FIDELIDADE ASSISTANCE

Annual Report and Accounts 2021

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Fidelidade Assistência – Companhia de Seguros, S.A.

Registered Office: Av. José Malhoa, 13, 7º - 1070 157 Lisboa
Share Capital: 7 500 000 Euros
Legal Person No.: 503 411 515
Registered with the Lisbon Office of Commercial Records
under the same number

Index

Corporate Bodies

Board of Directors

Chairman	Juan Ignacio Arsuaga Serrats
Members	Paulo Francisco Baião Figueiredo
	Carlos Manuel Sobral Miranda

Executive Committee

Chairman	Juan Ignacio Arsuaga Serrats
Member	Carlos Manuel Sobral Miranda

Supervisory Board

Chairman	José António da Costa Figueiredo
Members	António José Pereira Cardoso Mota
	Pedro Antunes de Almeida
Alternate	Anabela de Jesus Nunes Prates

Statutory Auditors

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

Presiding Board of the General Meeting

President	Maria Isabel Toucedo Lage
Secretary	Carla Cristina Curto Coelho

Company Secretary

Permanent	Maria Isabel Toucedo Lage
Alternate	Carla Cristina Curto Coelho

01
Report
of the Board
# of Directors

The Board of Directors of Fidelidade Assistência – Companhia de Seguros, S.A., hereinafter Fidelidade Assistência, hereby presents its Annual Report and Accounts for 2021.

The major aim of the Report of the Board of Directors, prior to presenting the financial statements, is to provide a broad outline of the most relevant aspects that characterise the company, an analysis of the development of the business, and the main principles that guide the way the business is conducted.

1. BUSINESS ENVIRONMENT

1.1 Global Market

2021 continued to be marked by the disruptive effects of the Sars-CoV2 pandemic on economies across all continents. Despite everything, the year was characterised by an economic recovery even if at different speeds and in non-linear movements, directly connected to the different waves of the pandemic that emerged over the course of the year, in line with the appearance of new variants and the consequent restrictive measures. Adding to the volatility in growth indices, there continued to be only low levels of vaccination at the global level, especially in the emerging economies, where levels of demand have still not entirely recovered. Disruptions to the supply chain, driven by the mismatch in supply and demand in international markets, led to a rise in inflation that is expected to return to normal over the medium term, especially as regards raw materials and energy resources.

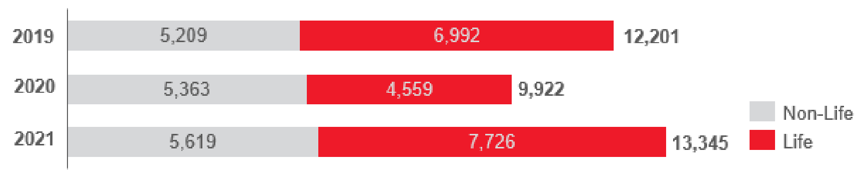
1.2 Portugal

After a year that saw a historical fall in economic activity, Portugal registered strong growth in 2021, having staged a far faster recovery than happened during other recent economic crises. Given its high rate of vaccination, Portugal was one of the European Union countries that did not have to resort to another lockdown, since when the most restrictive measures have been relaxed. The business sector maintained the resilience already registered in 2020, proving able to boost the volume of exports and drive a continued investment dynamic. Economic growth in 2021 came about both due to the recovery in public and private consumption. The state's terms of financing also remained favourable with Portugal able to issue long-term debt at interest rates lower than those obtained in 2019. The recovery in employment closed off a set of positive indicators contributing to the positive trend in economic activities reflected in unemployment falling to 6.6%. GDP, furthermore, registered an advance of 4.8%, and only did not rise higher due to the negative effects of the pandemic waves on key sectors of the economy, in particular tourism, which ended the year contributing to output at close to 50 pp below the level recorded in 2019.

1.3 Evolution of the Portuguese Insurance Market

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

Portuguese Insurance Market



The increase in premiums in the Life segment stemmed, above all, from greater innovation in the range of differentiated products as well as the growing interest among clients in this new range, predominantly with non-guaranteed capital. This growth in client interest is also supported by the current environment of low interest rates in which low risk financial applications, in their majority, do not remunerate the capital invested. Uncertainty about the evolution of the economic situation still under the shadow of the pandemic also led to a rise in household savings over that of the pre-pandemic years[1], which ended up generating an equally positive impact on the performance in this segment.

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

In this segment, the positive trend registered in the Health (+8.7%) segment deserves highlighting at a time when the population is increasingly aware of the need to complement the state's National Health Service. This growth enabled Health to remain as the second largest in the Non-Life segment, with direct insurance premiums amounting to 1,032 million euros and, for the second consecutive year, outstripping the Workers' Compensation premiums. Nevertheless, both the Workers' Compensation and Motor segments also continued the growth trend seen in previous years, even if at a slower pace.

