified with “Indefinite”, because they are foreign exchange futures contracts;
- To calculate the projected cash-flows of “Other financial liabilities” 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 estimation of future outflows for redemption of capitalisation contracts was based on a generalized linear model with four factors: type of product, the initial contract duration and difference between the market interest rate, the source Group 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 2014.

Market risk

At 31 December 2015 and 2014, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

	2015			
	Exposure to		Not subject to Interest rate risk	Total
	Fixed rate	Variable rate		
<u>Assets</u>				
Cash and cash equivalents	-	2,033,693,598	3,708,794	2,037,402,392
Investments in associates and joint ventures	-	-	70,101,641	70,101,641
Financial assets held for trading	-	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	767,747,193	97,235,672	23,264,614	888,247,479
Hedge derivatives	-	-	1,285,939	1,285,939
Available-for-sale investments	6,202,534,063	308,707,428	2,100,982,781	8,612,224,272
Loans and accounts receivable	-	676,357,426	603,468	676,960,894
Other debtors	-	-	158,031,019	158,031,019
	<u>6,970,281,256</u>	<u>3,115,994,124</u>	<u>2,358,936,176</u>	<u>12,445,211,556</u>
<u>Liabilities</u>				
Mathematical provision for life insurance	-	1,417,252,232	-	1,417,252,232
Financial liabilities on the deposit component of insurance and investment contracts	7,502,593,808	573,049,422	-	8,075,643,230
Hedge derivatives	250,706	-	4,155,656	4,406,362
Deposits received from reinsurers	-	108,263,151	-	108,263,151
Other financial liabilities	134,708	363,411,620	10,822,796	374,369,124
Other creditors	-	-	142,404,040	142,404,040
	<u>7,502,979,222</u>	<u>2,461,976,425</u>	<u>157,382,492</u>	<u>10,122,338,139</u>
<u>2014</u>				
	Exposure to		Not subject to Interest rate risk	Total
	Fixed rate	Variable rate		
<u>Assets</u>				
Cash and cash equivalents	-	351,134,002	6,155,523	357,289,525
Investments in associates and joint ventures	-	-	124,421,079	124,421,079
Financial assets initially recognised at fair value through profit or loss	704,260,996	133,665,779	25,308,904	863,235,679
Available-for-sale investments	7,223,999,660	508,786,950	1,527,078,647	9,259,865,257
Loans and accounts receivable	-	1,309,148,544	400,199	1,309,548,743
Other debtors	-	-	118,781,564	118,781,564
	<u>7,928,260,656</u>	<u>2,302,735,275</u>	<u>1,802,145,916</u>	<u>12,033,141,847</u>
<u>Liabilities</u>				
Mathematical provision for life insurance	-	1,439,409,242	-	1,439,409,242
Financial liabilities on the deposit component of insurance and investment contracts	6,980,565,747	711,664,289	-	7,692,230,036
Deposits received from reinsurers	-	109,306,980	-	109,306,980
Other financial liabilities	13,299,635	348,230,072	-	361,529,707
Other creditors	-	-	114,452,500	114,452,500
	<u>6,993,865,382</u>	<u>2,608,610,583</u>	<u>114,452,500</u>	<u>9,716,928,465</u>



At 31 December 2015 and 2014, the sensitivity of the fair value of the Group's financial assets and technical liabilities to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

	2015					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200 bp's
<u>Assets</u>						
Financial assets initially recognised at fair value through profit or loss	(36,200,746)	(18,470,416)	(9,330,259)	6,653,717	10,235,371	11,480,206
Available-for-sale investments	(595,555,899)	(310,092,106)	(158,288,428)	156,443,912	311,004,780	601,021,604
Loans and accounts receivable	(4,356,949)	(2,204,820)	(1,109,125)	154,181	181,390	218,395
	<u>(636,113,594)</u>	<u>(330,767,342)</u>	<u>(168,727,812)</u>	<u>163,251,810</u>	<u>321,421,541</u>	<u>612,720,205</u>
<u>Liabilities</u>						
Mathematical provision for life insurance	(86,663,404)	(47,856,325)	(25,307,202)	27,409,633	57,584,960	129,041,796
Financial liabilities on the deposit component of insurance and investment contracts	(297,248,727)	(151,961,602)	(76,401,804)	78,851,756	159,140,789	325,527,783
Other financial liabilities	(4,109)	(2,090)	(1,054)	328	732	1,272
	<u>(383,916,240)</u>	<u>(199,820,017)</u>	<u>(101,710,060)</u>	<u>106,261,717</u>	<u>216,726,481</u>	<u>454,570,851</u>
<u>2014</u>						
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200 bp's
<u>Assets</u>						
Financial assets initially recognised at fair value through profit or loss	(13,380,474)	(6,850,085)	(3,466,218)	3,460,600	6,727,352	9,305,001
Available-for-sale investments	(614,319,212)	(319,153,747)	(162,759,340)	167,410,929	329,534,413	607,298,426
Loans and accounts receivable	(3,551,646)	(1,802,493)	(908,082)	780,937	1,310,080	1,481,772
	<u>(631,251,332)</u>	<u>(327,806,325)</u>	<u>(167,133,640)</u>	<u>171,652,466</u>	<u>337,571,845</u>	<u>618,085,199</u>
<u>Liabilities</u>						
Mathematical provision for life insurance	(73,087,585)	(45,387,811)	(25,288,830)	27,052,648	55,494,613	111,834,487
Financial liabilities on the deposit component of insurance and investment contracts	(309,882,574)	(149,458,661)	(73,498,981)	75,745,340	144,187,141	228,828,770
Other financial liabilities	(2,161)	(1,087)	(545)	340	340	340
	<u>(382,972,320)</u>	<u>(194,847,559)</u>	<u>(98,788,356)</u>	<u>102,798,328</u>	<u>199,682,094</u>	<u>340,663,597</u>

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash-flows discounted at the Portuguese public debt curve, with positive and negative changes of 50, 100 and 200 bps, in respective of interest rate curves.



At 31 December 2015 and 2014, the breakdown of financial instruments by currency was as follows:

	2015		
	Euros	Other currency	Total
<u>Assets</u>			
Cash and cash equivalents	1,682,240,623	355,161,769	2,037,402,392
Investments in associates and joint ventures	1,942,116	68,159,525	70,101,641
Financial assets held for trading	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	533,633,831	354,613,648	888,247,479
Hedge derivatives	-	1,285,939	1,285,939
Available-for-sale investments	6,041,208,932	2,571,015,340	8,612,224,272
Loans and accounts receivable	457,377,036	219,583,858	676,960,894
Other debtors	115,508,597	42,522,422	158,031,019
	8,831,911,135	3,612,342,501	12,445,211,556
<u>Liabilities</u>			
Mathematical provision for life insurance	1,436,837,285	23,305,284	1,460,142,569
Financial liabilities on the deposit component of insurance and investment contracts	8,075,643,230	-	8,075,643,230
Hedge derivatives	250,706	4,155,656	4,406,362
Deposits received from reinsurers	104,543,377	3,719,774	108,263,151
Other financial liabilities	249,784,930	124,584,194	374,369,124
Other creditors	102,352,950	40,051,090	142,404,040
	9,969,412,478	195,815,998	10,165,228,476
<u>2014</u>			
	Euros	Other currency	Total
<u>Assets</u>			
Cash and cash equivalents	312,586,434	44,703,091	357,289,525
Investments in associates and joint ventures	1,769,737	122,651,342	124,421,079
Financial assets initially recognised at fair value through profit or loss	679,327,470	183,908,209	863,235,679
Available-for-sale investments	8,553,087,169	706,778,088	9,259,865,257
Loans and accounts receivable	1,248,020,779	61,527,964	1,309,548,743
Other debtors	97,594,962	40,530,683	138,125,645
	10,892,386,551	1,160,099,377	12,052,485,928
<u>Liabilities</u>			
Mathematical provision for life insurance	1,421,486,910	17,922,332	1,439,409,242
Financial liabilities on the deposit component of insurance and investment contracts	7,692,230,036	-	7,692,230,036
Deposits received from reinsurers	103,687,372	5,619,608	109,306,980
Other financial liabilities	258,244,660	103,285,047	361,529,707
Other creditors	102,999,307	30,797,274	133,796,581
	9,578,648,285	157,624,261	9,736,272,546



48. Disclosures Related to Insurance Contract Risks

Below is a summary of the acceptance and risk management policies in force.

48.1. 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 covers 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 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 Technical Divisions, which have additional instruments for risk analysis.

The Technical 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 Technical Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks being analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Group, they are sent to the Reinsurers' Underwriting Departments in order for proposals for acceptance of the conditions of these risks to be presented.

The Technical 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.

48.2. 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.

48.3. 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 them, and the process for applying 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-shaping factors and deciding on changes in products being commercialised or the creation of new ones.
- **Periodic Analysis 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 carried out 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 (Fidelidade) - Activity in Portugal

	2015			2014		
	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	152,974,007	1.35	1.34	139,832,342	1.34	1.33
Health	202,978,575	0.93	0.92	188,737,694	0.92	0.90
Fire and other damage	212,235,595	0.69	0.68	211,095,058	0.67	0.66
Motor	338,750,714	0.97	0.95	327,523,641	0.91	0.90
Marine	3,601,197	0.58	0.57	3,350,877	0.47	0.46
Aviation	7,380,193	0.00	-0.02	5,439,501	0.14	0.12
Transported Goods	6,689,394	0.52	0.50	6,467,655	1.00	0.98
Third party liability	29,207,407	0.55	0.54	27,760,210	0.70	0.69
Other line business (Credit and suretyship and other)	36,885,333	0.47	0.46	35,658,174	0.59	0.57

Note: Ratios for the years of occurrence 2015 and 2014.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Aviation, Transported Goods, Third Party Liability and Other Lines of Business (Credit and Suretyship and Others) saw a decrease in the ratio of 114.9%, 48.7%, 21.7% and 19.7% respectively.



In the lines of Marine, Motor, Fire and Other Damage, Health and Accidents the ratio tended to increase, reaching 24.3%, 6.5%, 2.9%, 1.7% and 0.9% respectively.

An analysis of the above table reveals that in the last 12 months premiums in the Accidents line of business were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2015, reaching over EUR 69 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 25.4% in the costs would be needed to eliminate the premiums shortfall recognised in this line of business. This insufficiency is due to Workers' Compensation.

For the remaining groups of business the premiums acquired were sufficient to meet the assumed liabilities.

In overall terms, the operating income in non-life direct insurance, in the last 12 months, was sufficient to meet the liabilities associated with its operation.

Net of reinsurance

With the exception of the Aviation and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2015, to meet the costs associated with the operation of most of the lines of business.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is higher than the provision set up in 2014.

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 (previously the ISP), 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 91.5% of the Gross Premiums Earned and 97.8% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules which 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 2015.

Distribution of Reinsurers by Rating

Rating	% Reinsurers	
	2015	2014
A -	11.1%	13.9%
A	33.3%	25.0%
A +	27.8%	36.1%
AA -	19.4%	16.7%
AA	2.8%	2.8%
AA+	2.8%	2.8%
No Rating	2.8%	2.8%

There is a specific “Excess of Loss” treaty to guarantee catastrophic risks, with a retention of EUR 100,000,000 and a capacity of EUR 450,000,000.

At Fidelidade 60.5% 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.

Sensitivity analyses

The insurance company conducts sensitivity analyses as part of its normal actuarial work, namely to gauge the adequacy of the levels of premiums and provisions and respective impacts on the level of solvency.

In December 2015 Fidelidade’s solvency rate rose to 281.88%. In the event of a 20% rise in claims costs in non-life, the solvency margin would fall to 260.06%.

As part of the “Quantitative Impact Study”, the company’s economic capital for the various underwriting risks in non-life is calculated annually.



Comparison between estimated and actual claims

Fidelidade's claim provision at 31 December 2014 totalled EUR 1,534 million. During 2015, EUR 257,341,959 were paid for claims which occurred in 2014 and previous years.

In December 2015, natural consumption would lead to a provision of EUR 1,277,381,026. However, there was a negative readjustment of over EUR 38 million, and the provision at the end of December 2014 was EUR 1,239,344,602.

There were negative readjustments for all lines of business except Accidents and Health and Marine and Transport. The most significant, in absolute terms, was in Motor, which was greater than EUR 47 million.

Development of the Provision for Claims Regarding Claims Occurred in Previous Years and their Readjustments (Corrections)

Headings	Claims Provision at 31 December 2014	Claims paid in the year *	Claims Provision at 31 December 2015 *	Reajustments
	(1)	(2)	(3)	(3)-(2)-(1)
Accidents and Health	825,923,445	122,493,001	723,393,725	19,963,281
Fire and other damage	105,150,808	34,742,644	62,659,660	(7,748,504)
Motor	479,932,191	89,612,121	342,933,816	(47,386,254)
Marine and transport	2,782,500	279,923	3,031,999	529,422
Aviation	3,209,582	470,354	2,640,849	(98,379)
Transported Goods	8,085,039	3,227,999	3,651,400	(1,205,640)
Third party Liability	106,957,980	6,080,033	99,617,032	(1,260,915)
Credit and suretyship	460,964	(60,402)	482,847	(38,519)
Legal protection	76,401	5,391	1,983	(69,027)
Assistance	208,110	315	5,917	(201,878)
Other	1,935,965	490,580	925,374	(520,011)
Total	1,534,722,985	257,341,959	1,239,344,602	(38,036,424)

* Claims occurred in the year 2014 and previous years.

48.4. 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 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 associated with the cover available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain types of risks.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by reinsurance.

The Company has based its reinsurance policy on the existence of proportional and non-proportional reinsurance treaties, as well as facultative reinsurance and other types of reinsurance which prove necessary to obtain adequate reinsurance protection for the risks accepted.



In Fire and Other Damage, Engineering, Marine Hull, Transported Goods 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.

For Motor, Workers' Compensation, Personal Accidents and Third Party Liability, the risks are covered by an Excess of Loss treaty, 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 the quotes found which result from the different levels that this may have, are taken into consideration.

The Maximum Risk in Retentions is protected by the Excess of Loss Treaties which are appropriate to each situation.

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 infrequency 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.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services, and constant observation and monitoring of this is carried out.

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-".

48.5. Life Insurance

In the life insurance line of business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit sharing coefficient}$.



The discretionary nature of this profit sharing is associated with its use in determining income and in the profit-sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit-sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Group's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and the profit-sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2016	154,234,401	112,582,526	-	15,027,538	21,721,404	186,221,531
2017	123,649,961	92,649,755	-	14,284,068	18,816,125	183,121,487
2018	114,924,985	85,674,633	-	13,521,042	16,382,618	147,248,035



The following tables provide information on the changes of these cash inflows and outflows, considering a 5% increase in expected redemptions.

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2016	150,580,182	110,333,919	-	15,027,538	21,158,176	236,315,248
2017	114,158,849	86,660,244	-	14,284,068	17,376,547	214,490,480
2018	100,428,620	76,547,801	-	13,521,042	14,346,625	166,338,662

49. Capital Management

The capital management objectives of the Group comply with the following general principles:

- To comply with the legal requirements imposed on the Group by the Supervisory Authorities, namely the ASF;
- To produce sufficient profits for the Group to create value for the shareholder and provide it with a return on capital applied;
- To sustain the development of the operations which the Group is legally authorised to perform, maintaining a solid capital structure, sufficient to respond to growth in the activity and to the risks resulting from it.

In order to achieve these objectives, the Group draws up a plan of its short and medium-term capital needs, with a view to financing its activity, above all using self-financing.

The legal requirements in force stem from Decree-Law No. 94-B/98, of 17 April, with the wording given by Decree-Law No. 251/2003, of 14 October, and the ASF rules, namely Standard No. 6/2007-R, of 27 April, with the amendments resulting from Standard No. 12/2009-R, of 30 October, Standard No. 21/2010-R, of 16 December and Standard No. 4/2011-R of 2 June, in particular:

- The obligation to permanently maintain a solvency margin which is sufficient for the full range of the Group's activities. For this purpose, the available solvency margin is determined pursuant to the provisions in the aforementioned legislation, and the prudent adjustments set out in the ASF's regulations are also applicable;
- The obligation to maintain a guarantee fund, which is an integral part of the solvency margin and which corresponds to one third of the required solvency margin amount, and which may not be below the legally established minimum limits;
- In the event that the ASF identifies any insufficiency, even if it is only presumed or assumed to be temporary, of the solvency margin of an insurance company, the latter must, within the period established for the purpose by the Institute, submit for its approval a recovery plan with a view to restoring its financial situation;



- The obligation for the technical provisions at any time to be represented in their entirety by equivalent assets, subject to a set of diversification and prudent dispersal rules, compliance with which is monitored by ASF. The assets representing the technical provisions constitute assets which especially guarantee credits arising from the insurance contracts, and cannot be pledged or attached, unless in order to pay those same credits. In the event of liquidation, these credits have a privileged charge over the movable and immovable property which represents the technical provisions, and are the first to be secured.

For this purpose, within a maximum of 15 days from the end of each quarter, the insurance companies must have the calculation of the state of the solvency margin available for consultation and for reporting to the ASF.

The ASF is informed of the technical provisions representation plan within 20 days of the end of each quarter.

In addition to these requirements, there are other prudency rules to which insurance companies are subject, which, together with those presented above, should be considered as an important complement to conservative management by the institutions, which should be based essentially on internal evaluation and control tools set up by them, taking into account the responsibilities to the shareholders, insured persons and other creditors.

In order to analyse and ensure compliance with the legal and prudency requirements to which it is subject, the Group has several bodies which perform key functions in the area of Risk Management and Internal Control:

- a. Risk Management Division (DGR);
- b. Compliance Office (GC);
- c. Audit Division (DAU);
- d. Risk Committee;
- e. Underwriting Policy Acceptance and Supervision Committee;
- f. Life and Non-Life Products Committee.

Risk Management Division

The DGR is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its mission is based on defining, implementing and maintaining a risk management system which enables identification, measuring, monitoring and communication of risks, individually or collectively, including risks not contemplated in the capital solvency requirements, enabling the Executive Board and the various Divisions involved to incorporate this knowledge into their decision-making process.

DGR's main functions are:

- a. Ensuring and controlling the adequacy of the information provided as support for decision-making;
- b. Managing the Internal Control and Risk Management Systems:
 - Assessing and monitoring the current and future solvency situation, and risk mitigation instruments;
 - Monitoring compliance with the level of liquidity and cover for the estimated payments from the estimated receipts, in relation to that which is defined;
 - Identifying, assessing and monitoring the market risks and counterparty credit risks, underwriting risks and credit risks of the respective mitigation instruments;



- Identifying, assessing and monitoring operating risks incurred, as well as identifying and characterising the existing control tools;
 - Drawing up, proposing and revising the Provisions Policies, and the Capital Management Policy, including the medium-term Capital Management Plan and the respective Contingency Plans;
 - Cooperating on the drawing up and revision of the Investment and Liquidity Policies, and on the Underwriting and Reinsurance Policies.
- c. Undertaking actuarial assessment of the Life and Non-life portfolios.

Compliance Office

The GC is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its main mission is to contribute to ensuring that the management bodies, the management structure and the employees comply with the legislation, rules, codes and standards in force, both internally and externally, in order to avoid situations which harm the Company's image and its reputation in the market, as well as any potential financial losses.

GC's main functions are:

a. Prevention of Money-Laundering

Ensuring coordination of the prevention and detection of money laundering activities and the funding of terrorism, guaranteeing that internal procedures are carried out regarding this issue.

b. Compliance

Ensuring management of the compliance function, in order to comply with legislation and other regulations as well as policies and procedures aimed at avoiding legal or regulatory sanctions and financial or reputational losses.

Audit division

The DAU is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its mission is to guarantee assessment and monitoring of the Group's risk management and internal control systems, and to confirm compliance with the internal rules and the legislation in force. Its general purpose, therefore, is to contribute to creating value and improving circuits and procedures, seeking to increase the efficacy and efficiency of operations, the safeguarding of assets, trust in the financial reporting and compliance with laws and regulations.

Performing a key role in risk management and internal control, DAU carries out the following functions:

- a. Drawing up and carrying out an annual audit which focuses on assessing the efficacy of the internal control and risk management systems;
- b. Assessing compliance with the principles and rules defined as part of the internal control and operational risk management, identifying possible insufficiencies and suggesting action plans to mitigate the inherent risk or optimise the control in terms of efficacy;
- c. Confirming compliance with the laws and regulations which govern the activity;
- d. Drawing up a report to be presented to the Executive Board and to the Supervisory Bodies at least once a year on Auditing Issues, with a summary of the main deficiencies detected in the auditing actions and which identifies the recommendations that were followed.



Risk Committee

The Risk Committee is responsible for pronouncing on the Risk Management and Internal Control issues which are submitted to it by the Executive Board, based on the definition of the risk strategy to be followed by the Group. Accordingly, the Risk Committee proposes to the Executive Board risks policies and global objectives to be considered in the Group's Risk Management and Internal Control.

Underwriting Policy Acceptance and Supervision Committee

The main functions of the Underwriting Policy Acceptance and Supervision Committee are the acceptance of risks which surpass the competence of the Technical Divisions, supervision of the quotation processes which require their intervention and analysis of the competitiveness and profitability indices of the various lines of business and segments.

Life and Non-Life Products Committee

The Products Committees' main mission is to coordinate the release of products of all Group companies, ensuring that supply is consistent with the multi-channel and value creation strategy, ensuring alignment of the new offer and the existing offer with the Group's strategic planning and appetite for risk defined by the Executive Board.



The Group's solvency margin, measured on the basis of the cover by assets eligible for this purpose of liabilities resulting from the activity carried on by the Fidelidade Group, was as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Available solvency margin:		
Paid - up share capital	381,150,000	381,150,000
Treasury shares	(148,960)	-
Other capital instruments	521,530,515	-
Reserves:		
Revaluation reserves	249,259,219	534,068,657
Deferred tax reserve	(45,501,996)	(120,303,229)
Legal reserve	121,563,696	106,403,438
Other reserves	121,010,764	(2,782,584)
Share premiums	115,103,280	115,103,280
Income on gains and losses, less amounts distributed		
Retained earnings	141,113,706	104,680,449
Net income for year	286,286,890	178,232,205
	<u>1,891,367,114</u>	<u>1,296,552,216</u>
Non - controlling interests	<u>33,763,755</u>	<u>41,652,831</u>
	<u>1,925,130,869</u>	<u>1,338,205,047</u>
Prudent deductions		
Intangible assets	<u>381,658,952</u>	<u>382,644,151</u>
	<u>381,658,952</u>	<u>382,644,151</u>
All solvency margin components	<u>1,543,471,917</u>	<u>955,560,896</u>
Solvency requirements:		
Life insurance:	426,123,689	411,452,316
Non-life insurance:	<u>224,572,286</u>	<u>219,822,578</u>
Total solvency margin required	<u>650,695,975</u>	<u>631,274,894</u>
Surplus separate solvency margin for each subsidiary corresponding to non-controlling interests	2,465,038	1,927,053
Surplus cover	<u>890,310,904</u>	<u>322,358,949</u>
Cover rate	237%	151%

At these dates, the insurance companies belonging to Fidelidade – Companhia de Seguros, S.A., consolidation perimeter complied individually with the legal rules on solvency to which each of them is subject.



50. Pension Funds being Managed

At 31 December 2015 and 2014, the Macao branch was managing seven pension funds. In this period, the pension fund portfolio contained the following assets:

	2015						
	BNU Pensions 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
Amounts in Patacas							
Cash and deposits	29,379,892	33,533,911	19,024,486	145,066	276,413	296,111	161,614
Debt instruments	119,581,696	341,211,575	-	2,911,298	2,197,092	3,913,697	2,426,652
Equity instruments	13,880,493	150,483,532	-	951,536	3,295,957	5,971,497	4,373,318
Other	(98,635)	(275,745)	(140,720)	(37,375)	(53,373)	(95,060)	(70,591)
	<u>162,743,446</u>	<u>524,953,273</u>	<u>18,883,766</u>	<u>3,970,524</u>	<u>5,716,089</u>	<u>10,086,245</u>	<u>6,890,994</u>
Amounts in Euros							
Cash and deposits	3,380,613	3,858,597	2,189,063	16,692	31,806	34,072	18,596
Debt instruments	13,759,731	39,261,691	-	334,990	252,810	450,332	279,224
Equity instruments	1,597,166	17,315,467	-	109,489	379,251	687,113	503,218
Other	(11,349)	(31,729)	(16,192)	(4,301)	(6,141)	(10,938)	(8,123)
	<u>18,726,161</u>	<u>60,404,026</u>	<u>2,172,871</u>	<u>456,870</u>	<u>657,725</u>	<u>1,160,579</u>	<u>792,916</u>

*Calculated at the Bank of Portugal's exchange rate EUR / MOP from 31/12/2015.

	2014						
	BNU Pensions 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
Amounts in Patacas							
Cash and deposits	25,553,188	26,090,423	15,977,646	45,131	113,196	143,224	138,057
Debt instruments	121,597,613	295,745,158	-	2,343,032	1,858,167	3,360,475	2,314,549
Equity instruments	14,975,328	142,107,554	-	786,645	2,826,225	4,989,051	4,273,086
Derivatives	(32,685)	-	-	-	-	-	-
Other	(97,872)	(240,408)	(108,084)	(27,809)	(40,112)	(72,116)	(59,946)
	<u>161,995,572</u>	<u>463,702,726</u>	<u>15,869,562</u>	<u>3,147,000</u>	<u>4,757,475</u>	<u>8,420,635</u>	<u>6,665,746</u>
Amounts in Euros							
Cash and deposits	2,260,027	2,353,301	1,491,193	4,217	10,496	13,226	12,654
Debt instruments	10,754,585	26,675,583	-	218,926	172,303	310,315	212,150
Equity instruments	1,324,479	12,817,798	-	73,502	262,068	460,702	391,667
Derivatives	(2,891)	-	-	-	-	-	-
Other	(8,656)	(21,684)	(10,087)	(2,598)	(3,720)	(6,659)	(5,495)
	<u>14,327,544</u>	<u>41,824,997</u>	<u>1,481,106</u>	<u>294,046</u>	<u>441,147</u>	<u>777,583</u>	<u>610,977</u>



51. Concentration of Business Activities

In accordance with the respective accounting rules (IFRS 3), during 2015 the Group reviewed the goodwill preliminarily registered in 2014 regarding the acquisition of 98.21% of the shares of Luz Saúde, S.A. (formerly Espírito Santo e Saúde, SGPS), on 31 October 2014, and, following this process, restated the comparative figures relating to the 2014 financial year. Thus, the Group adjusted the goodwill determined in advance, in the 12 months following the occurrence of the concentration of business activities, in this case until 31 October 2015, and restated the comparative figures for the 2014 tax year.

Acquisition of Luz Saúde, S.A.	474,065,126
Equity of the acquired company	<u>114,921,348</u>
	359,143,778

Following the calculation of goodwill, as disclosed in the table above, the Group adjusted/reviewed the items (i) “Deferred tax assets” (ii) “Properties for own use”, (iii) “Revaluation reserves of properties for own use” (iv) “Deferred tax reserves” (v) “Goodwill” (vi) “Other reserves” and (vii) “Non- controlling interests”.

Furthermore, despite not being specifically connected with the concentration of business activities, the Group also revised/ adjusted two situations associated with the headings, (i) “Assets for post-employment benefits and other long-term benefits, against “Liabilities for post-employment benefits and other long-term benefits”; and (ii) “Net Gains on the Sale of Non-Financial Assets which have not been Recognised as Non-Current Assets Held for Sale and Discontinued Operations” against “Impairment Losses (Net of Reversals)”.

	2014		
	Restated	Adjustments	Original
ASSETS			
Properties for own use	382,933,903	(206,333)	383,140,236
Goodwill	361,693,534	(16,237,597)	377,931,131
Assets for post-employment benefits and other long-term benefits	10,550,136	947,105	9,603,031
Deferred tax assets	<u>158,243,507</u>	<u>16,729,110</u>	<u>141,514,397</u>
	<u>913,421,080</u>	<u>1,232,285</u>	<u>912,188,795</u>
LIABILITIES			
Liabilities for post-employment benefits and other long-term benefits	<u>947,105</u>	<u>947,105</u>	-
	<u>947,105</u>	<u>947,105</u>	-
EQUITY			
Revaluation reserves			
Revaluation of properties for own use	69,933,131	(206,333)	70,139,464
Reserves for deferred taxes	(120,303,229)	16,729,110	(137,032,339)
Other reserves	218,724,134	(16,522,777)	235,246,911
Non-controlling interests	<u>41,652,831</u>	<u>285,180</u>	<u>41,367,651</u>
	<u>210,006,867</u>	<u>285,180</u>	<u>209,721,687</u>
INCOME STATEMENT			
Net gains from the sale of non-financial assets that are not classified as non-current assets held for sale and discontinued operations	6,189,114	4,147,693	2,041,421
Loss impairment (net of reversals) - Others	<u>(39,262,100)</u>	<u>(4,147,693)</u>	<u>(35,114,407)</u>
	<u>(33,072,986)</u>	-	<u>(33,072,986)</u>



52. Subsequent Events

From 1 January 2016, the new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council of 25 November, will be applicable to the insurance sector.

Thus, Law 147/2015 of 9 September was published, which transposes this Directive into national law and which introduces very significant changes to the legal framework on the taking-up and pursuit of the business of insurance (RJASR) as well as making some changes to both the insurance contract rules and the rules for pension funds, among others.

Although the new RJASR contains some changes that go further than transposing the Solvency II Directive, the most significant changes are mainly related with the three pillars of Solvency II:

- **Pillar I** - quantitative requirements are created which reflect a proportional economic valuation of assets and liabilities of the Group to ensure the actual coverage of the risks assumed by it. The new Solvency Capital Requirement is to ensure that the own base funds eligible are of an amount sufficient to absorb significant losses arising from risks to which an insurance company may be exposed.
- **Pillar II** - new qualitative requirements are created to safeguard the existence and maintenance of effective governance systems, risk management systems and internal controls, including systems to ensure the suitability and qualification of persons exercising prominent roles in the insurance company, such as administration, risk management, internal audit and actuarial function. One of the key elements of this pillar is the self-assessment of risk and solvency assessment (ORSA). Through this exercise, the Group should make a critical reflection on the adequacy of the capital available to achieve their business goals, as well as on the adequacy of regulatory capital, the SCR, their actual risk profile.
- **Pillar III** - new obligations are created to provide information to the public and the supervisor, namely, establishing the rules for the annual reporting obligation of a report on the solvency and financial condition of the insurer.

In the current solvency regime, in force until 31 December 2015, the solvency margin coverage is the indicator used to assess the Group's ability to meet its financial commitments.

The Solvency II regime establishes two levels of capital requirements. First, the Solvency Capital Requirement (SCR) is calculated covering all risks to which the Group may be exposed, including market risk, credit risk, risk specific to insurance, and operating risk. The second level of capital requirements, the Minimum Capital Requirement (MCR) provides a higher alert level, corresponding to the amount of capital that must always be maintained, so as not to jeopardise fulfillment of the insurer's liabilities.

In order to fulfil the obligations imposed by the new Solvency II rules, Fidelidade has established an implementation plan that was submitted to the ASF, under Circular No. 5/2014, of 12 December, containing among other items, the timing of planned tasks and appropriate level of implementation and the approach to various types of requirements under Solvency II (quantitative, qualitative and reporting and disclosure of information).



According to the Delegated Regulation in force, up to 20 weeks after 1 January 2016, the Group will send ASF the final figures of the economic opening balance in line with the new solvency criteria, and the figures for the solvency capital requirement (SCR) and the minimum capital requirement (MCR) with reference to the date of entry into force of the new regime, i.e. 1 January 2016. Consequently, although the Board of Directors is preparing preliminary information, there is no definitive information since the Implementation Plan is in progress, and its various phases and activities will be implemented in line with the established schedule.

The preparatory work that has been carried out in preparation for the implementation of Solvency II has left the Group in a comfortable position as regards a smooth transition to the new solvency regime.



A3 Report and Opinions on the Consolidated Accounts

Legal Certification of Consolidated Accounts

Report and Opinion of the Supervisory Board

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

Introduction

1. We have examined the accompanying consolidated financial statements of Fidelidade – Companhia de Seguros, S.A., comprising the Consolidated Statement of Financial Position as at 31 December 2015 (which shows a total of 15,092,905,039 Euros and shareholders' equity total of 1,925,130,869 Euros, including a net income for the year of 286,286,890 Euros attributable to the equity holders of the company, as group parent company), the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the Notes.

Responsibilities

2. The Company's Board of Directors is responsible for the preparation of consolidated financial statements which present a true and fair view of the consolidated financial position, consolidated results and comprehensive income of operations, consolidated changes in equity and consolidated cash flows, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.
3. Our responsibility is to express a professional and independent opinion based on our examination of those financial statements.

Basis of Opinion

4. We conducted our examination in accordance with the technical standards and directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the examination in order to obtain an acceptable level of assurance as to whether the consolidated financial statements are free of material misstatements. Accordingly, our examination included:
 - the verification of whether the financial statements included in the consolidation were examined appropriately, and for significant instances where these were not, the verification, on a test basis, of the supporting evidence of the amounts and disclosures contained therein and an assessment of the estimates, based on judgments and criteria determined by the Board of Directors for the preparation thereof;
 - the verification of the consolidated adjustments;
 - the assessment of whether the accounting policies adopted and their disclosure are appropriate, considering the circumstances;
 - the verification of the appropriateness of the going concern principle; and
 - the assessment of whether the overall presentation of the financial statements is adequate.

5. Our examination also included the verification of the consistency of the financial information included in the consolidated Management Report with the consolidated financial statements.
6. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

Opinion

7. In our opinion, the consolidated financial statements referred to above present a true and fair view, in all material respects, of the consolidated financial position of Fidelidade – Companhia de Seguros, S.A. as at 31 December 2015, the consolidated results and comprehensive income of its operations, the consolidated changes in equity and the consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal for the insurance sector, established in the Chart of Accounts approved by Regulatory Standard no. 4/2007 of 27 April and the subsequent alterations.

Report on Other Legal Requirements

8. It is also our opinion that the financial information in the consolidated Management Report is in agreement with the consolidated financial statements for the period.

Lisbon, 15 March, 2016

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(Signed)

[Ana Rosa Ribeiro Montes Pinto] (ROC nº 1230)

Fidelidade – Companhia de Seguros, S.A.
Report and Opinion of the Supervisory Board

2015

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 and noted the regularity of its accounting records and compliance with legal and statutory regulations, having made the checks considered appropriate.

We were provided with regular information and details of the operations of the company and its corporate business by the Board of Directors and other governing bodies.

With regard to the consolidated financial statements, we have examined the Report of the Board of Directors and the other 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 concluded:

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, 15 March 2016

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

José António da Costa Figueiredo – Member

Luís Manuel Machado Vilhena da Cunha – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2015

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, 15 March 2016.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

José António da Costa Figueiredo – Member

Luís Manuel Machado Vilhena da Cunha – Member

B1 Report of the Board of Directors

Separate Accounts

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The Board of Directors of Fidelidade - Companhia de Seguros, S.A., in compliance with the legal and statutory rules applicable, presents its Report and Accounts for the 2015 financial year.

REPORT OF THE BOARD OF DIRECTORS

1. BUSINESS ENVIRONMENT

1.1. Macroeconomic environment

In 2015, the Portuguese economy continued the trend towards recovery which had begun in the previous year, reflecting the growth in both internal demand, in particular for consumer durables and investment, and external demand, leading to increased exports.

The key driver of this positive development was the increase in disposable income in developed economies, reflecting the context of low interest rates, the marked decrease in the price of energy products, improvements in the labour market and increased confidence among private individuals. Furthermore, exports also benefited from the devaluation of the Euro in comparison with the main international currencies.

As a result of the progress described above, despite some structural imbalances which continue to be evident in the Portuguese economy, economic activity grew by 1.6% in 2015, slightly above the forecast for the Euro zone, enabling the Portuguese economy to renew progress towards real convergence with the performance of other European countries.

It is also important to note that the financing capacity of the Portuguese economy, measured by the Balance of Payments, remained at around 2%, which has been the case since 2012 due to the rebalancing of the current account.

In terms of inflation, there was a 0.5% increase in 2015, which is well below the reference value for the Euro zone, due to the fall in the price of raw materials, particularly oil.

In the labour market, the downward trend in the rate of unemployment continued, reaching an average annual rate of around 12%, reflecting both the higher level of employment associated with the improvement in economic activity and the reduction in the working population, particularly in the younger age groups where emigration has been significant.

Budgetary policy remained moderately restrictive in 2015, with high tax burdens and moderate growth in public expenditure, which made it possible to achieve a budget deficit at the end of the year slightly below 3%, marking the end of a period of excessive deficits.

More recent forecasts suggest continued recovery of the Portuguese economy, leading to annual growth of almost 2% which, while modest, represents an acceleration in relation to the recent recovery and consolidates exit from the previous recessionary cycle.

This evolution will continue to be driven mainly by private consumption, investment and exports, and may therefore be impacted by factors which affect the external demand for Portuguese goods and services, as well as changes in the current financing conditions.

1.2. Portuguese insurance market environment

In 2015 direct insurance premiums in the Portuguese market reached €12.7 billion (equivalent to 7.2% of GDP), which represented a year-on-year decrease of 11.4%, due to the negative impact of Life business evolution.

Life business saw a 17% decrease in total premiums, to €8.7 billion, reflecting both changes made by some Portuguese financial groups in revenue generation policies and the current context of low interest rates, which had a significant impact on the level of private savings.

On the other hand, Non-Life business rose by 3.7%, reversing the downward trend that had been observed in recent years. Total premiums reached €4 billion (around 2.3% of GDP).

Although this growth was based on an increase in most lines of business (with the exception of Transport), it is important to highlight the increase of 7.1% in Accidents and Health business lines, in particular in Health insurance, which benefited from higher disposable incomes and the growing need to complement the National Health Service offer, and in Workers' Compensation insurance, which reflected a slight recovery in employment levels and a pricing increase that was necessary to achieve an appropriate technical balance for this product.

Furthermore, Motor and Fire and Other Damage business lines showed a growth in economic activity, both benefiting a slight increase in the number of policies in a context of stable average premiums.

In general terms, the insurance market showed a decrease in concentration reflecting an increase in the market share of some smaller insurers operating in Life and Non-Life business.

2. COMPANY ACTIVITY

2.1. Competitive Positioning

The company's guiding principles continued to be based on strengthening the relationship with commercial networks, designing products adapted to clients' needs, paying constant attention to balancing technical operations, and increasing organisational efficiency levels, in addition to pursuing the Social Responsibility Programme.

It should also be noted that the launch of the new Fidelidade brand gave rise to a new commercial strategy, with increased dynamism, which has already led to a substantial increase in the Non-Life premiums portfolio and consequent strengthening of its position as clear market leader.

Fidelidade is the clear leader in the Portuguese insurance market with around 2.2 million clients and a premium portfolio of almost €4 billion.

The company continued to maintain its focus on a client-centric approach, with a constant concern to respond to people's current needs, by developing new products and innovating in the coverage and services provided.

Regarding new products, features in 2015 include the launch of Vital Protection for Persons, the personal accidents insurance which includes protection throughout a person's life, and the Oncological Health Insurance, which represents added value for clients and for society in general, and which has been made possible by combining skills from the health area within the group.

In terms of commercial activity, of note is the increasingly consolidated focus on the digital strategy, with the aim of developing a digital channel via an active communication strategy. Moreover, the emphasis on strengthening Fidelidade's commercial network has been intensified, through the expansion of franchised stores and optimisation of own stores both regarding their geographic location and the active role supporting clients.

2015 was also marked by the various awards won by Fidelidade, recognising the level of quality achieved. These included:

- Insurance Company with the Best Reputation from the Reputation Institute;
- Marktest Reputation Index;
- Brand of Trust 2015;
- Consumers' Choice in the insurance area 2015;
- Basef Seguros, 1st place in all Image indicators;
- The best large life and non-life insurer according to the magazine Exame;
- Global Banking & Finance Review: "Best Non-Life Insurance Company Portugal 2015" and "Best Customer Service Insurance Company Portugal 2015".

The emphasis on innovation through the Protechting Programme may also be highlighted. This is an acceleration programme for start-ups to support those who believe in and are working towards a better world, through the development of innovative projects in the areas of protection of people and property, health services and savings.

2.2. Economic Analysis

Despite the decrease in premiums, due to the evolution of the Life business, Fidelidade increased its market share in Portugal to 29.4% (+1.7pp over 2014), reflecting the trend in both the Life and Non-Life business.

Net income also evolved favourably, reaching €207.9 million, a year-on-year increase of €48.8 million, resulting from improvement in the technical variables of the Non-Life business, and a positive contribution from the Non-Technical component.

The solvency margin coverage ratio was 281.6%, representing a high level of security for all economic entities that interact with the company.

Thousand euros		
KEY INDICATORS	2015	2014
DIRECT INSURANCE PREMIUMS		
Direct Insurance Premiums - Total Activity	3,846,350	4,075,075
Direct Insurance Premiums - Activity in Portugal	3,720,673	3,959,905
- Life *	2,723,596	3,021,613
- Non-Life	997,077	938,292
MARKET SHARE IN PORTUGAL		
- Life	29.4%	27.7%
- Non-Life	31.4%	28.9%
	25.0%	24.4%
NET INCOME FOR THE PERIOD		
	207,862	159,108
COMBINED RATIO INCLUDING REINSURANCE		
Direct Non-Life Insurance Loss Ratio	103.3%	103.8%
Direct Non-Life Insurance Expense Ratio	66.2%	63.2%
Non-Life Reinsurance Balance	25.5%	26.2%
	11.5%	14.4%
SOLVENCY		
Solvency Margin Coverage Ratio	281.6%	202.1%

* The amounts for Life premiums include resources secured in relation to investment contracts

2.2.1. Direct insurance

In 2015 Fidelidade recorded total direct insurance premiums (including premiums within the scope of investment contracts) of €3,846 million, corresponding to a year-on-year decrease of 5.6%, reflecting the evolution of the Life business.

DIRECT INSURANCE PREMIUMS BY LINE OF BUSINESS

Total Activity (Portugal and Abroad)

LINES OF BUSINESS	2015		2014	
	Amount	Var. (%)	Amount	Var. (%)
Life	2,794,135	-9.5	3,086,744	21.3
Insurance Contracts	296,144	5.3	281,170	17.1
Investment Contracts	2,497,991	-11.0	2,805,574	21.7
Non-Life	1,052,216	6.5	988,332	-2.1
Accidents and Health	366,161	10.3	332,083	-0.5
- Workers' Compensation	134,987	11.1	121,505	-1.9
- Personal Accidents	26,116	13.1	23,096	-7.4
- Health	205,058	9.4	187,481	1.3
Fire and Other Damage	231,498	2.9	225,066	-3.3
Motor*	382,165	4.7	365,049	-3.0
Transport	17,237	11.6	15,439	-17.9
Third Party Liability	32,137	6.4	30,193	0.9
Other	23,017	12.3	20,503	16.0
TOTAL	3,846,350	-5.6	4,075,075	14.6

*Includes covers of Assistance, Legal Protection and Motor Loss of Use

Activities in Portugal produced total premiums of €3,721 million, representing a year-on-year decrease of 6.0%, due to the evolution of the Life business, although there was a year-on-year increase in market share of 1.7 pp (to 29.4%), as a result of a better commercial performance in comparison with the average of competitors.

In Portugal, the total premiums in the Life business were € 2,724 million, a decrease of 9.9% over the previous year, while the market share increased by 2.5 pp, to 31.4%, due to the contraction observed in Life market (down 17% over 2014). Fidelidade remained the clear leader in the PPR retirement plans segment, reflecting the commercial dynamics associated with the sale of this type of product.

On the other hand, the Non-Life business recorded an increase of 6.3% over 2014, with total premiums of €997 million, giving an increase in market share of 0.6 pp to 25.0%.

In general terms, the majority of business lines recorded an increase in premiums portfolio, with the results of the Accidents and Health and Motor lines being of particular note.

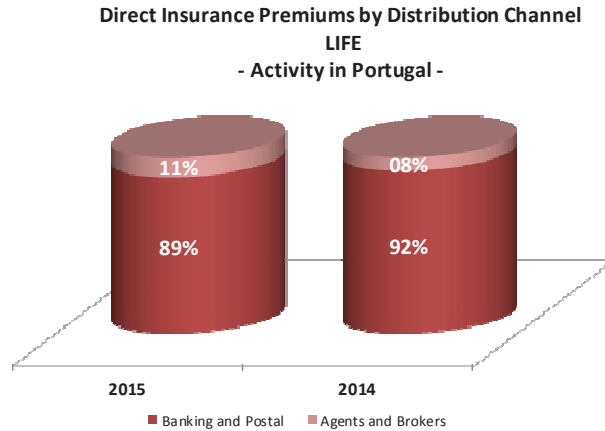
FIDELIDADE AND THE MARKET
(ACTIVITY IN PORTUGAL)
ANNUAL VARIATION RATES

LINES OF BUSINESS	Fidelidade		Total Market	
	2015	2014	2015	2014
Life	-9.9	20.0	-17.0	12.9
Insurance Contracts	4.4	11.8	-21.3	34.8
Investment Contracts	-11.1	20.8	-13.6	0.4
Non-Life	6.3	-2.4	3.6	-0.2
Accidents and Health	10.3	-0.2	7.1	2.2
- Workers' Compensation	11.0	-1.3	7.8	0.9
- Personal Accidents	14.9	-7.1	11.2	2.3
- Health	9.5	1.3	5.4	3.3
Fire and Other Damage	1.4	-3.9	1.7	-1.2
Motor	4.9	-2.9	2.1	-2.0
Transport	12.1	-18.5	-5.8	-9.1
Third Party Liability	5.7	0.1	4.0	1.6
Other	8.8	-1.4	1.9	8.4
TOTAL	-6.0	13.8	-11.4	9.1

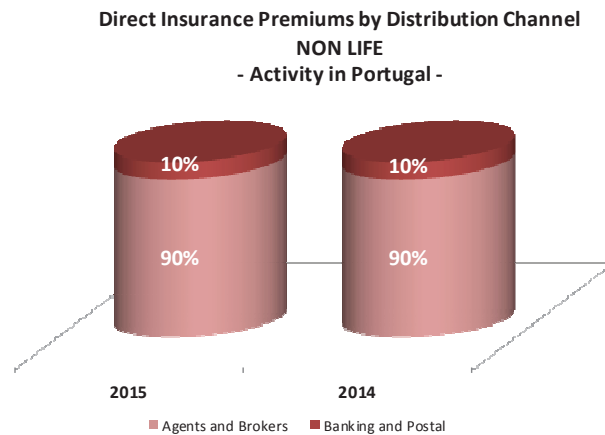
Var. (%)

The decrease recorded in the Life business, including investment contracts, contributed to the lower share of this segment in overall premiums portfolio in Portugal (73.2%, down 3.1 pp over the previous year).

The banking and postal channels also reduced their share of the Life business by distribution channel to 89.0% of the total for this business (down 3.4 pp over 2014), reflecting changes in the postal channel.



On the other hand, for the Non-Life business traditional channels held a dominant position and, as in the previous year, accounted for 90.2% of premiums.



2.2.2. Claims and reinsurance

The direct insurance claims costs from the activity in Portugal (including the amounts from policy redemptions and maturities related to investment contracts) totalled €3,156 million, of which €2,547 million related to Life business, mostly reflecting redemptions and maturities of financial products.

Non-Life claims costs were €609 million, representing an increase of 11.7%, resulting from a general increase in claims costs for the main lines of business.

DIRECT INSURANCE CLAIMS COSTS
(ACTIVITY IN PORTUGAL)

(Thousand euros)

LINES OF BUSINESS	2015		2014	
	Amount	Var. (%)	Amount	Var. (%)
Life	2,547,149	-4.9	2,677,661	5.0
Insurance Contracts	248,771	-14.8	291,893	-2.7
Investment Contracts	2,298,377	-3.7	2,385,768	6.0
Non-Life	608,713	11.7	544,913	-13.1
Accidents and Health	307,596	13.1	272,023	-2.3
- Workers' Compensation	135,155	14.9	117,623	-5.0
- Personal Accidents	14,311	100.6	7,132	-9.3
- Health	158,131	7.4	147,267	0.4
Fire and Other Damage	76,612	1.3	75,659	-47.7
Motor	213,354	18.5	180,036	-5.4
Transport	2,797	-55.5	6,278	-28.8
Third Party Liability	5,934	-31.3	8,635	114.1
Other	2,420	6.1	2,282	181.1
TOTAL	3,155,863	-2.1	3,222,576	1.4

Given the above, the direct insurance claims ratio in Non-Life (activity in Portugal) increased by 3.8 pp to 61.4%, reflecting a higher level of claims than in the previous year.