	Gross Premiums		
	2020	2021	Change
Non-Life	**5,363**	**5,619**	**4.8%**
Motor	1,877	2,056	1.3%
Health	950	1,032	8.7%
Workers' Compensation	905	965	6.7%
Fire and Other Damage	945	1,000	5.8%
Others	686	566	5.5%

Unit: million euros   Source: ASF

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

2. COMPANY ACTIVITY

2.1. Executive Summary

Fidelidade Assistência recorded a net operating income for 2021 of EUR 5.4 million, which represents a decrease of 27% compared to the previous year.

The Company recorded a volume of earned premiums of EUR 56.1 million, representing growth of 6.5% compared to the previous year. The Assistance line of business grew 6.1%, attaining a volume of premiums of EUR 49.9 million and the Legal Protection line of business recorded growth of 9.6% to EUR 6.2 million.

The combined ratio for 2021 was 90.9%, 6.2 pp higher than the previous year, which recorded 84.7%. The negative evolution of this ratio is linked solely to the increase in the claims rate.

Fidelidade Assistência's Net Assets were EUR 71.2 million (+6.5%), Shareholders' Equity increased to EUR 56.6 million (+9.5%) and Liabilities decreased to EUR 14.7 million (-3.5%).

The Company continues to comfortably meet the solvency capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

The company was audited for the purpose of maintaining its ISO 9001:2015 Quality Certification, and no findings were reported.

During 2021, the Company continued to consolidate its position in the Portuguese market with the launch of innovative products and moved forward in its process of digitalisation and adoption of best practices to protect the health and well-being of its employees.

(million euros)

	2021	2020
FINANCIAL INDICATORS		
Net Assets	71.2	66.9
Investments (including Cash and Bank Deposits)	68.8	62.7
Shareholders' Equity	56.6	51.7
Liabilities	14.7	15.2
Net income	5.4	7.4
Average Yield from Shareholders' Equity	10.01%	15.38%
Number of persons employed	185	173
Technical Yield (over Earned Premiums)	9.64%	13.98%
Technical Liabilities	11.5	10.3
Technical Indicators		
Claims Rate	76.43%	70.37%
Expense Ratio	15.73%	15.81%
Combined Ratio	92.17%	86.18%
ACTIVITY INDICATORS		
Earned Premiums	56.1	52.8
Assistance Line of Business	49.9	47.0
Legal Protection Line of Business	6.3	5.7
Processes Opened	610,616	546,235
Assistance Line of Business	607,567	542,889
Legal Protection Line of Business	3,043	3,346
Telephone Contacts Received	966,005	858,994
Assistance Line of Business	957,835	851,064
Efficacy Rate	93.32%	94.51%
Legal Protection Line of Business	8,170	7,930
Efficacy Rate	93.48%	91.22%
Complaints		
Number of Complaints	1,231	988
Complaints Rate (Number of Complaints/Processes Opened)	0.20%	0.18%
Average Response Time (days)	2	2
Quality		
Global Satisfaction Index	8.9	8.9
Net Promoter Score	69	70

2.3. Company History

The most important dates in the Company's history are:

1991 - CARES - Companhia de Assistência e Representação de Seguros, LDA. is set up with the corporate purpose of representing foreign companies;

1998 – Start of the insurance business. CARES – Companhia de Seguros de Assistência, S.A. is created with approval to operate the Assistance line of business;

2001 - CARES - Companhia de Seguros de Assistência, S.A. is bought by the CGD Group;

2002 – Start of operation of the Legal Protection line of business and a change in the company name to CARES – Companhia de Seguros, S.A.;

2010 - CARES - Companhia de Seguros, S.A. obtains the NP EN ISO 9001:2008 Quality Certification;

2014 – The FOSUN Group acquires 80% of the share capital of CARES – Companhia de Seguros, S.A.;

2015 – Change of the name and image of CARES – Companhia de Seguros, S.A. to Fidelidade Assistência – Companhia de Seguros, S.A., acting under the Fidelidade Assistance brand;

2016 – Fidelidade Assistência – Companhia de Seguros, S.A. launches a mobile application for Clients, which enables them to request any type of assistance, and to follow up on the development of each process;

2017 – Fidelidade Assistência – Companhia de Seguros, S.A. was audited for transition of its Quality Certification in line with NP EN ISO 9001:2015;

2020 – Fidelidade Assistência – Companhia de Seguros, S.A. developed internally the Assistance VoiceBot, which is a Contact Center robot to automate phone contacts with Customers, Partners and Employees. This VoiceBot uses Natural Language Processing (NLP) technology, an area of Artificial Intelligence that involves Speech Recognition, Natural Language Understanding and Natural Language Generation.

2.4. Positioning

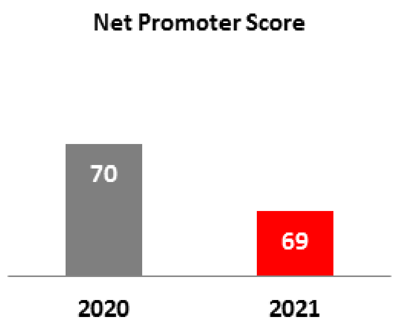
Fidelidade Assistência operates in the Portuguese market, and in Portuguese-speaking countries, essentially as a reinsurer in the Assistance and Legal Protection lines of business, with most of its revenues originating in Portugal (98.2% of earned premiums)

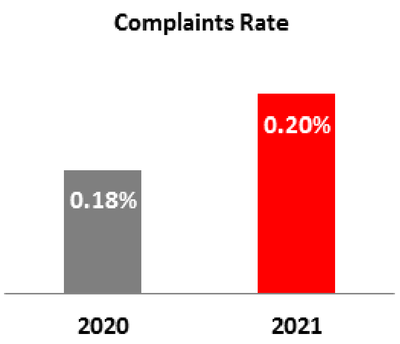
	Assistance	Legal Protection
Reinsurance Accepted	49.9	6.2
Direct Insurance	0.5	-

The Company's strategy for medium and long-term development continues to be based on three key pillars:

- Digitalisation of the Company. In 2021, work continued on the development of the Assistance VoiceBot, which will enable important productivity gains and will free up human resources to perform more complex tasks;
- The internationalisation process, with special focus on Southern Africa;
- The launch of new products, for stand-alone sale, with greater risk assumption and disruptive coverages compared to the existing offer in the market.

Alongside all the development activities, Fidelidade Assistance, an NP EN ISO 9001:2015 certified company, places emphasis on its service to its Customers and Insured Persons. In 2021 it achieved a Global Satisfaction level of 8.9 (on a scale of 1 to 10), and a Net Promoter Score of 69, and further reduced its complaints rate.





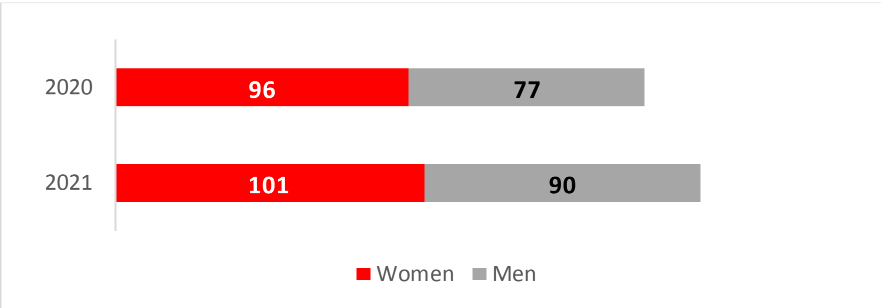
Fidelidade Assistência does not have any branch offices.

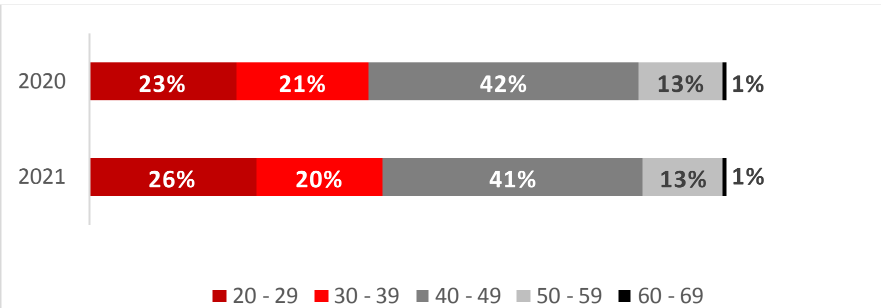
2.5. Human Resources

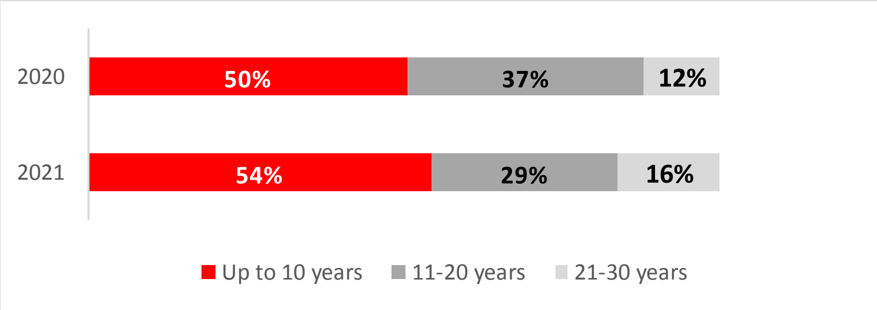
Fidelidade Assistance pays constant attention to human resources, a differentiating factor between organisations. The focus is on enhancing the value and motivation of employees, using appropriate means to achieve these aims. On one hand, our employees' work-life balance is a constant concern, in a continuous service company. This concern led the company to seek EFR 1000-2 Certification (as a Family-Responsible Company). In a year particularly sensitive to such matters, the company renewed its Certification and no situations of Non-Conformity or Sensitive Areas were identified. During the audit, based on the documental evidence, the audit team concluded that the company was in a position to maintain the certification, and highlighted the following as strong points:

- The capacity to adapt in the COVID-19 pandemic situation, always with a concern to guarantee the health and well-being of the employees;
- The management's commitment to family-responsible management;
- Highly positive feedback from employees on the company's conciliation culture, even before the EFR agreement was implemented;
- Recognition of Fidelidade Assistência Companhia de Seguros SA and Fidelidade Serviços de Assistência SA as an organisation with a good working environment.