CLAIMS RATIOS ON EARNED PREMIUMS
(Claims Costs / Earned Premiums - Activity in Portugal)

(%)

LINES OF BUSINESS	2015	2014
Life	93.5	88.6
Non-Life	61.4	57.6
Accidents and Health	86.4	82.8
Fire and Other Damage	36.1	35.8
Motor	63.0	55.0
Transport	15.8	41.1
Third Party Liability	20.3	31.1
Other	6.6	6.4
TOTAL	85.0	81.2

Non-Life reinsurance balance improved over the previous year (-11.5% compared with -14.4% in 2014), reflecting an increased share of reinsurers in the claims for the year.

2.2.3. Commissions linked to the commercial activity

The total of commissions linked to the commercial activity rose to €158.9 million, with an increase in the commission ratio in both the Life and Non-Life business.

COMMERCIAL COMMISSIONS - DIRECT INSURANCE

Activity in Portugal

(Thousand euros)

LINES OF BUSINESS	2015		2014	
	Amount	Rate (%)	Amount	Rate (%)
Life	45,148	1.7	27,878	0.9
Non-Life	113,763	11.4	102,417	10.9
Accidents and Health	36,085	10.1	31,563	9.7
- Workers' Compensation	15,204	11.4	13,540	11.3
- Personal Accidents	2,304	11.1	1,887	10.4
- Health	18,576	9.1	16,136	8.7
Fire and Other Damage	22,484	10.6	21,426	10.2
Motor*	50,021	13.2	45,165	12.6
Transport	1,126	6.7	1,129	7.5
Third Party Liability	3,646	12.5	2,806	10.2
Other	400	10.3	330	9.4
TOTAL	158,912	4.3	130,296	3.3

Rate (%) ratio on premiums written

*Includes covers of Assistance, Legal Protection and Motor Loss of Use

2.2.4. General Expenses

Total General Expenses, excluding the effect of the variation in Other Provisions, reached €278.6 million, an increase of 5.5% over 2014. Of note is the increase in Employee Costs, resulting from the cancellation of the salary cuts to which companies where the State was the major shareholder were subject, and which continued to have an impact on Fidelidade in the first four months of 2014.

GENERAL EXPENSES

Thousand euros

	2015		2014	
	Amount	Var. (%)	Amount	Var. (%)
Employee Costs	146,517	12.0	130,875	0.1
External Supplies and Services	99,380	-3.5	103,011	-0.6
Taxes and Charges	11,157	3.2	10,813	-12.8
Depreciation	13,483	4.4	12,921	11.4
Interest Expense	1,217	38.3	880	130.1
Commissions for Financial Services	6,868	24.0	5,541	-8.6
TOTAL w/o Other Provisions	278,623	5.5	264,041	-0.3
Other Provisions	-18,669	-224.6	14,982	1676.7
TOTAL	259,954	-6.8	279,023	5.0

2.2.5. Non-Life Combined Ratio

In 2015, the Non-Life Combined Ratio including reinsurance was 103.3%, down 0.5 pp in relation to 2014, reflecting a decrease in general expenses.

2.2.6. Financial Activity

Earnings from financial activity was €572.6 million, a reduction of 14.0% in relation to 2014.

When analysed by type of investment, the drop was due to lower earnings from investments in public debt, since the amount recorded in the previous year benefited from gains associated with the increase in value of Portuguese sovereign bonds.

Investment in other financial securities (corporate bonds, shares, investment funds and others) increased by €48 million over 2014.

The increase originated from the favourable contribution of the stock markets (despite increased volatility in the second half of the year).

FINANCIAL GAINS

(Thousand euros)

TYPE OF INVESTMENT	2015		2014	
	Amount	Var. (%)	Amount	Var. (%)
Real Estate	39,201	92.7	20,344	139.9
Public Debt Securities	254,836	-38.5	414,648	81.2
Other Financial Securities	261,758	22.3	213,949	7.0
Loans and Deposits	16,831	0.3	16,785	-23.0
TOTAL	572,626	-14.0	665,727	45.0

2.2.7. Net Income and Shareholders' Equity

In 2015, Fidelidade recorded a net income of €207.9 million, an increase of €48.8 million over 2014, reflecting improvement in the Non-Life technical variables and a positive contribution from the Non-Technical component.

At the close of 2015, Fidelidade's individual shareholders' equity totalled €1,770.7 million, which was €513 million greater than the previous year, following a capital increase through supplementary capital contributions by the main shareholders.

SHAREHOLDERS' EQUITY

(Thousand euros)

	2015	2014
Capital	902,532	381,150
Revaluation Reserves	196,930	478,769
Deferred Tax Reserves	-40,993	-111,816
Other Reserves	395,759	262,774
Retained Earnings	108,609	87,419
Income for the Year	207,862	159,108
TOTAL	1,770,698	1,257,404

2.2.8. Financial guarantees

a) Evolution of technical liabilities

At the close of 2015, the technical liabilities for direct insurance and reinsurance accepted (provisions in the Life and Non-Life business and liabilities from investment contracts) totalled €11,799 million, an increase of €278 million over the previous year.

The breakdown provided in the following table demonstrates how the increase was based mainly on the technical liabilities of the Life business linked to investment contracts.

DIRECT INSURANCE AND REINSURANCE ACCEPTED LIABILITIES

(Thousand euros)

	2015	2014
Provision for Unearned Premiums	236,827	239,282
Life Mathematical Provision	1,632,604	1,666,923
Claims Provision	1,673,303	1,703,215
<i>Life</i>	124,609	123,756
<i>Non-Life</i>	1,548,693	1,579,458
Profit-sharing Provision	68,765	109,188
Equalisation Provision	22,426	20,964
Provision for Unexpired Risks	58,773	57,013
Other Technical Provisions	30,899	31,957
Financial Liabilities - Investment Contracts	8,075,643	7,692,230
TOTAL	11,799,240	11,520,772

b) Solvency margin

At the end of 2015, the minimum solvency margin required by law was €622.8 million, while the constituent components of this indicator totalled €1,753.8 million, which reflects a solvency margin coverage ratio of 281.6%, representing a high level of security for all insured persons and economic entities that interact with the Company.

2.2.9. Management of financial risks 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 rates and interest rates.

The derivative financial instruments are recognised at their fair value at the contract date and are 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 models which incorporate valuation techniques accepted in the market.

These are derivatives taken out with the aim of hedging Fidelidade's exposure to the risks of exchange rate fluctuations inherent in its activity.

For all operations related to hedging derivatives, the Company prepares the necessary formal documentation, required by IAS39.

Assessments of hedge effectiveness are periodically performed and documented by comparing the change in the fair value of the hedging instrument and that of the hedged item (the 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 within specific balance sheet asset and liability headings, and variations in value of hedged items are recognised in the balance sheet headings where those instruments are recognised.

Fidelidade began using hedge accounting in 2015.

3. INTERNATIONAL ACTIVITIES

Fidelidade has an international presence through its branches in Spain, France, Luxembourg, Macao and, more recently, Mozambique.

In 2015, total premiums from Fidelity's international branches reached €126 million, 9.1% higher than the figure for the previous year, with growth recorded in both Life (+8.3%) and Non-Life (+10.2%) business.

The year was also marked by the start of Fidelity operations in Mozambique and the transformation, in October, of the Non-Life branch in Macao into a new subsidiary – Fidelity Macau, also dedicated to Non-Life business.

INTERNATIONAL ACTIVITIES DIRECT INSURANCE PREMIUMS

(Thousand Euros)

INTERNATIONAL ACTIVITIES	2015		2014	
	Amount	Var (%)	Amount	Var (%)
SPAIN BRANCH				
Life (Insurance and Investment Contracts)	28,257	20.0	23,540	275.7
Non-Life	14,712	-4.9	15,476	-9.1
Total	42,969	10.1	39,016	67.5
FRANCE BRANCH				
Life (Insurance and Investment Contracts)	30,021	15.9	25,903	36.2
Non-Life	29,166	23.1	23,686	15.1
Total	59,188	19.4	49,589	25.2
MACAO BRANCH				
Life (Insurance and Investment Contracts)	7,251	-39.9	12,071	659.2
Non-Life	10,998	1.1	10,873	0.6
Total	18,250	-20.5	22,945	85.0
LUXEMBOURG BRANCH				
Life (Insurance and Investment Contracts)	5,001	38.3	3,615	145.6
Non-Life				
Total	5,001	38.3	3,615	145.6
MOZAMBIQUE BRANCH				
Life (Insurance and Investment Contracts)	9	248.7	3	
Non-Life	262	8285.1	3	
Total	273	3924.1	7	
TOTAL INTERNATIONAL ACTIVITIES				
Life (Insurance and Investment Contracts)	70,539	8.3	65,131	129.8
Non-Life	55,139	10.2	50,039	3.4
TOTAL	125,677	9.1	115,170	50.0

Spain branch

Fidelity Spain closed 2015 with €43 million in written premiums, which represented growth of 10.1% over the previous year (+20% in Life premiums and -4.9% in Non-Life premiums).

Technical provisions in Life business totalled €76 million, an increase of 36% when compared with 2014. This strong growth is a result of the successful selling of the "Fidelity Ahorro Platino" insurance in the Banco Caixa Geral network, in addition to other Life Savings and Annuities products.

In 2016 Fidelity Spain will reinforce some strategic actions already being implemented, namely:

- Expansion of business with the Chinese community in Spain, through the development of Exclusive Chinese Branch Offices, the Operations Centre which provides a service in Mandarin (the only insurer in the Spanish market with this service), and other Distribution Channels focusing on this community;
- Strengthening of the presence in the brokers' channel and in corporate business;
- In the agents' channel, focus on medium-sized agents, for whom a specific offer of products for companies and private individuals has been developed, and on Exclusive Agents, opening branch offices in high potential locations.

France branch

In 2015, the turnover at the France branch amounted to €59 million, representing an increase of 19.4% over the previous year (15.9% in Life and 23.1% in Non-Life). Life business represented 51% of total turnover, and was responsible for technical provisions of €292 million.

The evolution of the premiums portfolio reflects the focus on developing the offer for small and medium enterprises, since the corporate segment now represents 26%.

Distribution channels also saw greater diversification, with the banking channel and direct sales representing 54% of the total and the brokers' channel representing 46%.

2015 was also marked by the strengthening of the company's presence among the Portuguese community, both private individuals and above all companies, and by the start of cooperation with partners in the Chinese community to distribute Fidelidade products to this significant group, establishing agreements with exclusive agents and the banking channel.

Luxembourg branch

The business of the Luxembourg branch in 2015 was based exclusively on the distribution of life financial products and life risk products.

Macao branch – Life business

In 2015, the turnover of the Macao Life branch totalled €7 million, which represented a year-on-year drop of 40%, reflecting the performance of banking channel. The branch maintained its activity of Pension Funds management.

For 2016, strengthening of the cooperation with BNU is envisaged, with a focus on medium and long-term financial products, and on mortgage-related products, consolidating the strategy defined and begun in previous years.

Macao branch – Non-Life business

In 2015, Fidelidade decided to strengthen its presence in Macao by setting up a Non-Life insurer under the local law. This insurer, Fidelidade Macau, began its operations on 1 October 2015, incorporating, by acquisition, the assets of Fidelidade's Non-Life branch, which closed on that date.

Accordingly, the branch carried on its activity only until the end of September, and in those nine months it reached total premiums of €11 million, which represented growth of 31% in relation to the figure for the same period in the previous year.

Mozambique branch

Life and Non-Life branches of Fidelidade in Mozambique began their commercial activity in 2015, with the first branch office being inaugurated in July, at the company's head office in Maputo. The total premiums in this start-up year were €273 thousand.

The year was primarily dedicated to finding and preparing suitable premises, recruiting and training teams, implementing IT systems, developing relationships with key stakeholders and launching the Fidelidade brand in the market.

Fidelidade in Mozambique is now present in the main distribution channels, in the direct channel, with one branch office and a sales team focused on developing business with corporate clients, with partnerships established with the main brokers, with an agreement to develop the banking insurance channel and with a team of exclusive agents which the branch has selected and trained. In order to serve Chinese clients, a team of agents has been trained and a first partnership with a broker exclusively for this community has been established.

In 2016, Fidelidade Mozambique aims to consolidate the defined strategy and to develop and strengthen its presence in all the distribution channels, by offering products adapted to clients' needs, innovation in terms of the business model and high standards with regard to service quality.

4. HUMAN RESOURCES

Given the need to align the human resources with Fidelidade's strategy, to improve the response capacity and to promote greater orientation towards the needs of the organisation, a process of transformation in the human resources policy was begun in 2015, which impacted on the internal organisation.

Accordingly, and with the key objective of greater internal focus, processes were redesigned within the Human Resources Division and new functions created, which have enabled greater agility, speed and productivity.

An Induction Programme for Trainees and New Staff was also created, which stood out as being different, offering an element of surprise and including staff from all the teams in the Fidelidade Group.

The first survey in the "FidBack" Programme was launched in 2015. This programme consists of regularly measuring the level of satisfaction, involvement and commitment of the employees in the Fidelidade Group.

This programme will culminate in an action plan which will be implemented taking into account the results of the survey. For the first time, an opinion survey was conducted in all Fidelidade Group's companies, in Portugal and abroad. The response rate for this first survey was over 75%, which in itself is a very positive indicator.

Focus Groups were also set up with representatives from all areas of the Fidelidade Group with a view to better identify the company's Mission and Vision, confirming and consolidating its Values, which will be transmitted and integrated across the organisation.

In quantitative terms, the number of employees working for Fidelidade (activity in Portugal) decreased by 101 people in comparison with the previous year, and at the end of 2015 the company had 2488 employees. This development is a consequence of the continuing policy of departure by mutual agreements. At the same time a significant number of new employees joined the company to respond to new needs and strengthen skills in some areas of the company, which require a high degree of specialisation.

EMPLOYEES WORKING IN THE COMPANY
(Activity in Portugal)

	2015	2014
Permanent employees	2,458	2,579
Employees with a fixed term contract	30	10
TOTAL	2,488	2,589

(*) Does not include Fidelidade Executive Board (5 members in 2015)

With the priority objective of strengthening and regenerating the technical support and management functions, a total of 51 new staff were recruited, 35 on fixed term contracts. This total exceeded the figure for the previous year, of 24 admissions, by 112.5%.

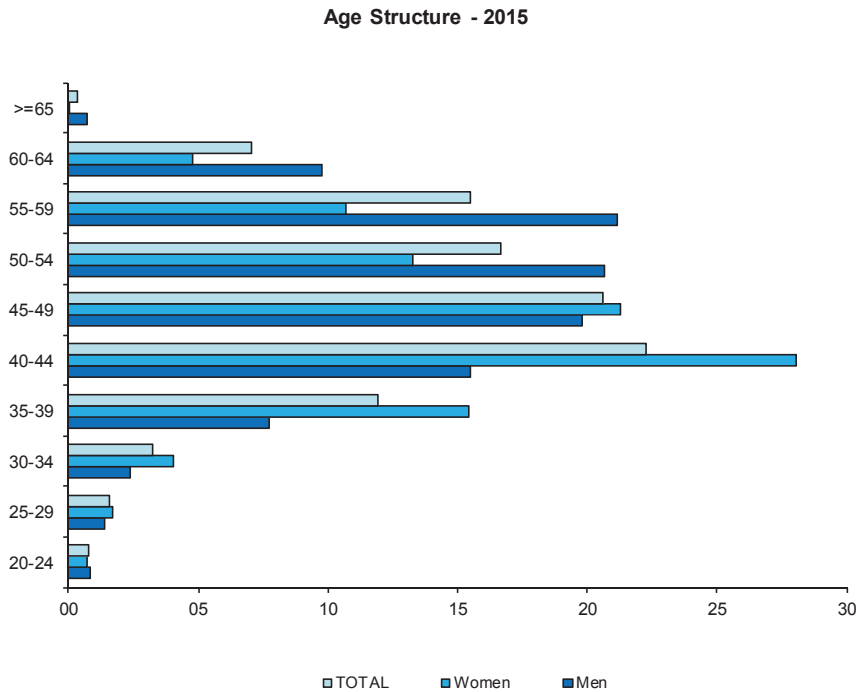
Applying objectivity when analysing the profile and potential of each candidate, new recruits were sought from younger age groups. Their average age was 29 and their qualifications were higher than the company's overall average, since 88.2% of them have higher education degrees.

The fixed term admissions for 2015 included another group of 9 Trainees (young people with high potential recruited directly from the most prestigious universities), who will be allocated to two structural projects for one year, in two different areas of the organisation.

The average age of the group of permanent employees remained at 47.5, the same as in the previous year, and the average length of service fell from 21.9 to 21.6 years.

The mode in terms of age remained in the 40-44 range, representing 22.3% of the employees in 2015.

The evolution of the academic backgrounds of the permanent staff over the last three-year period has reinforced the recent trend, with an increase in the proportion of staff with secondary and higher education qualifications, rising to 46% in 2015 from 43% in the previous year.



5. SOCIAL RESPONSIBILITY PROGRAMME

Under the Social Responsibility Programme, Fidelidade Group insurance companies have adopted a strategy based primarily on developing solutions that, besides being important

for business development, also respond to issues in the national interest and situations that may lead to major social inequality.

As part of this programme, the Group's employees have been working in areas considered to be priorities (healthy lifestyles, personal development, family, literacy and solidarity), through several initiatives, a dedicated internal site and a focus on promoting internal solidarity regarding the employees' well-being and quality of life ("Gente com Ideias" Programme).

Within this context, the NOS – Social Support Group was also created, with the aim of developing personalised support for employees, and which seeks to create social value and well-being.

Additionally, with a view to developing a more informed and sustainable society, Fidelidade has increased the marketing of products to improve awareness of issues related to savings and retirement, creating a catalyst for the adoption of a new mentality.

In terms of personal protection and active prevention, the launch of two new products should be highlighted:

- Oncological Health Insurance, a product with unique characteristics in Portugal;
- Vital Protection for Persons, an innovative insurance policy on the market, with a wide range of cover.

The Company assumes a role as a partner to and driver of entrepreneurship, and currently has several activities in progress related to entities which encourage the creation and/or development of companies in our country. Of particular note is the launch of Protechting, a programme which supports and accelerates innovative projects in the areas of Protection/Prevention for people and property, Services, Health and Savings.

In the process of accompanying claims, and because life is our most precious asset, the WeCare Commitment was launched. This project aims to accompany and reintegrate people who have suffered serious accidents which jeopardise their physical, economic and social recovery, and seeks to support their social, professional and family reintegration, highlighting the close support needed in the creation of new life projects.

At the environmental level, the Company provides an insurance policy which derives from the Environmental Liability Directive. Also of note is the forest fire insurance, a joint project with a national business group, which guarantees the payment of reforestation in the wake of fire damage.

The performance of the insurers within the Fidelidade Group as regards the Social Responsibility Programme is shared with stakeholders through the publication of a two-yearly Sustainability Report and an interim update. The reports published follow the guidelines for Sustainability Reports of the Global Reporting Initiative (GRI). The 2014 report was classified as having an Application Level of B+.

6. PROSPECTS FOR GROWTH

The change in shareholder control which took place in 2014 has had substantial implications for Fidelidade's strategy. Those implications have taken shape in a programme of strategic action entitled Project Compass, which is based on four main areas:

- strengthening the domestic business;
- international expansion;

- improving investment management;
- organisational transformation.

At the end of the first full year of implementation of this programme, the outcome is clearly positive. Fidelidade has recorded considerable improvements in all the areas listed above, leading to an increase in market share, a higher proportion of international activity, a favourable investment return, and efficiency gains with a positive impact on technical indicators in Non-Life business.

Based on the above, in the domestic insurance market Fidelidade will maintain its focus on innovation and trust with the aim of strengthening its competitive positioning, being permanently aware of clients' needs, in terms of both services and products which can respond to new needs.

Fidelidade will also continue to focus on the objective of profitable growth, by taking specific steps that enable the company to strengthen technical profitability and brand, to innovate in terms of products and enhance distribution channels.

Another priority will be to continue to raise the professional standards of the commercial networks, mainly by intensifying the level of use of Internet-based business platforms, developing and leveraging the transactional and commercial potential so as to better serve partners and clients.

Furthermore, Fidelidade is strongly committed to developing its international presence, either directly (through branches) or through subsidiaries.

Also of note is a growing focus on vertical integration, with various investments in areas connected with the insurance activity.

7. ACQUISITION OF OWN SHARES

In the 2015 financial year, in compliance with the decision under Item 9 of the Agenda of the General Meeting of 31 March 2015, 13,300 own shares were acquired at the unit price of €11.20, to a total of € 148,960.00. This acquisition was completed on 22 December 2015.

As no own shares were sold during the 2015 financial year, the number of own shares held at 31/12/2015 corresponds to the number of shares, 13,300, acquired in the year, as described above.

8. PROPOSAL FOR THE APPLICATION OF INCOME

The net income of the Company for the 2015 financial year totalled € 207 862 217.47.

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

• Legal Reserve	€ 20 786 222.00
• Remaining amount at the disposal of the General Meeting	€ 187 075 995.47
	<hr/>
	€207 862 217.47

9. FINAL CONSIDERATIONS

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

- The supervisory authorities, in particular the Supervisory Authority for Insurance and Pension Funds for its special monitoring of the insurance sector and its 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 concern, availability and constant commitment to monitoring and control of the company's activity;
- The Agents, Brokers and Reinsurers, for the support provided and the trust they place in the company;
- The CGD and CTT distribution networks, for the motivation, team spirit, openness and commitment they demonstrate in marketing our products;
- The members of staff who, with their professionalism, dedication and competence make it possible to continually enhance Fidelidade's value.

To all our clients, we would like to express special recognition for the preference afforded to Fidelidade and for the constant stimulus to improve the quality of our service.

Lisbon, 23 February 2016

THE BOARD OF DIRECTORS

Guangchang GUO – Chairman

João Nuno de Oliveira Jorge Palma – Vice-Chairman

Jorge Manuel Baptista Magalhães Correia - Vice-Chairman

Qunbin WANG

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Michael LEE

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

José Pedro Cabral dos Santos

Lan KANG

Xiaoyong WU

Lingjiang XU

ANNEX TO THE MANAGEMENT REPORT
WITH REFERENCE TO ARTICLE 448(4)
OF THE CODE OF COMMERCIAL COMPANIES

On the date of closing of the 2015 financial year, the following entities were in the situation provided for in Article 448(4) of the Code of Commercial Companies:

- Longrun Portugal, SGPS, S.A., holder of 102,833,140 shares representing 84.9861% of the share capital and voting rights;
- Caixa Seguros e Saúde, SGPS, S.A., holder of 18,150,000 shares representing 15% of the share capital and voting rights.

The Board of Directors

B2 Separate Financial Statements

Separate Statement of Financial Position

Separate Income Statement

Separate Statement of Changes in Equity

Statement of Separate Comprehensive Income

Statement of Separate Cash Flows

Notes to the Separate Accounts

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 2014

Tax no. 500 918 880

ASSETS	Notes	2015			2014
		Gross amount	Impairment, depreciation / amortisation or adjustments	Net amount	
Cash and cash equivalents	3 and 10	1,830,876,289	-	1,830,876,289	310,264,776
Investments in subsidiaries, associates and joint ventures	4 and 10	1,243,262,584	-	1,243,262,584	645,642,299
Financial assets held for trading	5 and 10	957,920	-	957,920	-
Financial assets initially recognised at fair value through profit or loss	5 and 10	888,059,409	-	888,059,409	859,436,692
Hedge Derivatives	6	1,285,939	-	1,285,939	-
Available-for-sale investments	7 and 10	8,531,379,811	-	8,531,379,811	9,271,884,599
Loans and accounts receivable		667,229,402	-	667,229,402	1,286,738,474
Loans made	8	46,207,878	-	46,207,878	12,235,760
Deposits in ceding companies	8	1,630,020	-	1,630,020	4,656,933
Other deposits	8	618,229,346	-	618,229,346	1,269,308,637
Other	8	1,162,158	-	1,162,158	537,144
Properties		410,497,200	(33,729,943)	376,767,257	360,569,131
Properties for own use	9	131,527,588	(33,729,943)	97,797,645	110,263,892
Investment Properties	9	278,969,612	-	278,969,612	250,305,239
Other tangible assets	11	69,863,205	(60,176,882)	9,686,323	10,235,516
Inventories	11	117,107	-	117,107	107,012
Other intangible assets	12	53,299,776	(36,406,864)	16,892,912	18,122,195
Technical provisions on reinsurance ceded		217,051,155	-	217,051,155	222,350,716
Provision for unearned premiums	13	62,838,674	-	62,838,674	64,977,615
Mathematical provision for life insurance	13	12,277,625	-	12,277,625	10,345,282
Claims provision	13	141,934,856	-	141,934,856	146,988,126
Profit sharing provision	13	-	-	-	39,693
Assets for post-employment and long term benefits	30	13,679,537	-	13,679,537	9,281,121
Other debtors for insurance and other operations		189,025,233	(43,946,624)	145,078,609	255,380,403
Accounts receivable for direct insurance operations	14	129,507,467	(19,969,767)	109,537,700	101,741,202
Accounts receivable for other reinsurance operations	14	23,973,256	(8,996,572)	14,976,684	12,087,223
Accounts receivable for other operations	14	35,544,510	(14,980,285)	20,564,225	141,551,978
Tax assets		254,339,561	-	254,339,561	153,108,948
Recoverable tax assets	15	111,056	-	111,056	52,387
Deferred tax assets	15	254,228,505	-	254,228,505	153,056,561
Accruals and deferrals	16	20,381,223	-	20,381,223	19,261,123
TOTAL ASSETS		14,391,305,351	(174,260,313)	14,217,045,038	13,422,383,005

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.
SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 2014

Tax no. 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2015	2014
LIABILITIES			
Technical provisions		3,723,596,420	3,828,541,760
Provision for unearned premiums	17	236,826,770	239,281,616
Mathematical provision for life insurance	17	1,632,603,560	1,666,922,641
Claims provision		1,673,302,934	1,703,214,697
Life	17	124,609,448	123,756,345
Workmans' compensation	17	782,022,044	779,884,465
Other	17	766,671,442	799,573,887
Provision for profit sharing	17	68,765,439	109,188,316
Provision for interest rate commitments	17	5,626,534	7,454,750
Provision for portfolio stabilisation	17	25,272,158	24,502,158
Equalisation provision	17	22,425,562	20,964,204
Provision for unexpired risks	17	58,773,463	57,013,378
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	18	8,075,643,230	7,692,230,036
Other financial liabilities		128,047,856	110,396,725
Hedge Derivatives	19	4,155,656	-
Deposits received from reinsurers	19	105,443,416	101,787,243
Financial liabilities held for trading	6 and 19	18,448,784	8,609,482
Liabilities for post employment and other long term benefits	30	90,121	-
Other creditors for insurance and other operations		113,806,797	120,615,387
Accounts payable for direct insurance operations	20	64,963,223	70,859,225
Accounts payable for other reinsurance operations	20	38,201,575	36,345,917
Accounts payable for other operations	20	10,641,999	13,410,245
Tax liabilities		174,176,813	176,422,004
Tax payable liabilities	15	56,682,631	57,896,656
Deferred tax liabilities	15	117,494,182	118,525,348
Accruals and deferrals	21	76,442,139	58,064,811
Other provisions	22	154,543,868	178,708,729
TOTAL LIABILITIES		12,446,347,244	12,164,979,452
SHAREHOLDERS' EQUITY			
Paid-in-Capital	23	381,150,000	381,150,000
(Treasury shares)	23	(148,960)	-
Other Capital Instruments	23	521,530,514	-
Revaluation reserves		196,929,532	478,768,842
Adjustments in fair value of financial assets	24	113,510,530	432,623,825
Revaluation of properties for own use	24	24,007,061	20,893,446
Exchange differences	24	59,411,941	25,251,571
Deferred tax reserve	24	(40,993,314)	(111,815,759)
Other reserves	24	395,758,548	262,773,917
Retained earnings	24	108,609,257	87,418,523
Net income for the year	24	207,862,217	159,108,030
TOTAL SHAREHOLDERS' EQUITY		1,770,697,794	1,257,403,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,217,045,038	13,422,383,005

Lisbon, 23 February 2016

Certified public accountant

Carlos F. Tomé Silva Westerman

On behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Vice Chairman

Wai Lam William MAK
Member

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

SEPARATE INCOME STATEMENTS FOR THE YEARS ENDED AS AT 31 DECEMBER 2015 AND 2014

Tax no. 500 918 880

(amounts in euros)

Income statement	Notes	2015				2014
		Technical - life	Technical - non-life	Non-technical	Total	
Earned premiums net of reinsurance		281,114,988	685,506,756	-	966,621,744	922,685,468
Gross premiums written	25	296,207,143	1,061,766,709	-	1,357,973,852	1,285,168,737
Reinsurance ceded premiums	25	(14,811,975)	(373,477,434)	-	(388,289,409)	(362,897,708)
Provision for unearned premiums (change)	17 and 25	(281,062)	(3,769,357)	-	(4,050,419)	4,393,216
Provision for unearned premiums, reinsurers' share (change)	13 and 25	882	986,838	-	987,720	(3,978,777)
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	26	2,306,164	-	-	2,306,164	2,055,164
Claims costs, net of reinsurance		(281,266,352)	(496,971,611)	-	(778,237,963)	(798,030,048)
Amounts paid		(282,217,597)	(511,910,555)	-	(794,128,152)	(817,835,168)
Gross amounts	27 and 28	(287,989,956)	(704,697,409)	-	(992,687,365)	(1,019,096,572)
Reinsurers' share	27	5,772,359	192,786,854	-	198,559,213	201,261,404
Claims Provision (change)		951,245	14,938,944	-	15,890,189	19,805,120
Gross amount	27	(829,851)	4,169,700	-	3,339,849	48,530,937
Reinsurers' share	27	1,781,096	10,769,244	-	12,550,340	(28,725,817)
Other technical provisions, net of reinsurance	27	1,058,216	(3,555,537)	-	(2,497,321)	(21,034,044)
Mathematical provision for life insurance, net of reinsurance		47,367,857	-	-	47,367,857	90,762,862
Gross amount	17 and 27	45,434,900	-	-	45,434,900	93,308,378
Reinsurers' share	27	1,932,957	-	-	1,932,957	(2,545,516)
Profit sharing, net of reinsurance	17 and 27	(41,525,982)	19,374	-	(41,506,608)	(16,001,967)
Operating costs and expenses, net		(93,305,500)	(223,157,194)	-	(316,462,694)	(295,385,597)
Aquisition expenses	28	(75,823,257)	(212,011,404)	-	(287,834,661)	(260,839,546)
Deferred cost acquisition (change)	17	(10,232)	464,789	-	454,557	633,809
Administrative expenses	28	(19,958,565)	(58,627,232)	-	(78,585,797)	(82,481,590)
Commissions and reinsurance profit sharing	28	2,486,554	47,016,653	-	49,503,207	47,301,730
Financial income		321,665,921	60,862,737	9,654,138	392,182,796	356,143,210
From Interest on financial assets not recognised at fair value through profit or loss	31	294,085,379	41,114,460	6,236,324	341,436,163	300,123,433
Other	31	27,580,542	19,748,277	3,417,814	50,746,633	56,019,777
Financial expenses		(6,507,981)	(7,255,937)	(2,183,366)	(15,947,284)	(27,075,185)
Other	28 and 32	(6,507,981)	(7,255,937)	(2,183,366)	(15,947,284)	(27,075,185)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		113,391,824	47,761,692	4,721,280	165,874,796	126,647,632
Available-for-sale investments	33	300,943,465	47,761,692	4,721,312	353,426,469	312,558,823
Financial liabilities recognised at amortised cost	18 and 33	(187,551,641)	-	-	(187,551,641)	(185,911,191)
Other	33	-	-	(32)	(32)	-
Net income on financial assets and liabilities recognised at fair value through profit or loss		(28,325,603)	11,126,991	231,239	(16,967,373)	(21,386,472)
Net income on financial assets and liabilities held for trading	34	(36,108,192)	(1,204,048)	(2,765)	(37,315,005)	(3,850,861)
Net income on financial assets and liabilities initially classified at fair value through	34	5,421,565	11,257,265	234,004	16,912,834	(17,535,611)
Other	34	2,361,024	1,073,774	-	3,434,798	-
Exchange differences	35	45,520,139	8,125,291	(7,820,249)	45,825,181	15,075,867
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	36	-	19,944,885	(387,413)	19,557,472	(552,947)
Impairment losses (net of reversals)		(177,412,503)	(43,157,508)	31,473,899	(189,096,112)	(94,811,658)
Available-for-sale investments	37	(173,861,631)	(42,053,408)	(178,547)	(216,093,586)	(57,974,342)
Loans and accounts receivable at amortised cost		-	-	496,540	496,540	(1,820,326)
Other	37	(3,550,872)	(1,104,100)	31,155,906	26,500,934	(35,016,990)
Other technical income/expenses, net of reinsurance	38	532,686	1,283,179	-	1,815,865	2,610,057
Other income/expenses	39	-	-	3,400,984	3,400,984	1,535,918
NET INCOME BEFORE TAX		184,613,874	60,533,118	39,090,512	284,237,504	243,238,260
Current income tax - current taxes	15	-	-	(115,581,001)	(115,581,001)	(90,842,751)
Current income tax - deferred taxes	15	-	-	39,205,714	39,205,714	6,712,521
NET INCOME FOR THE YEAR		184,613,874	60,533,118	(37,284,775)	207,862,217	159,108,030

Lisbon, 23 February 2016

Certified public accountant

Carlos F. Tomé Silva Westerman

On behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Vice ChairmanWai Lam William MAK
Member

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2015 AND 2014 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			Retained earnings	Net income for year	Total
					Share premiums	Merger reserves	Other reserves			
Balance at 31 December 2013	381,150,000	136,423,673	(22,582,224)	92,925,625	115,103,280	91,335,345	181,217,958	70,196,542	109,686,861	1,155,457,060
Appropriation of net income	-	-	-	9,246,709	-	-	-	17,219,780	(26,466,489)	-
Dividend distribution	-	-	-	-	-	-	(226,723,568)	-	(83,220,372)	(309,943,940)
Net gains through adjustments of fair value for available-for-sale investments	-	343,083,470	(88,317,281)	-	-	-	-	-	-	254,766,189
Revaluation of properties for own use	-	(736,100)	(766,624)	-	-	-	-	-	-	(1,502,724)
Disposals of properties for own use	-	(2,201)	-	-	-	-	-	2,201	-	-
Actuarial gains and losses	-	-	(149,630)	-	-	-	(331,432)	-	-	(481,062)
Net income for the year	-	-	-	-	-	-	-	-	159,108,030	159,108,030
Balance at 31 December 2014	381,150,000	478,768,842	(111,815,759)	102,172,334	115,103,280	91,335,345	(45,837,042)	87,418,523	159,108,030	1,257,403,553
Appropriation of net income	-	-	-	14,774,336	-	-	123,144,878	21,188,816	(159,108,030)	-
Supplementary contributions	521,530,514	-	-	-	-	-	-	-	-	521,530,514
Own Shares	(148,960)	-	-	148,960	-	-	(148,960)	-	-	(148,960)
Net gains through adjustments of fair value for available-for-sale investments	-	(284,952,925)	68,931,457	-	-	-	-	-	-	(216,021,468)
Revaluation of properties for own use	-	3,115,533	101,067	-	-	-	-	-	-	3,216,600
Disposals of properties for own use	-	(1,918)	-	-	-	-	-	1,918	-	-
Actuarial gains and losses	-	-	1,789,921	-	-	-	(4,934,583)	-	-	(3,144,662)
Net income for the year	-	-	-	-	-	-	-	-	207,862,217	207,862,217
Balance at 31 December 2015	902,531,554	196,929,532	(40,993,314)	117,095,630	115,103,280	91,335,345	72,224,293	108,609,257	207,862,217	1,770,697,794

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED AS AT 31 DECEMBER 2015 AND 2014

Tax no: 500 918 880

(amounts in euros)

	2015	2014
NET INCOME FOR THE YEAR	207,862,217	159,108,030
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments:		
Gross amount	(387,822,761)	311,432,323
Life insurance contracts with profit sharing	68,709,466	6,399,576
Exchange differences		
Gross amount	34,495,080	25,154,648
Life insurance contracts with profit sharing	(334,710)	96,923
Deferred tax	62,545,298	(87,902,291)
Current tax - Life insurance contracts with profit sharing	6,386,159	(414,990)
Items that maybe not be reclassified subsequently to gains and losses		
Change in potential gains on properties for own use:		
Gross amount	3,115,533	(736,100)
Deferred tax	101,067	(766,624)
Actuarial deviations:		
Gross amount	(4,934,583)	(331,432)
Current tax	1,438,890	103,386
Deferred tax	351,031	(253,016)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	(215,949,530)	252,782,403
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	(8,087,313)	411,890,433

SEPARATE STATEMENTS OF CASH FLOWS FOR THE 2015 AND 2014
FINANCIAL YEARS

Tax no. 500 918 880

(amounts in euros)

	2015	2014
CASH FLOWS GENERATED BY OPERATING ACTIVITIES:		
Operating cash flows prior to changes in assets and liabilities:		
Premiums received, net of reinsurance	969,684,443	922,271,028
Claims paid, net of reinsurance	(765,059,917)	(748,919,496)
Commissions on insurance, investment and service contracts, net	(127,116,767)	(97,869,963)
Profit sharing receipts/payments, net of reinsurance	(37,713,349)	(15,361,527)
Payments to suppliers	(97,620,279)	(97,534,760)
Payments to employees	(136,024,582)	(122,359,417)
Contributions to pension funds	(17,695,055)	(11,654,803)
Other	(11,908,179)	(11,289,358)
	<u>(223,453,685)</u>	<u>(182,718,296)</u>
(Increases) decreases in operating assets		
Debtors - direct insurance and reinsurance operations	16,943,991	22,090,988
Debtors - other operations	134,133,075	(106,460,306)
Other assets	(57,746)	6,266,058
	<u>151,019,320</u>	<u>(78,103,260)</u>
(Increases) decreases in operating liabilities		
Financial liabilities on investment contracts	195,861,553	479,353,885
Deposits received from reinsurers	1,814,563	(8,599,074)
Creditors - direct insurance and reinsurance operations	697,329	19,379,279
Creditors - other operations	(2,150,869)	(18,727,698)
Other liabilities	(11,014,187)	7,570,597
	<u>185,208,389</u>	<u>478,976,989</u>
Net cash from operating activities before tax	<u>112,774,024</u>	<u>218,155,433</u>
Payments of income tax	(91,985,301)	(59,978,555)
Net cash from operating activities	<u>20,788,723</u>	<u>158,176,878</u>
CASH FLOWS GENERATED BY INVESTING ACTIVITIES:		
Receipts on the sale or redemption of:		
Financial assets recognised at fair value through profit or loss	291,393,537	86,570,219
Available-for-sale investments	5,405,778,112	5,525,224,709
Held-to-maturity investments	-	151,065,827
Loans and accounts receivable	5,327,929,063	12,501,987,950
Investment properties	4,025,090	-
Tangible and intangible assets	108,979,645	5,617,708
Net income from financial assets	180,095,804	255,169,554
Other receipts	-	15,044
	<u>11,318,201,251</u>	<u>18,525,651,011</u>
Payments on the acquisition or initiation of:		
Financial assets recognised at fair value through profit or loss	(332,807,468)	(223,162,763)
Available-for-sale investments	(4,636,288,714)	(4,985,917,168)
Loans and accounts receivable	(4,641,182,920)	(12,413,998,160)
Investment properties	(13,131,991)	(6,272,812)
Tangible and intangible assets	(105,178,785)	(14,050,542)
Other	(4,051,848)	(330,636)
	<u>(9,732,641,726)</u>	<u>(17,643,732,081)</u>
Business combinations		
Acquisition of subsidiaries, associates and joint ventures	(610,240,274)	(575,096,830)
Net cash from investing activities	<u>975,319,251</u>	<u>306,822,100</u>
CASH FLOWS GENERATED BY FINANCING ACTIVITIES:		
Other loans obtained	4,973,425	-
Other interest paid	521,530,514	-
Capital increase/(decrease)	(148,960)	-
Distribution of dividends	-	(309,943,940)
Net cash from financing activities	<u>526,354,979</u>	<u>(309,943,940)</u>
Increase (decrease) net of cash and equivalents	1,522,462,953	155,055,038
Cash and cash equivalents at start of the year	310,264,776	155,209,738
Entry into the consolidation perimeter	(1,851,440)	-
Cash and cash equivalents at end of the year	1,830,876,289	310,264,776

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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 (Supervisory Authority for Insurance and Pension Funds or “ASF”) by a resolution of its Board of Directors dated 23 February 2012.

The Company is engaged in the performance of the insurance and reinsurance activity 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 87.3% and 87.7% of total non-life premiums written during 2015 and 2014 tax years, respectively.

In order to perform its activity, Fidelidade has a nationwide branch network, agents’ centres and client branches. Overseas, the Company operates in Spain, France, Luxembourg, Macao and Mozambique.

In 2014, the process of privatisation of the share capital of Fidelidade took place, pursuant to Decree Law No. 80/2013 of 12 June, under which Longrun Portugal, SGPS, SA (hereinafter “Longrun”) acquired from Caixa Seguros e Saúde, SGPS, SA (hereinafter “CSS”), 96,800,000 shares representing 80% of the share capital and voting rights of Fidelidade, as a result of direct sale to an investor who became the reference shareholder of Fidelidade (direct reference sale or DRS).

Also as part of the privatisation process the public offering (IPO) of a block of shares, representing 5% of the share capital, reserved for employees, was completed. In this IPO 16,860 shares, representing 0.0139% of the share capital, were acquired by employees.

On 8 January 2015, in compliance with the provisions in clause 2.2. of the Direct Reference Sale Agreement, Longrun acquired the shares reserved for employees which had not been acquired, and consequently Longrun holds 102,833,140 shares, representing 84.9861% of the share capital and voting rights.

In compliance with a resolution of the General Meeting of 31 March 2015, on 22 December 2015 the process of acquisition of own shares held by employees was concluded. Following this transaction the shareholder structure of the company was:

Shareholder	Effective Share (%)	Number of shares
Longrun Portugal, SGPS, S.A.	84.9861%	102,833,140
Caixa Seguros e Saúde, SGPS, S.A.	15.0000%	18,150,000
Employees	0.0029%	3,560
Own Shares	0.0110%	13,300
TOTAL	100%	121,000,000

Fidelidade’s financial statements at 31 December 2015 were approved by the Board of Directors on 23 February 2016.



2. Accounting Policies

2.1. Basis of presentation

The financial statements at 31 December 2015 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 4/2007-R, of 27 April, with the amendments introduced by Standard No. 20/2007-R, of 31 December and Standard No. 22/2010-R, of 16 December, of the Insurance and Pension Funds Supervisory Authority (from now on 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, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to the type of insurance contract were adopted.

In 2015 Fidelidade adopted the IFRS and interpretations of mandatory application for the tax years beginning on 1 January 2015. These standards are listed in Note 2.18. 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 2015 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 detailed throughout 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 the management of the associate or membership of the Board of Directors with executive powers.

There are also situations where the Company 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 assets 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 and associates 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 the book value. The identified impairment losses are recorded in the income statement, and are subsequently reversed, if there is a reduction of the estimated loss, in a subsequent period. The recoverable amount is determined based on the highest value between the value in use of assets and the fair value less selling costs and is calculated using valuation methodologies based on techniques of discounted cash-flows, considering the conditions of market, 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 records a provision when there is responsibility on the liabilities of that subsidiary, associate and joint venture.

2.3. Financial instruments

a) Financial assets

Financial assets are recognised at the contract 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 on these is distributed internally to the 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 gains 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 – 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, includes:

- Non-derivatives financial instruments which the Company intends to maintain 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 here 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 the 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 gains on financial assets and liabilities not recognised at fair value through profit or loss" or "Impairment losses (net of reversal)", 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 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 receivable or to 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.

Transfer 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 method. The Company derecognises financial liabilities when they are canceled 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 their subsequent appreciation are recognised in “Net gains on financial assets and liabilities recognised at fair value through profit or loss”.

ii) **Other financial liabilities**

This category includes subordinate liabilities, deposits received from reinsurers and also liabilities incurred on payment for provision of services or the purchase of assets, recognised in “Other creditors – 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.

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. 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, namely those 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 therefore recognised in 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 coverage of the fair value of foreign currency assets (currency fluctuation risk). Classification as hedge 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 frequency of this;
- Adverse changes in industry conditions.

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 (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.

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, namely through the determination of an effectiveness rate between 80% and 125%, the Company also recognises in the income statement for the year the change in the fair value of the hedged item attributable to the hedged risk. If the hedge relationship ceases to be effective, the cumulative change in the 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 headings where those 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, namely:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, thus rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risk which do not meet the criteria necessary for hedge accounting to be used under IAS 39, namely due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or due to the results of 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 expenses for the year, in the headings “Net gains 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 “Income”. Positive and negative revaluations are recognised in “Held-for-trading financial assets” 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 reversal)”, 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 2.3. 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 fair value adjustments 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 reversal)”.

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 optional.



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 fair value adjustments 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.

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.

2.4. 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 reversal)”.

The Company does not have any non-current assets held for sale and groups of assets and liabilities for disposal.

2.5. Investment Properties

These are properties held by the Company to earn income via rentals and/or capital appreciation.

Investment properties, are initially recognised at cost, including directly related measurement costs. They are not amortised and are recorded at fair value, determined on the basis of experts’ assessments. Changes in the fair value are reflected in the income statement, in “Net gains from sale of non-financial assets not classified as non-current assets held for sale and discontinued operations”.



Investment properties are assessed at intervals deemed appropriate to ensure that their book value does not differ significantly from their fair value. The Company has set a maximum reference period of 2 years between evaluations.

2.6. 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 established a maximum reference period between evaluations of 2 years.

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 reversal)" 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.

2.7. Other tangible assets

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

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

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

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



Analyses are periodically undertaken to identify evidence of impairment on other tangible assets. An impairment loss is recognised in “Impairment losses (net of reversal)” 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.

2.8. Leases

Operating Leases

Payments made by the Company for operating lease contracts are recognised in costs in the periods to which they relate.

Finance Leases

Finance leases are deemed to be contracts in which the risks and rewards deriving from the use of the asset are transferred to the lessee. These contracts are recognised on their commencement date in the assets and liabilities at the acquisition cost of the leased asset.

Periodic lease payments are composed of the finance charge which is recognised in the income statement and the financial amortisation of the capital which is deducted from the liability throughout the period of the lease.

All other leases are operating leases, and the lease payments made throughout the contract are recognised in costs in the periods to which they relate.

2.9. 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.

2.10. Income tax

The Company is subject to taxation under the IRC (“Portuguese Corporate Income Tax Code”) and to Municipal Surcharge, the aggregate rate of which, in 2014 and 2015, was 24.5% and 22.5%, respectively, added to which is the State Surcharge, which corresponds to an additional rate of 3% on the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% on the profit between EUR 7,500,000 and EUR 35,000,000 and 7% on any profit which exceeds this amount.



The accounts of the Company's branches are included in the accounts of the head office for fiscal purposes. Besides being subject to IRC in these terms, the income of the branches is also further subject to local taxes in the countries/territories where they are established. Local taxes of the branches are deductible from the IRC tax of the head office pursuant to Article 91 of the respective IRC Code and to Double Taxation Agreements signed by Portugal.

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 the accounting income owing to adjustments to taxable income resulting from costs or gains which are not considered for fiscal purposes, or which will only be considered in other accounting periods, in addition to value adjustments for the purposes of calculating taxable gains.

Deferred tax corresponds to the impact on the 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 leading to temporary differences at the Company level are i) impairments ii) provisions temporarily not tax deductible, iii) potential capital gains and losses on available-for-sale investments, and iv) potential capital gains and losses 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. At 31 December 2015, the deferred tax assets and liabilities recognised by the Company were determined pursuant to Law No. 82-B/2014, of 31 December, according to which the aggregate tax rate to be applied to tax years beginning on or after 1 January 2015 would become 22.5%, plus the respective State Surcharge, which would correspond to the application of an additional rate of 3% on the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% on the taxable profit between EUR 7,500,000 and EUR 35,000,000 and 7% on the taxable profit which exceeds this amount.

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.

2.11. 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 their occurring is remote.



“Other provisions” are for legal, fiscal and other contingencies resulting from the Company’s activity.

2.12. 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) in force at the time for the insurance activity, the Company committed itself 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 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.

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.

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 appropriate actuarial assumptions (Note 30). 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 periods to maturity 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 as regards liabilities and income expected 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 with 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 liability (asset) net of defined benefit, is reflected at net value in “Employee Costs”. The healthcare cost for the year is recognised in “Other Provisions” (Note 22).

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

As part of the new collective employment agreement for the insurance activity, signed on 23 December 2011, and published in the Bulletin of Work No. 2 of 15 January 2012, the former defined benefit pension plan was replaced, regarding workers actively employed, as of 1 January 2012, by a defined contribution plan, and the current value of liabilities for past services at 31 December 2011 was transferred to the individual account for each participant. This change was not applicable to liabilities with pensions being paid to workers who were in retirement or pre-retirement at 31 December 2011, or to employees who did not sign up to the current CEA.



The Company's contributions to the defined contribution plan are made in line with that which is set out in the CEA, and are recorded as a cost for the year to which they relate in "Employee Costs".