We believe that by guaranteeing harmony, we can build a more motivated and more productive team, with a positive impact on the society of which we are a part, while improving the quality of life of the employees and their families.







At the end of 2021, the Company had 191 employees. Small changes were seen in the age structure and length of service, with an increase in the percentage of younger employees and of those with a shorter length of service .

3. STRATEGIC VISION

Fidelidade Assistência – Companhia de Seguros, S.A. continually assumes the role of innovator in its field of operation based on the development pillars and three major objectives which act as guiding principles for all its actions: creation of value for the Shareholders, improvement of the product range and quality of service to Customers, and enhancement and motivation of Employees.

The macro-objectives for 2021 were:

I. Maintain revenues (due to uncertainty surrounding the COVID-19 pandemic);
II. Technical margin >= 23.6%;
III. Expense ratio <= 15.8%;
IV. Combined ratio >= 92.2%;
V. Net Promoter Score >= 70;
VI. Complaints rate <= 0.20%

4. FINANCIAL ANALYSIS

The following are highlights from an analysis of the Financial Statements.

4.1. Technical Result

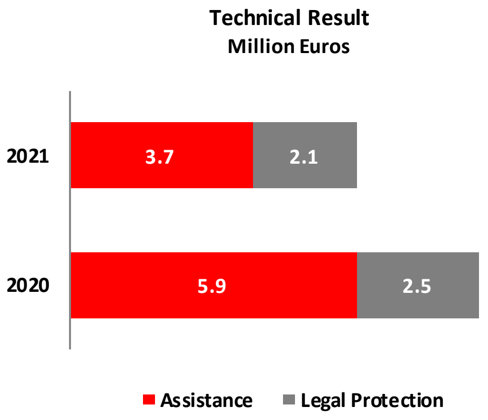
In 2021 the technical result was EUR 5.9 million, which represents a decrease of 29.7% compared to the previous year. This fall is a result of increased claims costs given the higher level of circulation of vehicles and persons.

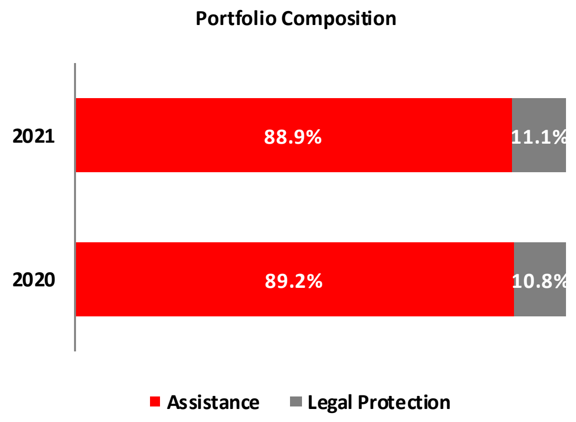
Considering the technical result by line of business, when compared to the previous year, the Assistance line of business fell 36.3%, recording an income of EUR 3.7 million. The Legal Protection line of business had an income of EUR 2.1 million, which is a decrease of 14.4% compared to the previous year.

Earned premiums (mostly related to reinsurance accepted) reached EUR 56.1 million, up 6.5% on the figure recorded in the previous year. The Assistance line of business totalled EUR 49.9 million, reflecting growth of 6.4%. The Legal Protection line of business recorded EUR 6.2 million, increasing 9.7% compared to the previous year. In this context, there was a slight change in the composition of the Company's portfolio, with the weight of Legal Protection increasing to 11.1%.

Claims costs (prior to allocation of costs by type) increased by 20.7%, to EUR 37.7 million, which represents a claims rate of 67.1%.

Meanwhile, profit sharing in the ceding companies fell by 11.4% compared to the previous year, settling at EUR 5.2 million, EUR 2.9 million relating to Assistance and EUR 2.4 million relating to Legal Protection. The Company's technical margin was 23.6%.

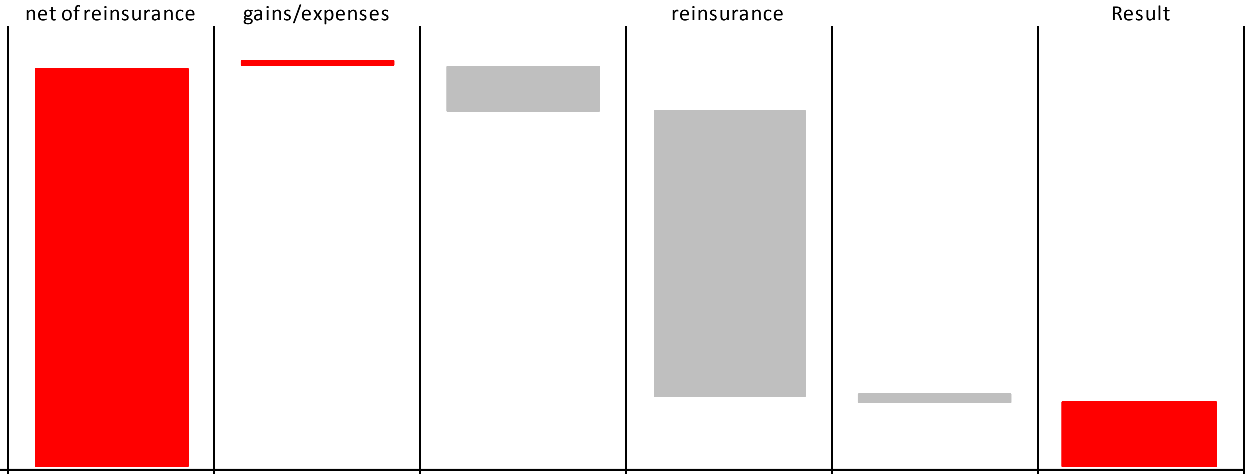




The technical result of EUR 5.9 million breaks down as follows:

Breakdown of Non-Life Technical Result

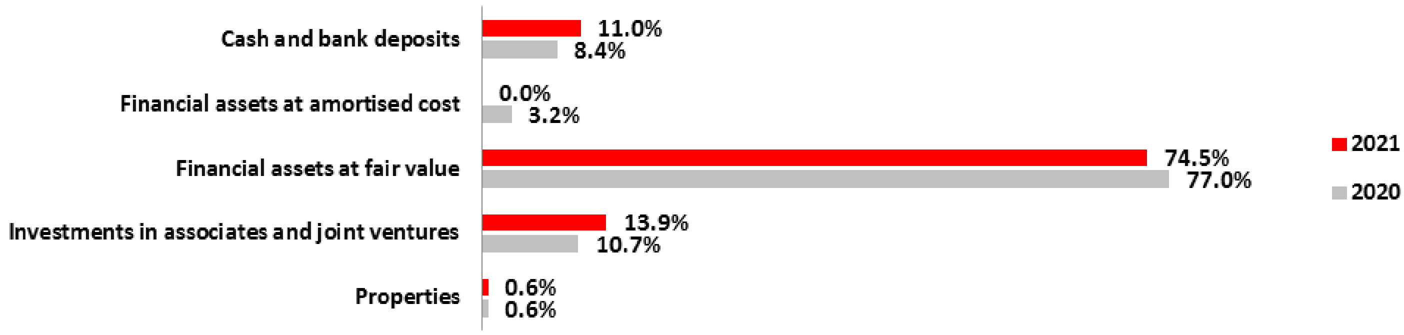
(Million Euros)



	Earned premiums, net of reinsurance	Investment gains/expenses	Profit sharing	Claims costs, net of reinsurance	Net operating costs	Non-Life Technical Result
	56.2	0.9	-5.2	-44.5	-1.4	5.9
Change 2021/20	6.5%	89.9%	-11.4%	17.6%	28.5%	-29.7%

4.2. Income Structure and Yield

Fidelidade Assistance's investment portfolio, including Cash and Bank Deposits, was EUR 68.8 million, up 9.8% on the previous year, and was mostly composed of equities and debt instruments classified as Financial Assets at fair value.



In 2021, the average yield from the portfolio representing technical liabilities for reinsurance accepted and direct insurance was 1.7%.

4.3. Net Income and Shareholders' Equity

In 2021, the net income from the Company's operations was EUR 5.4 million, a fall of 27.2% compared to the EUR 7.4 million obtained in the previous year. This decrease is heavily related with the increase in claims following the end of lockdowns in the post-pandemic period.

Shareholders' Equity is EUR 56.6 million, an increase of 9.5% compared to the previous year, basically as a result of the increase in other reserves by application of the income of the previous year.

4.4. Technical Liabilities and Solvency

Technical liabilities for reinsurance accepted and direct insurance were EUR 11.5 million, corresponding to an increase of EUR 1.2 million compared to the previous year. This increase is directly linked to the increase in the claims provision.

At the end of the year Fidelidade Assistência recorded EUR 53.1 million of assets representing its technical liabilities for reinsurance accepted and direct insurance, giving a coverage level of 463.5%.

Net Technical Liabilities for Reinsurance

(Million Euros)

	2021	2020
Provision for Unearned Premiums	0.3	0.2
Claims provision		
Other Lines of Business	11.1	10.1
Provision for Unexpired Risks	-	-
Technical Liabilities - Reinsurance Accepted and Direct Insurance	11.5	10.3
Investments for representation	53.1	58.2
Coverage Rate	**463.5%**	**565.7%**

5. PROPOSAL FOR THE APPLICATION OF INCOME

The Net Income for 2021 was EUR 5,416,024.56. In accordance with that stipulated in the Code of Commercial Companies, the Board of Directors proposes the following:

Total at the disposal of the General Meeting	€ 5,416,024.56

FIDELIDADE ASSISTANCE

6. PROSPECTS FOR GROWTH

In recent years, the Fidelidade Group has been implementing a process of strategic repositioning, based on greater commercial, financial and organisational ambition.

Based on this ambition, strategic guidelines for the Fidelidade Group were defined and are set out in the Compass Programme. Fidelidade Assistência has embodied these in the following four strategic guidelines:

I. **Consolidation of the domestic insurance market**:

a) Maintaining profitability in the Assistance line of business;

b) Developing the Legal Protection line of business;

c) Adapting the product offer to new market trends related to consumer needs.