Other long-term benefits

The liabilities regarding the seniority bonus, deriving from Clause 41(2) of the Collective Employment Agreement for the Insurance Activity in force, are calculated annually using universally accepted actuarial methods.

Short-term benefits

Short-term benefits, including performance-related productivity bonuses paid to employees, are recognised in "Employee Costs" in the period to which they relate, on an accrual basis.

2.13. Insurance and investment contracts

a) Classification of contracts

Transactions associated with insurance contracts 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 pursuant 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 for in 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 supplementary contributions 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 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 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 balance sheet date and the end of the period to which the premium refers. It is calculated, for each contract in force, using the *pro rata temporis* on the respective gross written premiums.

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.

In line with the ASF regulations, the deferred acquisition costs for each technical line of business may not exceed 20% of the respective deferred 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 with the future settlement of claims which are currently being managed and those from IBNR claims. Except for mathematical provisions and whole life assistance for workers’ compensation, the provisions for claims set up by the Company are not discounted.

Claims Provision for workers’ compensation

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

The mathematical provision for workers’ compensations seeks to recognise liability relating to:

- Approved pensions – pensions payable relating to claims the amounts of which have already been approved by the Employment Tribunal;
- Defined pensions – estimate of liabilities for pensions relating to 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%	4%
Management costs	2.40%	4%

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, considered as the expected cost of each of those pensions. 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 with pensions already in existence 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 2014 and 2015, 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 expenses which are whole life in nature and is composed of:

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



This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	4%
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 available provision is made.

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.

Analysis of sufficiency of the claims provisions

During the course of the year, the responsible actuary assesses/validates the sufficiency of the provisions for the various types of insurance, and then produces a specific end of year report.

This analysis is performed for the main lines of business/groups of business, which represent more than 90% of the claims provisions, namely for motor, workers' compensation, personal accidents and health claims.

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:

- i) 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;
- ii) 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;
- iii) 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 to 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 acceptance — 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 in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to 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 comprising 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 of 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, but which do not include a discretionary profit-sharing component, are valued in accordance with the requirements of IAS 39 and recognised in “Financial liabilities on insurance contracts and operations considered as investment contracts for accounting purposes”.

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 reversal)”.

2.14. Commissions

As stated in Note 2.3., commissions related to financial instruments, namely commissions charged or paid at the commencement of such operations, are included in amortised cost and recognised in the profit and loss statement during the course of the operation, using the effective interest rate method.

Commissions on services provided are generally recognised as income during the period the service is being provided or as a lump sum if they result from the performance of single acts.

2.15. Conversion of foreign currency balances and transactions

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

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

Exchange rate differences calculated in the exchange rate conversion are recognised in the income statement, with the exception of those created by non-money financial instruments recognised at fair value, such as shares classified as available-for-sale investments, which are recognised in a specific heading of shareholders’ equity until they are disposed off.



2.16. 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 counting from the date of 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.

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

When applying the accounting principles described above, Company's Board of Directors is required to make estimates. 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 2.3. 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 2.3. 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 2.12, 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 contracts

The Company's liabilities on insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.13. 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 estimate on 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.

2.18. 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 adopted by the European Union

2.18.1 Adopted Standards (New or Revised)

During the course of 2015 the 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 2015. The relevant changes for the Fidelidade were as follows:

Standards / Interpretations	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRIC 21 - Levies	634/2014	17-06-2014
IFRS 3 Business Combinations (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014
IFRS 13 Fair value measurement (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014
IAS 40 Investment property (Annual Improvements relating to the 2011-2013 cycle)	1361/2014	01-07-2014



2.18.2 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	E.U. Regulation	Applicable to accounting periods beginning on or after
Amendment to IAS 19 – Employee benefits - Employee Contributions	29/2015	01-02-2015
IFRS 2 Share-based payment (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 3 Business combinations (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 8 Operating Segments (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IAS 16 Tangible fixed assets and IAS 38 Intangible assets (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IAS 24 Related party disclosure (Annual Improvements relating to the 2010-2012 cycle)	28/2015	01-02-2015
IFRS 5 – Non-current assets held for sale and Discontinued Operations (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IFRS 7 – Financial Instruments: Disclosures (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IAS 19 – Employee Benefits (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IAS 34 – Interim Financial Reporting (Annual Improvements relating to the 2012-2014 cycle)	2343/2015	01-01-2016
IFRS 11: Accounting for acquisitions of interests in joint operations (Amendments to the Standard)	2173/2015	01-01-2016
IAS 1: Clarification on disclosure in financial reporting (Amendments to the Standard)	2406/2015	01-01-2016
IAS 16 and IAS 38: Clarification on acceptable methods of depreciation and amortisation (Amendments to the Standard)	2231/2015	01-01-2016
IAS 27: Equity method in separate financial statements (Amendments to the Standard)	2441/2015	01-01-2016

2.18.3 Standards, Interpretations, Amendments and Revisions Not Yet Adopted by the European Union

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

Standards / Interpretations	Applicable to accounting periods beginning on or after
IFRS 9 – Financial Instruments (2009) and subsequent amendments	01-01-2018
IFRS 14 – Regulated Assets	01-01-2016
IFRS 15 – Revenue from Contracts with Customers	01-01-2017
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in other Entities and IAS 28 - Investments in Associates and Jointly Controlled Entities	01-01-2016
IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures	01-01-2016



3. Cash and Cash Equivalents

At 31 December 2015 and 2014, this heading was composed as follows:

	2015	2014
Cash and cash equivalents		
Headquarters	596,419	2,467,407
Branch offices	2,068,082	1,993,908
	<u>2,664,501</u>	<u>4,461,315</u>
Sight deposits		
Domestic currency	1,602,686,297	288,222,551
Foreign currency	225,525,491	17,580,910
	<u>1,828,211,788</u>	<u>305,803,461</u>
	<u>1,830,876,289</u>	<u>310,264,776</u>

4. Investments in Subsidiaries, Associates and Joint Ventures

At 31 December 2015 and 2014, this heading was composed as follows:

	2015			Balance Sheet Value
	Effective Share (%)	Gross Amount	Impairment (Note 37)	
Valued at acquisition cost:				
<u>Subsidiaries</u>				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	(11,075,212)	29,924,788
Fidelidade - Property Europe, S.A.	100.00%	324,906,730	-	324,906,730
Fidelidade - Property Internacional, S.A.	100.00%	359,286,067	-	359,286,067
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(4,022,928)	10,293,000
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,717,053	-	2,717,053
Luz Saúde, S.A. (before Espírito Santo Saúde SGPS)	98.429%	474,876,398	-	474,876,398
FCM Beteiligungs GmbH	51.00%	14,093,820	(8,718,507)	5,375,313
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	-	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%	49,880	-	49,880
Universal Seguros, S.A.	68.70%	10,967,358	-	10,967,358
Fidelidade Macau - Companhia de Seguros, S.A.	99.9875%	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	-	335
		<u>1,266,463,140</u>	<u>(23,816,647)</u>	<u>1,242,646,493</u>
<u>Associates:</u>				
Audatex Portugal – Peritagens Informatizadas Derivadas de Acidentes, S.A.	33.67%	616,091	-	616,091
Highgrove - Investimentos e Participações SGPS, S.A.	25.00%	2,526,943	(2,526,943)	-
		<u>3,143,034</u>	<u>(2,526,943)</u>	<u>616,091</u>
		<u>1,269,606,174</u>	<u>(26,343,590)</u>	<u>1,243,262,584</u>



	2014			Balance Sheet Value
	Effective Share (%)	Gross Amount	Impairment (Note 37)	
Valued at acquisition cost:				
<u>Subsidiaries</u>				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	(7,679,400)	33,320,600
Fidelidade - Property Europe, S.A.	100.00%	39,591,948	-	39,591,948
Fidelidade - Property Internacional, S.A.	100.00%	59,379,421	-	59,379,421
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(4,290,661)	10,025,267
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,273,053	-	2,273,053
Luz Saúde, S.A. (before Espírito Santo Saúde SGPS)	98.22%	473,924,677	-	473,924,677
FCM Beteiligungs GmbH	51.00%	14,093,820	-	14,093,820
FID I (HK) LIMITED	100.00%	-	-	-
FID II (HK) LIMITED	100.00%	-	-	-
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%	49,880	-	49,880
Universal Seguros, S.A.	67.00%	6,007,358	-	6,007,358
		656,996,269	(11,970,061)	645,026,208
<u>Associates:</u>				
Audatex Portugal – Peritagens Informatizadas Derivadas de Acidentes, S.A.	33.67%	616,091	-	616,091
Highgrove - Investimentos e Participações SGPS, S.A.	25.00%	1,753,541	(1,753,541)	-
		2,369,632	(1,753,541)	616,091
		659,365,901	(13,723,602)	645,642,299

The main movements regarding Fidelidade's subsidiaries and associates, during the 2015 tax year were the following:

During the 1st quarter of 2015 the Company continued to exercise its squeeze out right over Luz Saúde, S.A. shares, increasing the participation in the share capital from 98.22% on 31 December 2014 to 98.429% at the end of the year.

On 17 July 2015, the sale of the total capital held by Fidelidade in FID II (HK) LIMITED was concluded.

On 23 July 2015 the companies Fidelidade – Assistência e Serviços, Lda. and Fidelidade – Consultoria e Gestão de Risco, Lda. were set up, each with share capital of MZN 20,000, which when converted to Euros at the exchange rate of their set-up date was equivalent to EUR 418.15. Fidelidade owns an 80% share of MZN 16,000.

On 12 October 2015 Fidelidade Macau - Companhia de Seguros, S.A. was set up with a share capital of MOP 160,000,000 with Fidelidade holding a 99.9875% share of MOP 159,980,000, which when converted to Euros at the exchange rate on the set-up date represents EUR 17,889,051. This company was set up through the conversion of Fidelidade's former non-Life branch in Macao.

On 20 November 2015 Fidelidade – Companhia de Seguros, S.A. subscribed to a capital increase in Universal Seguros, S.A., and from then on held 158 shares, representing 68.6956% of the share capital. In the capital increase Fidelidade subscribed 91 new shares in the amount of AOA 713.44 million which when converted to Euros at the exchange rate on 31 December 2015 was equivalent to EUR 10,967,358.

In December 2015, Fidelidade granted its subsidiary Cetra – Centro Técnico de Reparação Automóvel, S.A. supplementary contributions of EUR 444,000.

In 2015, Fidelidade – Companhia de Seguros, S.A. granted Fidelidade – Property Europe, S.A. supplementary contributions of EUR 285,314,784.

In 2015, Fidelidade – Companhia de Seguros, S.A. granted Fidelidade – Property International, S.A. supplementary contributions of EUR 299,906,645.



The financial data of the main subsidiaries and associates at 31 December 2015 and 2014 was as follows:

Sector of Activity/Entity	2015					
	Effective Share (%)	Assets	Liabilities	Shareholders' Equity (a)	Net Income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	74,226,582	48,895,604	25,330,978	228,225	40,713,189
Companhia Portuguesa de Resseguros, S.A.	100.00%	15,490,601	5,438,915	10,051,686	651,804	972,281
Garantia - Companhia de Seguros de Cabo Verde, S.A. (b)	55.89%	24,847,676	15,057,978	9,789,698	966,867	8,091,863
Universal Seguros, S.A. (c)	68.70%	92,261,904	79,465,846	12,796,058	2,443,785	54,586,023
Fidelidade Macau - Companhia de Seguros, S.A.	99.9875%	67,177,199	48,090,710	19,086,489	679,711	2,202,858
Property						
Fidelidade - Property Europe, S.A.	100.00%	375,036,950	15,933,385	359,103,566	7,278,154	14,513,141
Fidelidade - Property Internacional, S.A.	100.00%	351,964,581	457,133	351,507,448	(7,845,080)	4,168,172
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	98.85%	135,212,129	26,840,302	108,371,827	5,783,522	8,827,478
Fundo de Investimento Imobiliário Fechado Bonança I (e)	100.00%	14,898,182	117,457	14,780,725	(283,643)	532,335
Healthcare						
Luz Saúde, S.A. (before Espírito Santo Saúde SGPS)	98.429%	572,986,216	337,545,619	235,440,597	19,616,035	424,189,572
Other Sectors						
Audatex Portugal – Peritagens Informatizadas Derivadas de Acidentes, S.A. (d)	33.67%	6,904,447	2,015,566	4,888,881	2,175,660	8,763,249
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	6,462,932	1,659,913	4,803,019	78,058	4,476,839
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	737,197	542,404	194,793	27,249	1,762,316
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	13,684	12,093	1,591	1,196	14,691
Fidelidade - Assistência e Serviços, Lda.	80.00%	23,117	20,996	2,121	1,730	26,437
FCM Beteteiligungs GmbH	51.00%	10,581,339	41,428	10,539,911	(7,350,750)	-
FID I (HK) LIMITED	100.00%	136,671,034	108,658,737	28,012,297	24,087,061	-
FID III (HK) LIMITED	100.00%	-	6,349	(6,349)	(3,142)	-
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,275,779	2,895,650	380,129	96,909	18,832,956
Highgrove - Investimentos e Participações. SGPS, S.A.	25.00%	1,123,970	1,422,266	(298,296)	(224,567)	43,917

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

(b) Amounts in Euros, considering the exchange rate at 31 December 2015 of 110.265 EUR/CVE.

(c) Amounts in Euros, considering the exchange rate at 31 December 2015 of 147.83150 EUR/AOA for Balance Sheet headings and an average monthly exchange rate of 133.18254 EUR/AOA for the profit and loss headings.

(d) June 2015 values (accounting period June/14 a June/15).

(e) Amounts recorded as in Available-for-sale investments.

Sector of Activity/Entity	2014					
	Effective Share (%)	Assets	Liabilities	Shareholders' Equity (a)	Net Income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	74,680,937	47,636,519	27,044,418	539,822	39,414,036
Companhia Portuguesa de Resseguros, S.A.	100.00%	15,663,986	5,215,925	10,448,061	438,394	761,454
Garantia - Companhia de Seguros de Cabo Verde, S.A. (b)	55.89%	25,046,309	15,744,759	9,301,550	1,549,873	9,041,038
Universal Seguros, S.A. (c)	67.00%	55,019,300	50,647,255	4,372,045	1,278,139	34,454,979
Property						
Fidelidade - Property Europe, S.A.	100.00%	81,695,430	15,228,665	66,466,765	1,325,165	5,581,160
Fidelidade - Property Internacional, S.A.	100.00%	59,467,534	21,652	59,445,882	66,461	96,218
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	81.94%	134,329,512	31,741,207	102,588,305	9,517,264	14,759,262
Fundo de Investimento Imobiliário Fechado Bonança I (e)	100.00%	15,259,881	201,437	15,058,444	447,313	773,538
Healthcare						
Luz Saúde, S.A. (before Espírito Santo Saúde SGPS)	98.22%	512,988,012	330,274,581	182,713,431	17,787,096	402,191,524
Other Sectors						
Audatex Portugal – Peritagens Informatizadas Derivadas de Acidentes, S.A. (d)	33.67%	6,515,983	2,018,530	4,497,453	1,784,232	8,411,393
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	5,310,893	937,146	4,373,747	43,330	3,424,406
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	973,896	786,976	186,920	38,752	2,318,446
FCM Beteteiligungs GmbH	51.00%	23,780,625	16,422	23,764,203	(282,869)	-
FID I (HK) LIMITED	100.00%	108,088,869	104,890,602	3,198,267	3,198,267	-
FID II (HK) LIMITED	100.00%	14,458,992	14,461,824	(2,831)	(2,832)	-
FID III (HK) LIMITED	100.00%	-	2,832	(2,832)	(2,832)	-
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,130,979	2,831,373	299,606	35,283	19,196,080
Highgrove - Investimentos e Participações. SGPS, S.A.	25.00%	2,262,201	2,331,208	(69,007)	(161,503)	34,872

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

(b) Amounts in Euros, considering the exchange rate at 31 December 2014 of 1 EUR/110.265 CVE.

(c) Amounts in Euros, considering the exchange rate at 31 December 2014 of 1 EUR/125.11 AOA for Balance Sheet headings and an average monthly exchange rate of 1 EUR/129.988 AOA for the profit and loss headings.

(d) June 2014 values (accounting period June/13 a June/14).

(e) Amounts recorded as in Available-for-sale investments.



The financial data at 31 December 2015 was taken from the provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, it is not expected that there will be material changes to the Company's financial statements.

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 - 2.º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activity, in all legally authorised non-life insurance lines of business and 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 13 January 1983 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.

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.

PROPERTY

Fidelidade – Property Europe, S.A., using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, n.º 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.º 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, through the creation and management of a portfolio of predominantly real estate assets.

Fundo de Investimento Imobiliário Fechado Bonança I was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, through the creation and management of a portfolio of predominantly real estate assets.

HEALTHCARE

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

OTHER SECTORS

Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., with its head office in Lisbon, at Rua Basílio Teles, nº 24 - 3º, was set up on 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to insurance companies, loss adjusters, repair workshops or other interested parties.

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, nº 1 - B, was set up on 1988 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, nº 15, 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.º35 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 trailers and coupled items.

Highgrove - Investimentos e Participações, SGPS, S.A., with its head office at Lugar de Meladas, nº 380, Mozelos, was set up on 21 September 1999 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

The participation in this company arose following a partnership with the Chamartin Group to rebuild the closed condominium of Convento dos Inglesinhos, located in a historical area in the Bairro Alto district, which is currently selling its last units.



FCM Beteiligungs GmbH, with its head office in St. Pölten in Austria, at Hollausg. 12, was set up on 6 May 2014 with the corporate purpose of acquiring, selling, 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**, **FID II (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. During the year 2015 the FID II (HK) LIMITED entity was sold.

Fidelidade - Assistência e Serviços, Lda. with its head office at Rua 1393, number 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 20 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, number 47 (Parallel to Rua José Craveirinha), District of Polana. - Maputo, Mozambique, was set up on 20 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.

5. Financial Assets Held for Trading and Financial Assets Initially Recognised at Fair Value Through Profit or Loss

At 31 December 2015 and 2014, these headings were composed as follows:

	2015		2014	
	Held for trading	At fair value through profit or loss	Total	At fair value through profit or loss
Investments related to Unit-linked contracts	-	487,476,906	487,476,906	627,586,249
Debt instruments				
- Other entities:				
. Bonds and other securities				
Residents	-	1,360,017	1,360,017	1,359,626
Non-residents	-	399,222,486	399,222,486	230,490,817
	-	400,582,503	400,582,503	231,850,443
Derivatives instruments with positive fair value				
- Futures and other forward transactions	957,920	-	957,920	-
	957,920	-	957,920	-
	957,920	888,059,409	889,017,329	859,436,692



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 being recognised in the “Financial liabilities on the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts” accounting heading.

At 31 December 2015 and 2014, investments allocated to Unit-linked contracts were composed as follows:

	2015	2014
Financial assets initially recognised at fair value through profit or loss:		
Debt instruments		
Group companies	62,366,921	70,440,511
Public debt		
Domestic issuers	375,369,102	487,733,596
Foreign issuers	13,285,588	
Other issuers		
Domestic issuers	868,840	2,868,909
Foreign issuers	14,658,379	33,364,513
Equity instruments		
Domestic issuers	14,797,953	15,786,691
Foreign issuers	8,466,661	5,921,824
Accounts receivable	(430)	15
Transactions to be settled	(2,336,108)	(1,886,528)
	<u>487,476,906</u>	<u>627,586,249</u>
Other assets		
Deposits with credit institutions	85,574,731	84,080,963
Total (Note 18)	<u>573,051,637</u>	<u>711,667,212</u>

At 31 December 2015 and 2014, the heading “Financial assets initially recognised at fair value through profit or loss” includes fixed-income securities with embedded derivatives of EUR 400,582,503 and EUR 231,850,442, 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 of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

The total of investment allocated to Unit-linked contracts reveals, at 31 December 2015 and 2014, a difference of EUR 2,216 and EUR 2,925 in relation to the total financial liabilities recognised at fair value (Note 18), which corresponds to the negative fair value of the swaps recognised in “Other financial liabilities” (Note 19) and that are allocated to Unit-linked contracts.

In the 2015 and 2014, the Company recognised net gains with the valuation of these investments in the amount of EUR 52,244,943 and EUR 6,486,467, respectively.



6. Hedge Derivatives

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

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 2015 and 2014, these operations were valued in line with the criteria set out in Note 2.3.c). On these dates, the notional amount and the book value had the following breakdown:

	Notional Amount			2015				
	Trading Derivatives	Hedge Derivatives	Total	Trading derivatives		Hedge derivatives		Total
				Assets	Liabilities	Assets	Liabilities	
				(Note 5)	(Note 19)	(Note 19)	(Note 19)	
Swaps								
Interest rate swaps	40,668,155	-	40,668,155	-	(7,625,988)	-	-	(7,625,988)
Futures								
Exchange Rate Futures	1,339,625,000	1,160,375,000	2,500,000,000	957,920	(10,822,796)	1,285,939	(4,155,656)	(12,734,593)
	<u>1,380,293,155</u>	<u>1,160,375,000</u>	<u>2,540,668,155</u>	<u>957,920</u>	<u>(18,448,784)</u>	<u>1,285,939</u>	<u>(4,155,656)</u>	<u>(20,360,581)</u>

	2014	
	Notional Amount	Book Value
	Trading Derivatives	Liabilities held for trading
Swaps		(Note 19)
Interest rate swaps	40,668,155	(8,609,482)
	<u>40,668,155</u>	<u>(8,609,482)</u>

The interest rate swaps contracted by the Company and classified as derivatives held for trade are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 18).

To mitigate the risk of exchange fluctuations of financial instruments, it were contracted EUR/USD futures listed on the CME (Chicago Mercantile Exchange), in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities.

The distribution of Fidelidade's derivative financial instrument operations at 31 December 2015 and 2014, by period to maturity, was as follows:

	2015			2014	
	<= 3 months	> 5 Years	Total	> 5 Years	Total
Swaps					
Interest rate swaps	-	40,668,155	40,668,155	40,668,155	40,668,155
Futures					
Exchange Rate Futures	2,500,000,000	-	2,500,000,000	-	-
	<u>2,500,000,000</u>	<u>40,668,155</u>	<u>2,540,668,155</u>	<u>40,668,155</u>	<u>40,668,155</u>



The distribution of the Company's derivative financial operations at 31 December 2015 and 2014, by counterparty type, was as follows:

	2015		2014	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
<i>Financial institutions</i>				
Caixa Geral Depósitos Group	40,668,155	(7,625,988)	40,668,155	(8,609,482)
Futures				
Exchange Rate Futures				
<i>On a stock exchange</i>				
Chicago	2,500,000,000	(12,734,593)	-	-
	<u>2,540,668,155</u>	<u>(20,360,581)</u>	<u>40,668,155</u>	<u>(8,609,482)</u>

In 2015 the following gains and losses related to hedge accounting were generated:

	2015		
	Gains	Losses	Net
Exchange Rate Futures	1,582,464	(28,630,626)	(27,048,162)
Hedged assets	68,692,875	(38,209,915)	30,482,960
	<u>70,275,339</u>	<u>(66,840,541)</u>	<u>3,434,798</u>

7. Available-for-Sale Investments

At 31 December 2015 and 2014, this heading was composed as follows:

	2015							Balance Sheet Value
	Acquisition cost	Interest receivable	Amount before impairment	Accumulated impairment (Note 37)	Net amount	Exchange Differences	Fair value reserve (Note 24)	
Debt instruments								
<i>Public debt</i>								
Domestic issuers	2,976,665,379	73,474,682	3,050,140,061	-	3,050,140,061	-	144,454,344	3,194,594,405
Foreign issuers	221,143,639	6,178,915	227,322,554	-	227,322,554	(706,561)	1,315,642	227,931,635
<i>Other public issuers</i>								
Foreign issuers	3,146,097	22,859	3,168,956	-	3,168,956	-	406,473	3,575,429
International financial organisation	12,127,592	112,008	12,239,600	-	12,239,600	-	5,128,693	17,368,293
<i>Other issuers</i>								
Domestic issuers	270,624,332	3,500,862	274,125,194	(52,929,367)	221,195,827	-	4,497,759	225,693,586
Foreign issuers	1,743,701,180	31,463,849	1,775,165,029	(65,809,952)	1,709,355,077	21,032,007	(173,035,546)	1,557,351,538
Group companies	1,231,503,820	61,827,970	1,293,331,790	-	1,293,331,790	-	(47,481,245)	1,245,850,545
	<u>6,458,912,039</u>	<u>176,581,145</u>	<u>6,635,493,184</u>	<u>(118,739,319)</u>	<u>6,516,753,865</u>	<u>20,325,446</u>	<u>(64,713,880)</u>	<u>6,472,365,431</u>
Equity instruments								
<i>Recognised at fair value</i>								
Domestic issuers	96,180,592	-	96,180,592	(7,466,491)	88,714,101	-	5,091,009	93,805,110
Foreign issuers	1,469,730,652	733,396	1,470,464,048	(134,340,698)	1,336,123,350	88,290,000	108,449,172	1,532,862,522
	<u>1,565,911,244</u>	<u>733,396</u>	<u>1,566,644,640</u>	<u>(141,807,189)</u>	<u>1,424,837,451</u>	<u>88,290,000</u>	<u>113,540,181</u>	<u>1,626,667,632</u>
Other instruments								
<i>Participation bonds</i>								
Residents	27,434	11	27,445	-	27,445	-	(10,770)	16,675
<i>Investment units</i>								
Residents	397,798,758	-	397,798,758	(58,580,397)	339,218,361	-	64,309,844	403,528,205
Non-residents	31,180,848	-	31,180,848	(7,736,857)	23,443,991	(18)	5,427,244	28,871,217
Other	(106,092)	36,743	(69,349)	-	(69,349)	-	-	(69,349)
	<u>428,900,948</u>	<u>36,754</u>	<u>428,937,702</u>	<u>(66,317,254)</u>	<u>362,620,448</u>	<u>(18)</u>	<u>69,726,318</u>	<u>432,346,748</u>
	<u>8,453,724,231</u>	<u>177,351,295</u>	<u>8,631,075,526</u>	<u>(326,863,762)</u>	<u>8,304,211,764</u>	<u>108,615,428</u>	<u>118,552,619</u>	<u>8,531,379,811</u>



	2014							Balance Sheet Value
	Acquisition cost	Interest receivable	Amount before impairment	Accumulated impairment (Note 37)	Net amount	Exchange Differences	Fair value reserve (Note 24)	
Debt instruments								
Public debt								
Domestic issuers	2,050,324,126	72,317,487	2,122,641,613	-	2,122,641,613	-	159,410,313	2,282,051,926
Foreign issuers	1,672,522,094	46,465,421	1,718,987,515	-	1,718,987,515	-	121,286,591	1,840,274,106
Other public issuers								
Foreign issuers	3,145,286	22,922	3,168,208	-	3,168,208	-	453,180	3,621,388
International financial organisation	13,095,531	139,767	13,235,298	-	13,235,298	-	5,656,097	18,891,395
Other issuers								
Domestic issuers	461,283,744	9,865,409	471,149,153	(47,929,367)	423,219,786	-	7,896,451	431,116,237
Foreign issuers	1,296,121,695	30,336,858	1,326,458,553	(1,523)	1,326,457,030	-	53,810,259	1,380,267,289
Group companies	1,670,457,588	44,303,611	1,714,761,199	-	1,714,761,199	-	4,739,339	1,719,500,538
	<u>7,166,950,063</u>	<u>203,451,475</u>	<u>7,370,401,538</u>	<u>(47,930,890)</u>	<u>7,322,470,648</u>	<u>-</u>	<u>353,252,231</u>	<u>7,675,722,879</u>
Equity instruments								
Recognised at fair value								
Domestic issuers	114,557,387	-	114,557,387	(12,929,671)	101,627,716	-	(5,314,577)	96,313,139
Foreign issuers	976,487,481	-	976,487,481	(41,906,996)	934,580,485	25,152,541	110,678,589	1,070,411,615
	<u>1,091,044,868</u>	<u>-</u>	<u>1,091,044,868</u>	<u>(54,836,667)</u>	<u>1,036,208,201</u>	<u>25,152,541</u>	<u>105,364,012</u>	<u>1,166,724,754</u>
Other instruments								
Participation bonds								
Residents	27,434	30	27,464	-	27,464	-	(10,770)	16,694
Investment units								
Residents	423,586,648	-	423,586,648	(67,271,956)	356,314,692	-	42,681,427	398,996,119
Non-residents	33,063,013	-	33,063,012	(7,715,085)	25,347,927	2,107	5,088,479	30,438,514
Other	(14,783)	422	(14,361)	-	(14,361)	-	-	(14,361)
	<u>456,662,312</u>	<u>452</u>	<u>456,662,763</u>	<u>(74,987,041)</u>	<u>381,675,722</u>	<u>2,107</u>	<u>47,759,136</u>	<u>429,436,966</u>
	<u>8,714,657,243</u>	<u>203,451,927</u>	<u>8,918,109,169</u>	<u>(177,754,598)</u>	<u>8,740,354,571</u>	<u>25,154,648</u>	<u>506,375,379</u>	<u>9,271,884,599</u>

8. Loans and Accounts Receivable

At 31 December 2015 and 2014, these headings were composed as follows:

	2015	2014
Loans made:		
Mortgage loans	324,822	529,272
Loans over policies	981,339	1,458,001
Other	44,901,717	10,248,487
	<u>46,207,878</u>	<u>12,235,760</u>
Deposits in ceding companies		
	1,630,020	4,656,933
Other deposits:		
Term deposits	553,570,119	1,269,308,637
Margin accounts - futures	64,659,227	-
Other		
	1,162,158	537,144
	<u>667,229,402</u>	<u>1,286,738,474</u>



9. Properties

In the 2015 and 2014, the “Properties” headings saw the following movements:

	Properties for own use	Investment Properties	Total
Balances at 31 December 2013:			
Gross amount	144,802,521	244,585,373	389,387,894
Accumulated depreciation and impairment	(31,645,847)	-	(31,645,847)
	<u>113,156,674</u>	<u>244,585,373</u>	<u>357,742,047</u>
Additions:			
Acquisitions made in the year	-	4,130,374	4,130,374
Subsequent expenditure	-	2,144,463	2,144,463
Revaluations:			
As a credit to the income statement (Note 36)	-	(554,971)	(554,971)
As a credit to shareholders' equity	(736,100)	-	(736,100)
Additions/ reversals of impairment in year (Note 37)	18,576	-	18,576
Depreciation for the year	(2,175,258)	-	(2,175,258)
Balances at 31 December 2014:			
Gross amount	144,208,106	250,305,239	394,513,345
Accumulated depreciation and Impairment	(33,944,214)	-	(33,944,214)
	<u>110,263,892</u>	<u>250,305,239</u>	<u>360,569,131</u>
Additions:			
Subsequent expenditure	-	2,703,823	2,703,823
Revaluations:			
As a credit to the income statement (Note 36)	-	18,079,066	18,079,066
As a credit to shareholders' equity	3,115,533	-	3,115,533
Additions/ reversals of impairment in year (Note 37)	(1,191,946)	-	(1,191,946)
Depreciation for the year	(2,186,761)	-	(2,186,761)
Transfers	(11,906,574)	11,906,574	-
Disposals and write-offs (net)	(296,499)	(4,025,090)	(4,321,589)
Balances at 31 December 2015:			
Gross amount	131,527,588	278,969,612	410,497,200
Accumulated depreciation and impairment	(33,729,943)	-	(33,729,943)
	<u>97,797,645</u>	<u>278,969,612</u>	<u>376,767,257</u>

As stated in Note 2.6. above, properties for own use are valued at fair value, subject to depreciation (revalued cost), in line with the option set out in IAS 16.

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

Properties are valued as deemed appropriate or at least every two years, 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.

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 potential negative revaluations which have been accounted for in earlier periods in the income statement.



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

Valuation methods

Properties are valued to obtain an estimation 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 or 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 – Fair value, valuations of property 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 in Level 3 of 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 2015 and 2014, the fair value reserves associated with properties for own use were EUR 24,007,061 and EUR 20,893,446, respectively (Note 24).

At 31 December 2015 and 2014, the breakdown of the properties for own use according to their respective valuation date, was as follows:

	2015	2014
2015	78,874,554	-
2014	18,923,091	22,624,787
2013	-	87,639,105
	<u>97,797,645</u>	<u>110,263,892</u>



10. Allocation of Investments and Other Assets

At 31 December 2015 and 2014, the allocation of investments and other assets, using a prudential perspective, to insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

	2015					
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	Total
Cash and cash equivalents	118,999,851	14,506,948	1,124,679,665	96,219,658	476,470,167	1,830,876,289
Investment in subsidiaries and associates	-	34,731,423	970,983,255	191,191,713	46,356,193	1,243,262,584
Financial assets held for trading	-	642,969	314,951	-	-	957,920
Financial assets initially recognised at fair value through profit or loss	11,192,224	22,396,973	788,998,889	64,795,338	675,985	888,059,409
Hedge derivatives	-	-	1,285,939	-	-	1,285,939
Available-for-sale investments	1,390,954,509	123,891,180	5,679,175,331	1,271,341,663	66,017,128	8,531,379,811
Loans and accounts receivable	325,018,371	13,798,251	247,830,738	32,968,156	47,613,886	667,229,402
Properties	-	-	-	345,675,036	31,092,221	376,767,257
Other tangible assets	-	-	-	-	9,686,323	9,686,323
	<u>1,846,164,955</u>	<u>209,967,744</u>	<u>8,813,268,768</u>	<u>2,002,191,564</u>	<u>677,911,903</u>	<u>13,549,504,934</u>

	2014					
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	Total
Cash and cash equivalents	74,874,579	2,120,396	147,881,839	27,928,993	57,458,969	310,264,776
Investment in subsidiaries and associates	-	20,140,922	161,286,846	192,191,008	272,023,523	645,642,299
Financial assets initially recognised at fair value through profit or loss	11,634,575	547,381	705,222,918	137,811,133	4,220,685	859,436,692
Available-for-sale investments	1,063,236,369	153,398,394	6,686,791,818	1,181,914,940	186,543,078	9,271,884,599
Loans and accounts receivable	623,783,962	35,937,722	475,624,547	130,305,489	21,086,754	1,286,738,474
Properties	-	-	-	330,061,205	30,507,926	360,569,131
Other tangible assets	-	-	-	-	10,235,516	10,235,516
	<u>1,773,529,485</u>	<u>212,144,815</u>	<u>8,176,807,968</u>	<u>2,000,212,768</u>	<u>582,076,451</u>	<u>12,744,771,487</u>



11. Other Tangible Assets and Inventories

In the 2015 and 2014, the other tangible assets headings saw the following movements:

	2015									
	Opening Balances		Additions	Transfers and adjustments	Amortisation for the year	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment				Gross amount	Amortisation and impairment	Gross Amount	Accumulated amortisation and impairment	Net Amount
Equipment										
Administrative	18,592,720	(18,445,232)	263,329	-	(327,203)	(16,129)	16,129	18,794,184	(18,720,775)	73,409
Machinery and tools	12,441,843	(11,710,070)	269,522	36,676	(411,345)	(5,693,719)	5,691,000	7,022,536	(6,407,658)	614,878
IT equipment	13,688,592	(12,257,008)	1,950,871	-	(2,047,651)	(6,517,634)	6,528,302	9,008,787	(7,672,742)	1,336,045
Interior installations	22,650,882	(18,625,449)	452,288	195,589	(876,253)	(1,699,624)	1,639,026	21,495,393	(17,798,242)	3,697,151
Transport material	144,183	(55,847)	246,250	-	(73,305)	-	-	338,945	(77,422)	261,523
Hospital equipment	6,542	(6,397)	-	-	(145)	-	-	6,542	(6,542)	-
Other equipment	4,311,409	(2,170,815)	197,555	-	(420,889)	(9,600)	8,844	4,499,364	(2,582,860)	1,916,504
Artistic assets	1,573,221	-	-	-	-	-	-	1,565,522	-	1,565,522
Leased equipment	9,123,675	(9,119,176)	-	-	-	(2,208,535)	2,208,535	6,915,140	(6,910,641)	4,499
Other assets	92,443	-	369,831	(232,265)	-	(13,217)	-	216,792	-	216,792
	82,625,510	(72,389,994)	3,749,646	-	(4,156,791)	(16,158,458)	16,091,836	69,863,205	(60,176,882)	9,686,323
Inventories	107,012	-	10,095	-	-	-	-	117,107	-	117,107
	82,732,522	(72,389,994)	3,759,741	-	(4,156,791)	(16,158,458)	16,091,836	69,980,312	(60,176,882)	9,803,430

	2014									
	Opening Balances		Additions	Transfers and adjustments	Amortisation for the year	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment				Gross amount	Amortisation and impairment	Gross Amount	Accumulated amortisation and impairment	Net Amount
Equipment										
Administrative	18,439,131	(18,204,203)	196,426	4,896	(283,865)	(79,097)	74,200	18,592,720	(18,445,232)	147,488
Machinery and tools	12,894,707	(11,691,320)	48,863	3,533	(520,477)	(523,859)	520,326	12,441,843	(11,710,070)	731,773
IT equipment	12,677,612	(10,714,382)	1,021,933	17,172	(1,553,579)	(122,942)	105,770	13,688,592	(12,257,008)	1,431,584
Interior installations	21,923,508	(17,796,359)	724,325	15,693	(831,712)	(63,088)	53,066	22,650,882	(18,625,449)	4,025,433
Transport material	80,988	(80,988)	90,215	-	(1,879)	(78,508)	78,508	144,183	(55,847)	88,336
Hospital equipment	6,542	(5,819)	-	-	(578)	-	-	6,542	(6,397)	145
Other equipment	3,634,105	(1,527,439)	681,564	-	(643,902)	(4,260)	526	4,311,409	(2,170,815)	2,140,594
Artistic assets	1,565,523	-	7,698	-	-	-	-	1,573,221	-	1,573,221
Leased equipment	9,123,675	(9,118,704)	-	-	(472)	-	-	9,123,675	(9,119,176)	4,499
Other assets	29,495	-	68,619	(5,671)	-	-	-	92,443	-	92,443
	80,375,286	(69,139,214)	2,839,643	35,623	(3,836,464)	(871,754)	832,396	82,625,510	(72,389,994)	10,235,516
Inventories	122,059	-	-	-	-	(15,047)	-	107,012	-	107,012
	80,497,344	(69,139,214)	2,839,643	35,623	(3,836,464)	(886,801)	832,396	82,732,522	(72,389,994)	10,342,528



12. Other Intangible Assets

In the 2015 and 2014, the other intangible assets headings saw the following movements:

	2015									
	Opening balances		Acquisitions	Transfers and adjustments	Amortisation for the year	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment				Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	150,787,366	(137,930,033)	1,477,897	2,183,166	(7,139,913)	(108,642,041)	108,636,303	45,775,685	(36,406,864)	9,368,821
Intangible assets in progress	5,264,862	-	4,442,395	(2,183,166)	-	-	-	7,524,091	-	7,524,091
	<u>156,052,228</u>	<u>(137,930,033)</u>	<u>5,920,292</u>	<u>-</u>	<u>(7,139,913)</u>	<u>(108,642,041)</u>	<u>108,636,303</u>	<u>53,299,776</u>	<u>(36,406,864)</u>	<u>16,892,912</u>

	2014									
	Opening balances		Acquisitions	Transfers and adjustments	Amortisation for the year	Disposals and write-offs (net)		Closing balances		
	Gross amount	Accumulated amortisation and impairment				Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	143,731,938	(131,742,734)	721,780	7,055,870	(6,909,521)	(722,222)	722,222	150,787,366	(137,930,033)	12,857,333
Intangible assets in progress	7,464,162	-	4,856,570	(7,055,870)	-	-	-	5,264,862	-	5,264,862
	<u>151,196,100</u>	<u>(131,742,734)</u>	<u>5,578,350</u>	<u>-</u>	<u>(6,909,521)</u>	<u>(722,222)</u>	<u>722,222</u>	<u>156,052,228</u>	<u>(137,930,033)</u>	<u>18,122,195</u>

At 31 December 2015 and 2014, the values recognised in intangible assets in progress refer to information technologies applications being developed.

In 2015 and 2014, 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 17,717,161 and EUR 17,596,297, respectively.

In the year 2015, the Company discontinued and wrote off some software applications, which resulted in a decrease in the heading "Other intangible assets" of EUR 108,642,041.

13. Technical Provisions for Reinsurance Ceded

At 31 December 2015 and 2014, technical provisions for reinsurance ceded were composed as follows:

	2015			2014		
	Life	Non- Life	Total	Life	Non- Life	Total
Provision for unearned premiums	122,501	62,716,173	62,838,674	121,619	64,855,996	64,977,615
Mathematical provision	12,277,625	-	12,277,625	10,345,282	-	10,345,282
Claims provision						
Reported claims	7,882,623	124,726,223	132,608,846	7,318,796	130,242,709	137,561,505
Claims incurred but not reported (IBNR)	2,517,579	6,808,431	9,326,010	1,438,026	7,988,595	9,426,621
	10,400,202	131,534,654	141,934,856	8,756,822	138,231,304	146,988,126
Provision for profit sharing	-	-	-	39,693	-	39,693
	<u>22,800,328</u>	<u>194,250,827</u>	<u>217,051,155</u>	<u>19,263,416</u>	<u>203,087,300</u>	<u>222,350,716</u>



Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2015 and 2014, is set out in the following table:

	2015			2014		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	122,501	-	122,501	121,619	-	121,619
Non-life insurance						
Workers' compensation	124,500	(1,070)	123,430	96,528	-	96,528
Personal accidents and passengers	3,834,467	(1,739,279)	2,095,188	2,957,373	(1,265,533)	1,691,840
Health	22,222,518	(254)	22,222,264	21,769,601	(525)	21,769,076
Fire and other damage	20,734,852	(3,084,693)	17,650,159	24,421,341	(3,868,541)	20,552,800
Motor	314,478	(11,017)	303,461	181,813	-	181,813
Marine, aviation and transport	245,011	(27,415)	217,596	1,886,662	(202,411)	1,684,251
Third party liability	1,662,577	(89,812)	1,572,765	1,998,787	(150,094)	1,848,693
Credit and suretyship	109,972	(3,881)	106,091	187,131	(5,568)	181,563
Legal protection	1,675,780	(84)	1,675,696	1,623,525	(84)	1,623,441
Assistance	13,349,344	(1,396)	13,347,948	12,202,518	(1,396)	12,201,122
Other	4,870,290	(1,468,715)	3,401,575	3,895,742	(870,873)	3,024,869
	<u>69,143,789</u>	<u>(6,427,616)</u>	<u>62,716,173</u>	<u>71,221,021</u>	<u>(6,365,025)</u>	<u>64,855,996</u>
	<u>69,266,290</u>	<u>(6,427,616)</u>	<u>62,838,674</u>	<u>71,342,640</u>	<u>(6,365,025)</u>	<u>64,977,615</u>

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded at 31 December 2015 and 2014:

	2015			
	Opening balance	Liabilities originated in the year	Other	Closing balance
Life insurance	121,619	882	-	122,501
Non-life insurance				
Provision for unearned premiums				
Workers' compensation	96,528	27,972	-	124,500
Personal accidents and passengers	2,957,373	969,150	(92,056)	3,834,467
Health	21,769,601	455,989	(3,072)	22,222,518
Fire and other damage	24,421,341	(1,044,034)	(2,642,455)	20,734,852
Motor	181,813	132,665	-	314,478
Marine, aviation and transport	1,886,662	(1,597,296)	(44,355)	245,011
Third party liability	1,998,787	(54,456)	(281,754)	1,662,577
Credit and suretyship	187,131	(76,781)	(378)	109,972
Legal protection	1,623,525	52,255	-	1,675,780
Assistance	12,202,518	1,146,826	-	13,349,344
Other	3,895,742	974,548	-	4,870,290
	<u>71,221,021</u>	<u>986,838</u>	<u>(3,064,070)</u>	<u>69,143,789</u>
Deferred acquisition costs				
Workers' compensation	-	(1,070)	-	(1,070)
Personal accidents and passengers	(1,265,533)	(516,344)	42,598	(1,739,279)
Health	(525)	271	-	(254)
Fire and other damage	(3,868,541)	117,417	666,431	(3,084,693)
Motor	-	(11,017)	-	(11,017)
Marine, aviation and transport	(202,411)	169,741	5,255	(27,415)
Third party liability	(150,094)	(4,603)	64,885	(89,812)
Credit and suretyship	(5,568)	1,508	179	(3,881)
Legal protection	(84)	-	-	(84)
Assistance	(1,396)	-	-	(1,396)
Other	(870,873)	(597,842)	-	(1,468,715)
	<u>(6,365,025)</u>	<u>(841,939)</u>	<u>779,348</u>	<u>(6,427,616)</u>
	<u>64,855,996</u>	<u>144,899</u>	<u>(2,284,722)</u>	<u>62,716,173</u>

The heading "Other" corresponds to the split of portfolio associated with the conversion of the former Macao Non-Life branch to a local legal entity.



	2014		
	Opening balances	Liabilities originated in the year	Closing balance
Life insurance	-	121,619	121,619
Non-life insurance			
Provision for unearned premiums			
Workers' compensation	89,093	7,435	96,528
Personal accidents and passengers	3,588,407	(631,034)	2,957,373
Health	24,651,703	(2,882,102)	21,769,601
Fire and other damage	24,494,342	(73,001)	24,421,341
Motor	329,598	(147,785)	181,813
Marine, aviation and transport	1,882,485	4,177	1,886,662
Third party liability	2,472,081	(473,294)	1,998,787
Credit and suretyship	218,069	(30,938)	187,131
Legal protection	1,611,405	12,120	1,623,525
Assistance	12,738,713	(536,195)	12,202,518
Other	3,245,521	650,221	3,895,742
	<u>75,321,417</u>	<u>(4,100,396)</u>	<u>71,221,021</u>
Deferred acquisition costs			
Personal accidents and passengers	(1,560,170)	294,637	(1,265,533)
Health	(6,486)	5,961	(525)
Fire and other damage	(3,885,882)	17,341	(3,868,541)
Marine, aviation and transport	(243,130)	40,719	(202,411)
Third party liability	(168,357)	18,263	(150,094)
Credit and suretyship	(7,086)	1,518	(5,568)
Legal protection	(43)	(41)	(84)
Assistance	(1,327)	(69)	(1,396)
Other	(780,282)	(90,591)	(870,873)
	<u>(6,652,763)</u>	<u>287,738</u>	<u>(6,365,025)</u>
	<u>68,668,654</u>	<u>(3,812,658)</u>	<u>64,855,996</u>

Information on the claims provision for reinsurance ceded, at 31 December 2015 and 2014, is set out below:

	2015			2014		
	Reported	Not reported	Total	Reported	Not reported	Total
Life Insurance	<u>7,882,623</u>	<u>2,517,579</u>	<u>10,400,202</u>	<u>7,318,796</u>	<u>1,438,026</u>	<u>8,756,822</u>
Non-life insurance	<u>124,726,223</u>	<u>6,808,431</u>	<u>131,534,654</u>	<u>130,242,709</u>	<u>7,988,595</u>	<u>138,231,304</u>
Workers' compensation	276,387	-	276,387	14,011	499	14,510
Personal accidents and passengers	7,868,764	65,593	7,934,357	7,175,787	36,248	7,212,035
Health	45,556,497	3,246,981	48,803,478	41,286,846	3,271,276	44,558,122
Fire and other damage	33,002,573	2,345,109	35,347,682	42,333,831	3,436,168	45,769,999
Motor	5,145,921	1,057	5,146,978	3,449,279	1,210	3,450,489
Marine, aviation and transport	5,777,757	189,664	5,967,421	8,529,505	237,165	8,766,670
Third party liability	21,821,782	87,889	21,909,671	22,157,307	41,107	22,198,414
Credit and suretyship	396	27,441	27,837	472	27,441	27,913
Other	5,276,146	844,697	6,120,843	5,295,671	937,481	6,233,152
	<u>132,608,846</u>	<u>9,326,010</u>	<u>141,934,856</u>	<u>137,561,505</u>	<u>9,426,621</u>	<u>146,988,126</u>



The following tables provide information on the movement in the claims provisions for reinsurance ceded at 31 December 2015 and 2014:

	2015				Closing balance
	Opening balance	Liabilities originated in the year	Amounts paid	Other	
Life insurance	<u>8,756,822</u>	<u>8,105,895</u>	<u>(6,462,515)</u>	<u>-</u>	<u>10,400,202</u>
Non-life insurance	<u>138,231,304</u>	<u>211,886,826</u>	<u>(201,195,959)</u>	<u>(17,387,517)</u>	<u>131,534,654</u>
Workers' compensation	14,510	1,953,132	(1,677,004)	(14,251)	276,387
Personal accidents and passengers	7,212,035	1,344,294	(579,417)	(42,555)	7,934,357
Health	44,558,122	159,873,825	(155,628,009)	(460)	48,803,478
Fire and other damage	45,769,999	33,762,444	(27,252,419)	(16,932,342)	35,347,682
Motor	3,450,489	2,823,621	(1,127,132)	-	5,146,978
Marine, aviation and transport	8,766,670	790,013	(3,588,751)	(511)	5,967,421
Third party liability	22,198,414	1,679,291	(1,570,636)	(397,398)	21,909,671
Credit and suretyship	27,913	1,232	(1,308)	-	27,837
Other	6,233,152	9,658,974	(9,771,283)	-	6,120,843
	<u>146,988,126</u>	<u>219,992,721</u>	<u>(207,658,474)</u>	<u>(17,387,517)</u>	<u>141,934,856</u>

The heading "Other" corresponds to the split of portfolio associated with the conversion of the former Macao Non-Life branch to a local legal entity.