II. Transformation of the organisation:

a) Intensifying the Digital Programme, both by enhancing the Voice Bot for Motor Assistance and by automating other processes that together promote productivity and sustainability of the business;

b) Developing technological solutions that enhance connections with providers, within the scope of both motor assistance and home assistance, with a view to more efficient management and continual improvement in customer satisfaction indices;

c) Enhancing key competences of our People to allow increasingly diversified action from Fidelidade Assistência when dealing with claims, adding value to the Group’s eco-systems.

III. International expansion:

a) Continuing to expand the business in Africa, by diversifying products and partners for each of the geographies;

b) Identifying, in partnership with the International Division (DIN), new geographies with a degree of social and exchange rate stability that represent an opportunity to distribute products in the individual segment, namely travel insurance.

IV. Optimisation of asset management and increasing Solvency levels:

a) Guaranteeing adequate profitability in the current context and prudent asset management;

b) Maintaining an appropriate Solvency level.

Following on from the guidelines referred to above, Fidelidade Assistance has identified the following Operational Objectives, the pursuit of which will involve all the company’s resources:

I. Increase revenues;
II. Technical margin >= 20.9%;
III. Expense ratio <= 15.9%;
IV. Combined ratio >= 95%;
V. Net Promoter Score >= 70;
VI. Motor automation ratio >= 10%.

7. FINAL REMARKS

In concluding this Report, the Board of Directors would like to express its thanks to all those who have contributed to the Company's development and the results achieved, and in particular:

- The supervisory authorities, in particular the Insurance and Pension Funds Supervisory Authority, for their special supervision of the sector and timely intervention;
- The Portuguese Insurers Association, for its efforts in representing insurers in common fields of interest;
- The members of the Presiding Board of the General Meeting, the Supervisory Board and the Statutory Auditors, for the interest, availability and commitment they have displayed in accompanying and checking the Company's activity;
- The Shareholders for the support given throughout the year;
- The Customers for the preference afforded to Fidelidade Assistance and for the constant stimulus to improve service quality;
- The Suppliers for the constant support received;
- The members of staff who, with their professionalism and dedication, have contributed to enhancing and developing the Company's value.

Lisbon, 23 February 2022

THE BOARD OF DIRECTORS

Chairman

Juan Ignacio Arsuaga Serrats

Members

Paulo Francisco Baião Figueiredo

Carlos Manuel Sobral Miranda

ANNEX TO THE REPORT OF THE BOARD OF DIRECTORS

I. Shareholders holding at least 1/10 of the share capital at 31/12/2021 (Article 448(4) of the Code of Commercial Companies):

Fidelidade – Companhia de Seguros, S.A. 1,500,000 Shares

II. Shares held by members of the management and supervisory bodies at 31/12/2021 (Article 447(5) of the Code of Commercial Companies):

None

III. Other reporting obligations

There is nothing to report regarding the reporting obligations set out in Article 66(5) b), d), e) and g) of the Code of Commercial Companies

IV. No relevant facts occurred after the end of the financial year.

V. No authorisations were granted for business dealings between the company and its directors, as set out in Article 397 of the Code of Commercial Companies.

02
Financial Statements

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 2020

Tax no.: 503411515 (Amounts in Euros)

Notes	Statement of Financial Position	31-12-2021			31-12-2020
		Gross Value	Impairment, Depreciation / Amortisation or adjustments	Net Value	
	ASSETS				
3 and 8	Cash and cash equivalents and sight deposits	7,580,125	-	7,580,125	5,280,664
4 and 10	Investments in subsidiaries, associates and joint ventures	9,572,676	-	9,572,676	6,732,678
5 and 10	Financial assets at fair value through profit or loss	2,921,345	-	2,921,345	2,861,238
7 and 10	Financial assets at fair value through other comprehensive income	48,342,803	-	48,342,803	45,372,267
8 and 10	Financial assets at amortised cost	-		-	2,022,070
9 and 10	Properties	1,294,605	(807,845)	486,761	759,042
9	Properties for own use	897,605	(807,845)	89,761	359,042
9	Investment properties	397,000	-	397,000	400,000
10 and 11	Other tangible assets	1,021,654	(898,877)	122,777	202,968
12	Other intangible assets	457,298	(457,298)	-	-
	Other debtors for insurance operations and other operations	1,718,619	-	1,718,619	3,215,161
13	Accounts receivable for direct insurance operations	83,539	-	83,539	46,666
13	Accounts receivable for other reinsurance operations	723,957	-	723,957	2,983,158
13	Accounts receivable for other operations	911,124	-	911,124	185,337
	Tax assets	247,576	-	247,576	189,196
14	Current tax assets	4,593	-	4,593	4,489
14	Deferred tax assets	242,983	-	242,983	184,707
15	Accruals and deferrals	265,872	-	265,872	256,329
	TOTAL ASSETS	**73,422,573**	**(2,164,020)**	**71,258,554**	**66,891,613**

The Notes are an integral part of these Statements.

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Certified Public Accountant Board of Directors

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 2020

Tax no.: 503411515 (Amounts in Euros)

Notes	Statement of Financial Position	31-12-2021	31-12-2020
	LIABILITIES AND SHAREHOLDERS' EQUITY		
	LIABILITIES		
	Technical provisions	11,466,066	10,282,939
16	Provision for unearned premiums	332,776	159,408
	Claims provision	11,133,289	10,123,531
16	Other lines of business	11,133,289	10,123,531
17	Financial liabilities at fair value through profit or loss	6,542	-
	Other financial liabilities	97,997	381,511
17	Others	97,997	381,511
27	Liabilities for post-employment and other long-term benefits	192,143	246,963
	Other creditors for insurance operations and other operations	704,084	2,187,074
18	Accounts payable for other reinsurance operations	89,926	85,793
18	Accounts payable for other operations	614,157	2,101,281
	Tax liabilities	336,563	460,430
14	Tax payable liabilities	144,432	138,771
14	Deferred tax liabilities	192,131	321,659
19	Accruals and deferrals	1,613,055	1,558,573
20	Other provisions	263,576	99,017
	TOTAL LIABILITIES	**14,680,026**	**15,216,507**
	SHAREHOLDERS' EQUITY		
21	Paid-in Capital	7,500,000	7,500,000
22	Revaluation reserves	677,527	1,212,689
22	Adjustments in fair value of debt instruments at fair value through other comprehensive income	477,697	1,082,528
22	Allowance for expected credit losses in debt instruments at fair value through other comprehensive income	199,830	130,161
22	Deferred tax reserve	(173,497)	(343,899)
22	Overlay approach adjustment	22,418	170,261
22	Other reserves	43,269,392	35,892,814
22	Retained earnings	(133,337)	(134,555)
22	Net income for the year	5,416,025	7,377,796
	TOTAL SHAREHOLDERS' EQUITY	**56,578,528**	**51,675,106**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**71,258,554**	**66,891,613**

The Notes are an integral part of these Statements.

Certified Public Accountant

Board of Directors

FIDELIDADE ASSISTANCE

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Tax no.: 503411515 (Amounts in Euros)

Notes	Income Statement	2021			2020
		Technical - Non-Life	Non-Technical	Total	Total
	Earned premiums, net of reinsurance	56,164,705	-	56,164,705	52,757,051
23	Gross premiums written	56,341,947	-	56,341,947	52,785,412
	Reinsurance ceded premiums	(2,465)	-	(2,465)	(1,073)
23	Provision for unearned premiums (change)	(174,777)	-	(174,777)	(27,288)
	Claims costs, net of reinsurance	(44,527,485)	-	(44,527,485)	(37,848,380)
	Amounts paid	(43,351,672)	-	(43,351,672)	(40,970,720)
24 and 25	Gross amounts	(43,351,672)	-	(43,351,672)	(40,970,720)
	Claims provision (change)	(1,175,813)	-	(1,175,813)	3,122,340
24	Gross amount	(1,175,813)	-	(1,175,813)	3,122,340
24	Profit sharing, net of reinsurance	(5,241,718)	-	(5,241,718)	(5,914,650)
	Net operating costs and expenses	(1,432,177)	-	(1,432,177)	(1,114,204)
25	Acquisition costs	(326,787)	-	(326,787)	(201,429)
16	Deferred acquisition costs (change)	1,408	-	1,408	121
25	Administrative expenses	(1,107,104)	-	(1,107,104)	(913,328)
	Reinsurance commission and profit sharing	307	-	307	432
	Financial Income	670,458	501,559	1,172,017	676,681
28	From Interest on financial assets not recognised at fair value through profit or loss	579,689	-	579,689	652,668
28	Others	90,768	501,559	592,328	24,013
	Financial expenses	(26,598)	-	(26,598)	(18,486)
	Others	(26,598)	-	(26,598)	(18,486)
	Net income on financial assets and liabilities not recognised at fair value through profit or loss	63,058	-	63,058	(138,802)
29	Financial assets at fair value through other comprehensive income	16,216	-	16,216	(138,802)
29	Financial assets at amortised cost	46,841	-	46,841	-
30	Net income on financial assets and liabilities recognised at fair value through profit or loss	118,389	515	118,903	(55,872)
31	Exchange differences	6,303	(412)	5,890	1,255
9 and 30	Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	(3,000)	-	(3,000)	1,200
	Impairment losses (net of reversals)	(67,038)	(2)	(67,039)	49,435
32	Financial assets at fair value through other comprehensive income	(69,669)	-	(69,669)	52,019
32	Financial assets at amortised cost	2,632	-	2,632	(2,632)
32	Others	-	(2)	(2)	48
30	Overlay approach adjustment	147,843	-	147,843	2,545
33	Other income/expenses		591,582	591,582	1,165,117
	NET INCOME BEFORE TAX	**5,872,741**	**1,093,242**	**6,965,983**	**9,562,890**
14	Current income tax – Current tax	-	(1,567,360)	(1,567,360)	(2,168,403)
14	Current income tax – Deferred tax	-	17,402	17,402	(16,691)
	NET INCOME FOR THE YEAR	**5,872,741**	**(456,716)**	**5,416,025**	**7,377,796**