	2014			Closing balance
	Opening balance	Liabilities originated in the year	Amounts paid	
Life insurance	<u>11,708,486</u>	<u>4,543,299</u>	<u>(7,494,963)</u>	<u>8,756,822</u>
Non-life insurance	<u>165,562,037</u>	<u>178,160,356</u>	<u>(205,491,089)</u>	<u>138,231,304</u>
Workers' compensation	11,717	377,950	(375,157)	14,510
Personal accidents and passengers	7,332,348	373,117	(493,430)	7,212,035
Health	42,220,802	150,363,961	(148,026,641)	44,558,122
Fire and other damage	65,003,039	20,394,122	(39,627,162)	45,769,999
Motor	12,945,449	(2,655,988)	(6,838,972)	3,450,489
Marine, aviation and transport	7,867,392	4,503,085	(3,603,807)	8,766,670
Third party liability	22,798,631	1,314,829	(1,915,046)	22,198,414
Credit and suretyship	22,538	152,277	(146,902)	27,913
Other	7,360,121	3,337,003	(4,463,972)	6,233,152
	<u>177,270,523</u>	<u>182,703,655</u>	<u>(212,986,052)</u>	<u>146,988,126</u>

Liabilities originated in the year and the amounts paid are not deducted from the reinsurers' portion of the processed reimbursements.



14. Other Debtors for Insurance and Other Operations

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
<u>Accounts receivable for direct insurance operations:</u>		
Premiums pending collection	54,700,517	56,047,321
Claims reimbursements	17,099,467	18,540,606
Brokers	32,289,178	33,801,365
Co-insurers	14,585,495	14,237,935
Other:	10,832,810	16,963,202
IFAP	8,022,707	12,996,745
Worker's compensation fund	2,159,507	2,234,402
Others	650,596	1,732,055
	<u>129,507,467</u>	<u>139,590,429</u>
(Adjustments to premiums pending collection - Note 37)	(9,426,553)	(9,055,886)
(IFAP adjustments - Note 37)	(424,635)	(650,826)
(Adjustments for doubtful debts - Note 37)	(10,118,579)	(28,142,515)
	<u>109,537,700</u>	<u>101,741,202</u>
<u>Accounts receivable for other reinsurance operations:</u>		
Reinsurers' current accounts	17,241,642	20,703,461
Reinsureds' current accounts	6,731,614	3,199,228
	<u>23,973,256</u>	<u>23,902,689</u>
(Adjustments for doubtful debts - Note 37)	(8,996,572)	(11,815,466)
	<u>14,976,684</u>	<u>12,087,223</u>
<u>Accounts receivable for other operations:</u>		
Group companies and associates	9,082,899	120,455,868
Employees and Pension Fund	1,442,133	1,608,494
Clients - current accounts	2,635,719	1,577,823
IFAP	4,596,206	8,509,412
Debtors - items held under custody	237,035	1,561,799
Transactions to be settled	1,012,374	18,319,740
Property rentals	2,494,896	3,075,631
Other suppliers and services provided	657,145	523,554
Others	13,386,103	14,677,829
	<u>35,544,510</u>	<u>170,310,150</u>
(Adjustments for doubtful debts - Note 37)	(14,980,285)	(28,758,172)
	<u>20,564,225</u>	<u>141,551,978</u>
	<u>145,078,609</u>	<u>255,380,403</u>

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

At 31 December 2014, the balance of the heading "Accounts receivable for other operations - Group companies and associates" includes loans to FID I (HK) Limited of EUR 104,887,770 where were repaid in 2015.

Balances receivable from IFAP correspond essentially, to bonuses and compensation for excess claims regarding crop insurance campaigns from 2008 to 2015.



15. Tax Assets and Liabilities

The balances for tax assets and liabilities at 31 December 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
<u>Current tax assets</u>		
Others	111,056	52,387
	<u>111,056</u>	<u>52,387</u>
<u>Current tax liabilities</u>		
Income tax payable	(26,619,583)	(29,812,646)
Others		
Stamp duty	(7,912,242)	(7,253,697)
Motor insurance guarantee fund	(1,887,358)	(1,865,877)
Workers' compensation fund	(4,736,344)	(4,205,335)
National Civil Protection Authority Tax	(1,851,218)	(1,711,676)
Portuguese Insurance Institute Tax	(1,714,432)	(1,869,297)
National Medical Emergency Institute Tax	(2,365,192)	(1,867,285)
Social Security	(3,545,214)	(2,874,051)
Deductions	(4,924,961)	(4,892,930)
Other	(1,126,087)	(1,543,862)
	<u>(56,682,631)</u>	<u>(57,896,656)</u>
Deferred tax assets	254,228,505	153,056,561
Deferred tax liabilities	<u>(117,494,182)</u>	<u>(118,525,348)</u>
	<u>136,734,323</u>	<u>34,531,213</u>
Total	<u>80,162,748</u>	<u>(23,313,056)</u>

At 31 December 2015 and 2014, the balances relating to current income tax assets and liabilities break down as follows:

	<u>2015</u>	<u>2014</u>
Income tax estimate recognised as a charge to the income statement	(115,581,001)	(90,842,751)
Income tax estimate recognised as a charge to reserves	7,825,048	(311,605)
Deductions at source	4,803,348	7,214,694
Payments on account	74,625,530	52,399,632
Others	1,707,492	1,727,384
	<u>(26,619,583)</u>	<u>(29,812,646)</u>

In 2015 and 2014 the heading "Income tax estimate recognised as a charge to the income statement" corresponds to the amount of the estimate of Corporation Tax (IRC) plus Municipal Surcharge, separately taxed items and State Surcharge calculated as set out by law.

In 2015 and 2014, the income tax registered in reserves is the result of the variation in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the variation in actuarial deviations relating to post-employment benefits granted to employees.



Movements of deferred taxes during 2015 and 2014 were:

	2015			Closing balance
	Opening balance	Change in		
		Shareholder's equity	Income statement	
Valuation of available-for-sale investments	(113,547,376)	62,545,298	-	(51,002,078)
Properties:				
- For own use	9,221,221	101,067	(142,434)	9,179,854
- Investment properties	40,128,973	-	(4,601,818)	35,527,155
Provisions and impairment temporarily not allowed for fiscal purposes	87,871,234	351,032	42,478,868	130,701,134
Employee benefits	10,857,158	-	1,471,100	12,328,258
	<u>34,531,210</u>	<u>62,997,397</u>	<u>39,205,716</u>	<u>136,734,323</u>

	2014			Closing balance
	Opening balance	Change in		
		Shareholder's equity	Income statement	
Valuation of available-for-sale investments	(25,645,087)	(87,902,289)	-	(113,547,376)
Properties:				
- For own use	10,962,748	(766,624)	(974,903)	9,221,221
- Investment properties	42,343,902	-	(2,214,929)	40,128,973
Provisions and impairment temporarily not allowed for fiscal purposes	77,989,962	(253,016)	10,134,288	87,871,234
Employee benefits	11,053,438	-	(196,280)	10,857,158
Others	35,657	-	(35,657)	-
	<u>116,740,620</u>	<u>(88,921,929)</u>	<u>6,712,519</u>	<u>34,531,210</u>

In 2015 the tax rate was 29.5% (in 2014 the tax rate was 27.5%), except for the part corresponding to tax losses, where the tax rate was 21%.

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of the 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 IRC Code, but are reported as taxable income in the 2012 tax year and the following nine taxation periods.



The costs / gains with income tax recognised in gains and losses, and the tax burden, measured by the ratio between the allocation for income tax and the profit in the year before tax, may be represented as follows:

	2015	2014
Current tax		
Estimated tax for the year	89,581,934	71,172,715
State surcharge	24,728,404	19,565,698
Separately taxed items	838,377	853,807
	<u>115,148,715</u>	<u>91,592,220</u>
Others (Branches)	432,286	(749,469)
	<u>115,581,001</u>	<u>90,842,751</u>
Deferred Taxes	(39,205,716)	(6,712,521)
Total tax in income state	<u>76,375,288</u>	<u>84,130,230</u>
Income before tax	<u>284,237,505</u>	<u>243,238,260</u>
Tax burden	26.87%	34.59%

Reconciliation between the nominal tax rate and the effective tax rate in 2015 and 2014 was as follows:

	2015		2014	
	Rate	Tax	Rate	Tax
Income before tax		<u>284,237,505</u>		<u>243,238,260</u>
Income tax calculated at nominal rate	29.19%	82,955,064	31.13%	75,725,052
Definitive differences to be deducted:				
Dividends from equity instruments	(0.91%)	(2,579,252)	(1.85%)	(4,494,839)
Capital losses included in the net profit	(18.90%)	(53,734,861)	(7.86%)	(19,123,568)
Surplus tax estimate	(0.47%)	(1,338,673)	-	-
Prior year adjustments	(0.01%)	(34,074)	(0.48%)	(1,159,542)
Negative equity variations	(0.47%)	(1,340,424)	-	-
Real state capital gains and losses	-	-	(0.24%)	(590,521)
Definitive differences to be added:				
Not relevant for fiscal purposes provisions	3.34%	9,482,316	1.51%	3,662,972
Real state capital gains and losses	2.52%	7,152,873	(0.24%)	-
Capital gains (computed in fiscal terms)	13.82%	39,280,542	0.99%	2,414,242
Impairment losses non-deductible	1.38%	3,931,506	6.89%	16,751,160
Payment of termination benefits to employees, post-employment benefits and other long term benefits to employees	-	984,013	-	-
Others	0.66%	1,866,220	0.16%	378,735
Fiscal benefits:				
Net job creation	(0.03%)	(75,952)	(0.05%)	(116,567)
Others	(0.06%)	(166,686)	(0.07%)	(172,896)
Autonomous taxation	0.29%	838,377	0.35%	853,807
Deferred taxes - Effect changes of rate	(3.82%)	(10,845,701)	4.11%	10,002,195
	<u>26.30%</u>	<u>76,375,288</u>	<u>34.59%</u>	<u>84,130,230</u>



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, the Management of the various subsidiaries consider that there is unlikely to be any correction relating to the prior years which would be significant for these financial statements.

Pursuant to current legislation, tax losses for 2015 and 2014 may be carried forward up to 12 years after they occur and may be deducted from the tax profit generated during that period (while the reporting period for tax losses generated in 2013 and 2012 is five years, for those generated in 2011 it is 4 years and for those generated in 2009 it is 6 years).

The Company has no tax losses carried forward.

16. Accruals and Deferrals

At 31 December 2015 and 2014 this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Accrued income	4,397,301	6,460,092
Deferred expenses:		
Commission on the issue of financial products	12,502,337	9,763,550
Insurance	204,943	286,996
Rents and leases	558,502	597,359
Assistance for IT equipment	887,435	1,045,416
Advertising	438,495	346,450
APS subscriptions	289,348	289,348
Software licences	620,484	353,319
Other	482,378	118,593
	<u>20,381,223</u>	<u>19,261,123</u>

At 31 December 2015 and 2014, the heading “Accrued income” includes estimates of the profit commissions receivable from life reinsurers, of EUR 3,658,000 and EUR 5,594,467, relating to 2015 and 2014, 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.



17. Technical Provisions

At 31 December 2015 and 2014, technical provisions for direct insurance and reinsurance accepted were composed as follows:

	2015			2014		
	Life	Non-life	Total	Life	Non-life	Total
Provision for unearned premiums	1,796,858	235,029,912	236,826,770	1,515,796	237,765,820	239,281,616
Mathematical provision for life insurance	1,632,603,560	-	1,632,603,560	1,666,922,641	-	1,666,922,641
Claims provision:						
Reported claims	98,642,986	1,472,852,674	1,571,495,660	97,910,004	1,501,339,040	1,599,249,044
Claims incurred but not reported (IBNR)	25,966,462	75,840,812	101,807,274	25,846,341	78,119,312	103,965,653
	124,609,448	1,548,693,486	1,673,302,934	123,756,345	1,579,458,352	1,703,214,697
Provision for profit sharing	68,763,675	1,764	68,765,439	109,128,835	59,481	109,188,316
Provision for interest rate commitments	5,626,534	-	5,626,534	7,454,750	-	7,454,750
Provision for portfolio stabilisation	25,272,158	-	25,272,158	24,502,158	-	24,502,158
Equalisation provision	-	22,425,562	22,425,562	-	20,964,204	20,964,204
Provision for unexpired risks	-	58,773,463	58,773,463	-	57,013,378	57,013,378
	99,662,367	81,200,789	180,863,156	141,085,743	78,037,063	219,122,806
	1,858,672,233	1,864,924,187	3,723,596,420	1,933,280,525	1,895,261,235	3,828,541,760

At 31 December 2015 and 2014, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

	2015			2014		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance:	1,796,858	-	1,796,858	1,515,796	-	1,515,796
Non-life insurance:	287,529,627	(52,499,715)	235,029,912	290,658,006	(52,892,186)	237,765,820
Workers' compensation	12,117,531	(2,148,713)	9,968,818	13,297,159	(2,304,492)	10,992,667
Personal accidents and passengers	7,416,088	(1,285,995)	6,130,093	6,841,957	(1,361,344)	5,480,613
Health	22,261,877	(2,767,169)	19,494,708	21,935,300	(2,712,293)	19,223,007
Fire and other damage	84,782,141	(15,100,771)	69,681,370	87,716,222	(15,324,656)	72,391,566
Motor	129,443,179	(25,429,902)	104,013,277	129,062,892	(25,547,306)	103,515,586
Marine, aviation and transport	1,990,065	(339,722)	1,650,343	2,804,457	(303,995)	2,500,462
Third party liability	8,859,573	(1,405,416)	7,454,157	9,077,102	(1,471,891)	7,605,211
Credit and suretyship	191,325	(16,684)	174,641	300,899	(23,398)	277,501
Legal protection	2,105,806	(421,100)	1,684,706	2,118,800	(423,284)	1,695,516
Assistance	9,912,352	(1,974,500)	7,937,852	8,805,424	(1,748,682)	7,056,742
Other	8,449,690	(1,609,743)	6,839,947	8,697,794	(1,670,845)	7,026,949
	289,326,485	(52,499,715)	236,826,770	292,173,802	(52,892,186)	239,281,616



The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2015 and 2014 were as follows:

	2015			Closing Balance
	Opening Balance	Liabilities originated in the year	Other	
Provision for unearned premiums:				
Life insurance:	1,515,796	281,062	-	1,796,858
Non-life insurance:	290,658,006	3,769,357	(6,897,736)	287,529,627
Workers` compensation	13,297,159	371,225	(1,550,853)	12,117,531
Personal accidents and passengers	6,841,957	763,221	(189,090)	7,416,088
Health	21,935,300	342,173	(15,596)	22,261,877
Fire and other damage	87,716,222	1,179,560	(4,113,641)	84,782,141
Motor	129,062,892	998,246	(617,959)	129,443,179
Marine, aviation and transport	2,804,457	(762,448)	(51,944)	1,990,065
Third party liability	9,077,102	138,786	(356,315)	8,859,573
Credit and suretyship	300,899	(107,236)	(2,338)	191,325
Legal protection	2,118,800	(12,994)	-	2,105,806
Assistance	8,805,424	1,106,928	-	9,912,352
Other	8,697,794	(248,104)	-	8,449,690
	<u>292,173,802</u>	<u>4,050,419</u>	<u>(6,897,736)</u>	<u>289,326,485</u>
Deferred acquisition costs:				
Non-life insurance:	(52,892,186)	(464,789)	857,260	(52,499,715)
Workers` compensation	(2,304,492)	41,172	114,607	(2,148,713)
Personal accidents and passengers	(1,361,344)	46,192	29,157	(1,285,995)
Health	(2,712,293)	(55,321)	445	(2,767,169)
Fire and other damage	(15,324,656)	(336,144)	560,029	(15,100,771)
Motor	(25,547,306)	(4,793)	122,197	(25,429,902)
Marine, aviation and transport	(303,995)	(39,697)	3,970	(339,722)
Third party liability	(1,471,891)	40,047	26,428	(1,405,416)
Credit and suretyship	(23,398)	6,287	427	(16,684)
Legal protection	(423,284)	2,184	-	(421,100)
Assistance	(1,748,682)	(225,818)	-	(1,974,500)
Other	(1,670,845)	61,102	-	(1,609,743)
	<u>239,281,616</u>	<u>3,585,630</u>	<u>(6,040,476)</u>	<u>236,826,770</u>

The heading "Other" corresponds to the split of portfolio associated with the conversion of the former Macao Non-Life branch to a local legal entity.



(Amounts in euros except when expressly indicated otherwise)

	2014		
	Opening Balance	Liabilities originated in the year	Closing Balance
Provision for unearned premiums:			
Life insurance:	1,501,766	14,030	1,515,796
Non-life insurance:	295,065,252	(4,407,246)	290,658,006
Workers` compensation	13,937,093	(639,934)	13,297,159
Personal accidents and passengers	8,765,582	(1,923,625)	6,841,957
Health	24,743,168	(2,807,868)	21,935,300
Fire and other damage	89,237,252	(1,521,030)	87,716,222
Motor	127,981,977	1,080,915	129,062,892
Marine, aviation and transport	2,960,933	(156,476)	2,804,457
Third party liability	9,020,350	56,752	9,077,102
Credit and suretyship	416,330	(115,431)	300,899
Legal protection	2,210,952	(92,152)	2,118,800
Assistance	8,889,562	(84,138)	8,805,424
Other	6,902,053	1,795,741	8,697,794
	<u>296,567,018</u>	<u>(4,393,216)</u>	<u>292,173,802</u>
Deferred acquisition costs:			
Non-life insurance:	(52,284,341)	(607,845)	(52,892,186)
Workers` compensation	(2,327,295)	22,803	(2,304,492)
Personal accidents and passengers	(1,745,567)	384,223	(1,361,344)
Health	(2,514,218)	(198,075)	(2,712,293)
Fire and other damage	(15,624,826)	300,170	(15,324,656)
Motor	(25,559,882)	12,576	(25,547,306)
Marine, aviation and transport	(341,838)	37,843	(303,995)
Third party liability	(1,523,449)	51,558	(1,471,891)
Credit and suretyship	(57,367)	33,969	(23,398)
Legal protection	(297,966)	(125,318)	(423,284)
Assistance	(1,162,127)	(586,555)	(1,748,682)
Other	(1,129,806)	(541,039)	(1,670,845)
	<u>244,282,677</u>	<u>(5,001,061)</u>	<u>239,281,616</u>

At 31 December 2015 and 2014, the claims provisions on direct insurance and reinsurance accepted were as follows:

	2015			2014		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	98,642,986	25,966,462	124,609,448	97,910,004	25,846,341	123,756,345
Non-life insurance:	1,472,852,674	75,840,812	1,548,693,486	1,501,339,040	78,119,312	1,579,458,352
Workers` compensation:	770,313,332	11,708,712	782,022,044	767,595,068	12,289,397	779,884,465
Mathematical provision	564,357,106	905,428	565,262,534	555,263,853	976,225	556,240,078
Provision for lifelong assistance	160,826,545	7,911,113	168,737,658	160,168,425	7,949,314	168,117,739
Provision for temporary assistance	45,129,681	2,892,171	48,021,852	52,162,790	3,363,858	55,526,648
Other insurance:	702,539,342	64,132,100	766,671,442	733,743,972	65,829,915	799,573,887
Personal accidents and passengers	22,120,799	464,077	22,584,876	14,810,462	428,108	15,238,570
Health	45,621,781	3,429,060	49,050,841	39,055,488	3,471,790	42,527,278
Fire and other damage	92,885,909	11,445,721	104,331,630	106,974,095	13,103,951	120,078,046
Motor	420,814,909	40,669,784	461,484,693	445,366,990	40,834,071	486,201,061
Marine, aviation and transport	11,231,739	1,075,443	12,307,182	13,117,924	974,962	14,092,886
Third party liability	102,819,225	5,253,856	108,073,081	106,849,028	5,004,925	111,853,953
Credit and suretyship	509,294	74,844	584,138	524,907	76,572	601,479
Legal protection	15,549	8,314	23,863	64,009	13,451	77,460
Assistance	64,883	37,938	102,821	157,019	51,132	208,151
Other	6,455,254	1,673,063	8,128,317	6,824,050	1,870,953	8,695,003
	<u>1,571,495,660</u>	<u>101,807,274</u>	<u>1,673,302,934</u>	<u>1,599,249,044</u>	<u>103,965,653</u>	<u>1,703,214,697</u>



The movement in the claims provisions on direct insurance and reinsurance accepted during 2015 and 2014 was as follows:

	2015				Closing Balance
	Opening Balance	Liabilities originated for the year	Claims paid	Other	
Life insurance:	123,756,345	285,501,475	(284,648,372)	-	124,609,448
Non-life insurance:	1,579,458,352	715,165,958	(720,773,283)	(25,157,541)	1,548,693,486
Workers` compensation	779,884,465	145,750,394	(139,112,000)	(4,500,815)	782,022,044
Personal accidents and passengers	15,238,570	15,129,489	(7,726,691)	(56,492)	22,584,876
Health	42,527,278	163,358,580	(156,833,699)	(1,318)	49,050,841
Fire and other damage	120,078,046	98,749,533	(97,269,181)	(17,226,768)	104,331,630
Motor	486,201,061	265,733,570	(287,813,241)	(2,636,697)	461,484,693
Marine, aviation and transport	14,092,886	3,765,601	(5,549,636)	(1,669)	12,307,182
Third party liability	111,853,953	7,661,541	(10,708,631)	(733,782)	108,073,081
Credit and suretyship	601,479	95,485	(112,826)	-	584,138
Legal protection	77,460	(46,560)	(7,037)	-	23,863
Assistance	208,151	(102,732)	(2,598)	-	102,821
Other	8,695,003	15,071,057	(15,637,743)	-	8,128,317
	1,703,214,697	1,000,667,433	(1,005,421,655)	(25,157,541)	1,673,302,934

The heading “Other” corresponds to the split of portfolio associated with the conversion of the former Macao Non-Life branch to a local legal entity.

	2014				Closing Balance
	Opening Balance	Liabilities originated for the year	Claims paid		
Life insurance:	108,459,953	329,984,090	(314,687,698)		123,756,345
Non-life insurance:	1,645,222,091	647,014,468	(712,778,207)		1,579,458,352
Workers` compensation	778,242,985	128,613,316	(126,971,836)		779,884,465
Personal accidents and passengers	15,406,878	7,787,673	(7,955,981)		15,238,570
Health	40,184,353	152,789,447	(150,446,522)		42,527,278
Fire and other damage	137,041,353	94,069,374	(111,032,681)		120,078,046
Motor	539,205,940	235,632,178	(288,637,057)		486,201,061
Marine, aviation and transport	12,670,066	6,650,619	(5,227,799)		14,092,886
Third party liability	111,954,241	12,485,517	(12,585,805)		111,853,953
Credit and suretyship	455,007	300,916	(154,444)		601,479
Legal protection	5,768	74,419	(2,727)		77,460
Assistance	426	212,979	(5,254)		208,151
Other	10,055,074	8,398,030	(9,758,101)		8,695,003
	1,753,682,044	976,998,558	(1,027,465,905)		1,703,214,697

Liabilities originated in the year and the amounts paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Company.



At 31 December 2015 and 2014, the provisions for unexpired risks on direct insurance and reinsurance accepted was as follows:

	2015	2014
Non-life insurance:		
Workers` compensation	25,113,465	23,277,225
Personal accidents and passengers	352,326	250,141
Health	3,669,909	3,428,386
Fire and other damage	3,130,461	4,940,738
Motor	19,331,931	17,945,075
Marine, aviation and transport	39,286	4,909
Third party liability	1,036,256	576,568
Credit and suretyship	55,297	3,082
Legal protection	-	306
Assistance	6,008,104	6,586,948
Other	36,428	-
	<u>58,773,463</u>	<u>57,013,378</u>

The movement in the provisions for unexpired risks direct insurance and reinsurance accepted during 2015 and 2014 was as follows:

	2015			Closing Balance
	Opening Balance	Appropriations for the year	Other	
Non-life insurance:				
Workers` compensation	23,277,225	1,836,240	-	25,113,465
Personal accidents and passengers	250,141	102,185	-	352,326
Health	3,428,386	241,523	-	3,669,909
Fire and other damage	4,940,738	(1,776,721)	(33,556)	3,130,461
Motor	17,945,075	1,678,811	(291,955)	19,331,931
Marine, aviation and transport	4,909	34,500	(123)	39,286
Third party liability	576,568	459,688	-	1,036,256
Credit and suretyship	3,082	52,215	-	55,297
Legal protection	306	(306)	-	-
Assistance	6,586,948	(578,844)	-	6,008,104
Other	-	36,428	-	36,428
	<u>57,013,378</u>	<u>2,085,720</u>	<u>(325,635)</u>	<u>58,773,463</u>

The heading "Other" corresponds to the split of portfolio associated with the conversion of the former Macao Non-Life branch to a local legal entity.

	2014		Closing Balance
	Opening Balance	Appropriations for the year	
Non-life insurance:			
Workers` compensation	14,164,542	9,112,683	23,277,225
Personal accidents and passengers	28,842	221,299	250,141
Health	2,774,700	653,686	3,428,386
Fire and other damage	8,510,088	(3,569,350)	4,940,738
Motor	13,097,236	4,847,839	17,945,075
Marine, aviation and transport	48,067	(43,158)	4,909
Third party liability	490,190	86,378	576,568
Credit and suretyship	174,720	(171,638)	3,082
Legal protection	-	306	306
Assistance	101,981	6,484,967	6,586,948
	<u>39,390,366</u>	<u>17,623,012</u>	<u>57,013,378</u>



At 31 December 2015 and 2014, the mathematical provision for life insurance and the provision for profit sharing in direct insurance and reinsurance accepted were as follows:

	2015				
	Mathematical provision	Deferred acquisition costs	Total Mathematical provision	Provision for profit sharing	Total
Insurance contracts:					
Life individual risk	54,244,787	(3,544)	54,241,243	15,182,138	69,423,381
Life group risk	156,322,686	-	156,322,686	15,702,383	172,025,069
Life individual capitalisation	22,236,205	(51,388)	22,184,817	31,283	22,216,100
Life group capitalisation	2,860,953	-	2,860,953	-	2,860,953
	<u>235,664,631</u>	<u>(54,932)</u>	<u>235,609,699</u>	<u>30,915,804</u>	<u>266,525,503</u>
Investment contracts with a discretionary profit sharing component:					
Life individual capitalisation	293,471,531	(15,358)	293,456,173	13,839,322	307,295,495
Life group capitalisation	283,509,692	-	283,509,692	6,528,762	290,038,454
Life individual group	820,064,029	(36,033)	820,027,996	17,479,787	837,507,783
	<u>1,397,045,252</u>	<u>(51,391)</u>	<u>1,396,993,861</u>	<u>37,847,871</u>	<u>1,434,841,732</u>
	<u>1,632,709,883</u>	<u>(106,323)</u>	<u>1,632,603,560</u>	<u>68,763,675</u>	<u>1,701,367,235</u>
	2014				
	Mathematical provision	Deferred acquisition costs	Total Mathematical provision	Provision for profit sharing	Total
Insurance contracts:					
Life individual risk	45,600,300	(2,961)	45,597,339	14,912,243	60,509,582
Life group risk	161,891,074	-	161,891,074	16,134,452	178,025,526
Life individual capitalisation	17,354,865	(47,830)	17,307,035	21,882	17,328,917
Life group capitalisation	2,727,555	-	2,727,555	-	2,727,555
	<u>227,573,794</u>	<u>(50,791)</u>	<u>227,523,003</u>	<u>31,068,577</u>	<u>258,591,580</u>
Investment contracts with a discretionary profit sharing component:					
Life individual capitalisation	318,563,386	(19,881)	318,543,505	26,149,839	344,693,344
Life group capitalisation	271,343,460	-	271,343,460	6,398,546	277,742,006
Life individual group	849,558,556	(45,883)	849,512,673	45,511,873	895,024,546
	<u>1,439,465,402</u>	<u>(65,764)</u>	<u>1,439,399,638</u>	<u>78,060,258</u>	<u>1,517,459,896</u>
	<u>1,667,039,196</u>	<u>(116,555)</u>	<u>1,666,922,641</u>	<u>109,128,835</u>	<u>1,776,051,476</u>



The movement in the mathematical provision and in the provision for profit sharing in direct insurance and reinsurance accepted during 2015 and 2014 was as follows:

	2015						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted:							
Mathematical provision:							
- Insurance contracts	227,523,003	7,548,184	-	(4,139)	-	542,651	235,609,699
- Investment contracts with a discretionary profit-sharing component	1,439,399,638	(52,983,084)	-	14,371	418,385	10,144,551	1,396,993,861
	1,666,922,641	(45,434,900)	-	10,232	418,385	10,687,202	1,632,603,560
Profit sharing provision							
- Insurance contracts	31,068,577	8,279,453	(5,056,722)	-	-	(3,375,504)	30,915,804
- Investment contracts with a discretionary profit-sharing component	78,060,258	33,250,200	(63,318,034)	-	-	(10,144,553)	37,847,871
	109,128,835	41,529,653	(68,374,756)	-	-	(13,520,057)	68,763,675
	1,776,051,476	(3,905,247)	(68,374,756)	10,232	418,385	(2,832,855)	1,701,367,235
	2014						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted:							
Mathematical provision:							
- Insurance contracts	218,727,011	(11,505,480)	-	(636)	-	20,302,108	227,523,003
- Investment contracts with a discretionary profit-sharing component	1,537,854,255	(81,802,898)	-	(25,329)	274,673	(16,901,063)	1,439,399,638
	1,756,581,266	(93,308,378)	-	(25,965)	274,673	3,401,045	1,666,922,641
Profit sharing provision							
- Insurance contracts	29,614,767	6,727,433	(1,604,310)	-	-	(3,669,313)	31,068,577
- Investment contracts with a discretionary profit-sharing component	76,831,850	9,276,009	(4,892,189)	-	-	(3,155,412)	78,060,258
	106,446,617	16,003,442	(6,496,499)	-	-	(6,824,725)	109,128,835
	1,863,027,883	(77,304,936)	(6,496,499)	(25,965)	274,673	(3,423,680)	1,776,051,476

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.13. f).



18. 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 2015 and 2014 is set out below:

	2015					Closing Balance
	Opening Balance	Issues	Redemptions	Income and expenditure	Other	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	668,648,640	3,464,807	(135,466,572)	7,653,210	-	544,300,085
Unit-linked group capitalisation	668,782	-	-	52,463	-	721,245
Unit-linked PPR	42,346,865	236,478	(14,809,031)	304,590	(50,810)	28,028,092
	<u>711,664,287</u>	<u>3,701,285</u>	<u>(150,275,603)</u>	<u>8,010,263</u>	<u>(50,810)</u>	<u>573,049,422</u>
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	3,728,227,572	1,040,758,750	(353,146,808)	101,718,984	(367,575)	4,517,190,923
Life individual fixed rate	3,246,908,900	1,453,579,399	(1,806,342,000)	85,808,786	-	2,979,955,085
Capitalisation OP. Individual fixed rate	5,429,277	-	(5,348)	23,871	-	5,447,800
	<u>6,980,565,749</u>	<u>2,494,338,149</u>	<u>(2,159,494,156)</u>	<u>187,551,641</u>	<u>(367,575)</u>	<u>7,502,593,808</u>
	<u>7,692,230,036</u>	<u>2,498,039,434</u>	<u>(2,309,769,759)</u>	<u>195,561,904</u>	<u>(418,385)</u>	<u>8,075,643,230</u>
2014						
	Opening Balance	Issues	Redemptions	Income and expenditure	Other	Closing Balance
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	944,342,993	2,629,724	(341,344,074)	63,019,998	-	668,648,641
Unit-linked group capitalisation	773,711	-	(52,466)	(52,463)	-	668,782
Unit-linked PPR	43,037,400	257,625	(1,921,899)	1,081,596	(107,857)	42,346,865
	<u>988,154,104</u>	<u>2,887,349</u>	<u>(343,318,439)</u>	<u>64,049,131</u>	<u>(107,857)</u>	<u>711,664,288</u>
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	2,807,307,193	1,059,496,575	(227,624,822)	89,215,446	(166,817)	3,728,227,575
Life individual fixed rate	3,224,707,568	1,743,243,052	(1,817,677,766)	96,636,046	-	3,246,908,900
Capitalisation OP. Individual fixed rate	6,442,706	-	(1,073,128)	59,699	-	5,429,277
	<u>6,038,457,467</u>	<u>2,802,739,627</u>	<u>(2,046,375,716)</u>	<u>185,911,191</u>	<u>(166,817)</u>	<u>6,980,565,752</u>
	<u>7,026,611,571</u>	<u>2,805,626,976</u>	<u>(2,389,694,155)</u>	<u>249,960,322</u>	<u>(274,674)</u>	<u>7,692,230,040</u>

“Other investment contracts” corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost. A significant proportion of these liabilities is hedged by investments in Portuguese public debt securities, which are recognised as available-for-sale investments (Note 7), which were acquired with effective yields higher than those guaranteed to the insured persons. The potential capital gains and losses on available-for-sale investments are recognised in the revaluation reserves.



19. Other Financial Liabilities

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
Hedge Derivatives		
Derivatives instruments at negative fair value (Note 6)		
Currency futures	4,155,656	-
	<u>4,155,656</u>	<u>-</u>
Deposits received from reinsurers:		
Life	4,994,028	4,286,850
Non-life	100,449,388	97,500,393
	<u>105,443,416</u>	<u>101,787,243</u>
Other:		
Derivatives trading instruments (Note 6):		
Derivatives Instruments at Negative Fair Value		
Interest rate swaps	7,625,988	8,609,482
Currency Futures	10,822,796	-
	<u>18,448,784</u>	<u>8,609,482</u>
	<u>128,047,856</u>	<u>110,396,725</u>

20. Other Creditors for Insurance and Other Operations

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
<u>Accounts payable for direct insurance operations:</u>		
Brokers	27,234,243	34,142,680
Policyholders	25,897,292	22,951,937
Co-insurers	11,831,688	13,764,608
	<u>64,963,223</u>	<u>70,859,225</u>
<u>Accounts payable for other reinsurance operations:</u>		
Reinsurers' current accounts	35,843,378	33,146,499
Insured's Current accounts	2,358,197	3,199,418
	<u>38,201,575</u>	<u>36,345,917</u>
<u>Accounts payable for other operations:</u>		
Group companies	373,500	2,563,454
Suppliers of tangible assets	920,261	1,093,948
Suppliers' current accounts	6,483,868	6,575,058
Pension funds	387,227	384,093
Other internal regularisation accounts	1,340,869	1,714,084
Miscellaneous creditors	1,111,925	1,040,578
Other	24,349	39,030
	<u>10,641,999</u>	<u>13,410,245</u>
	<u>113,806,797</u>	<u>120,615,387</u>

The heading "Other internal regularisation accounts" recognises various transactions made in the last days of December, which will be settled in the first days of the following month.



21. Accruals and Deferrals

At 31 December 2015 and 2014 this heading was composed as follows:

	2015	2014
Deferred income:		
Rents and leases	1,063,778	1,098,879
	<u>1,063,778</u>	<u>1,098,879</u>
Accrued expenses:		
Interest payable	-	48,729
Holiday and holiday subsidies payable	13,365,646	14,204,740
Insurance	92,255	86,056
Variable remuneration payable to employees	2,184,644	3,740,564
Performance bonus	9,917,685	6,250,215
Seniority bonus	664,089	991,180
Other costs with employees	907,574	966,637
Provision for finder's fees	425	19,836
Commissions payable	35,225,115	20,625,099
Deferred payments - marketing	4,972,178	3,766,104
Municipal tax on real estate	785,000	743,750
Audit	269,611	526,946
Advertising	66,824	167,536
Electricity	-	70,000
Other	6,927,315	4,758,540
	<u>75,378,361</u>	<u>56,965,932</u>
	<u>76,442,139</u>	<u>58,064,811</u>

22. Other Provisions

The movement in these headings during 2015 and 2014 was as follows:

	2015				Closing balances
	Opening balances	Increases	Recoveries and cancellations	Actuarial gains and losses from equity	
Other Provisions					
Provisions for tax	15,000,173	5,520,599	-	-	20,520,772
Provisions for the cost of employee benefits (Note 30):					
Health benefits	22,021,108	-	(648,039)	818,320	22,191,389
Pension costs	2,893,589	-	(15,689)	139,907	3,017,807
Provision for FAT	45,236,302	1,800,000	-	-	47,036,302
Provision for restructuring	52,153,927	25,100,000	(16,729,625)	-	60,524,302
Others	41,403,630	-	(40,150,334)	-	1,253,296
	<u>178,708,729</u>	<u>32,420,599</u>	<u>(57,543,687)</u>	<u>958,227</u>	<u>154,543,868</u>



	2014					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Uses	Actuarial gains and losses from equity	
Other Provisions						
Provisions for tax	10,819,229	4,180,944	-	-	-	15,000,173
Provisions for the cost of employee benefits (Note 30):						
Health benefits	22,993,574	-	(363,663)	-	(608,803)	22,021,108
Pension costs	2,273,949	144,232	-	-	475,408	2,893,589
Provision for FAT	43,785,382	1,450,920	-	-	-	45,236,302
Provision for restructuring	31,893,000	27,299,163	(7,038,236)	-	-	52,153,927
Others	31,219,711	10,374,166	-	(190,247)	-	41,403,630
	<u>142,984,845</u>	<u>43,449,425</u>	<u>(7,401,899)</u>	<u>(190,247)</u>	<u>(133,395)</u>	<u>178,708,729</u>

Fidelidade set up a provision related to the employee restructuring and rejuvenating program which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age. Accordingly, the plan was initiated in 2014 and 2015 and covered employees who met the criteria below.

The extent of the plan was as follows:

- In 2014: 153 departures, 100 of these of employees aged between 56 and 60 and 53 aged over 60.
- In 2015: 110 departures, 75 of these of employees aged between 56 and 60 and 35 aged over 60.

In 2014 Fidelidade reviewed the development of the plan and decided to adjust it, for the period between 2015 and 2018, while maintaining the same conditions as in 2013. Consequently the provision for restructuring was increased by EUR 27,299,163. With the development of the plan, 86 employees departed in 2014, resulting in use of EUR 7,038,236 of the provision. At 31 December 2014, EUR 52,153,927 is recognised in the provision for restructuring. In the same period 91 employees were hired.

In 2015 Fidelidade reviewed the development of the plan and decided to adjust it, for the period between 2016 and 2019, while maintaining the same conditions previously disclosed. Consequently the provision for restructuring was increased by EUR 25,100,000. With the development of the plan, 147 employees departed in 2015, resulting in use of EUR 16,729,625 of the provision. At 31 December 2015, the amount of EUR 60,524,302 is recognised in the provision for restructuring. In the same period 126 employees were hired.

When calculating the provision, the actual cost of the recently negotiated redundancies of employees was considered, with an increase in the amount to reflect the additional expense resulting from the increase in the statutory retirement age to 66.

The other amounts recognised in the heading “Other provisions – Others” are to respond to ongoing legal cases and other contingencies resulting from the Company’s activity.

In 2015 and 2014, the increase in headings “Provision for restructuring” and “Others” includes EUR 6,453,883 and EUR 21,065,833, respectively, and is recognised in the heading “Impairment losses (net of reversal)”.

The heading “Other Provisions – Health benefits” represents liabilities assumed by the Company in relation to employees’ health benefits. The heading “Other Provisions – Pension Costs” represents 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 30).



23. Paid-in Capital

The share capital of EUR 381,150,000 is composed of 121 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 521,530,514 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Seguros e Saúde, SGPS, S.A.: EUR 21,530,514.

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.

As during the year 2015 no own shares were sold, the number of own shares held at 31 December 2015 is 13,300, the number of shares acquired during the year.

The Company's shareholder structure at 31 December 2015 and 2014 was as follows:

Shareholders	2015		2014	
	Number of Shares	% Share	Number of Shares	% Share
Longrun Portugal, SGPS, S.A.	102,833,140	84.99%	96,800,000	80.00%
Caixa Seguros e Saúde, SGPS, S.A.	18,150,000	15.00%	24,183,140	19.99%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.00%	16,860	0.01%
Own Shares	13,300	0.01%	-	-
	<u>121,000,000</u>	<u>100%</u>	<u>121,000,000</u>	<u>100%</u>

The Company became a part of the Fosun Group as of 15 May 2014 with Fosun's acquisition of 80% of the share capital of Fidelidade.

The income of 2014 and 2013 was applied as indicated below:

	2014	2013
Application of income for the period		
Legal Reserve	14,774,336	9,246,709
Free Reserves	123,144,878	-
Retained earnings	21,188,816	17,219,780
Dividends	-	83,220,372
	<u>159,108,030</u>	<u>109,686,861</u>

The income per share in 31 December 2015 and 2014 was as follows:

	2015	2014
Net Income for the year	207,862,217	159,108,030
Number of shares (at the end of the year)	121,000,000	121,000,000
Income per Share (in Euros)	<u>1.72</u>	<u>1.31</u>



24. Reserves, Retained Earnings and Income for the Year

At 31 December 2015 and 2014, reserves and retained earnings were composed as follows:

	2015	2014
Revaluation reserves		
Fair value adjustments:		
- Available-for-sale investments		
Gross gains (Note 7)	118,552,619	506,375,379
Amount attributable to policyholders	<u>(5,042,089)</u>	<u>(73,751,554)</u>
	113,510,530	432,623,825
- Revaluations of properties for own use (Note 9)	<u>24,007,061</u>	<u>20,893,446</u>
	<u>137,517,591</u>	<u>453,517,271</u>
Exchange differences		
Gross Gains	59,649,728	25,154,648
Amount attributable to policyholders	<u>(237,787)</u>	<u>96,923</u>
	<u>196,929,532</u>	<u>478,768,842</u>
Deferred tax reserve:		
- Available-for-sale investments	(51,002,080)	(113,547,378)
- Properties for own use	1,104,764	1,003,697
- Actuarial gains and losses: Post-employment benefits	15,645,703	12,915,913
- Actuarial gains and losses: Health benefits	1,083,850	2,023,719
- Tax (paid) / deducted from potential capital gains or losses	<u>(7,825,551)</u>	<u>(14,211,710)</u>
	<u>(40,993,314)</u>	<u>(111,815,759)</u>
Revaluation reserves, net of deferred taxes	<u>155,936,218</u>	<u>366,953,083</u>
Other reserves:		
- Legal reserve	117,095,630	102,172,334
- Share premiums	115,103,280	115,103,280
- Actuarial gains and losses: Post-employment benefits	(46,518,428)	(42,402,165)
- Actuarial gains and losses: Health benefits	(4,253,197)	(3,434,877)
- Merger reserves	91,335,345	91,335,345
- Other reserves	<u>122,995,918</u>	<u>-</u>
	<u>395,758,548</u>	<u>262,773,917</u>
Retained earnings	<u>108,609,257</u>	<u>87,418,523</u>
Income for the year	<u>207,862,217</u>	<u>159,108,030</u>
	<u>868,166,240</u>	<u>876,253,553</u>

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 reaches the amount of share capital. The legal reserve may not be distributed, but may be used to increase the share capital or to cover 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.



25. Earned Premiums, Net of Reinsurance

In the 2015 and 2014, this heading was composed as follows:

	2015			2014		
	Direct insurance and Reinsurance accepted	Reinsurance ceded	Net	Direct insurance and Reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:						
Life insurance	296,207,143	(14,811,975)	281,395,168	281,272,209	(9,125,578)	272,146,631
Non-life insurance:						
Workers' compensation	135,486,173	(7,863,888)	127,622,285	121,909,502	(5,240,823)	116,668,679
Personal accidents and passengers	26,248,757	(7,901,689)	18,347,068	23,344,259	(7,027,781)	16,316,478
Health	205,453,693	(203,726,850)	1,726,843	187,805,469	(186,346,764)	1,458,705
Fire and other damage	237,545,722	(91,917,046)	145,628,676	230,991,787	(95,239,260)	135,752,527
Motor	348,826,967	(1,652,885)	347,174,082	340,233,955	(1,881,833)	338,352,122
Marine, aviation and transport	17,507,196	(10,047,537)	7,459,659	15,765,924	(11,389,830)	4,376,094
Third party liability	32,559,376	(9,576,722)	22,982,654	30,970,807	(8,783,210)	22,187,597
Credit and suretyship	706,003	(445,583)	260,420	918,081	(658,544)	259,537
Legal protection	5,065,014	(3,343,837)	1,721,177	5,052,790	(3,260,416)	1,792,374
Assistance	24,662,853	(27,002,744)	(2,339,891)	22,278,588	(25,351,536)	(3,072,948)
Other	27,704,955	(9,998,653)	17,706,302	24,625,366	(8,592,133)	16,033,233
	<u>1,061,766,709</u>	<u>(373,477,434)</u>	<u>688,289,275</u>	<u>1,003,896,528</u>	<u>(353,772,130)</u>	<u>650,124,398</u>
	<u>1,357,973,852</u>	<u>(388,289,409)</u>	<u>969,684,443</u>	<u>1,285,168,737</u>	<u>(362,897,708)</u>	<u>922,271,029</u>
Change in provision for unearned premiums						
Life insurance	(281,062)	882	(280,180)	(14,030)	121,619	107,589
Non-life insurance:						
Workers' compensation	(371,225)	27,972	(343,253)	639,934	7,435	647,369
Personal accidents and passengers	(763,221)	969,150	205,929	1,923,625	(631,034)	1,292,591
Health	(342,173)	455,989	113,816	2,807,868	(2,882,102)	(74,234)
Fire and other damage	(1,179,560)	(1,044,034)	(2,223,594)	1,521,030	(73,001)	1,448,029
Motor	(998,246)	132,665	(865,581)	(1,080,915)	(147,785)	(1,228,700)
Marine, aviation and transport	762,448	(1,597,296)	(834,848)	156,476	4,177	160,653
Third party liability	(138,786)	(54,456)	(193,242)	(56,752)	(473,294)	(530,046)
Credit and suretyship	107,236	(76,781)	30,455	115,431	(30,938)	84,493
Legal protection	12,994	52,255	65,249	92,152	12,120	104,272
Assistance	(1,106,928)	1,146,826	39,898	84,138	(536,195)	(452,057)
Other	248,104	974,548	1,222,652	(1,795,741)	650,221	(1,145,520)
	<u>(3,769,357)</u>	<u>986,838</u>	<u>(2,782,519)</u>	<u>4,407,246</u>	<u>(4,100,396)</u>	<u>306,850</u>
	<u>(4,050,419)</u>	<u>987,720</u>	<u>(3,062,699)</u>	<u>4,393,216</u>	<u>(3,978,777)</u>	<u>414,439</u>
Earned premiums:						
Life insurance	295,926,081	(14,811,093)	281,114,988	281,258,179	(9,003,959)	272,254,220
Non-life insurance:						
Workers' compensation	135,114,948	(7,835,916)	127,279,032	122,549,436	(5,233,388)	117,316,048
Personal accidents and passengers	25,485,536	(6,932,539)	18,552,997	25,267,884	(7,658,815)	17,609,069
Health	205,111,520	(203,270,861)	1,840,659	190,613,337	(189,228,866)	1,384,471
Fire and other damage	236,366,162	(92,961,080)	143,405,082	232,512,817	(95,312,261)	137,200,556
Motor	347,828,721	(1,520,220)	346,308,501	339,153,040	(2,029,618)	337,123,422
Marine, aviation and transport	18,269,644	(11,644,833)	6,624,811	15,922,400	(11,385,653)	4,536,747
Third party liability	32,420,590	(9,631,178)	22,789,412	30,914,055	(9,256,504)	21,657,551
Credit and suretyship	813,239	(522,364)	290,875	1,033,512	(689,482)	344,030
Legal protection	5,078,008	(3,291,582)	1,786,426	5,144,942	(3,248,296)	1,896,646
Assistance	23,555,925	(25,855,918)	(2,299,993)	22,362,726	(25,887,731)	(3,525,005)
Other	27,953,059	(9,024,105)	18,928,954	22,829,625	(7,941,912)	14,887,713
	<u>1,057,997,352</u>	<u>(372,490,596)</u>	<u>685,506,756</u>	<u>1,008,303,774</u>	<u>(357,872,526)</u>	<u>650,431,248</u>
	<u>1,353,923,433</u>	<u>(387,301,689)</u>	<u>966,621,744</u>	<u>1,289,561,953</u>	<u>(366,876,485)</u>	<u>922,685,468</u>



In the 2015 and 2014, premiums for life insurance contracts may be broken down as follows:

	<u>2015</u>	<u>2014</u>
Direct insurance gross written premiums	<u>296,143,907</u>	<u>281,169,914</u>
on individual contracts	100,626,124	89,964,776
on group contracts	<u>195,517,783</u>	<u>191,205,138</u>
	<u>296,143,907</u>	<u>281,169,914</u>
Periodic	225,414,110	231,944,992
Non-periodic	<u>70,729,797</u>	<u>49,224,922</u>
	<u>296,143,907</u>	<u>281,169,914</u>
Contracts without profit sharing	162,550,304	151,069,417
Contracts with profit sharing	<u>133,593,602</u>	<u>130,100,497</u>
	<u>296,143,906</u>	<u>281,169,914</u>
Reinsurance accepted gross written premiums	63,236	102,295
Gross written premiums from direct insurance and reinsurance accepted	<u>296,207,143</u>	<u>281,272,209</u>
Reinsurance balance	<u>(2,838,127)</u>	<u>(4,855,159)</u>

26. Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts or Service Contracts

In 2015 and 2014, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 2,306,164 and EUR 2,055,164, respectively.



27. Claims Costs, Net of Reinsurance

In the 2015 and 2014, this heading was composed as follows:

	2015			2014		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance:						
Direct insurance and reinsurance accepted	287,989,956	829,851	288,819,807	318,361,778	15,330,464	333,692,242
Reinsurance ceded	(5,772,359)	(1,781,096)	(7,553,455)	(7,051,234)	2,951,664	(4,099,570)
	<u>282,217,597</u>	<u>(951,245)</u>	<u>281,266,352</u>	<u>311,310,544</u>	<u>18,282,128</u>	<u>329,592,672</u>
Non-life insurance:						
Direct insurance and reinsurance accepted						
Workers' compensation	144,970,698	6,424,230	151,394,928	132,915,314	765,351	133,680,665
Personal accidents and passengers	9,118,891	7,403,727	16,522,618	9,476,047	(164,274)	9,311,773
Health	152,410,633	6,648,135	159,058,768	145,289,003	4,235,986	149,524,989
Fire and other damage	100,893,690	3,065,919	103,959,609	115,873,122	(17,496,738)	98,376,384
Motor	263,808,152	(22,175,310)	241,632,842	269,456,051	(53,094,358)	216,361,693
Marine, aviation and transport	5,920,824	(1,779,976)	4,140,848	5,516,122	1,425,485	6,941,607
Third party liability	9,912,674	(3,018,668)	6,894,006	11,279,993	1,367,382	12,647,375
Credit and suretyship	666,296	(17,708)	648,588	254,594	146,471	401,065
Legal protection	93,486	(53,598)	39,888	132,920	71,694	204,614
Assistance	414,063	(105,329)	308,734	504,697	207,724	712,421
Other	16,488,002	(561,122)	15,926,880	10,036,931	(1,326,124)	8,710,807
	<u>704,697,409</u>	<u>(4,169,700)</u>	<u>700,527,709</u>	<u>700,734,794</u>	<u>(63,861,401)</u>	<u>636,873,393</u>
Reinsurance ceded						
Workers' compensation	(1,363,944)	(276,128)	(1,640,072)	(375,157)	(2,792)	(377,949)
Personal accidents and passengers	(556,676)	(764,878)	(1,321,554)	(478,810)	120,313	(358,497)
Health	(151,147,132)	(4,369,070)	(155,516,202)	(142,793,256)	(3,814,736)	(146,607,992)
Fire and other damage	(24,518,679)	(6,494,436)	(31,013,115)	(35,571,123)	19,214,842	(16,356,281)
Motor	(840,976)	(1,696,489)	(2,537,465)	(5,750,608)	9,494,960	3,744,352
Marine, aviation and transport	(3,531,023)	2,794,449	(736,574)	(3,279,892)	(900,226)	(4,180,118)
Third party liability	(1,127,291)	(75,079)	(1,202,370)	(1,392,260)	572,771	(819,489)
Credit and suretyship	33,457	76	33,533	(145,614)	(5,376)	(150,990)
Others	(9,734,590)	112,311	(9,622,279)	(4,423,450)	1,094,397	(3,329,053)
	<u>(192,786,854)</u>	<u>(10,769,244)</u>	<u>(203,556,098)</u>	<u>(194,210,170)</u>	<u>25,774,153</u>	<u>(168,436,017)</u>
	<u>511,910,555</u>	<u>(14,938,944)</u>	<u>496,971,611</u>	<u>506,524,624</u>	<u>(38,087,248)</u>	<u>468,437,376</u>
	<u>794,128,152</u>	<u>(15,890,189)</u>	<u>778,237,963</u>	<u>817,835,168</u>	<u>(19,805,120)</u>	<u>798,030,048</u>

“Claims paid” includes costs with claims management and refunds processed by the Company.



In the 2015 and 2014, claims costs and changes in other technical provisions in life insurance were as follows:

	2015						
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted:							
- Insurance contracts	103,493,007	792,819	104,285,826	770,000	7,548,184	8,279,453	120,883,463
- Investment contracts with a discretionary profit sharing component	<u>184,496,949</u>	<u>37,032</u>	<u>184,533,981</u>	<u>(1,828,216)</u>	<u>(52,983,084)</u>	<u>33,250,200</u>	<u>162,972,881</u>
	<u>287,989,956</u>	<u>829,851</u>	<u>288,819,807</u>	<u>(1,058,216)</u>	<u>(45,434,900)</u>	<u>41,529,653</u>	<u>283,856,344</u>
Reinsurance ceded:							
- Insurance contracts	<u>(5,772,359)</u>	<u>(1,781,096)</u>	<u>(7,553,455)</u>	-	<u>(1,932,957)</u>	<u>(3,671)</u>	<u>(9,490,083)</u>
	<u>(5,772,359)</u>	<u>(1,781,096)</u>	<u>(7,553,455)</u>	-	<u>(1,932,957)</u>	<u>(3,671)</u>	<u>(9,490,083)</u>
Net:							
- Insurance contracts	97,720,648	(988,277)	96,732,371	770,000	5,615,227	8,275,782	111,393,380
- Investment contracts with a discretionary profit sharing component	<u>184,496,949</u>	<u>37,032</u>	<u>184,533,981</u>	<u>(1,828,216)</u>	<u>(52,983,084)</u>	<u>33,250,200</u>	<u>162,972,881</u>
	<u>282,217,597</u>	<u>(951,245)</u>	<u>281,266,352</u>	<u>(1,058,216)</u>	<u>(47,367,857)</u>	<u>41,525,982</u>	<u>274,366,261</u>
2014							
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted:							
- Insurance contracts	95,161,197	16,593,938	111,755,135	956,384	(11,505,480)	6,727,433	107,933,472
- Investment contracts with a discretionary profit sharing component	<u>223,200,581</u>	<u>(1,263,474)</u>	<u>221,937,107</u>	<u>949,202</u>	<u>(81,802,898)</u>	<u>9,276,009</u>	<u>150,359,420</u>
	<u>318,361,778</u>	<u>15,330,464</u>	<u>333,692,242</u>	<u>1,905,586</u>	<u>(93,308,378)</u>	<u>16,003,442</u>	<u>258,292,892</u>
Reinsurance ceded:							
- Insurance contracts	<u>(7,051,234)</u>	<u>2,951,664</u>	<u>(4,099,570)</u>	-	<u>2,545,516</u>	<u>(39,918)</u>	<u>(1,593,972)</u>
	<u>(7,051,234)</u>	<u>2,951,664</u>	<u>(4,099,570)</u>	-	<u>2,545,516</u>	<u>(39,918)</u>	<u>(1,593,972)</u>
Net:							
- Insurance contracts	88,109,963	19,545,602	107,655,565	956,384	(8,959,964)	6,687,515	106,339,500
- Investment contracts with a discretionary profit sharing component	<u>223,200,581</u>	<u>(1,263,474)</u>	<u>221,937,107</u>	<u>949,202</u>	<u>(81,802,898)</u>	<u>9,276,009</u>	<u>150,359,420</u>
	<u>311,310,544</u>	<u>18,282,128</u>	<u>329,592,672</u>	<u>1,905,586</u>	<u>(90,762,862)</u>	<u>15,963,524</u>	<u>256,698,920</u>

In 2015 and 2014, the changes in other technical provisions include the costs of increasing the provision to stabilise the portfolio of EUR 770,000 and EUR 956,384, respectively. In the 2015 and 2014, this heading also includes the reversion of EUR 1,828,216 and the allocation of EUR 949,202, respectively, to the provision for interest rate commitments.



28. Net Operating Costs, by Type and Function

In the 2015 and 2014, Fidelidade's operating costs, by type, were as follows:

	2015	2014
Employee costs (Note 29)	<u>146,517,464</u>	<u>130,875,178</u>
External supplies and services:		
Electricity	2,162,754	2,200,201
Fuel	498,947	578,536
Water	161,287	167,636
Printed Material	400,828	522,357
Office Supplies	309,357	361,868
Conservation and repair	5,392,341	4,679,855
Rents and leases	16,841,810	17,169,135
Representation expenses	1,064,016	1,025,863
Communication	7,989,624	8,203,570
Travel and accommodation	4,296,021	4,111,617
Insurance	665,951	623,504
Expenditure with self-employed workers	848,174	1,570,226
Advertising and publicity	8,888,515	9,130,597
Litigation and notary expenses	304,196	195,167
Security and surveillance	1,310,386	1,318,745
Specialist work	37,275,247	36,253,576
Contributions	887,514	878,961
Cleanliness, hygiene and comfort	1,638,457	1,576,623
Expenses with premium collections	1,213,267	4,844,549
Software licences	4,694,128	4,895,819
Others	2,536,963	2,702,900
	<u>99,379,783</u>	<u>103,011,305</u>
Taxes and charges	11,157,486	10,813,068
Depreciation and amortisation in the period (Notes 9, 11 and 12)	13,483,465	12,921,243
Other provisions	(18,669,205)	14,981,692
Commissions	6,868,066	5,540,879
Interest paid	<u>1,216,807</u>	<u>879,753</u>
	<u>259,953,866</u>	<u>279,023,118</u>

In 2015 and 2014, the balance of reinsurance fees and profit sharing is as follows:

	2015		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	(1,078,948)	3,565,502	2,486,554
Related to non-life insurance	<u>42,970,987</u>	<u>4,045,666</u>	<u>47,016,653</u>
	<u>41,892,039</u>	<u>7,611,168</u>	<u>49,503,207</u>
	2014		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	2,584,262	10,484	2,594,746
Related to non-life insurance	<u>44,031,825</u>	<u>675,159</u>	<u>44,706,984</u>
	<u>46,616,087</u>	<u>685,643</u>	<u>47,301,730</u>



In the 2015 and 2014 profit and loss statement, these costs were as follows:

	2015			Total
	Life technical account	Non life technical account	Non technical account	
Acquisition costs:				
- Cost allocations	28,547,744	89,607,803	-	118,155,547
- Brokerage commissions	46,977,610	121,266,690	-	168,244,300
- Other	297,903	1,136,911	-	1,434,814
	<u>75,823,257</u>	<u>212,011,404</u>	<u>-</u>	<u>287,834,661</u>
Administrative expenses:				
- Cost allocations	19,891,302	52,359,418	-	72,250,720
- Brokerage remuneration	66,807	6,224,561	-	6,291,368
- Other	456	43,253	-	43,709
	<u>19,958,565</u>	<u>58,627,232</u>	<u>-</u>	<u>78,585,797</u>
Financial expenses (Note 32):				
- Cost allocations	4,111,885	6,801,908	2,183,366	13,097,159
- Other	2,396,096	454,029	-	2,850,125
	<u>6,507,981</u>	<u>7,255,937</u>	<u>2,183,366</u>	<u>15,947,284</u>
Claims costs - amounts paid:				
- Cost allocations	6,295,487	50,154,953	-	56,450,440
- Technical costs	281,694,469	654,542,456	-	936,236,925
	<u>287,989,956</u>	<u>704,697,409</u>	<u>-</u>	<u>992,687,365</u>
Total operating costs allocations	<u>58,846,418</u>	<u>198,924,082</u>	<u>2,183,366</u>	<u>259,953,866</u>
	2014			Total
	Life technical account	Non life technical account	Non technical account	
Acquisition costs:				
- Cost allocations	28,316,161	92,135,811	-	120,451,972
- Brokerage commissions	29,638,828	109,633,232	-	139,272,060
- Other	230,933	884,581	-	1,115,514
	<u>58,185,922</u>	<u>202,653,624</u>	<u>-</u>	<u>260,839,546</u>
Administrative expenses:				
- Cost allocations	19,909,119	56,664,931	-	76,574,050
- Brokerage remuneration	68,637	5,788,347	-	5,856,984
- Other	580	49,976	-	50,556
	<u>19,978,336</u>	<u>62,503,254</u>	<u>-</u>	<u>82,481,590</u>
Financial expenses (Note 32):				
- Cost allocations	16,741,527	4,720,923	1,338,295	22,800,745
- Other	4,274,440	-	-	4,274,440
	<u>21,015,967</u>	<u>4,720,923</u>	<u>1,338,295</u>	<u>27,075,185</u>
Claims costs - amounts paid:				
- Cost allocations	7,284,595	51,911,756	-	59,196,351
- Technical costs	311,077,183	648,823,038	-	959,900,221
	<u>318,361,778</u>	<u>700,734,794</u>	<u>-</u>	<u>1,019,096,572</u>
Total operating costs allocations	<u>72,251,402</u>	<u>205,433,421</u>	<u>1,338,295</u>	<u>279,023,118</u>



29. Employee Costs

In the 2015 and 2014, this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Remuneration:		
Statutory bodies	2,827,386	1,952,798
Employees	93,577,266	89,798,572
Remuneration expenses	20,961,761	20,618,506
Post-employment benefits:		
Defined benefit	10,770,296	6,182,996
Defined contribution	1,079,556	870,022
Termination of employment benefits	7,122,549	1,379,022
Mandatory insurance	1,594,491	1,615,069
Social action costs	7,518,665	7,063,362
Other employee costs	1,065,494	1,394,831
	<u>146,517,464</u>	<u>130,875,178</u>

The existence of structures which are transversal to some of the companies in the group creates the need to allocate common costs between several companies, based on breakdown keys subordinated to the cost-benefit principle. Consequently, in the 2015 and 2014, employee costs included the impact resulting from the following movements with related entities:

	<u>2015</u>	<u>2014</u>
Expenses with Company employees performing functions for:		
Sogrupos - Sistemas de Informação, S.A.	(900,416)	(1,105,661)
GEP - Gestão de Peritagens Automóveis, S.A.	5,866	(23,430)
Multicare - Seguros de Saúde, S.A.	(2,358,068)	(3,582,664)
	<u>(3,252,618)</u>	<u>(4,711,754)</u>

In the 2015 and 2014, Fidelidade's costs with post-employment benefits were as follows:

	<u>2015</u>	<u>2014</u>
Post-employment benefits		
Defined benefit plan (Note 30)	10,335,928	6,098,368
Individual retirement Plan	1,152,615	877,667
Employee transfer	(76,975)	(7,672)
Other costs	438,284	84,655
	<u>11,849,852</u>	<u>7,053,018</u>

In 2015 and 2014, the heading "Post-employment benefits – Employee transfer" corresponds to the cost of post-employment benefits of employees of the Company who were assigned to other entities in the Group.



In 2015 and 2014, the number of employees working for the Company, by category, was as follows:

	2015	2014
Senior management	67	60
Line management	130	133
Technical	1,457	1,329
Administrative	1,025	1,220
Ancillary	15	23
	<u>2,694</u>	<u>2,765</u>

In the 2015 and 2014, the Company recognised a reversal and an increase in the estimate for seniority bonuses of EUR 96,789 and EUR 438,300, respectively. The heading “Accruals and deferred income” includes EUR 828,452 for seniority bonuses.

30. Retirement Pensions and Other Long-Term Benefits

At 31 December 2015 and 2014, 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:

	2015	2014
Assets		
Defined benefit plan	13,679,537	10,206,642
Liabilities		
Defined contribution plan	(90,121)	(925,521)
	<u>13,589,416</u>	<u>9,281,121</u>

Regarding 2015, in the “Defined Contribution Plan” the Company recorded a cost of EUR 1,458,316, with the payment of EUR 90,121 still pending, which corresponds to December 2015 contributions that were paid in January 2016.

Defined Contribution Plan

Within the scope of the new employment contract for the insurance activity, signed on 23 December 2011, all employees of working age employed as permanent staff, with employment contracts of indefinite term, covered by this CEA, are entitled to an individual retirement plan (IRP), a defined contributions plan which replaces the system of retirement pensions set out in the former collective employment agreement.

The provisions of the previous defined benefit plan apply to current employees employed permanently with contracts of indefinite term who are not covered by the collective agreement for the insurance activity signed on 23 December 2011.

In line with the rules set out in the new CEA, 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 enters retirement due to disability or old age granted by the Social Security, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Company and by the beneficiaries themselves.



In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Company's contributions to the individual retirement plan are made in line with the provisions of Annex V to the CEA, and correspond to the amount which results from applying the percentages indicated in the following table to the employee's basic annual salary:

<u>Civil year</u>	<u>IRP Contribution</u>
2012	1.00%
2013	2.25%
2014	2.50%
2015	2.75%
2016	3.00%
2017 and after	3.25%

Additionally, according with the terms of Clause 49 (1) of the New Collective Agreement, the first annual contribution to the IRP from the Company will be made:

- In 2015, for current employees admitted to the insurance activity prior to 22 June 1995;
- In 2012, for current employees admitted to the insurance activity between 22 June 1995 and 31 December 2009;
- In the year following the completion of two years of service within the Company, for employees admitted after 1 January 2010.

Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity, Fidelidade 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.

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 supplementary contributions 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 "XVIII 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 2015 and 2014, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

	<u>2015</u>	<u>2014</u>
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	2.25%	2.50%
Salary growth rate	2.00%	2.00%
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 2014 and 2013 and the actual amounts:

	<u>2015</u>		<u>2014</u>	
	<u>Assumptions</u>	<u>Real</u>	<u>Assumptions</u>	<u>Real</u>
Salary growth rate	2.00%	0.91%	2.00%	0.16%
Pensions growth rate	0.75%	0.00%	0.75%	0.00%

At 31 December 2015 and 2014, Fidelidade's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

	<u>2015</u>	<u>2014</u>
Liabilities for past services:		
Active employees	6,301,565	6,088,826
Retired and pre-retired	<u>181,856,040</u>	<u>187,345,661</u>
	<u>188,157,605</u>	<u>193,434,487</u>
Autonomous pension funds	151,192,163	149,530,102
Mathematical provisions	<u>50,644,979</u>	<u>54,111,027</u>
	<u>201,837,142</u>	<u>203,641,129</u>
Difference	<u>13,679,537</u>	<u>10,206,642</u>
Funding level	<u>107.27%</u>	<u>105.28%</u>

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 2015 and 2014, 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.

Given the current level of funding of the obligation, it is unlikely that it will be necessary to make contributions in the next year.

The Group's defined benefit pension funds have the following average durations:

- Fidelidade – Companhia de Seguros, S.A.:
 - Fidelidade's Pension Fund 8.73 years
 - Mundial Confiança's Pension Fund 7.38 years
 - Império Bonança's Pension Fund 10.02 years

At 31 December 2015 and 2014, the number of beneficiaries was as follows:

	<u>2015</u>	<u>2014</u>
Active employees	1,106	1,225
Retired and pre-retired	2,085	2,086
Annuity holders	589	621
	<u>3,780</u>	<u>3,932</u>

The movements in the pension fund and in the mathematical provisions during 2015 and 2014 were as follows:

Balances at 31 December de 2013	<u>206,767,833</u>
Contributions	11,654,803
Change in mathematical provisions	(3,213,760)
Pensions paid	(17,193,015)
(Payments)/ Receipts relating to other benefits	(822,447)
Net income of pension funds	6,447,715
Balances at 31 December 2014	<u>203,641,129</u>
Contributions	17,785,176
Change the mathematical provisions	(3,466,048)
Pensions paid	(18,322,837)
(Payments)/ Receipts relating to other benefits	(864,970)
Net income of pension funds	3,064,692
Balances at 31 December 2015	<u><u>201,837,142</u></u>

At 31 December 2015 and 2014, the Fidelidade's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..



At 31 December 2015 and 2014, the pension fund assets were composed as follows, according to the respective valuation sources:

	2015			2014		
	Market value	Other	Portfolio value	Market value	Other	Portfolio value
<u>Cash and cash equivalents</u>	40,783,467	-	40,783,467	39,912,071	-	39,912,071
<u>Equity instruments</u>	-	-	-	1,071,421	-	1,071,421
<u>Debt instruments</u>						
Public debt	4,295,171	-	4,295,171	20,126,366	-	20,126,366
Other issuers	-	-	-	52,467,191	-	52,467,191
	<u>4,295,171</u>	<u>-</u>	<u>4,295,171</u>	<u>72,593,557</u>	<u>-</u>	<u>72,593,557</u>
<u>Real Estate</u>	-	-	-	-	10,814,100	10,814,100
<u>Investment funds</u>						
National shares	597,855	-	597,855	-	-	-
European shares	2,614,508	-	2,614,508	1,686,372	-	1,686,372
Real Estate	12,682,271	2,299,686	14,981,957	3,932,217	-	3,932,217
Bonds						
Public debt	19,573,182	-	19,573,182	13,874,597	-	13,874,597
Other issuers	67,738,200	-	67,738,200	4,039,072	-	4,039,072
Hedge funds	576,717	-	576,717	-	-	-
Treasury	-	-	-	1,606,695	-	1,606,695
	<u>103,782,733</u>	<u>2,299,686</u>	<u>106,082,419</u>	<u>25,138,953</u>	<u>-</u>	<u>25,138,953</u>
<u>Others</u>	31,107	-	31,107	-	-	-
	<u>148,892,478</u>	<u>2,299,686</u>	<u>151,192,163</u>	<u>138,716,002</u>	<u>10,814,100</u>	<u>149,530,102</u>

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

	2015	2014
<u>Cash and cash equivalents</u>	31,906,566	39,912,071
<u>Debt instruments</u>	-	10,744,926
<u>Investment funds</u>		
National shares	597,855	-
Real estate	2,299,684	2,082,715
Bonds		
Other issuers	12,767,171	-
Treasury	-	1,606,695
	<u>15,664,710</u>	<u>3,689,410</u>
	<u>47,571,275</u>	<u>54,346,407</u>



The change in the difference between the Company's liabilities for past service and the respective cover, and the corresponding impact on the financial statements at 31 December 2015 and 2014, can be demonstrated as follows:

	Liabilities	Cover	Difference
Position at 31 December 2013	201,652,801	206,767,833	5,115,032
Impact of the change in retirement age	(8,512,881)	-	8,512,881
Current services expenses	93,687	-	(93,687)
Net defined benefit interest	4,452,652	4,929,629	476,977
Normal cost for the year	4,546,339	4,929,629	383,290
Increased liabilities for early retirements	5,659,214	-	(5,659,214)
Other changes in the income statement	-	(822,444)	(822,444)
Changes having an impact in the income statement (Note 29)	10,205,553	4,107,185	(6,098,368)
Actuarial gains and losses:			
Return on plan assets, not included in interest income	-	1,518,083	1,518,083
resulting from changes in financial assumptions	10,895,718	-	(10,895,718)
resulting from differences between assumptions and actual amounts	(399,929)	-	399,929
Changes with an impact on shareholders' equity	10,495,789	1,518,083	(8,977,706)
Contributions to the plan:			
paid by entity	-	11,654,803	11,654,803
Change in mathematical provisions	(3,213,760)	(3,213,760)	-
Payment made by the plan:			
Pensions paid	(17,193,015)	(17,193,015)	-
Position at 31 December 2014	193,434,487	203,641,129	10,206,642
Current services expenses	107,997	-	(107,997)
Net defined benefit interest	3,254,051	3,509,216	255,165
Normal cost for the year	3,362,048	3,509,216	147,168
Increased liabilities for early retirements	9,618,124	-	(9,618,124)
Other changes in the income statement	-	(864,972)	(864,972)
Changes having an impact in the income statement (Note 29)	12,980,172	2,644,244	(10,335,928)
Actuarial gains and losses:			
Return on plan assets, not included in interest income	-	(444,522)	(444,522)
resulting from changes in financial assumptions	3,033,125	-	(3,033,125)
resulting from differences between assumptions and actual amounts	498,706	-	(498,706)
Changes with an impact on shareholders' equity	3,531,831	(444,522)	(3,976,353)
Contributions to the plan:			
paid by entity	-	17,785,176	17,785,176
Change in mathematical provisions	(3,466,048)	(3,466,048)	-
Payment made by the plan:			
Pensions paid	(18,322,837)	(18,322,837)	-
Position at 31 December 2015	188,157,605	201,837,142	13,679,537



Medical Assistance

The Company supports 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 2015 and 2014, these liabilities totalled EUR 22,191,389 and EUR 22,021,108, respectively, and were covered by provisions (Note 22). The actuarial deviations determined at 31 December 2015 and 2014 relating to this benefit amounted to EUR 958,227 and EUR (133,395), 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 2015, the sensitivity of the defined benefit liabilities assumed by the Company, due to significant variations in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios		2015	A	B	C
Financial Assumptions					
	Discount Rate	2.25%	2.75%	1.75%	2.25%
	Salary Growth Rate	2.00%	2.00%	2.00%	2.00%
	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
Liabilities at 31-12-2015					
Scenarios		2015	A	B	C
Retirees	Old age	58,268,423	55,975,470	60,732,769	63,421,036
	Early retirement	15,858,790	15,144,318	16,629,700	17,014,141
	Disability	14,461,614	13,583,596	15,433,260	15,122,364
Pensioners	Widow/Widower	4,075,743	3,903,053	4,262,911	4,095,264
	Orphan	151,541	139,571	165,287	152,472
Pre-retired	Pension up to Retirement Age	29,522,211	29,152,149	29,901,780	29,620,389
	Costs up to Retirement Age	5,063,126	4,995,158	5,132,883	5,081,467
	Pension after Retirement Age				
	> CEA Plan	3,537,850	3,381,827	3,709,040	3,777,593
	> Complementary Plan	271,764	251,654	294,134	278,434
Active employees	CEA Plan	2,816,901	2,598,438	3,068,465	3,015,116
	Complementary Plan	3,484,663	3,051,364	3,991,947	3,692,348
Totals		137,512,626	132,176,598	143,322,176	145,270,624

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 50,644,979.



31. Income

In the 2015 and 2014, the investment income headings were composed as follows:

	2015				2014			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investment allocated to technical provisions for life insurance:								
Financial assets initially recognised at fair value through profit or loss	55,362	-	-	55,362	12,405	-	-	12,405
Available-for-sale investments	44,841,108	7,068,334	-	51,909,442	41,391,333	12,210,439	-	53,601,772
Loans and accounts receivable	6,529,125	-	-	6,529,125	3,588,793	-	-	3,588,793
Held-to-maturity investments	-	-	-	-	366,078	-	-	366,078
Sight deposits in credit institutions	74,933	-	-	74,933	15,163	-	-	15,163
	51,500,528	7,068,334	-	58,568,862	45,373,772	12,210,439	-	57,584,211
Investments related to contracts considered to be investment contracts for accounting purposes:								
Investments in subsidiaries, associates and joint ventures	-	732,472	-	732,472	-	-	-	-
Financial assets held for trading	(1,393,936)	-	-	(1,393,936)	(439,241)	-	-	(439,241)
Financial assets initially recognised at fair value through profit or loss	28,004,652	181,991	-	28,186,643	29,939,632	173,084	-	30,112,716
Available-for-sale investments	207,664,995	23,502,287	-	231,167,281	147,397,093	2,044,612	-	149,441,705
Loans and accounts receivable	4,225,264	-	-	4,225,264	8,043,812	-	-	8,043,812
Held-to-maturity investments	-	-	-	-	28,655,864	-	-	28,655,864
Sight deposits in credit institutions	179,335	-	-	179,335	187,529	-	-	187,529
	238,680,309	24,416,750	-	263,097,059	213,784,689	2,217,696	-	216,002,385
	290,180,837	31,485,084	-	321,665,921	259,158,461	14,428,135	-	273,586,596
Investments allocated to technical provisions for non-life insurance areas:								
Properties	-	-	18,302,839	18,302,839	-	-	18,243,103	18,243,103
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	3,935,210	-	3,935,210
Financial assets initially recognised at fair value through profit or loss	1,445,438	-	-	1,445,438	499,904	-	-	499,904
Available-for-sale investments	29,174,152	10,891,464	-	40,065,616	20,734,035	7,039,366	-	27,773,401
Loans and accounts receivable	1,038,555	-	-	1,038,555	2,287,873	-	-	2,287,873
Held-to-maturity investments	-	-	-	-	5,101,156	-	-	5,101,156
Sight deposits in credit institutions	10,289	-	-	10,289	30,228	-	-	30,228
	31,668,434	10,891,464	18,302,839	60,862,737	28,653,196	10,974,576	18,243,103	57,870,875
Investments not allocated:								
Properties	-	-	2,532,728	2,532,728	-	-	2,637,663	2,637,663
Investments in subsidiaries, associates and joint ventures	-	830,053	-	830,053	-	967,858	-	967,858
Financial assets held for trading	(1,128)	-	-	(1,128)	(39,728)	-	-	(39,728)
Financial assets initially recognised at fair value through profit or loss	56,160	-	-	56,160	89,888	-	-	89,888
Available-for-sale investments	4,039,706	1,113,095	-	5,152,801	14,876,296	2,123,219	-	16,999,515
Loans and accounts receivable	1,079,801	-	-	1,079,801	818,410	-	-	818,410
Held-to-maturity investments	-	-	-	-	3,115,700	-	-	3,115,700
Sight deposits in credit institutions	3,723	-	-	3,723	96,433	-	-	96,433
	5,178,262	1,943,148	2,532,728	9,654,138	18,956,999	3,091,077	2,637,663	24,685,739
	327,027,533	44,319,696	20,835,567	392,182,796	306,768,656	28,493,788	20,880,766	356,143,210



32. Financial Expenses

In the 2015 and 2014, the financial expenses headings were composed as follows:

	2015				2014			
	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 28):								
Costs allocated	4,111,886	6,801,907	2,183,366	13,097,159	16,741,527	4,720,923	1,338,295	22,800,745
Other Investment expenses	2,396,095	454,030	-	2,850,125	4,274,440	-	-	4,274,440
	<u>6,507,981</u>	<u>7,255,937</u>	<u>2,183,366</u>	<u>15,947,284</u>	<u>21,015,967</u>	<u>4,720,923</u>	<u>1,338,295</u>	<u>27,075,185</u>

33. Net Income on Financial Assets and Liabilities not Recognised at Fair Value Through Profit or Loss

In the 2015 and 2014, these headings were composed as follows:

	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Allocated to technical provisions for life insurance:						
Available-for-sale investments	69,102,039	(3,139,736)	65,962,303	49,801,054	(1,782,022)	48,019,032
	<u>69,102,039</u>	<u>(3,139,736)</u>	<u>65,962,303</u>	<u>49,801,054</u>	<u>(1,782,022)</u>	<u>48,019,032</u>
Investments related to contracts considered to be investment contracts for accounting purposes:						
Available-for-sale investments	344,052,783	(109,071,621)	234,981,162	193,252,857	(286,232)	192,966,625
Financial liabilities at amortized cost	108,274	(187,659,915)	(187,551,641)	41,444	(185,952,635)	(185,911,191)
	<u>344,161,057</u>	<u>(296,731,536)</u>	<u>47,429,521</u>	<u>193,294,301</u>	<u>(186,238,867)</u>	<u>7,055,434</u>
Investments allocated to technical provisions for non-life insurance:						
Available-for-sale investments	55,873,139	(8,111,447)	47,761,692	70,064,926	(1,180,888)	68,884,038
	<u>55,873,139</u>	<u>(8,111,447)</u>	<u>47,761,692</u>	<u>70,064,926</u>	<u>(1,180,888)</u>	<u>68,884,038</u>
Investments not allocated:						
Investments in subsidiaries, associates and joint ventures	-	(32)	(32)	-	-	-
Available-for-sale investments	4,856,544	(135,232)	4,721,312	2,785,917	(96,789)	2,689,128
	<u>4,856,544</u>	<u>(135,264)</u>	<u>4,721,280</u>	<u>2,785,917</u>	<u>(96,789)</u>	<u>2,689,128</u>
	<u>473,992,779</u>	<u>(308,117,983)</u>	<u>165,874,796</u>	<u>315,946,198</u>	<u>(189,298,566)</u>	<u>126,647,632</u>



34. Net Income on Financial Assets and Liabilities Recognised at Fair Value Through Profit or Loss

In the 2015 and 2014, these headings were composed as follows:

Realised gains and losses	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance:						
Financial assets initially recognised at fair value through profit or loss	-	(17,931)	(17,931)	-	(17,775)	(17,775)
	-	(17,931)	(17,931)	-	(17,775)	(17,775)
Investments related to contracts considered to be investment contracts for accounting purposes:						
Financial assets initially recognised at fair value through profit or loss	6,460,844	(4,720,254)	1,740,590	1,200,623	(2,976,567)	(1,775,944)
	6,460,844	(4,720,254)	1,740,590	1,200,623	(2,976,567)	(1,775,944)
	6,460,844	(4,738,185)	1,722,659	1,200,623	(2,994,342)	(1,793,719)
Investments allocated to technical provisions for non-life insurance:						
Financial assets initially recognised at fair value through profit or loss	9,513,605	(77,343)	9,436,262	-	(61,495)	(61,495)
	9,513,605	(77,343)	9,436,262	-	(61,495)	(61,495)
Investments not allocated:						
Financial assets held for trading	-	-	-	1,966	(26,149)	(24,183)
Financial assets initially recognised at fair value through profit or loss	147,350	(834)	146,516	-	(862)	(862)
	147,350	(834)	146,516	1,966	(27,011)	(25,045)
	16,121,799	(4,816,362)	11,305,437	1,202,589	(3,082,848)	(1,880,259)



35. Exchange Differences

In the 2015 and 2014, this heading was composed as follows:

	<u>2015</u>	<u>2014</u>
Investments allocated to technical provisions for life insurance:		
Financial assets initially recognised at fair value through profit or loss	(255,290)	-
Available-for-sale investments	6,112,499	354,309
Loans and accounts receivable	2,262,421	2,315,823
Sight Deposits in Credit Institutions	1,244,251	376,531
Other	<u>629</u>	<u>2,245</u>
	<u>9,364,510</u>	<u>3,048,908</u>
Investments related to contracts considered for accounting purposes as investment contracts:		
Financial assets initially recognised at fair value through profit or loss	12,784,221	1,964,153
Available-for-sale investments	19,367,695	391,287
Loans and accounts receivable	955,274	-
Sight Deposits in Credit Institutions	3,048,332	1,781,270
Other	<u>107</u>	<u>18</u>
	<u>36,155,629</u>	<u>4,136,728</u>
	<u>45,520,139</u>	<u>7,185,636</u>
Investments allocated to technical provisions for non-life insurance areas:		
Financial assets initially recognised at fair value through profit or loss	2,738,194	6,999,809
Available-for-sale investments	4,198,551	748,299
Sight Deposits in Credit Institutions	(392,643)	(1,082,296)
Loans and accounts receivable	1,580,987	1,550,708
Other	<u>202</u>	<u>(50)</u>
	<u>8,125,291</u>	<u>8,216,470</u>
Investments not allocated:		
Financial assets initially recognised at fair value through profit or loss	146,797	72,779
Available-for-sale investments	890	2,194
Sight Deposits in Credit Institutions	(7,967,977)	(401,216)
Other	<u>41</u>	<u>4</u>
	<u>(7,820,249)</u>	<u>(326,239)</u>
	<u>45,825,181</u>	<u>15,075,867</u>



36. 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 the 2015 and 2014, this heading was composed as follows:

Realised gains and losses	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance:						
Properties for own use	3,496	-	3,496	-	-	-
Investment properties	1,474,910	-	1,474,910	-	-	-
	<u>1,478,406</u>	<u>-</u>	<u>1,478,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrealised gains and losses	2015			2014		
	Gains	Losses	Net (Note 9)	Gains	Losses	Net (Note 9)
Investments allocated to technical provisions for life insurance:						
Investments in associates and joint ventures	-	-	-	2,024	-	2,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Investments allocated to technical provisions for non-life insurance:						
Investment properties	34,224,307	(15,757,828)	18,466,479	8,475,429	(8,268,463)	206,966
	<u>34,224,307</u>	<u>(15,757,828)</u>	<u>18,466,479</u>	<u>8,475,429</u>	<u>(8,268,463)</u>	<u>206,966</u>
Investments not allocated:						
Investment properties	2,337,721	(2,725,134)	(387,413)	1,909,400	(2,671,337)	(761,937)
	<u>2,337,721</u>	<u>(2,725,134)</u>	<u>(387,413)</u>	<u>1,909,400</u>	<u>(2,671,337)</u>	<u>(761,937)</u>
	<u>36,562,028</u>	<u>(18,482,962)</u>	<u>18,079,066</u>	<u>10,386,853</u>	<u>(10,939,800)</u>	<u>(552,947)</u>
Total	2015			2014		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance:						
Investments in associates and joint ventures	-	-	-	2,024	-	2,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Investments allocated to technical provisions for non-life insurance:						
Properties for own use	3,496	-	3,496	-	-	-
Investment properties	35,699,217	(15,757,828)	19,941,389	8,475,429	(8,268,463)	206,966
	<u>35,702,713</u>	<u>(15,757,828)</u>	<u>19,944,885</u>	<u>8,475,429</u>	<u>(8,268,463)</u>	<u>206,966</u>
Investments not allocated:						
Investment properties	2,337,721	(2,725,134)	(387,413)	1,909,400	(2,671,337)	(761,937)
	<u>2,337,721</u>	<u>(2,725,134)</u>	<u>(387,413)</u>	<u>1,909,400</u>	<u>(2,671,337)</u>	<u>(761,937)</u>
	<u>38,040,434</u>	<u>(18,482,962)</u>	<u>19,557,472</u>	<u>10,386,853</u>	<u>(10,939,800)</u>	<u>(552,947)</u>



37. Impairment Losses (Net of Reversal)

The movement in impairment losses in the 2015 and 2014 was as follows:

	2015				Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	
Impairment on equity investments in subsidiaries (Note 4)	11,970,061	12,269,379	(422,793)	-	23,816,647
Impairment on equity investments in associated companies (Note 4)	1,753,541	773,402	-	-	2,526,943
Impairment on available-for-sale investments (Note 7):					
Debt instruments	47,930,890	70,808,429	-	-	118,739,319
Capital instruments	54,836,667	141,202,802	-	(54,232,280)	141,807,189
Other instruments	74,987,041	4,082,353	-	(12,752,140)	66,317,254
Impairment on loans and accounts receivable (Note 8)	1,449,890	-	(496,537)	-	953,353
Impairment on property for own use (Note 9)	9,183,321	2,573,328	(1,381,382)	(1,956,328)	8,418,939
Adjustments to premiums pending collection (Note 14)	9,055,886	-	987,624	(616,957)	9,426,553
Value adjustments - IFAP (Note 14)	650,826	-	(226,191)	-	424,635
Adjustments for doubtful debts (Note 14)	68,716,153	(34,620,418)	-	(299)	34,095,436
	<u>280,534,276</u>	<u>197,089,275</u>	<u>(1,539,279)</u>	<u>(69,558,004)</u>	<u>406,526,268</u>

	2014				Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	
Impairment on equity investments in subsidiaries (Note 4)	11,937,638	32,423	-	-	11,970,061
Impairment on equity investments in associated companies (Note 4)	1,401,307	352,234	-	-	1,753,541
Impairment on available-for-sale investments (Note 7):					
Debt instruments	2,951,068	44,979,822	-	-	47,930,890
Capital instruments	87,135,361	6,020,375	-	(38,319,069)	54,836,667
Other instruments	93,277,897	7,344,582	-	(25,635,438)	74,987,041
Impairment on loans and accounts receivable (Note 8)	-	1,449,890	-	-	1,449,890
Impairment on property for own use (Note 9)	9,201,897	310,591	(329,167)	-	9,183,321
Adjustments to premiums pending collection (Note 14)	11,659,524	-	(2,603,638)	-	9,055,886
Value adjustments - IFAP (Note 14)	4,529,028	-	(3,878,202)	-	650,826
Adjustments for doubtful debts (Note 14)	48,649,238	20,066,915	-	-	68,716,153
	<u>270,742,958</u>	<u>80,556,832</u>	<u>(6,811,007)</u>	<u>(63,954,507)</u>	<u>280,534,276</u>

In the 2015 and 2014, the heading “Impairment losses (net of reversal)” includes costs with allocations of “Other provisions” in the amount of EUR 6,453,883 and EUR 21,065,833 respectively.



38. Other Technical Income / Expenses, Net of Reinsurance

In 2015 and 2014, this heading was composed as follows:

	2015			2014		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance:						
- Co-insurance management commissions	15,513	(19,710)	(4,197)	19,662	(11,536)	8,126
- Pension fund management commissions	534,654	-	534,654	397,553	-	397,553
- Other	13,183	(10,954)	2,229	17,461	(12,291)	5,170
	<u>563,350</u>	<u>(30,664)</u>	<u>532,686</u>	<u>434,676</u>	<u>(23,827)</u>	<u>410,849</u>
Related to non-life insurance:						
- Co-insurance management commissions	837,706	(406,759)	430,947	795,977	(131,493)	664,484
- Other	1,276,426	(424,194)	852,232	1,536,441	(1,717)	1,534,724
	<u>2,114,132</u>	<u>(830,953)</u>	<u>1,283,179</u>	<u>2,332,418</u>	<u>(133,210)</u>	<u>2,199,208</u>
	<u>2,677,482</u>	<u>(861,617)</u>	<u>1,815,865</u>	<u>2,767,094</u>	<u>(157,037)</u>	<u>2,610,057</u>



39. Other Income / Expenses

In 2015 and 2014, this heading was composed as follows:

	2015	2014
Non-current income and gains:		
Tax rebates	4,511,201	895,080
Other	98,733	5,897
	<u>4,609,934</u>	<u>900,977</u>
Financial income and gains:		
Interest obtained	385,608	1,086,403
Exchange rate gains	10,413,103	6,634,910
Cash discounts	3,227	1,426
Other financial income and gains	129,645	232,745
	<u>10,931,583</u>	<u>7,955,484</u>
Income from other assets:		
Gains on other tangible assets	6,391	5,064
	<u>6,391</u>	<u>5,064</u>
Pension funds management fees (Macao Branch Life)	12,657	13,469
Other Gains	-	55,283
	<u>12,657</u>	<u>68,752</u>
Other non-technical income:		
Adjustments to balances	182,930	832,467
Provisions of services	-	733,523
	<u>182,930</u>	<u>1,565,990</u>
Non-current expenses and losses:		
Donations	(5,051)	(19,016)
Sponsorship	(430,978)	(488,264)
Gifts to clients	(5,641)	(1,849)
Fines and penalties	(26,535)	95,122
Miscellaneous contributions	(73,909)	(50,922)
Other expenses:		
Insufficient tax estimate	(1,301,256)	(1,178)
Corrections to previous years	(27,007)	(11,824)
Bad debts	(1,655,232)	(2,446,374)
Adjustments to balances	62,531	(571,838)
Other	(26,998)	(557,110)
	<u>(3,490,076)</u>	<u>(4,053,253)</u>
Financial expenses and losses:		
Interest paid	76,787	(261,373)
Exchange rate losses	(8,602,588)	(4,333,406)
Banking services	(199,523)	(174,392)
Other financial expenses and losses	(53,560)	(137,925)
	<u>(8,778,884)</u>	<u>(4,907,096)</u>
Losses in other assets:		
Losses on intangible assets	(9,361)	-
Losses in other tangible assets	(64,189)	-
	<u>(73,550)</u>	<u>-</u>
	<u>3,400,985</u>	<u>1,535,918</u>



40. Segment Reporting

The Company determines and 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
- Rest of the European Union
- Rest of the World



The distribution of income by lines of business and geographical markets in the 2015 and 2014 was as follows:

2015

	Insurance Companies Segment			
	Life	Non-life	Not Allocated	Total
Income				
Gross Premiums	296,143,907	1,052,215,116	-	1,348,359,023
Earned Premiums	295,862,587	1,045,634,836	-	1,341,497,423
Claims rate	(282,501,193)	(644,228,635)	-	(926,729,828)
Commissions and Remuneration on Acquisition	(44,956,733)	(121,173,492)	-	(166,130,225)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	5,418,654	(7,918,546)	-	(2,499,892)
Income from Reinsurance Accepted, Ceded and Retroceded	(2,806,962)	(117,067,029)	-	(119,873,991)
Income, Expenses and Realised Gains	633,625,761	125,797,867	14,517,594	773,941,222
Unrealised Gains and Impairment	(165,296,835)	(22,898,773)	24,342,924	(163,852,684)
Gains and Losses on Financial Liabilities	(195,561,904)	-	-	(195,561,904)
Costs by Type	(58,846,418)	(198,924,083)	(2,183,365)	(259,953,866)
Other Costs and Income	(74,367)	200,759	3,274,857	3,401,249
Income Tax	(37,594,504)	(37,829,684)	(951,099)	(76,375,287)
	147,268,086	21,593,220	39,000,911	207,862,217
Assets				
Investments allocated to technical provisions	1,922,625,900	1,905,970,633	191,756,687	4,020,353,220
Financial assets allocated to Unit-linked insurance	547,288,997	-	-	547,288,997
Financial assets allocated to other investment contracts	7,141,300,105	-	-	7,141,300,105
Technical Provisions of reinsurance ceded	22,800,329	194,250,826	-	217,051,155
Policyholders, Brokers and Co-insurers	30,149,649	79,497,722	-	109,647,371
Reinsured and Reinsurers	1,298,311	13,678,373	-	14,976,684
Other Debtors and Creditors	2,415,873	113,466	37,179,965	39,709,304
Current Taxes	963,244	74,612	31,870	1,069,726
Deferred Taxes	139,858,455	74,139,252	40,230,798	254,228,505
Tangible and Intangible Assets (Net)	6,053,731	20,366,877	275,734	26,696,342
Accruals and Deferrals	13,178,755	2,033,443	5,169,025	20,381,223
Cash balances	1,317,923,251	106,971,027	405,982,011	1,830,876,289
	11,145,856,600	2,397,096,231	680,626,090	14,223,578,921
Liabilities				
Provisions for Unearned Premiums	1,796,858	235,029,912	-	236,826,770
Mathematical Provision	1,632,603,560	-	-	1,632,603,560
Provision for Profit Sharing	68,763,675	1,764	-	68,765,439
Claims Provision	124,609,449	1,548,693,485	-	1,673,302,934
Other Technical Provisions	30,898,692	81,199,025	-	112,097,717
Financial Liabilities on Unit-linked insurance	573,049,423	-	-	573,049,423
Financial Liabilities on other investment contracts	7,502,593,807	-	-	7,502,593,807
Policyholders, Brokers and Co-insurers	23,496,849	41,576,045	-	65,072,894
Reinsured and Reinsurers	4,799,532	33,402,043	-	38,201,575
Other Debtors and Creditors	4,786,225	728,975	10,682,462	16,197,662
Current Taxes	17,188,586	33,804,946	6,647,769	57,641,301
Deferred Taxes	82,786,923	32,388,088	2,319,171	117,494,182
Other Financial Liabilities	25,087,406	102,850,374	110,076	128,047,856
Other provisions	-	47,036,302	107,507,566	154,543,868
Accruals and Deferrals	31,486,077	42,207,925	2,748,137	76,442,139
	10,123,947,062	2,198,918,884	130,015,181	12,452,881,127
			Total Segments	1,562,835,577
			Shareholders' equity, reserves and retained earnings	1,562,835,577



(Amounts in euros except when expressly indicated otherwise)

2015

	Life			Total
	Risk	Capitalisation with Profit Sharing	Financial liabilities	
Income				
Gross Premiums	197,020,284	99,123,623	-	296,143,907
Earned Premiums	196,698,076	99,164,511	-	295,862,587
Claims rate	(96,709,402)	(185,791,791)	-	(282,501,193)
Commissions and Remuneration on Acquisition	(13,898,692)	(2,339,502)	(28,718,539)	(44,956,733)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(11,109,430)	16,528,300	(216)	5,418,654
Income from Reinsurance Accepted, Ceded and Retroceded	(2,805,074)	(1,888)	-	(2,806,962)
Income, Expenses and Realised Gains	49,383,546	79,120,412	505,121,803	633,625,761
Unrealised Gains and Impairment	(3,823,410)	(6,788,050)	(154,685,375)	(165,296,835)
Gains and Losses on Financial Liabilities	-	-	(195,561,904)	(195,561,904)
Costs by Type	(22,052,693)	(10,572,124)	(26,221,601)	(58,846,418)
Other Costs and Income	1,871	(76,184)	(54)	(74,367)
Income Tax	(17,331,697)	(144,456)	(20,118,351)	(37,594,504)
	78,353,095	(10,900,772)	79,815,763	147,268,086
Assets				
Investments allocated to technical provisions	373,365,353	1,549,260,547	-	1,922,625,900
Financial assets allocated to Unit-linked insurance	-	-	547,288,997	547,288,997
Financial assets allocated to other investment contracts	-	-	7,141,300,105	7,141,300,105
Technical Provisions of reinsurance ceded	22,800,329	-	-	22,800,329
Policyholders, Brokers and Co-insurers	4,506,569	2,614,779	23,028,301	30,149,649
Reinsured and Reinsurers	1,296,823	1,488	-	1,298,311
Other Debtors and Creditors	-	69,348	2,346,525	2,415,873
Current Taxes	23,167	940,075	2	963,244
Deferred Taxes	15,035,178	15,746	124,807,531	139,858,455
Tangible and Intangible Assets (Net)	2,498,992	944,051	2,610,688	6,053,731
Accruals and Deferrals	249,623	310,808	12,618,324	13,178,755
Cash balances	33,038,534	120,261,980	1,164,622,737	1,317,923,251
	452,814,568	1,674,418,822	9,018,623,210	11,145,856,600
Liabilities				
Provisions for Unearned Premiums	1,784,898	11,960	-	1,796,858
Mathematical Provision	235,609,699	1,396,993,861	-	1,632,603,560
Provision for Profit Sharing	30,915,804	37,847,871	-	68,763,675
Claims Provision	104,451,604	20,157,845	-	124,609,449
Other Technical Provisions	25,272,158	5,626,534	-	30,898,692
Financial Liabilities on Unit-linked insurance	-	-	573,049,423	573,049,423
Financial Liabilities on other investment contracts	-	-	7,502,593,807	7,502,593,807
Policyholders, Brokers and Co-insurers	3,815,146	4,225,471	15,456,232	23,496,849
Reinsured and Reinsurers	4,799,532	-	-	4,799,532
Other Debtors and Creditors	347,977	3,364,824	1,073,424	4,786,225
Current Taxes	7,145,263	2,222,658	7,820,665	17,188,586
Deferred Taxes	4,073,601	48,403	78,664,919	82,786,923
Other Financial Liabilities	5,050,621	2,672,231	17,364,554	25,087,406
Accruals and Deferrals	4,322,097	2,743,109	24,420,871	31,486,077
	427,588,400	1,475,914,767	8,220,443,895	10,123,947,062



2015

	Non-life							Total
	Workers' Compensation	Health	Property	Motor	Transported Goods	Third Party Liability	Other	
Income								
Gross Premiums	134,986,602	205,058,305	253,614,145	382,705,627	17,237,504	32,137,162	26,475,771	1,052,215,116
Earned Premiums	134,467,250	204,599,377	253,234,785	377,758,255	17,999,816	31,933,283	25,642,070	1,045,634,836
Claims rate	(136,595,285)	(158,993,917)	(104,670,756)	(220,571,388)	(3,039,478)	(5,171,670)	(15,186,141)	(644,228,635)
Commissions and Remuneration on Acquisition	(13,914,637)	(18,011,940)	(32,685,166)	(48,464,418)	(1,036,497)	(3,578,754)	(3,482,080)	(121,173,492)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(2,969,788)	(1,020,141)	(810,892)	(2,052,769)	(103,773)	(734,584)	(226,599)	(7,918,546)
Income from Reinsurance Accepted, Ceded and Retroceded	(6,058,419)	(20,958,962)	(43,881,300)	(23,315,402)	(10,460,650)	(8,219,640)	(4,172,656)	(117,067,029)
Income, Expenses and Realised Gains	47,772,496	5,108,325	15,561,708	44,265,944	3,008,596	8,487,018	1,593,780	125,797,867
Unrealised Gains and Impairment	(5,246,469)	(954,397)	(3,132,354)	(10,205,739)	(745,314)	(2,021,554)	(592,946)	(22,898,773)
Costs by Type	(32,117,357)	(13,027,908)	(56,896,114)	(78,344,678)	(2,663,514)	(7,726,366)	(8,148,146)	(198,924,083)
Other Costs and Income	37,407	1,942	86,801	34,953	7,168	19,441	13,047	200,759
Income Tax	(2,769,601)	(1,485,774)	(11,436,745)	(17,841,133)	(872,191)	(3,044,217)	(380,023)	(37,829,684)
	(17,394,403)	(4,743,395)	15,369,967	21,263,625	2,094,163	9,942,957	(4,939,694)	21,593,220
Assets								
Investments allocated to technical provisions	817,196,201	77,627,002	214,976,799	654,106,239	13,253,786	101,034,168	27,776,438	1,905,970,633
Technical Provisions of reinsurance ceded	399,817	71,025,743	62,654,182	20,463,667	6,185,017	23,482,436	10,039,964	194,250,826
Policyholders, Brokers and Co-insurers	17,814,461	7,148,846	28,846,609	18,319,137	1,723,856	3,854,811	1,790,002	79,497,722
Reinsured and Reinsurers	251,851	147,744	8,159,055	1,257,913	26,249	1,795,735	2,039,827	13,678,374
Other Debtors and Creditors	-	14,431	36,692	40,557	28	17,619	4,139	113,466
Current Taxes	-	74	72,936	-	224	661	717	74,612
Deferred Taxes	16,299,744	3,440,423	14,803,642	32,237,871	1,015,370	5,324,301	1,017,901	74,139,252
Tangible and Intangible Assets (Net)	2,595,505	1,394,323	5,212,550	8,827,496	149,343	1,097,978	1,089,682	20,366,877
Accruals and Deferrals	274,450	186,109	530,709	844,870	16,394	80,371	100,540	2,033,443
Cash balances	55,090,645	3,576,044	10,714,715	30,533,995	598,474	4,706,907	1,750,247	106,971,027
	909,922,674	164,560,739	346,007,889	766,631,745	22,968,741	141,394,987	45,609,457	2,397,096,232
Liabilities								
Provisions for Unearned Premiums	9,968,818	19,494,707	74,636,893	115,759,728	1,667,479	7,454,157	6,048,130	235,029,912
Provision for Profit Sharing	-	-	-	-	-	-	1,764	1,764
Claims Provision	782,022,044	49,050,841	112,064,460	462,712,425	12,315,164	108,073,081	22,455,470	1,548,693,485
Other Technical Provisions	25,113,465	3,669,909	25,586,067	25,425,770	39,286	1,097,937	266,591	81,199,025
Policyholders, Brokers and Co-insurers	7,790,062	6,448,388	13,971,921	8,652,393	1,084,587	2,855,479	773,215	41,576,045
Reinsured and Reinsurers	910,818	7,392,285	7,764,127	5,076,141	185,399	2,527,679	9,545,594	33,402,043
Other Debtors and Creditors	728,975	-	-	-	-	-	-	728,975
Current Taxes	5,772,868	2,165,755	9,223,578	14,369,605	444,534	1,419,583	409,023	33,804,946
Deferred Taxes	15,536,910	1,161,027	3,018,945	10,689,502	192,598	1,442,991	346,115	32,388,088
Other Financial Liabilities	1,946,637	70,524,190	16,356,595	3,246,120	1,270,831	1,050,509	8,455,492	102,850,374
Other provisions	47,036,302	-	-	-	-	-	-	47,036,302
Accruals and Deferrals	6,739,164	3,287,324	10,995,037	17,614,274	574,481	1,518,245	1,479,400	42,207,925
	903,566,063	163,194,426	273,617,623	663,545,958	17,774,359	127,439,661	49,780,794	2,198,918,884



(Amounts in euros except when expressly indicated otherwise)

2014

	Insurance Companies Segment			
	Life	Non-life	Not Allocated	Total
Income				
Gross Premiums	281,169,914	988,331,256	-	1,269,501,170
Earned Premiums	281,155,883	995,646,544	-	1,276,802,427
Claims rate	(326,396,764)	(578,575,107)	-	(904,971,871)
Commissions and Remuneration on Acquisition	(27,794,139)	(107,243,909)	-	(135,038,048)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	75,766,948	(22,201,746)	-	53,565,202
Income from Reinsurance Accepted, Ceded and Retroceded	(4,744,288)	(141,729,157)	-	(146,473,445)
Income, Expenses and Realised Gains	509,227,453	127,388,346	27,352,208	663,968,007
Unrealised Gains and Impairment	10,967,787	(7,135,862)	(40,998,415)	(37,166,490)
Gains and Losses on Financial Liabilities	(249,960,322)	-	-	(249,960,322)
Costs by Type	(72,251,402)	(205,433,421)	(1,338,295)	(279,023,118)
Other Costs and Income	(144,060)	211,531	1,468,447	1,535,918
Income Tax	(39,765,852)	(40,712,534)	(3,651,844)	(84,130,230)
	156,061,244	20,214,685	(17,167,899)	159,108,030
Assets				
Investments allocated to technical provisions	1,908,679,325	1,972,283,775	514,381,966	4,395,345,066
Financial assets allocated to Unit-linked insurance	683,905,528	-	-	683,905,528
Financial assets allocated to other investment contracts	7,345,020,601	-	-	7,345,020,601
Technical Provisions of reinsurance ceded	19,263,416	203,087,300	-	222,350,716
Policyholders, Brokers and Co-insurers	26,620,491	75,188,703	-	101,809,194
Reinsured and Reinsurers	695,137	11,438,367	-	12,133,504
Other Debtors and Creditors	311,478,934	18,034,775	129,306,035	458,819,744
Current Taxes	1,840,427	11,671	51,849	1,903,947
Deferred Taxes	72,430,978	73,990,866	6,634,717	153,056,561
Tangible and Intangible Assets (Net)	6,546,286	21,685,111	233,326	28,464,723
Accruals and Deferrals	10,416,055	1,977,959	6,867,109	19,261,123
Cash balances	262,990,194	36,424,682	10,849,900	310,264,776
	10,649,887,372	2,414,123,209	668,324,902	13,732,335,483
Liabilities				
Provisions for Unearned Premiums	1,515,796	237,765,820	-	239,281,616
Mathematical Provision	1,666,922,641	-	-	1,666,922,641
Provision for Profit Sharing	109,128,835	59,481	-	109,188,316
Claims Provision	123,756,345	1,579,458,352	-	1,703,214,697
Other Technical Provisions	31,956,908	77,977,582	-	109,934,490
Financial Liabilities on Unit-linked insurance	711,664,289	-	-	711,664,289
Financial Liabilities on other investment contracts	6,980,565,747	-	-	6,980,565,747
Policyholders, Brokers and Co-insurers	25,913,494	45,013,723	-	70,927,217
Reinsured and Reinsurers	960,606	35,431,592	-	36,392,198
Other Debtors and Creditors	71,594,085	56,059,259	193,743,546	321,396,890
Current Taxes	18,402,873	34,365,324	6,980,019	59,748,216
Deferred Taxes	56,496,289	57,023,470	5,005,589	118,525,348
Other Financial Liabilities	12,896,332	97,500,393	-	110,396,725
Other provisions	-	45,236,302	133,472,427	178,708,729
Accruals and Deferrals	15,017,081	38,937,879	4,109,851	58,064,811
	9,826,791,321	2,304,829,177	343,311,432	12,474,931,930
			Total Segments	1,098,295,523
			Shareholders' equity, reserves and retained earnings	1,098,295,523



(Amounts in euros except when expressly indicated otherwise)

2014

	Life			
	Risk	Capitalisation with Profit Sharing	Financial liabilities	Total
Income				
Gross Premiums	187,552,440	93,617,474	-	281,169,914
Earned Premiums	187,534,445	93,621,438	-	281,155,883
Claims rate	(107,502,911)	(218,893,853)	-	(326,396,764)
Commissions and Remuneration on Acquisition	(13,509,634)	(2,056,394)	(12,228,111)	(27,794,139)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	4,159,139	71,593,725	14,084	75,766,948
Income from Reinsurance Accepted, Ceded and Retroceded	(4,742,991)	(1,297)	-	(4,744,288)
Income, Expenses and Realised Gains	20,830,012	80,833,711	407,563,730	509,227,453
Unrealised Gains and Impairment	(1,042,072)	(3,403,452)	15,413,311	10,967,787
Gains and Losses on Financial Liabilities	-	-	(249,960,322)	(249,960,322)
Costs by Type	(22,888,189)	(12,945,396)	(36,417,817)	(72,251,402)
Other Costs and Income	(2,235)	(141,752)	(73)	(144,060)
Income Tax	(12,206,431)	(2,701,534)	(24,857,887)	(39,765,852)
	50,629,133	5,905,196	99,526,915	156,061,244
Assets				
Investments allocated to technical provisions	360,104,004	1,548,575,321	-	1,908,679,325
Financial assets allocated to Unit-linked insurance	-	-	683,905,528	683,905,528
Financial assets allocated to other investment contracts	-	-	7,345,020,601	7,345,020,601
Technical Provisions of reinsurance ceded	19,263,416	-	-	19,263,416
Policyholders, Brokers and Co-insurers	2,531,284	2,553,952	21,535,255	26,620,491
Reinsured and Reinsurers	695,137	-	-	695,137
Other Debtors and Creditors	232,119	34,249,457	276,997,358	311,478,934
Current Taxes	16,037	1,824,390	-	1,840,427
Deferred Taxes	22,326,747	4,926,714	45,177,517	72,430,978
Tangible and Intangible Assets (Net)	2,543,487	1,074,315	2,928,484	6,546,286
Accruals and Deferrals	245,770	228,926	9,941,359	10,416,055
Cash balances	35,753,757	53,381,156	173,855,281	262,990,194
	443,711,758	1,646,814,231	8,559,361,383	10,649,887,372
Liabilities				
Provisions for Unearned Premiums	1,462,948	52,848	-	1,515,796
Mathematical Provision	207,488,413	1,459,434,228	-	1,666,922,641
Provision for Profit Sharing	31,046,695	78,082,140	-	109,128,835
Claims Provision	103,684,880	20,071,465	-	123,756,345
Other Technical Provisions	24,502,158	7,454,750	-	31,956,908
Financial Liabilities on Unit-linked insurance	-	-	711,664,289	711,664,289
Financial Liabilities on other investment contracts	-	-	6,980,565,747	6,980,565,747
Policyholders, Brokers and Co-insurers	4,843,433	2,645,419	18,424,642	25,913,494
Reinsured and Reinsurers	960,553	53	-	960,606
Other Debtors and Creditors	14,842,115	13,857,237	42,894,733	71,594,085
Current Taxes	5,181,181	2,216,658	11,005,034	18,402,873
Deferred Taxes	18,399,598	3,876,311	34,220,380	56,496,289
Other Financial Liabilities	4,286,850	-	8,609,482	12,896,332
Accruals and Deferrals	3,858,916	2,337,036	8,821,129	15,017,081
	420,557,740	1,590,028,145	7,816,205,436	9,826,791,321



2014

	Non-life							
	Workers' Compensation	Health	Property	Motor	Transported Goods	Third Party Liability	Other	Total
Income								
Gross Premiums	121,505,361	187,481,185	244,665,940	365,732,625	15,439,117	30,192,824	23,314,204	988,331,256
Earned Premiums	121,893,271	190,364,067	244,743,758	367,683,737	15,603,434	30,218,750	25,139,527	995,646,544
Claims rate	(119,912,005)	(148,235,628)	(94,703,124)	(192,869,168)	(6,302,056)	(8,953,653)	(7,599,473)	(578,575,107)
Commissions and Remuneration on Acquisition	(12,384,411)	(15,712,503)	(28,563,248)	(43,869,781)	(1,026,945)	(2,755,839)	(2,931,182)	(107,243,909)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	(9,953,579)	(687,416)	2,817,618	(13,282,950)	(73,194)	(358,457)	(663,768)	(22,201,746)
Income from Reinsurance Accepted, Ceded and Retroceded	(4,542,416)	(19,994,340)	(65,406,359)	(31,915,649)	(5,722,902)	(9,076,020)	(5,071,471)	(141,729,157)
Income, Expenses and Realised Gains	53,378,246	5,120,807	14,939,763	43,425,802	1,234,286	8,045,643	1,243,799	127,388,346
Unrealised Gains and Impairment	3,154,335	(534,917)	(1,114,912)	(7,360,261)	(148,468)	(1,457,446)	325,807	(7,135,862)
Costs by Type	(32,374,312)	(13,185,964)	(55,668,064)	(84,225,083)	(1,702,169)	(9,267,952)	(9,009,877)	(205,433,421)
Other Costs and Income	36,926	7,466	68,615	61,562	5,732	10,408	20,822	211,531
Income Tax	(5,003,037)	(1,554,685)	(10,292,214)	(19,600,853)	(531,451)	(2,276,951)	(1,453,343)	(40,712,534)
	(5,706,982)	(4,413,113)	6,821,833	18,047,356	1,336,267	4,128,483	841	20,214,685
Assets								
Investments allocated to technical provisions	812,839,316	71,850,388	237,889,899	706,194,440	17,337,113	107,539,280	18,633,339	1,972,283,775
Technical Provisions of reinsurance ceded	111,038	66,327,198	75,790,296	17,415,841	10,450,922	24,047,107	8,944,898	203,087,300
Policyholders, Brokers and Co-insurers	15,525,113	8,685,503	32,558,346	13,615,508	670,073	3,058,392	1,075,768	75,188,703
Reinsured and Reinsurers	438,595	(2,710,103)	7,242,645	3,126,194	514,606	561,457	2,264,973	11,438,367
Other Debtors and Creditors	7,457,800	675,701	2,070,838	6,539,437	155,476	1,005,550	129,973	18,034,775
Current Taxes	-	-	539	-	203	6,945	3,984	11,671
Deferred Taxes	9,089,446	2,824,612	18,710,138	35,610,557	961,014	4,153,588	2,641,511	73,990,866
Tangible and Intangible Assets (Net)	2,596,765	1,620,800	5,941,233	9,073,603	107,786	1,049,938	1,294,986	21,685,111
Accruals and Deferrals	305,183	169,988	503,695	813,097	10,345	72,582	103,069	1,977,959
Cash balances	18,903,231	956,895	4,832,200	9,432,766	221,855	1,525,075	552,660	36,424,682
	867,266,487	150,400,982	385,539,829	801,821,443	30,429,393	143,019,914	35,645,161	2,414,123,209
Liabilities								
Provisions for Unearned Premiums	10,992,667	19,223,007	77,790,718	114,280,720	2,524,479	7,605,211	5,349,018	237,765,820
Provision for Profit Sharing	-	-	-	-	-	-	59,481	59,481
Claims Provision	779,884,465	42,527,278	127,905,898	488,381,241	14,094,228	111,853,952	14,811,290	1,579,458,352
Other Technical Provisions	23,277,225	3,428,386	25,848,100	24,621,690	4,909	636,491	160,781	77,977,582
Policyholders, Brokers and Co-insurers	6,366,433	8,928,416	17,002,155	8,481,725	617,043	2,518,997	1,098,954	45,013,723
Reinsured and Reinsurers	1,163,536	6,323,940	14,517,486	6,054,702	1,379,704	1,621,656	4,370,568	35,431,592
Other Debtors and Creditors	56,059,259	-	-	-	-	-	-	56,059,259
Current Taxes	6,128,728	2,169,720	8,809,904	14,962,779	384,935	1,084,210	825,048	34,365,324
Deferred Taxes	6,856,986	2,131,531	15,015,687	26,864,255	726,483	3,368,388	2,060,140	57,023,470
Other Financial Liabilities	-	65,837,334	17,833,189	1,796,802	2,127,009	1,760,884	8,145,175	97,500,393
Other provisions	45,236,302	-	-	-	-	-	-	45,236,302
Accruals and Deferrals	6,024,332	4,354,261	9,798,130	15,636,094	385,316	1,545,448	1,194,298	38,937,879
	941,989,933	154,923,873	314,521,267	701,080,008	22,244,106	131,995,237	38,074,753	2,304,829,177



Geographical markets

2015

	Portugal	Rest of European Union	Rest of the World	Total
Income				
Gross Premiums	1,244,945,573	84,893,083	18,520,367	1,348,359,023
Earned Premiums	1,238,287,957	85,913,381	17,296,085	1,341,497,423
Claims rate	(857,484,509)	(52,157,322)	(17,087,997)	(926,729,828)
Commissions and Remuneration on Acquisition	(150,334,126)	(14,075,910)	(1,720,189)	(166,130,225)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	19,997,072	(15,473,583)	(7,023,381)	(2,499,892)
Income from Reinsurance Accepted, Ceded and Retroceded	(119,036,850)	(5,680,762)	4,843,621	(119,873,991)
Income, Expenses and Realised Gains	751,284,442	21,694,331	962,449	773,941,222
Unrealised Gains and Impairment	(162,083,718)	(4,812,193)	3,043,227	(163,852,684)
Gains and Losses on Financial Liabilities	(194,168,802)	(1,393,102)	-	(195,561,904)
Costs by Type	(238,466,579)	(16,887,830)	(4,599,457)	(259,953,866)
Other Costs and Income	3,755,288	66,576	(420,615)	3,401,249
Income Tax	(76,905,212)	581,331	(51,406)	(76,375,287)
	214,844,963	(2,225,083)	(4,757,663)	207,862,217
Assets				
Investments allocated to technical provisions	3,649,684,476	344,528,610	26,140,134	4,020,353,220
Financial assets allocated to Unit-linked insurance	542,647,560	4,641,437	-	547,288,997
Financial assets allocated to other investment contracts	7,092,679,395	48,620,710	-	7,141,300,105
Technical Provisions of reinsurance ceded	183,629,297	33,328,887	92,971	217,051,155
Policyholders, Brokers and Co-insurers	102,029,160	7,561,844	56,367	109,647,371
Reinsured and Reinsurers	13,158,505	1,690,897	127,282	14,976,684
Other Debtors and Creditors	38,501,619	958,489	249,196	39,709,304
Current Taxes	705,725	363,875	126	1,069,726
Deferred Taxes	250,921,267	3,307,238	-	254,228,505
Tangible and Intangible Assets (Net)	24,236,636	1,368,479	1,091,227	26,696,342
Accruals and Deferrals	19,477,215	842,371	61,637	20,381,223
Cash balances	1,793,939,653	34,564,887	2,371,749	1,830,876,289
	13,711,610,508	481,777,724	30,190,689	14,223,578,921
Liabilities				
Provisions for Unearned Premiums	227,343,759	9,369,448	113,563	236,826,770
Mathematical Provision	1,295,642,397	314,046,651	22,914,512	1,632,603,560
Provision for Profit Sharing	63,303,685	5,430,473	31,281	68,765,439
Claims Provision	1,635,985,711	37,259,771	57,452	1,673,302,934
Other Technical Provisions	108,547,151	1,053,801	2,496,765	112,097,717
Financial Liabilities on Unit-linked insurance	568,268,620	4,780,803	-	573,049,423
Financial Liabilities on other investment contracts	7,463,518,941	39,074,866	-	7,502,593,807
Policyholders, Brokers and Co-insurers	59,339,787	3,637,536	2,095,571	65,072,894
Reinsured and Reinsurers	27,763,407	10,399,231	38,937	38,201,575
Other Debtors and Creditors	15,762,070	263,118	172,474	16,197,662
Current Taxes	56,234,855	1,337,649	68,797	57,641,301
Deferred Taxes	113,787,233	3,706,949	-	117,494,182
Other Financial Liabilities	118,751,513	9,296,343	-	128,047,856
Other provisions	154,482,559	61,309	-	154,543,868
Accruals and Deferrals	75,174,629	1,150,254	117,256	76,442,139
	11,983,906,317	440,868,202	28,106,608	12,452,881,127
			Total Segments	1,562,835,577
			Shareholders' equity, reserves and retained earnings	1,562,835,577



2014

	Portugal	Rest of European Union	Rest of the World	Total
Income				
Gross Premiums	1,175,734,444	70,816,681	22,950,045	1,269,501,170
Earned Premiums	1,183,295,493	70,211,451	23,295,483	1,276,802,427
Claims rate	(836,806,530)	(49,177,306)	(18,988,035)	(904,971,871)
Commissions and Remuneration on Acquisition	(122,379,144)	(10,979,062)	(1,679,842)	(135,038,048)
Tech.Provisions, Profit sharing and Other Costs and Tech. Prov.	65,184,796	(3,168,814)	(8,450,780)	53,565,202
Income from Reinsurance Accepted, Ceded and Retroceded	(140,853,371)	(10,170,786)	4,550,712	(146,473,445)
Income, Expenses and Realised Gains	645,662,383	17,543,590	762,034	663,968,007
Unrealised Gains and Impairment	(39,666,117)	(1,312,503)	3,812,130	(37,166,490)
Gains and Losses on Financial Liabilities	(249,256,402)	(703,920)	-	(249,960,322)
Costs by Type	(260,563,420)	(16,469,582)	(1,990,116)	(279,023,118)
Other Costs and Income	1,211,728	122,784	201,406	1,535,918
Income Tax	(83,943,574)	(104,155)	(82,501)	(84,130,230)
	161,885,842	(4,208,303)	1,430,491	159,108,030
Assets				
Investments allocated to technical provisions	4,003,632,952	359,809,238	31,902,876	4,395,345,066
Financial assets allocated to Unit-linked insurance	681,059,591	2,845,937	-	683,905,528
Financial assets allocated to other investment contracts	7,308,172,869	36,847,732	-	7,345,020,601
Technical Provisions of reinsurance ceded	174,523,105	34,470,226	13,357,385	222,350,716
Policyholders, Brokers and Co-insurers	91,770,528	8,217,258	1,821,408	101,809,194
Reinsured and Reinsurers	7,331,394	4,408,315	393,795	12,133,504
Other Debtors and Creditors	456,052,917	1,264,389	1,502,438	458,819,744
Current Taxes	1,231,201	672,746	-	1,903,947
Deferred Taxes	152,507,491	549,070	-	153,056,561
Tangible and Intangible Assets (Net)	26,282,370	1,918,037	264,316	28,464,723
Accruals and Deferrals	18,205,893	992,439	62,791	19,261,123
Cash balances	290,450,224	16,477,298	3,337,254	310,264,776
	13,211,220,535	468,472,685	52,642,263	13,732,335,483
Liabilities				
Provisions for Unearned Premiums	223,900,691	10,197,007	5,183,918	239,281,616
Mathematical Provision	1,349,305,857	299,694,452	17,922,332	1,666,922,641
Provision for Profit Sharing	105,172,180	3,947,406	68,730	109,188,316
Claims Provision	1,646,832,943	39,386,409	16,995,345	1,703,214,697
Other Technical Provisions	108,121,093	1,664,810	148,587	109,934,490
Financial Liabilities on Unit-linked insurance	708,104,450	3,559,839	-	711,664,289
Financial Liabilities on other investment contracts	6,954,844,932	25,720,815	-	6,980,565,747
Policyholders, Brokers and Co-insurers	63,709,784	6,282,811	934,622	70,927,217
Reinsured and Reinsurers	26,881,877	8,327,098	1,183,223	36,392,198
Other Debtors and Creditors	320,257,282	1,059,654	79,954	321,396,890
Current Taxes	58,049,515	1,579,708	118,993	59,748,216
Deferred Taxes	115,050,107	3,475,241	-	118,525,348
Other Financial Liabilities	99,969,285	10,427,440	-	110,396,725
Other provisions	178,378,820	329,909	-	178,708,729
Accruals and Deferrals	56,936,542	907,961	220,308	58,064,811
	12,015,515,358	416,560,560	42,856,012	12,474,931,930
			Total Segments	1,098,295,523
			Shareholders' equity, reserves and retained earnings	1,098,295,523

The headings “Policyholders, Brokers and Co-insurers”, “Reinsured and Reinsurers”, “Other Debtors and Creditors” and “Current Taxes” are broken down differently between Assets and Liabilities, when compared with the Financial Statements, due to the fact that the process of allocation by segments leads to a different breakdown of balances.



41. Related Parties

The Company's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and the Caixa Geral de Depósitos, and respective management bodies.

At 31 December 2015 and 2014 the Company's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2015

	CARES	VIA DIRECTA	UNIVERSAL SEGUROS	CGD	Garantia	Fidelidade - Property Europe, S.A.	Fundo Invest Imob SaudelInveste	Fundo Invest Imob Bonança I
ASSETS								
Investments in subsidiaries, associates and joint ventures	-	29,924,788	10,967,358	-	6,260,184	324,906,732	-	-
Available-for-sale investments	-	-	-	487,078,867	-	-	106,887,373	14,815,022
Financial assets initially recognised at fair value through profit or loss	-	-	-	62,366,492	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	8,984,116	-	-
Provision for unearned premiums	16,338,413	-	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-	-	-
Brokers	-	-	-	2,314,821	-	-	-	-
Reinsured current accounts - group companies	-	-	5,944,285	-	533,630	-	-	-
Reinsurers current accounts - group companies	-	-	-	-	-	-	-	-
Shareholders - group companies	-	9,242	535,491	-	-	-	-	-
Other Debtors	12,795	-	1,525,690	-	-	-	-	-
Accruals and Deferrals	-	-	-	20,533	-	19,439	-	-
Other deposits	-	-	-	73,941,363	-	-	-	-
Deposit with ceding companies	-	-	730,541	-	74,564	-	-	-
Demand deposits in local currency	-	-	-	1,416,476,700	-	-	-	-
Demand deposits in a foreign currency	-	-	-	168,419,934	-	-	-	-
LIABILITIES								
Shareholders - group companies	-	-	-	37,224	-	1,763	-	-
Provision for unearned premiums	-	-	1,182,072	-	-	-	-	-
Claims provision	-	525,926	1,301,379	-	859,107	-	-	-
Brokers	-	-	-	4,783,399	-	-	-	-
Reinsurers current accounts - Group companies	407,466	-	-	-	-	-	-	-
Reinsured current accounts - Group companies	-	6,873	-	-	-	-	-	-
Other financial liabilities	-	-	-	7,625,988	-	-	-	-
Suppliers - current accounts	2,097	-	1,066,069	69,739	-	-	-	-
Other creditors	-	-	-	22,154	34,903	-	-	-
Accruals and deferrals	22,115	-	-	13,445,555	-	-	-	-
LOSSES								
Claims Costs	-	(436,566)	(2,212,574)	-	(506,061)	-	-	-
Changes in provisions for unearned premiums	-	-	1,932,436	-	-	-	-	-
Changes in technical provisions for reinsurance accepted	-	-	-	-	(98,176)	-	-	-
Premiums reinsurance ceded	(37,754,377)	-	-	-	-	-	-	-
Investments related to deposits and investment contracts	-	-	-	(2,810,019)	-	-	-	-
Operating expenses - Brokerage remuneration	-	(49,434)	(649,590)	(43,455,947)	(364,605)	-	-	-
Employee costs	118,389	116,146	(182,480)	13,143	-	(725,686)	-	-
External supplies and services	(4,451)	(4,598)	(54,680)	(1,512,470)	-	(239,226)	-	-
Interest paid	-	-	-	-	-	-	-	-
Commissions	-	-	-	(2,993,876)	-	-	-	-
Financial costs and losses - banking services	-	-	-	(54,080)	-	-	-	-
Losses on financial assets and liabilities	-	-	-	(4,983)	-	-	-	-
Exchange rate losses	-	-	(543,099)	(14,042,660)	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other non-technical expenses	-	-	(1,861,499)	(7,917)	-	-	-	-
GAINS								
Premiums reinsurance accepted	-	1,613,795	4,051,875	-	1,514,125	-	-	-
Commissions on reinsurance ceded	2,769,921	-	-	-	-	-	-	-
Changes in claims provision for reinsurance accepted	-	66,745	332,075	-	-	-	-	-
Reinsurers' part of costs with claims	-	-	-	-	-	-	-	-
Changes in technical provisions for reinsurance ceded	1,208,158	-	-	-	-	-	-	-
Investments related to deposit contracts and investment contracts	-	-	-	5,604,238	-	-	-	-
Investment income	265,379	469,913	90,554	17,924,909	355,876	185,516	-	-
Gains on financial assets and liabilities	-	-	-	12,719,961	-	-	-	-
Exchange rate gains	-	-	788,641	15,447,281	-	-	-	-
Investment income - term deposits	-	-	-	495,990	-	-	-	-
Non-technical income	-	1	3,282,667	39,512	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-	-



	Multicare - Seguros Saúde, SA	Comp Portuguesa Resseguros, SA	FCM Beteiligungs GmbH	TOM TAILOR	Luz Saúde	Fidelidade Property International	FID I LIMITED	FID III LIMITED
ASSETS								
Investments in subsidiaries, associates and joint ventures	-	10,293,000	5,375,313	-	474,876,398	359,286,067	-	-
Available-for-sale investments	-	-	-	21,051,291	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-	34,299,681	-
Provision for unearned premiums	22,222,128	-	-	-	-	-	-	-
Claims provision	48,451,626	527,026	-	-	-	-	-	-
Brokers	-	-	-	-	-	-	-	-
Reinsured current accounts - group companies	-	33,071	-	-	-	-	-	-
Reinsurers current accounts - group companies	-	210,774	-	-	-	-	-	-
Shareholders - group companies	-	-	-	-	-	-	4,566	3,144
Other Debtors	37,237	-	-	-	-	-	352,699	-
Accruals and Deferrals	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Deposit with ceding companies	-	-	-	-	-	-	-	-
Demand deposits in local currency	-	-	-	-	-	-	-	-
Demand deposits in a foreign currency	-	-	-	-	-	-	-	-
LIABILITIES								
Shareholders - group companies	369,895	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-
Claims provision	-	591,929	-	-	-	-	-	-
Brokers	2,502,250	-	-	-	-	-	-	-
Reinsurers current accounts - Group companies	2,967,329	-	-	-	-	-	-	-
Reinsured current accounts - Group companies	-	-	-	-	-	-	-	-
Other financial liabilities	70,454,022	281,871	-	-	-	-	-	-
Suppliers - current accounts	2,842	-	-	-	-	-	-	-
Other creditors	-	23,172	-	-	-	-	-	-
Accruals and deferrals	46,996	-	-	-	-	-	-	-
LOSSES								
Claims Costs	(475,712)	(134,518)	-	-	-	-	-	-
Changes in provisions for unearned premiums	-	-	-	-	-	-	-	-
Changes in technical provisions for reinsurance accepted	-	(151,115)	-	-	-	-	-	-
Premiums reinsurance ceded	(203,456,683)	(1,912,644)	-	-	-	-	-	-
Investments related to deposits and investment contracts	-	-	-	-	-	-	-	-
Operating expenses - Brokerage remuneration	-	(89,003)	-	-	-	-	-	-
Employee costs	2,358,068	-	-	-	-	-	-	-
External supplies and services	14,065	-	-	-	-	-	-	-
Interest paid	(862,549)	-	-	-	-	-	-	-
Commissions	-	-	-	-	-	-	-	-
Financial costs and losses - banking services	(69,977)	-	-	-	-	-	-	-
Losses on financial assets and liabilities	-	-	-	-	-	-	-	-
Exchange rate losses	-	-	-	-	-	-	-	-
Impairment losses	-	(155,060)	-	(21,840,553)	-	-	-	-
Other non-technical expenses	-	(17,720)	-	-	-	-	(67,158)	(342)
GAINS								
Premiums reinsurance accepted	-	1,647,310	-	-	-	-	-	-
Commissions on reinsurance ceded	25,916,070	84,884	-	-	-	-	-	-
Changes in claims provision for reinsurance accepted	-	-	-	-	-	-	-	-
Reinsurers' part of costs with claims	155,410,530	389,630	-	-	-	-	-	-
Changes in technical provisions for reinsurance ceded	454,927	-	-	-	-	-	-	-
Investments related to deposit contracts and investment contracts	-	-	-	-	-	-	-	-
Investment income	563,949	197,278	-	-	-	-	-	-
Gains on financial assets and liabilities	-	-	-	-	-	-	-	-
Exchange rate gains	-	-	-	-	-	-	-	-
Investment income - term deposits	-	-	-	-	-	-	-	-
Non-technical income	-	20,258	-	-	-	-	63,095	459
Reversal of impairment losses	-	422,793	-	-	-	-	-	-



	HOLDING GAILLON II	Fidelidade – Consultoria e Gestão de Risco, Ltd	Fidelidade – Assistência e Serviços, Ltd	Fidelidade Macau Companhia de Seguros	Bona Film Group Ltd	Xingtao Assets Limited	BHF (ex. RHJ International, SA)	Other	TOTAL
ASSETS									
Investments in subsidiaries, associates and joint ventures	-	335	335	17,889,052	-	-	-	3,483,024	1,243,262,586
Available-for-sale investments	142,205,008	-	-	-	-	669,756,750	66,079,133	-	1,507,873,444
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-	-	-	62,366,492
Loans and accounts receivable	-	-	-	-	-	-	-	797,737	44,081,534
Provision for unearned premiums	-	-	-	-	-	-	-	-	38,560,541
Claims provision	-	-	-	-	-	-	-	4,618	48,983,270
Brokers	-	-	-	-	-	-	-	-	2,314,821
Reinsured current accounts - group companies	-	-	-	-	-	-	-	-	6,510,986
Reinsurers current accounts - group companies	-	-	-	-	-	-	-	-	210,774
Shareholders - group companies	-	10,217	20,849	6,774,066	-	-	-	68,453	7,426,028
Other Debtors	-	-	-	-	-	-	-	239,836	2,168,257
Accruals and Deferrals	-	6,785	-	-	-	-	-	32,850	79,607
Other deposits	-	-	-	-	-	-	-	-	73,941,363
Deposit with ceding companies	-	-	-	-	-	-	-	-	805,105
Demand deposits in local currency	-	-	-	-	-	-	-	-	1,416,476,700
Demand deposits in a foreign currency	-	-	-	-	-	-	-	-	168,419,934
LIABILITIES									
Shareholders - group companies	-	-	-	-	-	-	-	84,584	493,466
Provision for unearned premiums	-	-	-	-	-	-	-	-	1,182,072
Claims provision	-	-	-	-	-	-	-	-	3,278,341
Brokers	-	-	-	-	-	-	-	-	7,285,649
Reinsurers current accounts - Group companies	-	-	-	-	-	-	-	1,681,438	5,056,233
Reinsured current accounts - Group companies	-	-	-	-	-	-	-	-	6,873
Other financial liabilities	-	-	-	-	-	-	-	732,222	79,094,103
Suppliers - current accounts	-	-	-	-	-	-	-	222,290	1,363,037
Other creditors	-	-	-	6,569,849	-	-	-	7,954	6,658,032
Accruals and deferrals	-	-	-	-	-	-	-	9,703	13,524,369
LOSSES									
Claims Costs	-	-	-	-	-	-	-	-	(3,765,431)
Changes in provisions for unearned premiums	-	-	-	-	-	-	-	-	1,932,436
Changes in technical provisions for reinsurance accepted	-	-	-	-	-	-	-	-	(249,291)
Premiums reinsurance ceded	-	-	-	-	-	-	-	(5,015,387)	(248,139,091)
Investments related to deposits and investment contracts	-	-	-	-	-	(67,891)	(64,420)	-	(2,942,330)
Operating expenses - Brokerage remuneration	-	-	-	-	-	-	-	-	(44,608,579)
Employee costs	-	-	-	-	-	-	-	1,601,668	3,299,248
External supplies and services	-	(12,822)	(24,348)	-	-	-	-	(3,642,507)	(5,481,037)
Interest paid	-	-	-	-	-	-	-	-	(862,549)
Commissions	-	-	-	-	-	-	-	-	(2,993,876)
Financial costs and losses - banking services	-	-	-	-	-	-	-	-	(124,057)
Losses on financial assets and liabilities	-	(16)	(16)	-	(68,742)	(103,269)	-	-	(177,026)
Exchange rate losses	-	-	-	-	-	-	-	-	(14,585,759)
Impairment losses	-	-	-	-	-	-	-	(773,402)	(22,769,015)
Other non-technical expenses	-	(2,917)	(1,048)	(197,168)	-	-	-	(984)	(2,156,753)
GAINS									
Premiums reinsurance accepted	-	-	-	-	-	-	-	-	8,827,105
Comissions on reinsurance ceded	-	-	-	-	-	-	-	577,679	29,348,554
Changes in claims provision for reinsurance accepted	-	-	-	-	-	-	-	-	398,820
Reinsurers' part of costs with claims	-	-	-	-	-	-	-	384,441	156,184,601
Changes in technical provisions for reinsurance ceded	-	-	-	-	-	-	-	-	1,663,085
Investments related to deposit contracts and investment contracts	733,396	-	-	-	28,895,886	24,862,419	-	732,472	60,828,411
Investment income	5,899,088	-	-	-	-	7,233,899	-	192,577	33,377,938
Gains on financial assets and liabilities	-	-	-	-	30,011,113	1,551	-	-	42,732,625
Exchange rate gains	-	16	16	-	8,543,466	-	-	-	24,779,420
Investment income - term deposits	-	-	-	-	-	-	-	-	495,990
Non-technical income	-	2,240	975	401,386	-	-	-	649	3,811,242
Reversal of impairment losses	-	-	-	-	-	-	-	-	422,793



2014

	CARES	VIA DIRECTA	UNIVERSAL SEGUROS	CGD	Garantia	Fidelidade - Property Europe, S.A.	Fundo Invest Imob SaudelInveste
ASSETS							
Investments in subsidiaries, associates and joint ventures	-	33,320,600	6,007,358	-	6,260,184	39,591,948	-
Available-for-sale investments	-	-	-	742,060,612	-	-	83,931,452
Financial assets held for trading	-	-	-	4,540,641	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	70,440,528	-	-	-
Loans and accounts receivable	-	-	-	-	-	8,798,600	-
Provision for unearned premiums	15,130,255	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-	-
Brokers	-	-	-	827,016	-	-	-
Reinsured current accounts - group companies	-	7,553	2,494,525	-	193,224	-	-
Reinsurers current accounts - group companies	71,185	-	-	-	-	-	-
Shareholders - group companies	-	39,908	-	-	-	7,563	-
Other Debtors	7,920	7,482	1,141,364	19,489	-	-	-
Accruals and Deferrals	-	-	-	18,910	-	20,578	-
Other deposits	-	-	-	173,320,710	-	-	-
Deposit with ceding companies	-	(1)	3,400,394	-	348,984	-	-
Demand deposits in local currency	-	-	-	307,348,158	-	-	-
Demand deposits in a foreign currency	-	-	-	16,777,873	-	-	-
LIABILITIES							
Shareholders - group companies	-	-	471,745	10,948	-	-	-
Provision for unearned premiums	-	-	3,114,508	-	-	-	-
Claims provision	-	592,671	1,029,653	-	760,931	-	-
Brokers	-	-	-	4,054,926	-	-	-
Reinsurers current accounts - Group companies	-	-	-	-	-	-	-
Reinsured current accounts - Group companies	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	13,150,123	-	-	-
Suppliers - current accounts	-	-	807,015	13,304	-	-	-
Other creditors	-	-	-	-	34,903	-	-
Accruals and deferrals	22,115	-	-	6,550,785	-	-	-
LOSSES							
Claims Costs	-	(430,781)	(1,472,196)	-	(222,672)	-	-
Changes in provisions for unearned premiums	-	-	(3,114,508)	-	-	-	-
Changes in technical provisions for reinsurance accepted	-	-	(717,821)	-	(275,909)	-	-
Changes in technical provisions for reinsurance ceded	(441,238)	-	-	-	-	-	-
Premiums reinsurance ceded	(36,192,304)	-	-	-	-	-	-
Investments related to deposits and investment contracts	-	-	-	(6,989,058)	-	-	-
Operating expenses - Brokerage remuneration	-	(1,141)	(2,691,074)	(32,169,644)	(439,797)	-	-
Employee costs	118,868	37,518	(214,333)	(253,600)	-	-	-
External supplies and services	(2,797)	(2,913)	(83,811)	(2,088,562)	-	(245,446)	-
Interest paid	-	-	-	(261,034)	-	-	-
Commissions	-	-	-	(2,971,490)	-	-	-
Financial costs and losses - banking services	-	(1)	-	(43,279)	-	-	-
Losses on financial assets and liabilities	-	-	-	(22,740,409)	-	-	-
Exchange rate losses	-	-	-	(2,267,994)	-	-	-
Impairment losses	-	-	-	-	-	-	-
Other non-technical expenses	-	-	(744,414)	(4,919)	-	-	-
GAINS							
Premiums reinsurance accepted	-	1,297,319	9,522,995	-	1,910,665	-	-
Commissions on reinsurance ceded	3,425,714	-	-	-	-	-	-
Changes in claims provision for reinsurance accepted	-	947,280	-	-	-	-	-
Reinsurers' part of costs with claims	-	-	-	-	-	-	-
Investments related to deposit contracts and investment contracts	-	-	-	18,925,647	-	-	-
Investment income	253,310	3,618,610	-	35,838,317	249,978	-	-
Gains on financial assets and liabilities	-	-	-	22,718,047	-	-	-
Exchange rate gains	-	-	-	2,964,091	-	-	-
Investment income - term deposits	-	-	-	2,785,420	-	-	-
Non-technical income	-	-	875,010	25,396	-	-	-



(Amounts in euros except when expressly indicated otherwise)

	Fundo Invest Imob Bonação I	Multicare - Seguros Saúde, SA	Comp Portuguesa Resseguros, SA	FCM Beteiligungs GmbH	TOM TAILOR	Luz Saúde	Fidelidade Property International
ASSETS							
Investments in subsidiaries, associates and joint ventures	-	-	10,025,267	14,093,820	-	473,924,677	59,379,421
Available-for-sale investments	15,074,910	-	-	-	48,137,421	-	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-	-
Provision for unearned premiums	-	21,767,201	-	-	-	-	-
Claims provision	-	44,147,221	440,814	-	-	-	-
Brokers	-	-	-	-	-	-	-
Reinsured current accounts - group companies	-	-	-	-	-	-	-
Reinsurers current accounts - group companies	-	-	-	-	-	-	-
Shareholders - group companies	-	-	-	-	-	-	568
Other Debtors	-	-	-	-	-	-	-
Accruals and Deferrals	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Deposit with ceding companies	-	-	-	-	-	-	-
Demand deposits in local currency	-	-	-	-	-	-	-
Demand deposits in a foreign currency	-	-	-	-	-	-	-
LIABILITIES							
Shareholders - group companies	-	461,353	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-
Claims provision	-	-	440,814	-	-	-	-
Brokers	-	281,404	-	-	-	-	-
Reinsurers current accounts - Group companies	-	2,733,413	16,100	-	-	-	-
Reinsured current accounts - Group companies	-	1,008,996	7,526	-	-	-	-
Other financial liabilities	-	65,721,124	-	-	-	-	-
Suppliers - current accounts	-	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-	-
Accruals and deferrals	-	46,996	-	-	-	-	-
LOSSES							
Claims Costs	-	(1,680,242)	(24,791)	-	-	-	-
Changes in provisions for unearned premiums	-	-	-	-	-	-	-
Changes in technical provisions for reinsurance accepted	-	-	(4,788)	-	-	-	-
Changes in technical provisions for reinsurance ceded	-	(2,873,655)	-	-	-	-	-
Premiums reinsurance ceded	-	(185,854,031)	(1,894,515)	-	-	-	-
Investments related to deposits and investment contracts	-	-	-	-	-	-	-
Operating expenses - Brokerage remuneration	-	-	(66,326)	-	-	-	-
Employee costs	-	3,582,664	-	-	-	-	-
External supplies and services	-	28,150	-	-	-	-	(10)
Interest paid	-	(358,881)	-	-	-	-	-
Commissions	-	-	-	-	-	-	-
Financial costs and losses - banking services	-	(34,099)	(14)	-	-	-	-
Losses on financial assets and liabilities	-	-	-	-	-	-	-
Exchange rate losses	-	-	-	-	-	-	-
Impairment losses	-	-	(32,423)	-	-	-	-
Other non-technical expenses	-	-	(9,378)	-	-	-	-
GAINS							
Premiums reinsurance accepted	-	324,284	1,690,625	-	-	-	-
Commissions on reinsurance ceded	-	23,914,011	46,903	-	-	-	-
Changes in claims provision for reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' part of costs with claims	-	146,353,087	41,344	-	-	-	-
Investments related to deposit contracts and investment contracts	-	-	-	-	-	-	-
Investment income	-	562,106	576,076	-	-	-	-
Gains on financial assets and liabilities	-	-	-	-	-	2,024	-
Exchange rate gains	-	-	-	-	-	-	-
Investment income - term deposits	-	-	-	-	-	-	-
Non-technical income	-	-	7,873	-	-	-	-



(Amounts in euros except when expressly indicated otherwise)

	FID I LIMITED	FID II LIMITED	Bona Film Group Ltd	Xingtao Assets Limited	Other	TOTAL
ASSETS						
Investments in subsidiaries, associates and joint ventures	-	-	-	-	3,039,024	645,642,299
Available-for-sale investments	-	-	48,746,185	977,475,000	-	1,915,425,580
Financial assets held for trading	-	-	-	-	-	4,540,641
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	70,440,528
Loans and accounts receivable	-	-	-	-	167,737	8,966,337
Provision for unearned premiums	-	-	-	-	-	36,897,456
Claims provision	-	-	-	-	-	44,588,035
Brokers	-	-	-	-	-	827,016
Reinsured current accounts - group companies	-	-	-	-	-	2,695,302
Reinsurers current accounts - group companies	-	-	-	-	-	71,185
Shareholders - group companies	104,887,770	14,458,986	-	-	261,206	119,656,001
Other Debtors	-	-	-	-	370,269	1,546,524
Accruals and Deferrals	-	-	-	-	-	39,488
Other deposits	-	-	-	-	-	173,320,710
Deposit with ceding companies	-	-	-	-	-	3,749,377
Demand deposits in local currency	-	-	-	-	-	307,348,158
Demand deposits in a foreign currency	-	-	-	-	-	16,777,873
LIABILITIES						
Shareholders - group companies	-	-	-	-	1,712,534	2,656,580
Provision for unearned premiums	-	-	-	-	-	3,114,508
Claims provision	-	-	-	-	-	2,824,069
Brokers	-	-	-	-	-	4,336,330
Reinsurers current accounts - Group companies	-	-	-	-	290,296	3,039,809
Reinsured current accounts - Group companies	-	-	-	-	-	1,016,522
Other financial liabilities	-	-	-	-	-	78,871,247
Suppliers - current accounts	-	-	-	-	541,891	1,362,210
Other creditors	-	-	-	-	1	34,904
Accruals and deferrals	-	-	-	-	9,837	6,629,733
LOSSES						
Claims Costs	-	-	-	-	-	(3,830,682)
Changes in provisions for unearned premiums	-	-	-	-	-	(3,114,508)
Changes in technical provisions for reinsurance accepted	-	-	-	-	-	(998,518)
Changes in technical provisions for reinsurance ceded	-	-	-	-	-	(3,314,893)
Premiums reinsurance ceded	-	-	-	-	(642,826)	(224,583,676)
Investments related to deposits and investment contracts	-	-	-	-	-	(6,989,058)
Operating expenses - Brokerage remuneration	-	-	-	-	-	(35,367,982)
Employee costs	-	-	-	-	2,670,556	5,941,673
External supplies and services	-	-	-	-	(5,498,384)	(7,893,773)
Interest paid	-	-	-	-	-	(619,915)
Commissions	-	-	-	-	-	(2,971,490)
Financial costs and losses - banking services	-	-	-	-	-	(77,393)
Losses on financial assets and liabilities	-	-	-	-	-	(22,740,409)
Exchange rate losses	-	-	-	-	-	(2,267,994)
Impairment losses	-	-	-	-	(352,234)	(384,657)
Other non-technical expenses	-	-	-	-	-	(758,711)
GAINS						
Premiums reinsurance accepted	-	-	-	-	-	14,745,888
Comissions on reinsurance ceded	-	-	-	-	19,987	27,406,615
Changes in claims provision for reinsurance accepted	-	-	-	-	-	947,280
Reinsurers' part of costs with claims	-	-	-	-	-	146,394,431
Investments related to deposit contracts and investment contracts	-	-	-	4,096,967	-	23,022,614
Investment income	-	-	-	319,320	867,153	42,284,870
Gains on financial assets and liabilities	-	-	-	-	-	22,720,071
Exchange rate gains	-	-	-	-	-	2,964,091
Investment income - term deposits	-	-	-	-	-	2,785,420
Non-technical income	-	-	-	-	1	908,280

Transactions with related entities are conducted based on market values on the respective dates.



Payment of remuneration to statutory bodies

The Remuneration Commission 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 2015 were as follows:

Board of Directors

Non-executive members

	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance
Chairman					
Guangchang Guo	-	-	-	-	-
Vice chairman					
João Nuno de Oliveira Jorge Palma	-	-	-	-	-
Members					
Qunbin Wang	-	-	-	-	-
Nuno Maria Pinto de Magalhães Fernandes Thomaz	-	-	-	-	-
Michael Lee	-	-	-	-	-
José Pedro Cabral dos Santos	-	-	-	-	-
Lan Kang	-	-	-	-	-
Xiaoyong Wu	-	-	-	-	-
Lingjiang Xu	-	-	-	-	-

Executive members

	Fixed Remuneration	Capitalisation insurance Deferred receipt	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Vice chairman and chairman of executive board						
Jorge Manuel Baptista Magalhães Correia	350,000	225,000	100,000	2,574	940	181
Members of Executive Board						
António Manuel Marques Sousa Noronha	290,000	80,000	80,000	2,535	592	181
José Manuel Alvarez Quintero	290,000	80,000	80,000	2,574	1,547	181
Rogério Miguel Antunes Campos Henriques	290,000	95,000	80,000	2,457	1,427	181
Wai Lam William Mak	290,000	35,000	45,000	2,574	348	181

Supervisory Board

Chairman

Pedro Antunes de Almeida

	42,000	-	-	-	-
Members					
José António da Costa Figueiredo	30,800	-	-	-	-
Luís Manuel Machado Vilhena da Cunha	30,800	-	-	-	-

*Concerning the financial year 2014

The fees paid to Ernst & Young, SROC, S.A., the Company's Statutory Auditor, relating to 2015 totalled about EUR 400,000.



42. Disclosures Related to Financial Instruments

STATEMENTS OF FINANCIAL POSITION

At 31 December 2015 and 2014, the financial instruments had the following balance sheet value:

	2015		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
<u>Assets</u>			
Cash and cash equivalents	-	1,830,876,289	1,830,876,289
Investments in subsidiaries, associates and joint ventures	-	1,243,262,584	1,243,262,584
Financial assets held for trading	957,920	-	957,920
Financial assets initially recognised at fair value through profit or loss	888,059,409	-	888,059,409
Hedge derivatives	1,285,939	-	1,285,939
Available-for-sale investments	8,477,411,151	53,968,660	8,531,379,811
Loans and accounts receivable	-	667,229,402	667,229,402
Other debtors	-	114,106,209	114,106,209
	9,367,714,419	3,909,443,144	13,277,157,563
<u>Liabilities</u>			
Mathematical provision for life insurance	-	1,434,841,732	1,434,841,732
Financial liabilities on the deposit component of insurance and investment contracts	573,049,422	7,502,593,808	8,075,643,230
Hedge derivatives	4,155,656	-	4,155,656
Deposits received from reinsurers	-	105,443,416	105,443,416
Other financial liabilities	18,448,784	-	18,448,784
Other creditors	-	103,164,798	103,164,798
	595,653,862	9,146,043,754	9,741,697,616
<u>2014</u>			
	Recognised at fair value	Not recognised at fair value	Balance sheet value
<u>Assets</u>			
Cash and cash equivalents	-	310,264,776	310,264,776
Investments in subsidiaries, associates and joint ventures	-	645,642,299	645,642,299
Financial assets initially recognised at fair value through profit or loss	859,436,692	-	859,436,692
Available-for-sale investments	9,140,647,597	131,237,002	9,271,884,599
Loans and accounts receivable	-	1,286,738,474	1,286,738,474
Other debtors	-	97,516,049	97,516,049
	10,000,084,289	2,471,398,600	12,471,482,889
<u>Liabilities</u>			
Mathematical provision for life insurance	-	1,517,459,896	1,517,459,896
Financial liabilities on the deposit component of insurance and investment contracts	711,664,287	6,980,565,749	7,692,230,036
Deposits received from reinsurers	-	101,787,243	101,787,243
Other financial liabilities	8,609,482	-	8,609,482
Other creditors	-	107,205,142	107,205,142
	720,273,769	8,707,018,030	9,427,291,799

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 2015 and 2014, the net gains and losses on financial instruments had the following breakdown:

	2015			2014		
	As a charge to			As a charge to		
	Income	Shareholder's equity	Total	Income	Shareholder's equity	Total
Earned premiums net of reinsurance	92,755,056	-	92,755,056	82,275,074	-	82,275,074
Claims costs, net of reinsurance	(184,533,981)	-	(184,533,981)	(221,937,107)	-	(221,937,107)
Mathematical provision for life insurance, net of reinsurance	52,983,084	-	52,983,084	81,802,898	-	81,802,898
Income from financial instruments:						
Financial assets at fair value through profit or loss	29,743,603	-	29,743,603	30,714,913	-	30,714,913
Assets held for trading	(1,395,064)	-	(1,395,064)	(478,969)	-	(478,969)
Available-for-sale investments	328,295,140	-	328,295,140	247,816,393	-	247,816,393
Loans and accounts receivable	12,872,745	-	12,872,745	14,738,888	-	14,738,888
Held-to-maturity investments	-	-	-	37,238,798	-	37,238,798
Sight deposits	268,280	-	268,280	329,353	-	329,353
Other financial assets	1,562,525	-	1,562,525	4,903,068	-	4,903,068
Net gains from financial assets and liabilities not recognised at fair value through profit or loss:						
Available-for-sale investments	353,426,469	(284,952,925)	68,473,544	312,558,823	291,900,161	604,458,984
Held-to-maturity investments	-	-	-	-	51,183,309	51,183,309
Financial liabilities at amortised cost	(187,551,641)	-	(187,551,641)	(185,911,191)	-	(185,911,191)
Other	(32)	-	(32)	-	-	-
Net gains from financial assets and liabilities recognised at fair value through profit or loss:						
Financial assets and liabilities held for trading	(37,315,005)	-	(37,315,005)	(3,850,861)	-	(3,850,861)
Financial assets and liabilities initially recognised at fair value through profit or loss	16,912,834	-	16,912,834	(17,535,611)	-	(17,535,611)
Other	3,434,798	-	3,434,798	-	-	-
Exchange differences	45,825,181	-	45,825,181	15,075,867	-	15,075,867
Impairment losses (net of reversal):						
Available-for-sale investments	(216,093,586)	-	(216,093,586)	(57,974,342)	-	(57,974,342)
Loans and accounts receivable at amortised cost	496,540	-	496,540	(1,820,326)	-	(1,820,326)
Other	(12,619,988)	-	(12,619,988)	(384,657)	-	(384,657)
Interest from deposits received from reinsurers	(1,196,610)	-	(1,196,610)	(864,648)	-	(864,648)
	<u>297,870,348</u>	<u>(284,952,925)</u>	<u>12,917,423</u>	<u>336,696,363</u>	<u>343,083,470</u>	<u>680,549,147</u>

In the years ended on 31 December 2015 and 2014, the income and expenses with interest, calculated according to the effective rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

	2015	2014
<u>Assets</u>		
Available-for-sale investments	285,719,961	224,398,757
Loans and accounts receivable	12,872,745	14,738,888
Held-to-maturity investments	-	37,238,798
Sight deposits in credit institutions	268,280	329,353
	<u>298,860,985</u>	<u>276,705,796</u>
<u>Liabilities</u>		
Mathematical provision for life insurance	(32,296,814)	(35,680,554)
Financial liabilities on the deposit component of insurance and investment contracts	(187,551,641)	(185,911,191)
Deposits received from reinsurers	(1,196,610)	(864,648)
	<u>(221,045,065)</u>	<u>(222,456,393)</u>



OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2015 and 2014, the method for assessing the fair value of the financial instruments reflected in the Company's financial statements can be summarised as follows:

	2015				
	Fair value assessment methodology			Not recognised at fair value	Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	1,830,876,289	1,830,876,289
Investments in subsidiaries, associates and joint ventures	-	-	-	1,243,262,584	1,243,262,584
Financial assets held for trading	957,920	-	-	-	957,920
Financial assets initially recognised at fair value through profit or loss	411,966,336	468,164,968	7,928,105	-	888,059,409
Hedge derivatives	1,285,939	-	-	-	1,285,939
Available-for-sale investments	5,014,963,043	1,737,629,286	1,724,818,822	53,968,660	8,531,379,811
Loans and accounts receivable	-	-	-	667,229,402	667,229,402
Other debtors	-	-	-	114,106,209	114,106,209
	5,429,173,238	2,205,794,254	1,732,746,927	3,909,443,144	13,277,157,563
Liabilities					
Mathematical provision for life insurance	-	-	-	1,434,841,732	1,434,841,732
Financial liabilities on the deposit component of insurance contracts and investment contracts	-	573,049,422	-	7,502,593,808	8,075,643,230
Hedge derivatives	4,155,656	-	-	-	4,155,656
Deposits received from reinsurers	-	-	-	105,443,416	105,443,416
Other financial liabilities	10,822,796	7,625,988	-	-	18,448,784
Other creditors	-	-	-	103,164,798	103,164,798
	14,978,452	580,675,410	-	9,146,043,754	9,741,697,616
	5,414,194,786	1,625,118,844	1,732,746,927	(5,236,600,610)	3,535,459,947
2014					
Fair value assessment methodology					
	Level 1	Level 2	Level 3	Not recognised at fair value	Total
Assets					
Cash and cash equivalents	-	-	-	310,264,776	310,264,776
Investments in subsidiaries, associates and joint ventures	-	-	-	645,642,299	645,642,299
Financial assets initially recognised at fair value through profit or loss	21,658,907	812,610,984	25,166,801	-	859,436,692
Available-for-sale investments	961,398,817	7,234,556,579	944,692,201	131,237,002	9,271,884,599
Loans and accounts receivable	-	-	-	1,286,738,474	1,286,738,474
Other debtors	-	-	-	97,516,049	97,516,049
	983,057,724	8,047,167,563	969,859,002	2,471,398,600	12,471,482,889
Liabilities					
Mathematical provision for life insurance	-	-	-	1,517,459,896	1,517,459,896
Financial liabilities on the deposit component of insurance contracts and investment contracts	-	711,664,287	-	6,980,565,749	7,692,230,036
Deposits received from reinsurers	-	-	-	101,787,243	101,787,243
Other financial liabilities	-	8,609,482	-	-	8,609,482
Other creditors	-	-	-	107,205,142	107,205,142
	-	720,273,769	-	8,707,018,030	9,427,291,799
	983,057,724	7,326,893,794	969,859,002	(6,235,619,430)	3,044,191,090



The tables above present the classification in line with the fair value hierarchy set out in IFRS 13 – Fair value, of the financial instruments held by the Company at 31 December 2015 and 2014 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 2014 and 2015 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

	Available-for-sale investments	Financial assets initially recognised at fair value through profit or loss
Balances at 31 December 2013	738,687,728	61,338,435
Acquisitions	4,734,448	-
Revaluations		
- as a charge to the income statement	42,167,644	(1,169,207)
- as a charge to shareholders' equity	32,226,436	-
Reinforcements/ reversals of impairment in year	(7,495,881)	-
Transfers from		
Held-to-maturity investments	232,830,049	-
Disposals	(98,458,223)	(35,002,427)
Balances at 31 December 2014	944,692,201	25,166,801
Acquisitions	170,767,929	-
Revaluations		
- as a charge to the income statement	2,549,809	2,968
- as a charge to shareholders' equity	7,105,402	-
Reinforcements/ reversals of impairment in year	8,682,335	-
Transfers from		
level 2 to level 3	689,243,417	-
Disposals	(98,222,271)	(17,241,664)
Balances at 31 December 2015	1,724,818,822	7,928,105

In the review of the initial classifications in the application of IFRS 13, it was concluded that, in the case of government bonds, the concept of organised market where informed and interested parties meet in order to transact, is the market embodied in trading platforms. Because the bulk of transactions between institutional investors are carried out in this market, giving liquidity and depth to the observed prices which are of unrestricted access to the various participants, a reclassification from level 2 to level 1 was made.



At 31 December 2015 and 2014, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

	2015		
	Balance sheet value	Fair value	Difference
<u>Assets</u>			
Cash and cash equivalents	1,830,876,289	1,830,876,289	-
Available-for-sale investments	53,968,660	53,968,660	-
Loans and accounts receivable	667,229,402	667,229,402	-
Other debtors	114,106,209	114,106,209	-
	2,666,180,560	2,666,180,560	-
	2014		
	Balance sheet value	Fair value	Difference
<u>Assets</u>			
Cash and cash equivalents	310,264,777	310,264,777	-
Available-for-sale investments	131,237,002	131,237,002	-
Loans and accounts receivable	1,286,738,474	1,286,738,474	-
Other debtors	95,537,659	95,537,659	-
	1,823,777,912	1,823,777,912	-

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;

MANAGEMENT POLICIES ON FINANCIAL RISKS INHERENT TO THE FIDELIDADE’S ACTIVITY

The Company’s objectives, rules and procedures on market risk management are governed by the Investments Policy defined on the basis of guidelines approved by the Executive Committee. This Policy is regularly updated and undergoes mandatory review every three years.

The Investments Policy defines the guiding principles for managing investments and provides support for the Company’s entire investment process, including asset and liability management (ALM), strategic asset allocation (SAA), tactical asset allocation (TAA), dynamic management of the investment portfolio and control and reporting activities regarding investment activity. The Investments Policy aims to ensure alignment with the objectives and respective investment strategy, and to enable an effective process for accompanying and supervising the activity.

The investment process which the Company follows is based on best governance practice in order to enable rational and substantiated decisions when selecting assets and an appropriate risk-return ratio.



The Company's investment activity follows a structured process containing 5 key steps:

- **Identification of the opportunity:** identification, by the team or body with responsibility for assets management, of investment opportunities which fit within the Investments Policy and the guidelines approved by the Investment Committee and which have an appropriate risk-profitability ratio for the Company;
- **Assessment of the opportunity:** the assessment is also performed by the team or body with responsibility for assets management, taking into account both qualitative aspects (e.g. expected trend for a given class of asset, industry or geographical location) and quantitative aspects (e.g. expected return, credit risk);
- **Investment proposal:** the proposal written by the team or body with responsibility for assets management should be submitted for the consideration of the person in charge of taking the respective decision, the head of the Investment Division or the head of Fidelidade Property, according to the delegation of competence, in accordance with the following guidelines:
 - a. Operations have to be documented and validated by the person responsible for approving the operation, in a simple format containing the operation, its rationale, amount, date and the signature of the person responsible for the approval. To the extent possible, and so as not to create additional complexity in the investment process, this process should be computerised;
 - b. For operations which exceed the autonomy of the proponent structural body, an investment proposal should be submitted to the Executive Committee.
- **Performance of the transaction:** if the investment proposal receives a favourable opinion, the body responsible for supervising it, should authorise and confirm the realization of the operation, including performance and payment, via the bodies with responsibility for the process;
- **Control:** effective control of the investment should be ensured by the Risk Management Division, which guarantees that it complies with the regulations in force and is coherent with the levels of risk and return defined by the Company.

The following items are also decisive within the scope of the investment activity:

1. Definition of the portfolio objective

The primary objective of the investments portfolio is to generate income for the Company, restricted by the risks and other constraints defined by the Asset and Liability Management Strategic and Tactical Committees.

From an operations point of view, the main objective of the activity is to create value by selecting assets with the best risk vs. return profile. Specifically, the Company's asset management activity seeks to:

- Support generation of financial income for the Company;
- Guarantee the competitiveness of the Company's insurance offer;
- Ensure mitigation of risk in the insurance activity;
- Comply with the regulations in force in the Company and in the ASF regarding the activity.



2. Definition of classes of assets and respective investment universe

The classes of assets eligible for investment by the Company, and the respective investment universes.

- Treasury: instruments essentially geared to short-term liquidity management;
- Fixed income: medium or long-term debt instruments;
- Variable income: instruments which provide variable gains and which must be quoted on the stock market and are subject to regulation and supervision;
- Real estate: category of investments linked to the real estate market;
- Alternative investments:
 - Private Equity: category of investments in private venture capital funds;
 - Infrastructures: investment category exclusively for funds with a focus on investment in infrastructures;
 - Hedge Funds: category of investments in hedge funds;
 - Commodities: investment in assets linked to the evolution of the value of commodities, for example, precious metals or cereals;
 - Funds which cannot be allocated to a single class of assets: this category includes funds of funds and funds which cover several classes of assets and for which there is no monthly “look through” for the fund;
 - Other similar instruments approved by the Executive Committee.

3. Definition of exposure limits in asset risk management

The investment portfolio of financial assets and real estate should establish a balanced exposure to different classes of assets, always considering the return vs. risk ratio. In order to ensure adequate risk management and a balanced portfolio, it is essential to define the maximum limits of portfolio exposure, and the mechanisms which allow for adequate control and management of the levels of risk and potential losses. Here the importance of ensuring compliance with the applicable legal rules of the ASF should be noted.

Consequently, maximum exposure limits have been defined for Fidelidade’s portfolio, at any given point in time, based on 5 specific criteria:

- Class of asset;
- Rating level;
- Sector of activity;
- Geographical location;
- Concentration by position.

4. Definition of the risk management and control process

- **Asset risk management** - Limits are defined regarding the exposure to different classes of assets, considering the risk vs. return ratio, which enable adequate risk management and a balanced portfolio. Mechanisms have also been established to enable management and control of the levels of risk and potential losses.



- **Risk management and control process** - The Risk Management Division accompanies the limits of exposure to different classes of assets, via the production of monitoring reports for the activity. In this context, situations of real or potential non-compliance are identified. In the first case non-compliance is due to the established limit being broken, while in the second relevant observation of the assets portfolio is close to the maximum limit defined for it. For both real and potential non-compliance, a process of identification, approval and application of corrective measures has been established.
- **Asset losses control mechanisms** - Control mechanisms have been set up for losses in the Company's investment activity resulting from variations in market conditions, in order to set in motion actions to limit the loss. Accordingly, when the loss limit is reached, procedures are triggered similar to those provided for non-compliance with exposure limits. Loss limits which restrict the investment activity's impact on the Solvency ratio, measured as part of Solvency II, have also been determined. The Risk Management Division regularly checks the loss limits, in order to enable a preventive reaction to fluctuations.
- **Reporting and monitoring of the investment activity** - A regular process of reporting has been set up for the various levels of the Company involved in asset management activities, in order to enable adequate supervision of the investment activity, and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, considering the recipient, the type of report, its content, its frequency and the body responsible for producing it.

Credit risk

At 31 December 2015 and 2014, the Company's exposure to credit risk was as follows:

	2015			2014		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	1,828,211,788	-	1,828,211,788	305,803,461	-	305,803,461
Financial assets initially recognised at fair value through profit or loss	867,131,334	-	867,131,334	839,614,690	-	839,614,690
Available-for-sale investments	6,591,121,425	(118,739,319)	6,472,382,106	7,723,670,463	(47,930,890)	7,675,739,573
Loans and accounts receivable	667,229,402	-	667,229,402	1,286,738,474	-	1,286,738,474
Other debtors	142,647,913	(28,541,704)	114,106,209	146,529,916	(49,013,867)	97,516,049
Maximum exposure to credit risk	<u>10,096,341,862</u>	<u>(147,281,023)</u>	<u>9,949,060,839</u>	<u>10,302,357,004</u>	<u>(96,944,757)</u>	<u>10,205,412,247</u>

In 2015 and 2014, the net book value of the available-for-sale investments presented in the table includes shares with credit risk in the amount of EUR 16,675 and EUR 16,694, 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 2015 and 2014, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

Class of asset	2015			
	Country of origin			
	Portugal	Rest of European Union	Other	Total
Deposits in credit Institutions				
A- to A+	439,816,765	2,787,209	286,790	442,890,764
BBB- to BBB+	-	120,731,993	1,432	120,733,425
BB- to BB+	1,795,650,032	51,793,678	-	1,847,443,710
B- to B+	1,821,489	33,382	24,303,916	26,158,787
Not rated	1,793,059	4,904,958	2,516,431	9,214,448
	2,239,081,345	180,251,220	27,108,569	2,446,441,134
Deposits in ceding companies				
Not rated	824,915	-	805,105	1,630,020
	824,915	-	805,105	1,630,020
Total	2,239,906,260	180,251,220	27,913,674	2,448,071,154
Class of asset	2014			
	Country of origin			
	Portugal	Rest of European Union	Other	Total
Deposits in credit Institutions				
A- to A+	250,083,337	3,237,560	-	253,320,897
BBB- to BBB+	200,049,155	9,847	-	200,059,002
BB- to BB+	519,874,436	261,259,315	6,369,954	787,503,705
B- to B+	302,317,655	151,830	25,160,433	327,629,918
Not rated	2,422,330	4,176,247	-	6,598,577
	1,274,746,913	268,834,799	31,530,387	1,575,112,099
Deposits in ceding companies				
Not rated	4,656,933	-	-	4,656,933
	4,656,933	-	-	4,656,933
Total	1,279,403,846	268,834,799	31,530,387	1,579,769,032

“Deposits in credit institutions” includes other deposits in the heading “Loans and accounts receivable” of EUR 618,229,346 and EUR 1,269,308,637, in 2015 and 2014, respectively.



At 31 December 2015 and 2014, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

Class of asset	2015				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
<i>Corporate</i>					
AA- up to AA+	-	2,693,958	868,985	-	3,562,943
A- up to A+	-	1,499,730	337,539	-	1,837,269
BBB- up to BBB+	-	1,335,526	299,999	-	1,635,525
BB- up to BB+	-	2,003,138	-	60,416,747	62,419,885
Not rated	-	15,770,185	-	278,034,438	293,804,623
	-	23,302,537	1,506,523	338,451,185	363,260,245
<i>Governments and other local authorities</i>					
AAA	-	2,502,873	-	-	2,502,873
AA- up to AA+	-	4,739,835	-	-	4,739,835
BBB- up to BBB+	-	6,042,880	-	-	6,042,880
BB- up to BB+	375,369,103	-	-	-	375,369,103
	375,369,103	13,285,588	-	-	388,654,691
<i>Financial Institutions</i>					
AAA	-	221,375	-	-	221,375
AA- up to AA+	-	604,336	175,233	122,057	901,626
A- up to A+	-	2,657,612	199,059	57,623	2,914,294
BBB- up to BBB+	2,927,391	9,789,720	572,793	-	13,289,904
B- up to B+	52,432,843	7,807,269	-	-	60,240,112
	55,360,234	21,080,312	947,085	179,680	77,567,311
<i>Other issuers</i>					
A- up to A+	-	36,220,115	-	-	36,220,115
BBB- up to BBB+	68,259	-	-	-	68,259
BB- up to BB+	1,360,017	-	-	-	1,360,017
Not rated	-	695	-	-	695
	1,428,276	36,220,810	-	-	37,649,086
Total Financial assets initially recognised at fair value through profit or loss	432,157,613	93,889,247	2,453,608	338,630,865	867,131,333
2015					
Country of origin					
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale investments (net of impairment)					
<i>Corporate</i>					
AA- up to AA+	-	5,274,332	2,153	-	5,276,485
A- up to A+	-	29,777,246	1,337,559	2,928,662	34,043,467
BBB- up to BBB+	59,118,922	67,942,035	30,630,403	120,218,644	277,910,004
BB- up to BB+	4,833,521	197,579,321	25,992,173	141,492,872	369,897,887
B- up to B+	-	72,456,570	35,124,110	85,415,405	192,996,085
Less than B-	-	23,325,719	8,120,774	23,454,046	54,900,539
Not rated	148,333,396	89,014,928	-	870,524,939	1,107,873,263
	212,285,839	485,370,151	101,207,172	1,244,034,568	2,042,897,730
<i>Governments and other local authorities</i>					
AAA	-	23,994,043	-	-	23,994,043
AA- up to AA+	-	41,353,500	-	-	41,353,500
BBB- up to BBB+	-	61,264,952	-	61,634,918	122,899,870
BB- up to BB+	3,194,594,405	-	-	43,259,650	3,237,854,055
	3,194,594,405	126,612,495	-	104,894,568	3,426,101,468
<i>Financial institutions</i>					
AAA	-	10,433,834	-	11,444,702	21,878,536
AA- up to AA+	-	19,832,995	-	10,721,865	30,554,860
A- up to A+	-	112,218,747	16,077,803	-	128,296,550
BBB- up to BBB+	5,440,754	97,234,668	51,470,295	50,508,917	204,654,634
BB- up to BB+	55,303,203	21,826,402	-	37,610,741	114,740,346
B- up to B+	389,585,881	61,087,560	-	8,930,663	459,604,104
Less than B-	8,671,530	-	-	-	8,671,530
Not rated	-	-	-	7,443,422	7,443,422
	459,001,368	322,634,206	67,548,098	126,660,310	975,843,982
<i>Other issuers</i>					
AAA	-	-	-	17,368,293	17,368,293
BBB- up to BBB+	10,170,633	-	-	-	10,170,633
	10,170,633	-	-	17,368,293	27,538,926
Total Available-for-sale investments (net of impairment)	3,876,052,245	934,616,852	168,755,270	1,492,957,739	6,472,382,106



(Amounts in euros except when expressly indicated otherwise)

Class of asset	2014				
	Country of origin				Total
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
<i>Corporate</i>					
AA- up to AA+	-	2,793,415	801,285	-	3,594,700
A- up to A+	-	1,815,374	202,338	-	2,017,712
BBB- up to BBB+	1,980,924	1,307,714	-	-	3,288,638
BB- up to BB+	-	2,168,937	-	-	2,168,937
Not rated	-	-	-	183,408,867	183,408,867
	1,980,924	8,085,440	1,003,623	183,408,867	194,478,854
<i>Governments and other local authorities</i>					
AAA	-	1,507,684	-	-	1,507,684
AA- up to AA+	-	4,323,436	-	-	4,323,436
A- up to A+	-	7,525,598	-	-	7,525,598
BB- up to BB+	487,434,372	-	-	-	487,434,372
Not rated	299,224	-	-	-	299,224
	487,733,596	13,356,718	-	-	501,090,314
<i>Financial institutions</i>					
AAA	-	225,321	-	-	225,321
AA- up to AA+	-	331,658	292,266	343,398	967,322
A- up to A+	-	29,312,791	95,686	119,268	29,527,745
BBB- up to BBB+	2,506,089	1,473,148	913,701	-	4,892,938
BB- up to BB+	60,618,982	8,078,229	-	-	68,697,211
	63,125,071	39,421,147	1,301,653	462,666	104,310,537
<i>Other issuers</i>					
A- up to A+	-	38,247,949	-	-	38,247,949
BBB- up to BBB+	125,196	-	-	-	125,196
BB- up to BB+	1,359,626	-	-	-	1,359,626
Not rated	-	2,213	-	-	2,213
	1,484,822	38,250,162	-	-	39,734,984
Total Financial assets initially recognised at fair value through profit or loss	554,324,413	99,113,467	2,305,276	183,871,533	839,614,689

Class of asset	2014				
	Country of origin				Total
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
<i>Corporate</i>					
AA- up to AA+	-	6,018,970	455,013	-	6,473,983
A- up to A+	-	93,989,443	26,198,065	5,283,404	125,470,912
BBB- up to BBB+	159,507	112,810,424	-	-	112,969,931
BB- up to BB+	71,500,414	296,975,569	-	-	368,475,983
B- up to B+	-	28,887,686	-	-	28,887,686
Not rated	150,541,289	-	-	981,087,497	1,131,628,786
	222,201,210	538,682,092	26,653,078	986,370,901	1,773,907,281
<i>Governments and other local authorities</i>					
AAA	-	37,528,763	-	-	37,528,763
AA- up to AA+	-	105,598,972	-	-	105,598,972
BBB- up to BBB+	-	1,700,767,759	-	-	1,700,767,759
BB- up to BB+	2,282,051,925	-	-	-	2,282,051,925
	2,282,051,925	1,843,895,494	-	-	4,125,947,419
<i>Financial institutions</i>					
AAA	-	21,560,211	-	14,138,300	35,698,511
AA- up to AA+	-	14,564,725	-	25,552,505	40,117,230
A- up to A+	-	316,926,003	35,538,781	-	352,464,784
BBB- up to BBB+	164,651,703	196,386,460	81,756,453	-	442,794,616
BB- up to BB+	583,039,920	61,681,170	-	-	644,721,090
B- up to B+	139,577,341	30,108,118	-	-	169,685,459
Less than B-	8,706,533	-	-	28,778,146	37,484,679
Not rated	5,000,000	-	-	2,528,285	7,528,285
	900,975,497	641,226,687	117,295,234	70,997,236	1,730,494,654
<i>Other issuers</i>					
AAA	-	-	-	17,912,147	17,912,147
AA- up to AA+	-	-	-	979,249	979,249
BBB- up to BBB+	18,654,213	-	-	-	18,654,213
BB- up to BB+	-	7,844,610	-	-	7,844,610
	18,654,213	7,844,610	-	18,891,396	45,390,219
Total Available-for-sale investments (net of impairment)	3,423,882,845	3,031,648,883	143,948,312	1,076,259,533	7,675,739,573



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 37). At 31 December 2015 and 2014, the balance sheet value of premiums from insured persons pending collection was as follows:

	2015						
	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	Net balance sheet value
Life insurance:							
Capitalisation products	5,800,254	350,804	285,433	(225,229)	30,885	(94,815)	6,147,332
Life risk products	406,439	484,521	740,379	1,003,917	1,918,155	(2,010,268)	2,543,143
Non-life insurance:							
Motor	7,984,273	1,447,424	1,285,302	513,760	586,579	(3,114,979)	8,702,359
Workers' compensation	1,932,055	1,907,122	344,880	1,503,935	993,306	(783,824)	5,897,474
Health	2,303,232	1,626,560	561,622	124,019	175,036	(547,720)	4,242,749
Fire and other damage	5,756,700	2,142,628	1,135,399	2,539,838	401,684	(1,426,638)	10,549,611
Transports	765,296	295,354	93,945	137,856	75,914	(220,509)	1,147,856
Third party liability	808,039	386,835	376,630	351,909	80,182	(432,129)	1,571,466
Other (includes personal accidents)	2,368,641	879,603	552,048	850,369	616,984	(795,671)	4,471,974
	28,124,929	9,520,851	5,375,638	6,800,374	4,878,725	(9,426,553)	45,273,964

	2014						
	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	Net balance sheet value
Life insurance:							
Capitalisation products	3,389,028	157,542	91,424	48,517	333,983	(27,533)	3,992,961
Life risk products	412,784	698,214	811,906	1,378,503	1,671,754	(2,400,884)	2,572,277
Non-life insurance:							
Motor	8,712,192	1,492,709	1,513,716	416,646	467,427	(2,930,929)	9,671,761
Workers' compensation	2,933,573	740,311	334,516	789,340	183,046	(1,028,586)	3,952,200
Health	2,090,666	1,518,960	663,182	2,026,685	200,305	(787,729)	5,712,069
Fire and other damage	9,055,010	2,195,955	669,554	1,029,806	470,893	(1,042,211)	12,379,007
Transports	1,353,063	245,801	319,715	117,728	57,794	(161,141)	1,932,960
Third party liability	1,146,659	403,571	123,903	119,112	46,311	-	1,839,556
Other (includes personal accidents)	2,809,747	1,886,960	330,264	477,311	111,235	(676,873)	4,938,644
	31,902,722	9,340,023	4,858,180	6,403,648	3,542,748	(9,055,886)	46,991,435

Liquidity risk

At 31 December 2015 and 2014, the estimated cash-flows (not discounted) of the financial instruments, according to the respective contractual maturity, were as follows:

	2015									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	1,830,876,289	-	-	-	-	-	-	-	-	-	1,830,876,289
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	1,243,262,584	-	1,243,262,584
Financial assets held for trading	-	-	-	-	-	-	-	-	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	464,479	22,789,216	13,790,540	171,288,653	585,984,987	94,219,635	8,584,790	1,283,576	20,928,076	-	919,333,952
Hedge derivatives	-	-	-	-	-	-	-	-	-	1,285,939	1,285,939
Available-for-sale investments	93,177,536	511,403,333	302,034,965	1,104,207,262	1,332,428,863	864,617,710	3,583,561,637	138,043,857	2,058,997,705	-	9,988,472,868
Loans and accounts receivable	35,944,418	505,614,506	9,815,977	23,878,083	116,109,773	2,499,461	13,244,673	182,348	1,162,158	-	708,451,397
Other debtors	114,106,209	-	-	-	-	-	-	-	-	-	114,106,209
	2,074,568,931	1,039,807,055	325,641,482	1,299,373,998	2,034,523,623	961,336,806	3,605,391,100	139,509,781	3,326,594,382	-	14,806,747,158
Liabilities											
Mathematical provision for life insurance	18,906,447	18,131,552	29,194,259	114,815,915	313,858,262	272,610,603	296,527,095	262,947,204	24,447,238	-	1,351,438,575
Financial liabilities on the deposit component of insurance contracts and investment contracts	202,567,306	316,818,662	381,412,507	726,684,822	2,639,287,973	1,954,294,091	1,968,549,843	470,787,709	4,040,053	-	8,664,442,966
Hedge derivatives	-	-	-	-	-	-	-	-	-	4,155,656	4,155,656
Deposits received from reinsurers	109,837	219,674	329,511	106,102,437	-	-	-	-	-	-	106,761,459
Other financial liabilities	-	715,400	(7,016)	725,289	2,867,346	2,867,346	1,439,419	-	10,822,796	-	19,430,580
Other creditors	103,164,798	-	-	-	-	-	-	-	-	-	103,164,798
	324,748,388	335,885,288	410,929,261	948,328,463	2,956,013,581	2,229,772,040	2,266,516,357	733,734,913	43,465,743	-	10,249,394,034



	2014									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	310,264,776	-	-	-	-	-	-	-	-	-	310,264,776
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	645,642,299	-	645,642,299
Financial assets initially recognised at fair value through profit or loss	382,729	1,778,438	4,850,775	179,217,896	408,189,046	246,668,295	30,811,463	1,141,638	19,822,002	-	894,748,795
Available-for-sale investments	166,563,729	394,368,822	112,924,110	356,546,152	2,891,801,406	2,121,041,286	2,176,254,966	61,235,885	1,596,145,026	-	9,876,881,382
Loans and accounts receivable	952,830,318	202,542,905	7,988,793	42,381,067	93,885,282	31,445,708	3,316,234	188,560	537,144	-	1,335,116,011
Other debtors	97,516,049	-	-	-	-	-	-	-	-	-	97,516,049
	<u>1,527,557,601</u>	<u>598,690,165</u>	<u>125,763,678</u>	<u>578,145,115</u>	<u>3,393,875,734</u>	<u>2,399,155,289</u>	<u>2,210,382,663</u>	<u>62,566,083</u>	<u>2,262,146,471</u>	<u>-</u>	<u>13,160,169,312</u>
Liabilities											
Mathematical provision for life insurance	24,095,166	21,769,350	24,807,359	110,758,743	334,726,184	258,468,835	350,416,987	298,776,932	25,002,076	-	1,448,821,632
Financial liabilities on the deposit component of insurance contracts and investment contracts	869,666,579	266,617,959	421,273,014	792,995,146	1,965,288,142	2,036,421,972	1,544,172,106	418,156,262	2,849,791	-	8,317,440,971
Deposits received from reinsurers	27,567	55,135	82,702	101,952,647	-	-	-	-	-	-	102,118,051
Other financial liabilities	-	670,400	-	670,400	2,681,600	2,681,600	2,681,600	-	-	-	9,385,600
Other creditors	107,205,142	-	-	-	-	-	-	-	-	-	107,205,142
	<u>1,000,994,454</u>	<u>289,112,844</u>	<u>446,163,075</u>	<u>1,006,376,936</u>	<u>2,302,695,926</u>	<u>2,297,572,407</u>	<u>1,897,270,693</u>	<u>716,933,194</u>	<u>27,851,867</u>	<u>-</u>	<u>9,984,971,396</u>

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 was based on the principles and assumptions the 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;
- The Hedge Derivatives were classified with “Indefinite”, because they are foreign exchange futures contracts;
- To calculate the projected cash-flows of “Other financial liabilities” 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 2014.



Market risk

At 31 December 2015 and 2014, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

	2015			Total
	Exposure to		Not subject to Interest rate risk	
	Fixed rate	Variable rate		
<u>Assets</u>				
Cash and cash equivalents	-	1,828,211,788	2,664,501	1,830,876,289
Investments in subsidiaries, associates and joint ventures	-	-	1,243,262,584	1,243,262,584
Financial assets held for trading	-	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	767,747,193	99,384,140	20,928,076	888,059,409
Hedge derivatives	-	-	1,285,939	1,285,939
Available-for-sale investments	6,164,374,206	308,007,900	2,058,997,705	8,531,379,811
Loans and accounts receivable	-	666,067,244	1,162,158	667,229,402
Other debtors	-	-	114,106,209	114,106,209
	6,932,121,399	2,901,671,072	3,443,365,092	13,277,157,563
<u>Liabilities</u>				
Mathematical provision for life insurance	-	1,434,841,732	-	1,434,841,732
Financial liabilities on the deposit component of insurance contracts and investment contracts	7,502,593,808	573,049,422	-	8,075,643,230
Hedge derivatives	-	-	4,155,656	4,155,656
Deposits received from reinsurers	-	105,443,416	-	105,443,416
Other financial liabilities	134,708	7,491,280	10,822,796	18,448,784
Other creditors	-	-	103,164,798	103,164,798
	7,502,728,516	2,120,825,850	118,143,250	9,741,697,616
2014				
	Exposure to		Not subject to Interest rate risk	Total
	Fixed rate	Variable rate		
<u>Assets</u>				
Cash and cash equivalents	-	305,803,461	4,461,315	310,264,776
Investments in subsidiaries, associates and joint ventures	-	-	645,642,299	645,642,299
Financial assets initially recognised at fair value through profit or loss	704,260,996	135,353,693	19,822,003	859,436,692
Available-for-sale investments	7,169,622,013	506,117,560	1,596,145,026	9,271,884,599
Loans and accounts receivable	-	1,286,201,330	537,144	1,286,738,474
Other debtors	-	-	97,516,049	97,516,049
	7,873,883,009	2,233,476,044	2,364,123,836	12,471,482,889
<u>Liabilities</u>				
Mathematical provision for life insurance	-	1,517,459,896	-	1,517,459,896
Financial liabilities on the deposit component of insurance contracts and investment contracts	6,980,565,749	711,664,287	-	7,692,230,036
Deposits received from reinsurers	-	101,787,243	-	101,787,243
Other financial liabilities	13,299,635	(4,690,153)	-	8,609,482
Other creditors	-	-	107,205,142	107,205,142
	6,993,865,384	2,326,221,273	107,205,142	9,427,291,799



At 31 December 2015 and 2014, the sensitivity of the fair value of the Company's financial assets and technical liabilities to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

	2015					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200 bp's
Assets						
Financial assets initially recognised at fair value through profit or loss	(36,199,586)	(18,469,832)	(9,329,966)	6,653,763	10,235,417	11,480,252
Available-for-sale investments	(591,459,073)	(307,947,789)	(157,190,922)	155,346,522	308,804,503	596,616,316
Loans and accounts receivable	(4,356,949)	(2,204,820)	(1,109,125)	154,181	181,390	218,395
	(632,015,608)	(328,622,441)	(167,630,013)	162,154,466	319,221,310	608,314,963
Liabilities						
Mathematical provision for life insurance	(86,663,404)	(47,856,325)	(25,307,202)	27,409,633	57,584,960	129,041,796
Financial liabilities on the deposit component of insurance contracts and investment contracts	(297,248,727)	(151,961,602)	(76,401,804)	78,851,756	159,140,789	325,527,783
Other financial liabilities	(4,109)	(2,090)	(1,054)	328	732	1,272
	(383,916,240)	(199,820,017)	(101,710,060)	106,261,717	216,726,481	454,570,851
2014						
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200 bp's
Assets						
Financial assets initially recognised at fair value through profit or loss	(13,379,415)	(6,849,552)	(3,465,951)	3,460,433	6,727,185	9,304,834
Available-for-sale investments	(612,096,006)	(318,008,382)	(162,177,777)	166,842,443	328,520,598	605,706,791
Loans and accounts receivable	(3,521,747)	(1,787,448)	(900,535)	776,234	1,305,377	1,477,069
	(628,997,168)	(326,645,382)	(166,544,263)	171,079,110	336,553,160	616,488,694
Liabilities						
Mathematical provision for life insurance	(73,087,585)	(45,387,811)	(25,288,830)	27,052,648	55,494,613	111,834,487
Financial liabilities on the deposit component of insurance contracts and investment contracts	(309,882,574)	(149,458,661)	(73,498,981)	75,745,340	144,187,141	228,828,770
Other financial liabilities	(2,161)	(1,087)	(545)	340	340	340
	(382,972,320)	(194,847,559)	(98,788,356)	102,798,328	199,682,094	340,663,597

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash-flows discounted at the Portuguese public debt curve, with positive and negative changes of 50, 100 and 200 bps, in the respective interest rate curves.



At 31 December 2015 and 2014, the breakdown of financial instruments by currency was as follows:

	2015		
	Euros	Other currency	Total
<u>Assets</u>			
Cash and cash equivalents	1,605,349,484	225,526,805	1,830,876,289
Investments in subsidiaries, associates and joint ventures	1,208,145,321	35,117,263	1,243,262,584
Financial assets held for trading	-	957,920	957,920
Financial assets initially recognised at fair value through profit or loss	533,445,761	354,613,648	888,059,409
Hedge derivatives	-	1,285,939	1,285,939
Available-for-sale investments	6,111,512,229	2,419,867,582	8,531,379,811
Loans and accounts receivable	541,649,053	125,580,349	667,229,402
Other debtors	107,430,824	6,675,385	114,106,209
	10,107,532,672	3,169,624,891	13,277,157,563
<u>Liabilities</u>			
Mathematical provision for life insurance	1,411,927,220	22,914,512	1,434,841,732
Financial liabilities on the deposit component of insurance contracts and investment contracts	8,075,643,230	-	8,075,643,230
Hedge derivatives	-	4,155,656	4,155,656
Deposits received from reinsurers	105,443,416	-	105,443,416
Other financial liabilities	7,625,988	10,822,796	18,448,784
Other creditors	99,542,044	3,622,754	103,164,798
	9,700,181,898	41,515,718	9,741,697,616
<u>2014</u>			
	Euros	Other currency	Total
<u>Assets</u>			
Cash and cash equivalents	290,933,492	19,331,284	310,264,776
Investments in subsidiaries, associates and joint ventures	633,374,757	12,267,542	645,642,299
Financial assets initially recognised at fair value through profit or loss	675,528,483	183,908,209	859,436,692
Available-for-sale investments	8,568,215,385	703,669,214	9,271,884,599
Loans and accounts receivable	1,250,916,277	35,822,197	1,286,738,474
Other debtors	92,131,614	5,384,435	97,516,049
	11,511,100,008	960,382,881	12,471,482,889
<u>Liabilities</u>			
Mathematical provision for life insurance	1,499,537,564	17,922,332	1,517,459,896
Financial liabilities on the deposit component of insurance contracts and investment contracts	7,692,230,036	-	7,692,230,036
Deposits received from reinsurers	101,787,243	-	101,787,243
Other financial liabilities	8,609,482	-	8,609,482
Other creditors	103,828,744	3,376,398	107,205,142
	9,405,993,069	21,298,730	9,427,291,799



43. Disclosures Related to Insurance Contract Risks

Below is a summary of the acceptance and risk management policies in force.

43.1. 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 covers 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 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 Technical Divisions, which have additional instruments for risk analysis.

The Technical 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 Technical Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks being 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 in order for proposals for acceptance of the conditions of these risks to be presented.

The Technical 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.

43.2. 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.

43.3. 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 them, and the process for applying 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-shaping 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 carried out 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 (Fidelidade) – Activity in Portugal

	2015			2014		
	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	152,974,007	1.35	1.34	139,832,342	1.34	1.33
Health	202,978,575	0.93	0.92	188,737,694	0.92	0.90
Fire and other damage	212,235,595	0.69	0.68	211,095,058	0.67	0.66
Motor	338,750,714	0.97	0.95	327,523,641	0.91	0.90
Marine	3,601,197	0.58	0.57	3,350,877	0.47	0.46
Aviation	7,380,193	0.00	-0.02	5,439,501	0.14	0.12
Transported goods	6,689,394	0.52	0.50	6,467,655	1.00	0.98
Third party liability	29,207,407	0.55	0.54	27,760,210	0.70	0.69
Other lines of business (Credit and Suretyship and Other)	36,885,333	0.47	0.46	35,658,174	0.59	0.57

Note: Ratios for the years of occurrence 2015 and 2014.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Aviation, Transport Goods, Third Party Liability and Other Lines of Business (Credit and Suretyship and Other) saw a decrease in the ratio of 114.9%, 48.7%, 21.7% and 19.7% respectively.

In the lines of Marine, Motor, Fire and Other Damage, Health and Accidents the ratio tended to increase, reaching 24.3%, 6.5%, 2.9%, 1.7% and 0.9% respectively.

An analysis of the above table reveals that in the last 12 months premiums in the Accidents line of business were not sufficient to meet the liabilities.



Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2015, reaching around EUR 69 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 25.4% in the costs would be needed to eliminate the premiums shortfall recognised in this line of business. This insufficiency is due to Workers' Compensation.

For the remaining groups of business the premiums acquired were sufficient to meet the assumed liabilities.

In overall terms, the operating income in non-life direct insurance, in the last 12 months, was sufficient to meet the liabilities associated with its operation.

Net of reinsurance

With the exception of the Aviation and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2015, to meet the costs associated with the operation of most of the lines of business.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is higher than the provision set up in 2014.

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 (previously the ISP), 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 91.5% of the Gross Premiums Earned and 97.8% of the claims.



In order to control the risks assumed, the insurance company has underwriting and acceptance rules which 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 2015.

Distribution of Reinsurers by Rating

Rating	% Reinsurers	
	2015	2014
A -	11.1%	13.9%
A	33.3%	25.0%
A +	27.8%	36.1%
AA -	19.4%	16.7%
AA	2.8%	2.8%
AA+	2.8%	2.8%
No Rating	2.8%	2.8%

There is a specific “Excess of Loss” treaty to guarantee catastrophic risks, with a retention of EUR 100,000,000 and a capacity of EUR 450,000,000.

At Fidelidade 60.5% 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.

Sensitivity analyses

The insurance company conducts sensitivity analyses as part of its normal actuarial work, namely to gauge the adequacy of the levels of premiums and provisions and respective impacts on the level of solvency.

In December 2015 Fidelidade’s solvency rate rose to 281.88%. In the event of a 20% rise in claims costs in non-life, the solvency margin would fall to 260.06%.

As part of the “Quantitative Impact Study”, the company’s economic capital for the various underwriting risks in non-life is calculated annually.

Comparison between estimated and actual claims

Fidelidade’s claims provision at 31 December 2014 totalled EUR 1,534 million. During 2015, EUR 257,341,959 were paid for claims which occurred in 2014 and previous years.

In December 2015, natural consumption would lead to a provision of EUR 1,277,381,026. However, there was a negative readjustment of over EUR 38 million, and the provision at the end of December 2014 was EUR 1,239,344,602.



There were negative readjustments for all the lines of business except Accidents and Health and Marine and Transport. The most significant, in absolute terms, was in Motor, which was greater than EUR 47 million.

Development of the Provision for Claims Regarding Claims Occurred in Previous Years and their Readjustments (Corrections)

Headings	Claims Provision at 31 December 2014	Claims paid in the year *	Claims Provision at 31 December 2015 *	Reajustments
	(1)	(2)	(3)	(3)+(2)-(1)
Accidents and Health	825,923,445	122,493,001	723,393,725	19,963,281
Fire and other damage	105,150,808	34,742,644	62,659,660	(7,748,504)
Motor	479,932,191	89,612,121	342,933,816	(47,386,254)
Marine and transport	2,782,500	279,923	3,031,999	529,422
Aviation	3,209,582	470,354	2,640,849	(98,379)
Transported Goods	8,085,039	3,227,999	3,651,400	(1,205,640)
Third party Liability	106,957,980	6,080,033	99,617,032	(1,260,915)
Credit and suretyship	460,964	(60,402)	482,847	(38,519)
Legal protection	76,401	5,391	1,983	(69,027)
Assistance	208,110	315	5,917	(201,878)
Other	1,935,965	490,580	925,374	(520,011)
Total	1,534,722,985	257,341,959	1,239,344,602	(38,036,424)

* Claims occurred in the year 2014 and previous years.

43.4. 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 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 associated with the cover available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain types of risks.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by reinsurance.

The Company has based its reinsurance policy on the existence of proportional and non-proportional reinsurance treaties, as well as facultative reinsurance and other types of reinsurance which prove necessary to obtain adequate reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering, Marine Hull, Transported Goods and Aviation, the Company works with Proportional Treaties.

The reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Company's financial capacity, in terms of whether it is sufficient to absorb frequent claims.



For Motor, Workers' Compensation, Personal Accidents and Third Party Liability, the risks are covered by an Excess of Loss treaty, which proves more appropriate to the nature of the risks and the portfolio and the Company's financial capacity. To establish the priority the statistical behaviour of the claims rate and the quotes found which result from the different levels that this may have, are taken into consideration.

The Maximum Risk in Retentions is protected by the Excess of Loss Treaties which are appropriate to each situation.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Company's financial capacity.

When determining the Retention by event, the infrequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Company's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services, and constant observation and monitoring of this is carried out.

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-".

43.5. Life Insurance

In the life insurance line of business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk Products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Annuity products

The greatest risk factor for these products is longevity.



Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Capitalisation Products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Company's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2016	154,234,401	112,582,526	-	15,027,538	21,721,404	186,221,531
2017	123,649,961	92,649,755	-	14,284,068	18,816,125	183,121,487
2018	114,924,985	85,674,633	-	13,521,042	16,382,618	147,248,035

The following tables provide information on the change in these cash inflows and outflows, considering a 5% increase in expected redemptions.

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2016	150,580,182	110,333,919	-	15,027,538	21,158,176	236,315,248
2017	114,158,849	86,660,244	-	14,284,068	17,376,547	214,490,480
2018	100,428,620	76,547,801	-	13,521,042	14,346,625	166,338,662



44. Capital Management

Fidelidade's capital management objectives comply with the following general principles:

- To comply with the legal requirements imposed on Fidelidade by the Supervisory Authorities, namely the ASF;
- To produce sufficient profits for the Company to create value for the shareholder and provide it with a return on capital applied;
- To sustain the development of the operations which Fidelidade is legally authorised to perform, maintaining a solid capital structure, sufficient to respond to growth in the activity and to the risks resulting from it.

In order to achieve these objectives, Fidelidade draws up a plan of its short and medium-term capital needs, with a view to financing its activity, above all using self-financing.

The legal requirements in force stem from Decree-Law No. 94-B/98, of 17 April, with the wording given by Decree-Law No. 251/2003, of 14 October, and the ASF rules, namely Standard No. 6/2007-R, of 27 April, with the amendments resulting from Standard No. 12/2009-R, of 30 October, Standard No. 21/2010-R, of 16 December and Standard No. 4/2011-R of 2 June, in particular:

- The obligation to permanently maintain a solvency margin which is sufficient for the full range of the Company's activities. For this purpose, the available solvency margin is determined pursuant to the provisions in the aforementioned legislation, and the prudent adjustments set out in the ASF's regulations are also applicable.
- The obligation to maintain a guarantee fund, which is an integral part of the solvency margin and which corresponds to one third of the required solvency margin amount, and which may not be below the legally established minimum limits.
- In the event that the ASF identifies any insufficiency, even if it is only presumed or assumed to be temporary, of the solvency margin of an insurance company, the latter must, within the period established for the purpose by the Institute, submit for its approval a recovery plan with a view to restoring its financial situation.
- The obligation for the technical provisions at any time to be represented in their entirety by equivalent assets, subject to a set of diversification and prudent dispersal rules, compliance with which is monitored by ASF. The assets representing the technical provisions constitute assets which especially guarantee credits arising from the insurance contracts, and cannot be pledged or attached, unless in order to pay those same credits. In the event of liquidation, these credits have a privileged charge over the movable and immovable property which represents the technical provisions, and are the first to be secured.

For this purpose, within a maximum of 15 days from the end of each quarter, the insurance companies must have the respective calculation of the state of the solvency margin available for consultation and for reporting to the ASF.

The ASF is informed of the technical provisions representation plan within 20 days of the end of each quarter.



In addition to these requirements, there are other prudency rules to which insurance companies are subject, which, together with those presented above, should be considered as an important complement to conservative management by the institutions, which should be based essentially on internal evaluation and control tools set up by them, taking into account the responsibilities to the shareholders, insured persons and other creditors.

In order to analyse and ensure compliance with the legal and prudency requirements to which it is subject, Fidelidade as several bodies which perform key functions in the area of Risk Management and Internal Control:

- a. Risk Management Division (DGR);
- b. Compliance Office (GC);
- c. Audit Division (DAU);
- d. Risk Committee;
- e. Underwriting Policy Acceptance and Supervision Committee;
- f. Life and Non-Life Products Committee.

Risk Management Division

The DGR is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its mission is based on defining, implementing and maintaining a risk management system which enables identification, measuring, monitoring and communication of risks, individually or collectively, including risks not contemplated in the capital solvency requirements, enabling the Executive Board and the various Divisions involved to incorporate this knowledge into their decision-making process.

DGR's main functions are:

- a. Ensuring and controlling the adequacy of the information provided as support for decision-making;
- b. Managing the Internal Control and Risk Management Systems:
 - Assessing and monitoring the current and future solvency situation, and risk mitigation instruments;
 - Monitoring compliance with the level of liquidity and cover for the estimated payments from the estimated receipts, in relation to that which is defined;
 - Identifying, assessing and monitoring the market risks and counterparty credit risks, underwriting risks and credit risks of the respective mitigation instruments;
 - Identifying, assessing and monitoring operating risks incurred, as well as identifying and characterising the existing control tools;
 - Drawing up, proposing and revising the Provisions Policies, and the Capital Management Policy, including the medium-term Capital Management Plan and the respective Contingency Plans;
 - Cooperating on the drawing up and revision of the Investment and Liquidity Policies, and on the Underwriting and Reinsurance Policies.
- c. Undertaking actuarial assessment of the Life and Non-life portfolios.

Compliance Office

The GC is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its main mission is to contribute to ensuring that the management bodies, the management structure and the employees comply with the legislation, rules, codes and standards in force, both internally and externally, in order to avoid situations which harm the Company's image and its reputation in the market, as well as any potential financial losses.



GC's main functions are:

a. Prevention of Money-Laundering

Ensuring coordination of the prevention and detection of money laundering activities and the funding of terrorism, guaranteeing that internal procedures are carried out regarding this issue.

b. Compliance

Ensuring management of the compliance function, in order to comply with legislation and other regulations as well as policies and procedures aimed at avoiding legal or regulatory sanctions and financial or reputational losses.

Audit Division

The DAU is a first-line body in the corporate structure, reporting directly to the Company's Executive Board. Its mission is to guarantee assessment and monitoring of the Company's risk management and internal control systems, and to confirm compliance with the internal rules and the legislation in force. Its general purpose, therefore, is to contribute to creating value and improving circuits and procedures, seeking to increase the efficacy and efficiency of operations, the safeguarding of assets, trust in the financial reporting and compliance with laws and regulations.

Performing a key role in risk management and internal control, DAU carries out the following functions:

- a. Drawing up and carrying out an annual audit which focuses on assessing the efficacy of the internal control and risk management systems;
- b. Assessing compliance with the principles and rules defined as part of the internal control and operational risk management, identifying possible insufficiencies and suggesting action plans to mitigate the inherent risk or optimise the control in terms of efficacy;
- c. Confirming compliance with the laws and regulations which govern the activity;
- d. Drawing up a report to be presented to the Executive Board and to the Supervisory Bodies at least once a year on Auditing Issues, with a summary of the main deficiencies detected in the auditing actions and which identifies the recommendations that were followed.

Risk Committee

The Risk Committee is responsible for pronouncing on the Risk Management and Internal Control issues which are submitted to it by the Executive Board, based on the definition of the risk strategy to be followed by the Companies. Accordingly, the Risk Committee proposes to the Executive Board risks policies and global objectives to be considered in the Companies' Risk Management and Internal Control.

Underwriting Policy Acceptance and Supervision Committee

The main functions of the Underwriting Policy Acceptance and Supervision Committee are the acceptance of risks which surpass the competence of the Technical Divisions, supervision of the quotation processes which require their intervention and analysis of the competitiveness and profitability indices of the various lines of business and segments.



Life and Non-Life Products Committees

The Products Committees' main mission is to coordinate the release of products of all Group companies, ensuring that supply is consistent with the multi-channel and value creation strategy, ensuring alignment of the new offer and the existing offer with the Company's strategic planning and appetite for risk defined by the Executive Board.

Fidelidade's solvency margin, measured on the basis of the cover by assets eligible for this purpose of liabilities resulting from the activity carried on by the Company, was as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Available solvency margin:		
Paid - up share capital	381,150,000	381,150,000
Treasury shares	(148,960)	-
Other capital instruments	521,530,514	-
Reserves:		
Revaluation reserves	196,929,532	478,768,842
Deferred tax reserve	(40,993,314)	(111,815,759)
Legal reserve	117,095,630	102,172,334
Other reserves	72,224,293	(45,837,042)
Merger reserves	91,335,345	91,335,345
Share premiums	115,103,280	115,103,280
Income on gains and losses, less amounts distributed:		
Retained earnings	108,609,257	87,418,523
Net income for year	<u>207,862,217</u>	<u>159,108,030</u>
	<u>1,770,697,794</u>	<u>1,257,403,553</u>
Prudent deductions		
Intangible assets	<u>(16,892,912)</u>	<u>(18,122,195)</u>
	<u>(16,892,912)</u>	<u>(18,122,195)</u>
All solvency margin components	<u><u>1,753,804,882</u></u>	<u><u>1,239,281,358</u></u>
Solvency requirements:		
Life insurance:	426,123,689	411,452,316
Non-life insurance:	<u>196,638,422</u>	<u>199,978,017</u>
Total solvency margin required	<u><u>622,762,111</u></u>	<u><u>611,430,333</u></u>
Surplus cover	<u><u>1,131,042,771</u></u>	<u><u>627,851,025</u></u>
Cover rate	282%	203%



45. Pension Funds Being Managed

At 31 December 2015 and 2014, the Macao branch was managing seven pension funds. In this period, the pension fund portfolio contained the following assets:

	2015						
	BNU Pensions 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
Amounts in Patacas							
Cash and deposits	29,379,892	33,533,911	19,024,486	145,066	276,413	296,111	161,614
Debt instruments	119,581,696	341,211,575	-	2,911,298	2,197,092	3,913,697	2,426,652
Equity instruments	13,880,493	150,483,532	-	951,536	3,295,957	5,971,497	4,373,318
Other	(98,635)	(275,745)	(140,720)	(37,375)	(53,373)	(95,060)	(70,591)
	<u>162,743,446</u>	<u>524,953,273</u>	<u>18,883,766</u>	<u>3,970,524</u>	<u>5,716,089</u>	<u>10,086,245</u>	<u>6,890,994</u>
Amounts in Euros							
Cash and deposits	3,380,613	3,858,597	2,189,063	16,692	31,806	34,072	18,596
Debt instruments	13,759,731	39,261,691	-	334,990	252,810	450,332	279,224
Equity instruments	1,597,166	17,315,467	-	109,489	379,251	687,113	503,218
Other	(11,349)	(31,729)	(16,192)	(4,301)	(6,141)	(10,938)	(8,123)
	<u>18,726,161</u>	<u>60,404,026</u>	<u>2,172,871</u>	<u>456,870</u>	<u>657,725</u>	<u>1,160,579</u>	<u>792,916</u>

*Calculated at the Bank of Portugal's exchange rate EUR / MOP from 31/12/2015.

	2014						
	BNU Pensions 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
Amounts in Patacas							
Cash and deposits	25,553,188	26,090,423	15,977,646	45,131	113,196	143,224	138,057
Debt instruments	121,597,613	295,745,158	-	2,343,032	1,858,167	3,360,475	2,314,549
Equity instruments	14,975,328	142,107,554	-	786,645	2,826,225	4,989,051	4,273,086
Derivatives	(32,685)	-	-	-	-	-	-
Other	(97,872)	(240,408)	(108,084)	(27,809)	(40,112)	(72,116)	(59,946)
	<u>161,995,572</u>	<u>463,702,726</u>	<u>15,869,562</u>	<u>3,147,000</u>	<u>4,757,475</u>	<u>8,420,635</u>	<u>6,665,746</u>
Amounts in Euros							
Cash and deposits	2,260,027	2,353,301	1,491,193	4,217	10,496	13,226	12,654
Debt instruments	10,754,585	26,675,583	-	218,926	172,303	310,315	212,150
Equity instruments	1,324,479	12,817,798	-	73,502	262,068	460,702	391,667
Derivatives	(2,891)	-	-	-	-	-	-
Other	(8,656)	(21,684)	(10,087)	(2,598)	(3,720)	(6,659)	(5,495)
	<u>14,327,544</u>	<u>41,824,997</u>	<u>1,481,106</u>	<u>294,046</u>	<u>441,147</u>	<u>777,583</u>	<u>610,977</u>



46. Subsequent Events

From 1 January 2016, the new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council of 25 November, will be applicable to the insurance sector.

Thus, Law 147/2015 of 9 September was published, which transposes this Directive into national law and which introduces very significant changes to the legal framework on the taking-up and pursuit of the business of insurance (RJASR) as well as making some changes to both the insurance contract rules and the rules for pension funds, among others.

Although the new RJASR contains some changes that go further than transposing the Solvency II Directive, the most significant changes are mainly related with the three pillars of Solvency II:

- **Pillar I** - quantitative requirements are created which reflect a proportional economic valuation of assets and liabilities of the insurance company to ensure the actual coverage of the risks assumed by it. The new Solvency Capital Requirement is to ensure that the own base funds eligible are of an amount sufficient to absorb significant losses arising from risks to which an insurance company may be exposed;
- **Pillar II** - new qualitative requirements are created to safeguard the existence and maintenance of effective governance systems, risk management systems and internal controls, including systems to ensure the suitability and qualification of persons exercising prominent roles in the insurance company, such as administration, risk management, internal audit and actuarial function. One of the key elements of this pillar is the self-assessment of risk and solvency assessment (ORSA). Through this exercise, the company should make a critical reflection on the adequacy of the capital available to achieve their business goals, as well as on the adequacy of regulatory capital, the SCR, their actual risk profile;
- **Pillar III** - new obligations are created to provide information to the public and the supervisor, namely, establishing the rules for the annual reporting obligation of a report on the solvency and financial condition of the insurer.

In the current solvency regime, in force until 31 December 2015, the solvency margin coverage is the indicator used to assess the Company's ability to meet its financial commitments.

The Solvency II regime establishes two levels of capital requirements. First, the Solvency Capital Requirement (SCR) is calculated covering all risks to which an insurance company may be exposed, including market risk, credit risk, risk specific to insurance, and operating risk. The second level of capital requirements, the Minimum Capital Requirement (MCR) provides a higher alert level, corresponding to the amount of capital that must always be maintained, so as not to jeopardise fulfillment of the insurer's liabilities.

In order to fulfil the obligations imposed by the new Solvency II rules, Fidelidade has established an implementation plan that was submitted to the ASF, under Circular No. 5/2014, of 12 December, containing, among other items, the timing of planned tasks and appropriate level of implementation and the approach to various types of requirements under Solvency II (quantitative, qualitative and reporting and disclosure of information).



According to the Delegated Regulation in force, up to 20 weeks after 1 January 2016, the Company will send ASF the final figures of the economic opening balance in line with the new Solvency criteria, and the figures for the solvency capital requirement (SCR) and the minimum capital requirement (MCR) with reference to the date of entry into force of the new regime, i.e. 1 January 2016. Consequently, although the Board of Directors is preparing preliminary information, there is no definitive information since the Implementation Plan is in progress, and its various phases and activities will be implemented in line with the established schedule.

The preparatory work that has been carried out in preparation for the implementation of Solvency II has left Fidelidade in a comfortable position as regards a smooth transition to the new solvency regime.



B3 Report and Opinions on the Separate Accounts

Legal Certification of Separate Accounts

Report and Opinion of the Supervisory Board

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

Introduction

1. We have examined the accompanying financial statements of Fidelidade – Companhia de Seguros, S.A, comprising the Statement of Financial Position as at 31 December 2015 (which shows a total of 14,217,045,038 Euros and shareholders' equity total of 1,770,697,794 Euros, including a net income for the year of 207,862,217 Euros), the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and Notes.

Responsibilities

2. The Company's Board of Directors is responsible for the preparation of financial statements which present a true and fair view of the Company's financial position, results and comprehensive income of operations, changes in equity and cash flows, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.
3. Our responsibility is to express a professional and independent opinion based on our examination of those financial statements.

Basis of Opinion

4. We conducted our examination in accordance with the technical standards and directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the examination in order to obtain an acceptable level of assurance as to whether the financial statements are free of material misstatements. Accordingly, our examination included:
 - the verification, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements and the assessment of the significant estimates and judgments made by the Board of Directors, used in the preparation of the financial statements;
 - the assessment of whether the accounting policies adopted and their disclosure are appropriate, considering the circumstances;
 - the verification of the appropriateness of the going concern principle; and
 - the assessment of whether the overall presentation of the financial statements is adequate.

5. Our examination also included the verification of the consistency of the financial information included in the Management Report, with the financial statements.
6. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

Opinion

7. In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the financial position of Fidelidade – Companhia de Seguros, S.A. as at 31 December 2015, the results and comprehensive income of its operations, the changes in equity and cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal for the insurance sector, established in the Chart of Accounts approved by Regulatory Standard no. 4/2007 of 27 April and the subsequent alterations.

Report on Other Legal Requirements

8. It is also our opinion that the financial information in the Management Report is in agreement with the financial statements for the period.

Lisbon, 15 March, 2016

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(Signed)

[Ana Rosa Ribeiro Montes Pinto] (ROC nº 1230)

Fidelidade – Companhia de Seguros, S.A.

Report and Opinion of the Supervisory Board

2015

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 and noted the regularity of its accounting records and compliance with legal and statutory regulations, having made the checks considered appropriate.

We were provided with regular information and details of the operations of the company and its corporate business by the Board of Directors and other governing bodies.

With regard to the separate financial statements, we have examined the Report of the Board of Directors and the other 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 concluded:

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, 15 March 2016

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

José António da Costa Figueiredo – Member

Luís Manuel Machado Vilhena da Cunha – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2015

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, 15 March 2016.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

José António da Costa Figueiredo – Member

Luís Manuel Machado Vilhena da Cunha – Member

C Corporate Governance Report

Corporate Governance Report

2015

Fidelidade – Companhia de Seguros, S.A.

INTRODUCTION

Fidelidade – Companhia de Seguros, S.A., (hereinafter “Company” or “Fidelidade”) produces its Corporate Governance Report in a clear and transparent manner, applying the rules in force and observing best practice and recommendations, to make public its principles and regulatory standards within the scope of Corporate Governance.

This Corporate Governance Report relates to 2015 and was drawn up in compliance with that set out in Article 70(2) b) of the Portuguese Code of Commercial Companies.

INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. CAPITAL STRUCTURE

Fidelidade’s share capital, of 381,150,000.00 euros, is represented by 121,000,000 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.

In 2014, the process of privatising Fidelidade’s share capital took place, pursuant to Decree-Law No. 80/2013, of 12 June, within the scope of which LongRun Portugal, SGPS, S.A. (hereinafter “LongRun”) acquired from Caixa Seguros e Saúde, SGPS, S.A. (hereinafter “CSS”) 96,800,000 shares representing 80% of the share capital and voting rights of Fidelidade, as a result of a direct sale operation to an investor which became Fidelidade’s reference shareholder (direct reference sale or DRS).

As part of the privatisation process, a public offer of sale (POS) took place of a block of shares, representing 5% of the share capital, reserved for employees. As part of this POS 16,860 shares were acquired by employees, representing 0.0139% of the share capital.

On 8 January 2015 in compliance with the provisions in clause 2.2. of the Direct Reference Sale Agreement, Longrun acquired the shares reserved for employees which had not been acquired, and Longrun now holds 102,833,140 shares representing 84.9861% of the share capital and voting rights.

In compliance with the resolution of the General Meeting of 31 March 2015, on 22 December 2015 the process of acquisition of own shares held by employees was concluded. In virtue of this transaction the shareholder structure of the company became the following:

Shareholder	% of Capital	No of shares
Longrun Portugal, SGPS, S.A.	84.9861%	102,833,140
Caixa Seguros e Saúde, SGPS, S.A.	15.0000%	18,150,000
Employees	0.0029%	3,560
Own Shares	0.0110%	13,300
TOTAL:	100%	121,000,000

2. RESTRICTIONS ON THE TRANSFER OF SHARES

Pursuant to Article 7(1) of Decree-Law No. 80/2013, of 12 June, which approved the procedure for the sale of Fidelidade's share capital, and paragraphs 4 and 5 of Council of Ministers' Resolution No. 83/2013, of 9 December, the shares representing the share capital acquired within the scope of the DRS and respective voting rights are subject to the inalienability regime for a period of four years.

Under the Shareholders' Agreement signed on 7 February 2014, CSS and LongRun assumed the obligation, regarding the transferability of the shares, for a period of 4 (four) years counting from the completion date of the DRS, not to dispose of, promise to dispose of, pledge or promise to pledge any shares representing Fidelidade's share capital and in general not to enter into legal transactions which seek to pledge or transfer the respective ownership, even if subject to future completion, or which enable the exercise of voting rights through an intermediary, including indirectly via the transfer of shares representing LongRun's share capital, without prejudice to specific situations contemplated in the aforementioned Shareholders' Agreement.

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 2015, Fidelidade holds 13,300 own shares, which corresponds to 0.0110% 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 2015, 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.	102,833,140	84.9861%	84.9861%	Acquisition
Caixa Seguros e Saúde, S.A.	18,150,000	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 2015, the members of the management and supervisory bodies did not hold shares in the Company.

At 31 December 2015, the members of the management and supervisory bodies did not hold bonds in the Company.

B. GOVERNING BODIES AND COMMISSIONS

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 2015 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.

- 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 2015, the Board of Directors was composed of fourteen members appointed to exercise duties for the three-year period 2014-2016, nine of whom were non-executive members and five of whom were executive members, as reflected in the following table:

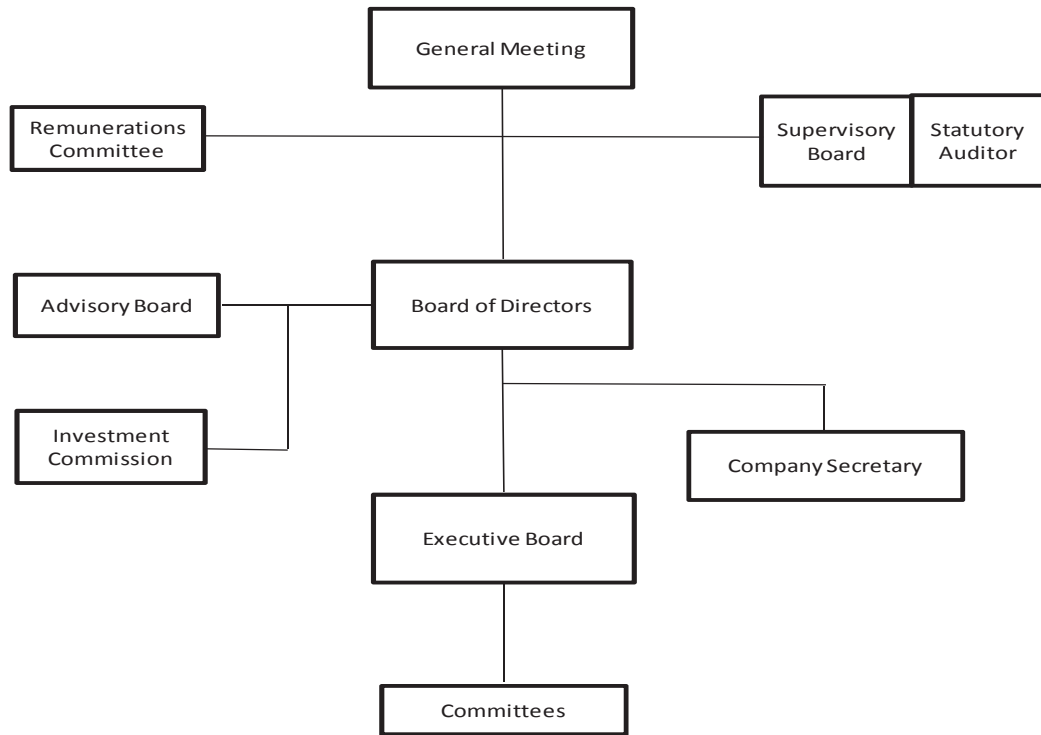
Members of the Board of Directors (BD)	Position	Date of Appointment to Mandate	Duration of Mandate	Observations
Guangchang GUO	Chair	15-05-2014	2014/2016	Non-executive
João Nuno de Oliveira Jorge Palma	Vice-Chair	15-05-2014	2014/2016	Non-executive
Jorge Manuel Baptista Magalhães Correia	Vice-Chair	15-05-2014	2014/2016	Executive
Qunbin Wang	Member	15-05-2014	2014/2016	Non-executive
Nuno Maria Pinto de Magalhães Fernandes Thomaz	Member	15-05-2014	2014/2016	Non-executive
Michael Lee	Member	15-05-2014	2014/2016	Non-executive
José Manuel Alvarez Quintero	Member	15-05-2014	2014/2016	Executive
António Manuel Marques de Sousa Noronha	Member	15-05-2014	2014/2016	Executive
Rogério Miguel Antunes Campos Henriques	Member	15-05-2014	2014/2016	Executive
Wai Lam William Mak	Member	05-06-2014	2014/2016	Executive
José Pedro Cabral dos Santos	Member	13-10-2014	2014/2016	Non-executive
Lan Kang	Member	31-10-2014	2014/2016	Non-executive
Xiaoyong Wu	Member	31-01-2015	2014/2016	Non-executive
Lingjiang Xu	Member	24-09-2015	2014/2016	Non-executive

At 31 December 2015, 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	Chair	30-05-2014	2014/2016
José Manuel Alvarez Quintero	Member	30-05-2014	2014/2016
António Manuel Marques de Sousa Noronha	Member	30-05-2014	2014/2016
Rogério Miguel Antunes Campos Henriques	Member	30-05-2014	2014/2016
Wai Lam William MAK	Member	06-06-2014	2014/2016

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 2015:



Board of Directors

The Board of Directors (BD), 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 BD 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 BD which deal with the following issues may only be taken by a majority of 6 of the 7 members making up the BD:

- 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 BD in and out of court;
- b) Coordinating the BD's activity and convening and managing the respective meetings;
- c) Ensuring the correct implementation of the BD's resolutions.

Executive Committee

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee (EC), the BD 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 EC does not cover matters which remain the exclusive competence of the BD.

Advisory Board

The Advisory Board (AB) has the following duties:

- a) Analysis and reflection on the Fidelidade insurance group's global strategy, with responsibility for reviewing the general guidelines for the annual plan of activities and budget;
- b) Supervision of the evolution of the implementation of the Fidelidade insurance group's internationalisation and investment strategy, assessing the issues which are submitted to it by the Board of Directors.

The AB ordinarily meets whenever it is convened by the Chair of the Board of Directors.

The members of the AB are appointed by the BD, and the respective mandate coincides with the mandate of the BD.

Investment Commission

All of the Company's investment decisions are subject to supervision by the Investment Commission, and the EC reports operations performed to the Investment Commission.

The Investment Commission is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Commission are appointed by the BD, and the respective mandate coincides with the mandate of the BD.

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 2015-2017.

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 3 permanent members and one replacement, with mandates of three years, which are renewable, and was composed as follows at 31 December 2015:

Members of the Supervisory Board	Position	Date of Appointment to Mandate	Duration of Mandate
Pedro Nunes de Almeida	Chair	31-03-2015	2015/2017
José António da Costa Figueiredo	Member	31-03-2015	2015/2017
Luís Manuel Machado Vilhena da Cunha	Member	31-03-2015	2015/2017
Isabel Gomes de Novais Paiva	Replacement	31-03-2015	2015/2017

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 is Ernst & Young Audit & Associados – SROC, S.A., represented by its partner Ana Rosa Ribeiro Salcedas Montes Pinto, Statutory Auditor no. 1230.

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.

20. DESCRIPTION OF OTHER SERVICES PROVIDED BY THE STATUTORY AUDITOR TO THE COMPANY

Besides its work as Statutory Auditor, Ernst & Young Audit & Associados – SROC, S.A., provides services to the Company as an External Auditor.

V. External Audit

21. IDENTIFICATION OF THE EXTERNAL AUDITOR DESIGNATED FOR THE PURPOSES OF ARTICLE 8 AND OF THE PARTNER OF THE STATUTORY AUDITOR WHO REPRESENTS IT IN THE PERFORMANCE OF THOSE DUTIES, AND THE RESPECTIVE REGISTRATION NUMBER WITH THE SECURITIES MARKET COMMISSION

The external auditor is Ernst & Young Audit & Associados – SROC, S.A., represented by its partner Ana Rosa Ribeiro Salcedas Montes Pinto, Statutory Auditor No. 1230, whose primary contacts are the Executive Committee and the Accounting and Financial Information Division.

The auditor has been registered with the Securities Market Commission since 03/01/2002, under the no. 9011.

- 22.** INDICATION OF THE NUMBER OF YEARS THAT THE EXTERNAL AUDITOR AND THE RESPECTIVE PARTNER OF THE STATUTORY AUDITOR WHO REPRESENTS IT IN THE PERFORMANCE OF THOSE DUTIES HAVE CARRIED OUT DUTIES CONSECUTIVELY WITH THE COMPANY AND/OR GROUP

The external auditor and the respective partner of the Statutory Auditor began their duties on 15 May 2014.

- 23.** INDICATION OF THE BODY RESPONSIBLE FOR ACCOMPANYING THE EXTERNAL AUDIT

The Executive Committee and the Supervisory Board regularly monitor the work of the external auditor, assessing in particular the conclusions of the audit of the financial statements.

- 24.** IDENTIFICATION OF WORKS, OTHER THAN AUDITING, PERFORMED BY THE EXTERNAL AUDITOR FOR THE COMPANY AND/OR FOR COMPANIES OVER WHICH IT HAS A CONTROLLING INTEREST, AND INDICATION OF THE INTERNAL PROCEDURE FOR APPROVING THE CONTRACTING OF SUCH SERVICES

Besides its Auditing tasks, the External Auditor also provides statutory audit services.

- 25.** INDICATION OF THE AMOUNT OF ANNUAL REMUNERATION PAID BY THE COMPANY AND/OR LEGAL PERSONS IN A CONTROLLING OR GROUP RELATIONSHIP WITH THE AUDITOR AND OTHER NATURAL OR LEGAL PERSONS BELONGING TO THE SAME NETWORK AND DETAILS OF THE PERCENTAGE RELATING TO THE FOLLOWING SERVICES (FOR THE PURPOSES OF THIS INFORMATION, THE NETWORK CONCEPT IS THAT RESULTING FROM EUROPEAN COMMISSION RECOMMENDATION No. C (2002) 1873, OF 16 MAY)

The amount of the annual remuneration that the Company pays to the Auditor and other natural and legal persons belonging to the same network, listed with the respective percentages, is reflected in the following table:

Services Provided by E&Y in 2015	Euros					%			
	Auditing	Other assurance services	Tax Consultancy	Other Services	Total	Auditing	Other assurance services	Tax Consultancy	Other Services
Fidelidade - Companhia de Seguros, S.A.	466,702.39	40,670.00	6,858.18	250,920.0	765,150.57	61%	5%	1%	33%

C. INTERNAL ORGANISATION

I. Articles of Association

- 26.** 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

- 27.** 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 governing 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

28. BODIES RESPONSIBLE FOR THE INTERNAL AUDIT AND FOR THE IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

The management of internal control and risk management systems is performed by the following bodies: the Risk Management Division, the Audit Division, the Institutional Affairs Coordination and Compliance Division, the Risk Committee, the Asset and Liability Management Committee and the Underwriting Policy Acceptance and Supervision Committee.

Other bodies within the company structure are charged with performing a motivating role in the internal control and risk management procedure, in order to guarantee that the management and control of operations are conducted in a sound and prudent manner. They are also responsible for ensuring the existence and updating of documentation on their business processes, respective risks and control activities.

The Company has been developing a global risk management system, in order to meet the requirements related with the new Solvency II rules and, in particular, Regulatory Standard No. 14/2005-R, of 29 November.

The implementation of this system, besides complying with the rules applicable to the insurance activity, is regarded as an opportunity to improve the procedures for the assessment and management of risk, thereby contributing to maintaining the solidity and stability of the insurance group of which Fidelidade is a part.

As part of the operations risk management and internal control, initiatives have been developed based on best practices defined both by the then Portuguese Insurance Institute, now the Supervisory Authority for Insurance and Pension Funds, and by EIOPA – The European Insurance and Occupational Pensions Authority:

- Documentation and classification of existing control activities, linking them to the risks previously identified in the business processes;
- Implementation of decentralised registration procedures for events and the consequent losses, including near misses, resulting from the risks associated with the business processes, and self-assessment of the risks and the control activities.

Included within the set of prudent 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.

Under the provisions of the Directive regarding the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) transposed into national law by Law 147/2015 of 9 September, also including the Delegated Regulation (EU) 2015/35 of 10 October, in addition to a set of implementing technical standards and guidelines EIOPA shall apply from 1 January 2016.

With a view to a smooth transition, EIOPA issued a set of guidelines, with implementation from 1 January 2014, on the procedures to adopt in preparation for implementation of Solvency II.

In the light of the legislative process described above, the Company conducted a detailed gap analysis, comparing the current situation with the objectives (level of maturity) intended for the permanent requirements, both of the new Solvency II rules and of the guidelines applicable in the preparatory phase for its application, in 2016.

As a result of this analysis, an implementation plan was defined containing the activities necessary to eliminate the differences identified (gaps), covering both the transition phase (with a more immediate timeframe – 2014 to 2015) and the phase of consolidating the application of the new Solvency II rules (with a more extended timeframe, after January 2016).

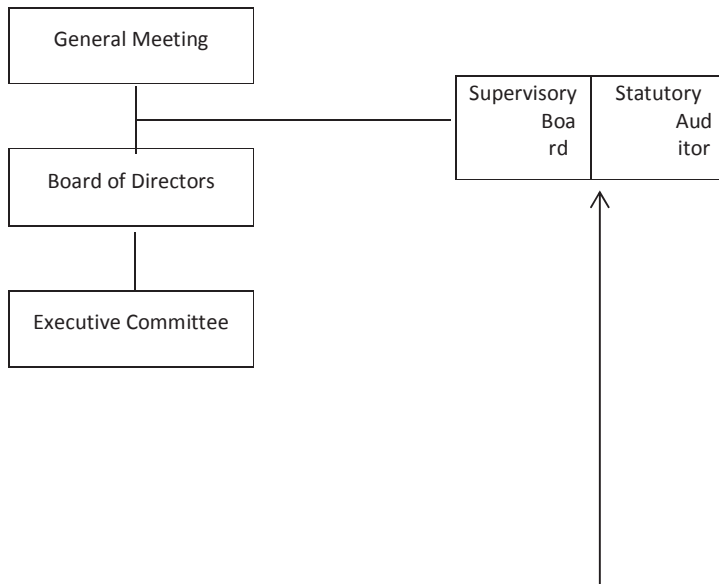
Under Circular No 5/2014 of 12 December, the implementation plan was submitted to ASF, containing both the timing of planned tasks, and the appropriate degree of implementation, and the approach to various types of requirements included in Solvency II (quantitative, qualitative and reporting and disclosure of information), such as information systems and training plans. Also under that Circular, the Company sent to the Supervisory Authority of Insurance and Pension Funds during the 2015 tax year, the following information concerning the preparatory phase:

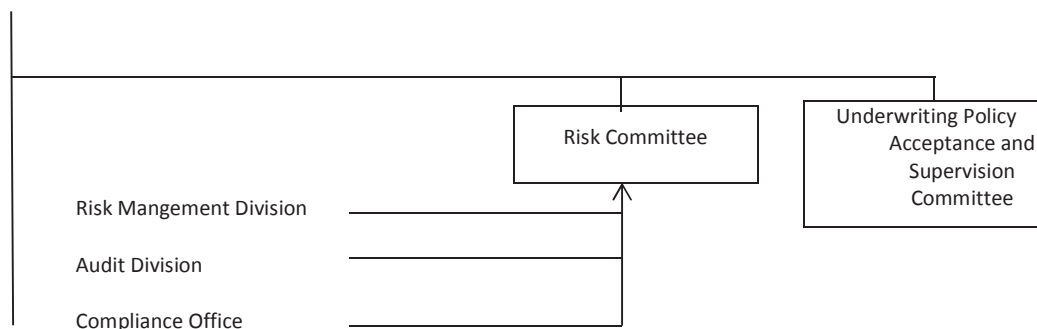
- The self-assessment risk and solvency policy, as well as a report produced following the self-assessment risk and solvency exercise made, containing the findings and the results of evaluations carried out;
- Annual information incorporated in the quantitative reporting templates (QRT) and qualitative information, with reference to 31/12/2014;
- Quarterly information incorporated in the quantitative reporting templates (QRT) with reference to the third quarter 2015.

Thus, the preparatory work carried out within the project implementation plan, and the measures adopted during the preparation phase for the implementation of Solvency II regime, has left Group in a comfortable position as regards a smooth transition to the new solvency regime.

29. EXPLANATION OF THE HIERARCHICAL AND/OR FUNCTIONAL RELATIONSHIPS OF DEPENDENCE IN RELATION TO OTHER BODIES OR COMMISSIONS OF THE COMPANY

The hierarchical or functional relationship of dependence of the Risk Management Division, the Audit Division and the Institutional Affairs Coordination and Compliance Division, in relation to other bodies or commissions of the Company is reflected in the following table:





30. 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 Office, 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.

31. 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 2015 Management Report, in particular in the Notes to the Separate Financial Statements (Notes 42, 43 and 44) and Consolidated Financial Statements (Notes 47, 48 and 49).

32. DESCRIPTION OF THE PROCESS OF IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT OF RISKS

In order to comply with the provisions of Article 19 of Regulatory Standard No. 14/2005-R, of 29 November, an Annual Report is prepared on Fidelidade's Organisational Structure and Internal Control and Risk Management Systems, which is subject to certification by a Statutory Auditor.

The Report which relates to 2015 includes chapters covering the organisational structure, the main activities under a sub-contracting regime, the governance model and the information systems which support the internal control and risk management systems, and also:

- Activities and follow-up performed by the key functions established within the scope of the internal control and risk management systems;
- Risk management, internal control and anti-money laundering procedures;
- A list of the deficiencies identified in the risk management and internal control system;
- Procedures which are part of the anti-fraud policy, as set out in Article 25 of Regulatory Standard No. 10/2009-R, of 25 June.

Under the new Solvency II regime, the Company has new obligations to inform the public and the regulator, in particular, the annual disclosure of a report on solvency and financial condition.

V. Internet Site

33. ADDRESS(ES)

The address of Fidelidade's website is:

www.fidelidade.pt

34. PLACE WHERE INFORMATION ON THE COMPANY, GOVERNING BODIES AND DOCUMENTS RELATING TO THE COMPANY ACCOUNTS CAN BE FOUND

Information about the Company and the governing bodies and documents relating to the accounts are available on the Company's website, at the address indicated above.

35. PLACE WHERE THE ARTICLES OF ASSOCIATION AND THE RULES GOVERNING THE FUNCTIONING OF THE GOVERNING BODIES CAN BE FOUND

The Articles of Association and the rules governing the functioning of the bodies and commissions are available from the Company's Head Office, from the Company Secretary.

36. 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.

37. 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

38. INDICATION AS TO THE COMPETENCE TO DETERMINE THE REMUNERATION OF THE GOVERNING BODIES, THE MEMBERS OF THE EXECUTIVE COMMITTEE OR CHIEF EXECUTIVE AND THE DIRECTORS OF THE COMPANY

The fixing of the remuneration of the members of the governing bodies is the responsibility of the Remunerations Committee.

II. Remunerations Committee

39. COMPOSITION OF THE REMUNERATIONS COMMITTEE

The composition of the Remunerations Committee, appointed on 29 July 2014, at 31 December 2015 is as follows:

Chair:	Lan Kang
Members:	Michael Lee
	Yao Xu

40. 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

41. DESCRIPTION OF THE REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES AS SET OUT IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE

The Remunerations Committee submitted a declaration to the General Meeting of 31 March 2015, 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 unanimously approved.

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 fixed with reference to the legal rules applicable to managers, and the guiding principles of the policy for fixing remuneration for members of the managing bodies of the companies within the Group.

The variable remuneration of the company directors with executive functions is awarded individually and annually, based on an assessment of their performance in the year in question, and may not exceed 50% of the fixed annual salary.

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 a fixed remuneration.”

Following the presentation of this Statement, the Remunerations Committee decided on 1 April 2015, on the following matters:

1. Remuneration of the Supervisory Board members for the period 2015-2017.

2. Allocation of profit sharing for the members of the Executive Committee in 2014.
3. Review of the gross annual fixed remuneration to be applied in 2015 to Executive Committee members.

On 20 October 2015, the Remunerations Committee defined the Company's Remuneration Policy based on market analysis and study of the legal and regulatory framework on remuneration matters, carried out in conjunction with specialised and independent advisors. Additionally it completed the review and approval of the policy and remuneration conditions for the members of the governing bodies of Fidelidade for the three-year mandate period 2014-2016, under the terms of the Annex to the resolution. Consequently, the Company's Remuneration Policy was implemented immediately.

Information on the annual amount of remuneration paid to the members of the governing bodies is that which is set out in this Corporate Governance Report.

The level of compliance with the recommendations contained in Circular No. 6/2010, of 1 April, from the then Portuguese Insurance Institute, now the Supervisory Authority for Insurance and Pension Funds, regarding the remuneration policy is summarised below:

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	Met	

	and competences.		
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	Met	

	versions.		
	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	
	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	Met	

	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.		
	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. Remuneration of members of the management body			
Executive members	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	
	IV2. The fixed and variable components of the total remuneration should be appropriately balanced. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component,	Met	

	including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.		
	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	Met	Through the mechanism equivalent to financial instruments issued by the institution.

	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.		
	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.
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			
Relationship between fixed remuneration and variable remuneration	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	Met	

	<p>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.</p>		
	<p>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.</p>	Not met	<p>No financial instruments were issued by the institution to be awarded to its employees.</p>
<p>Criteria for awarding variable remuneration</p>	<p>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.</p>	Met	
	<p>V.4. The criteria for awarding variable remuneration according to performance should be predetermined and measurable, and should be related to a multi-</p>	Partially met	<p>The remuneration policy for employees of the Group is related to an annual framework, and it is not considered</p>

	annual framework of three to five years, to ensure that the assessment process is based on long-term performance.		opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010 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 that are different to those applied to the remaining employees.
	V.7. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration, and the deferred percentage should increase significantly in line with the employee's level in the hierarchy or responsibility.	Not applicable	No portion of the variable remuneration is subject to deferral in the terms of the previous paragraph.
Remuneration of employees who perform key functions	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	Met	

	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 .		
	V.9. In particular, the actuarial function and the responsible actuary should be remunerated in a manner consistent with their role in the institution and not in relation to the company's performance.	Partially met	While the remuneration is consistent with the role in the institution, it is not dissociated from the performance of the latter.
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

42. 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

The annual amount of gross remuneration paid by the Company, as a whole and individually, to the members of the Company's Board of Directors, is set out in the following table:

Non-executive members of the Board of Directors (BD)	Fidelidade (€)	Observations
Guangchang Guo	0	
João Nuno de Oliveira Jorge Palma	0	
Qunbin Wang	0	
Nuno Maria Pinto de Magalhães Fernandes Thomaz	0	
Guoqi Ding	0	Resigned on 12.01.2015
Michael Lee	0	
Yao Xu	0	Resigned on 21.09.2015
José Pedro Cabral dos Santos	0	
Lan Kang	0	
Xiaoyong Wu	0	
Lingjiang Xu	0	

Members of the Executive Committee (EC)	Fixed Remuneration (€)	Capitalization Insurance deferred receipt (€)	Variable Remuneration (€) *	Observations
Jorge Manuel Baptista Magalhães Correia	350,000	225,000	100,000	01.01.2015 to 31.12.2015
José Manuel Alvarez Quintero	290,000	80,000	80,000	01.01.2015 to 31.12.2015
António Manuel Marques de Sousa Noronha	290,000	80,000	80,000	01.01.2015 to 31.12.2015
Rogério Miguel Antunes Campos Henriques	290,000	95,000	80,000	01.01.2015 to 31.12.2015
Wai Lam William Mak	290,000	35,000	45,000	01.01.2015 to 31.12.2015
TOTAL	1,510,000	515,000	385,000	

* Related to 2014 tax year.

43. COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS CONCERNING CONTRACT TERMINATION DURING THE YEAR

No executive director terminated their functions during 2015.

44. 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 annual amount of gross remuneration paid, 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	
José António da Costa Figueiredo	30,800	
Luís Manuel Machado Vilhena da Cunha	30,800	
Isabel Gomes de Novais Paiva	0	Reserve
TOTAL	103,600	

45. 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 does not receive any remuneration.

V. Agreements with remuneration implications

46. REFERENCE TO THE EXISTENCE AND DESCRIPTION, WITH AN INDICATION OF THE SUMS INVOLVED, OF AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BODY, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION OR UNFAIR DISMISSAL OR TERMINATION OF THE EMPLOYMENT FOLLOWING A CHANGE IN THE CONTROL OF THE COMPANY (ARTICLE 245-A, (1) L)

There are no agreements between the Company and the members of the management body which provide for compensation in the event of resignation, unfair dismissal or termination of the work relationship following a change in the control of the company.

VI. Share allocation or stock option plans

47. IDENTIFICATION OF THE PLAN AND RESPECTIVE RECIPIENTS

There are no plans with these characteristics.

48. 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

49. 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.

50. INDICATION OF THE TRANSACTIONS WHICH WERE SUBJECT TO CONTROL IN THE YEAR IN QUESTION

All transactions with related parties were subject to control.

51. 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

52. INDICATION OF THE LOCATION OF ACCOUNTING INFORMATION INCLUDING INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties is included in Note 41 to the financial statements.