The notes are an integral part of this Income Statement

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Certified Public Accountant Board of Directors

FIDELIDADE ASSISTANCE

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Notes	Statement of changes in equity	Share capital	Revaluation reserves: Adjustments in fair value of debt instruments at fair value through other comprehensive income	Revaluation reserves: Allowance for expected credit losses on debt instruments at fair value through other comprehensive income	Deferred tax reserve	Overlay approach adjustment
	Balances at 31 December 2019	7,500,000	961,441	182,179	(339,917)	172,806
22	Net gains through adjustments to fair value of financial assets at fair value through other comprehensive income	-	121,087	(52,018)	-	-
22	Adjustments from deferred tax recognition	-	-	-	(3,982)	-
22	Overlay approach adjustment	-	-	-	-	(2,545)
22	Increase in reserves through application of income	-	-	-	-	-
	Net income for the year	-	-	-	-	-
	Balances at 31 December 2020	7,500,000	1,082,528	130,161	(343,899)	170,261
22	Net gains through adjustments to fair value of financial assets at fair value through other comprehensive income	-	(604,831)	69,669	-	-
22	Adjustments from deferred tax recognition	-	-	-	170,402	-
22	Overlay approach adjustment	-	-	-	-	(147,843)
22	Increase in reserves through application of income	-	-	-	-	-
	Total changes in equity	-	(604,831)	69,669	170,402	(147,843)
	Net income for the year	-	-	-	-	-
	Balances at 31 December 2021	7,500,000	477,697	199,830	(173,497)	22,418

The Notes are an integral part of these Statements.

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Certified Public Accountant Board of Directors

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Notes	Statement of changes in equity	Other reserves		Retained earnings	Net income for the year	TOTAL
		Legal reserve	Other reserves			
	Balances at 31 December 2019	6,720,481	25,032,480	(135,549)	4,140,847	44,234,768
22	Net gains through adjustments to fair value of financial assets at fair value through other comprehensive income	-	-	-	-	69,069
22	Adjustments from deferred tax recognition	-	-	-	-	(3,982)
22	Overlay approach adjustment	-	-	-	-	(2,545)
22	Increase in reserves through application of income	415,000	3,724,853	994	(4,140,847)	-
	Net income for the year	-	-	-	7,377,796	7,377,796
	Balances at 31 December 2020	7,135,481	28,757,333	(134,555)	7,377,796	51,675,106
22	Net gains through adjustments to fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(535,162)
22	Adjustments from deferred tax recognition	-	-	-	-	170,402
22	Overlay approach adjustment	-	-	-	-	(147,843)
22	Increase in reserves through application of income	364,519	7,012,059	1,218	(7,377,796)	-
	Total changes in equity	364,519	7,012,059	1,218	(7,377,796)	(512,603)
	Net income for the year	-	-	-	5,416,025	5,416,025
	Balances at 31 December 2021	7,500,000	35,769,392	(133,337)	5,416,025	56,578,528

The Notes are an integral part of these Statements.

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Certified Public Accountant — Board of Directors

FIDELIDADE ASSISTANCE

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Tax no.: 503 411 515 (Amounts in Euros)

Statement of comprehensive income	2021	2020
Net income for the year	**5,416,025**	**7,377,796**
Other comprehensive income for the year	(535,162)	69,069
Financial assets at fair value through other comprehensive income	(535,162)	69,069
Net gains and losses	(621,047)	(67,423)
Reclassification of gains and losses in income for the year	85,885	136,492
Impairment	-	-
Disposal	16,216	188,510
Allowance for expected credit losses on debt instruments		
at fair value through other comprehensive income	(69,669)	52,018
Taxes	(170,402)	3,982
Net gains and losses on exchange differences	-	-
Post-employment benefits	-	-
Overlay approach adjustment	(147,843)	(2,545)
Other movements	-	-
Total comprehensive income, net of taxes	**4,903,422**	**7,440,338**

The Notes are an integral part of these Statements.

Certified Public Accountant

Board of Directors

FIDELIDADE ASSISTANCE

FIDELIDADE ASSISTÊNCIA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Tax no.: 503 411 515

Amounts in Euros

	2021	2020
1. Cash Flows generated by operating activities		
Net income for the year	5,416,025	7,377,796
Adjustment for:		
Depreciation of tangible assets	97,965	97,653
Depreciation of right-of-use assets	281,697	290,957
Impairment losses (net of reversals)	69,669	(49,435)
Provision for unearned premiums (change)	174,777	27,288
Deferred acquisition costs (change)	(1,408)	(121)
Technical provisions	1,009,758	(3,066,940)
Income tax for the year – Current tax	1,567,360	2,168,403
Income tax for the year – Deferred tax	(17,402)	16,691
Adjustments to costs by type	119,514	(668,088)
Changes:		
Change in other debtors for insurance operations and other operations	2,970,705	(1,037,423)
Change in other creditors for insurance operations and other operations	(1,136,206)	238,299
Change in accruals and deferrals assets/liabilities	44,939	276,672
Income and net gains on financial assets	(642,747)	(513,866)
Net cash from operating activities before tax	9,954,644	5,157,886
Payment/Receipt of income tax	(3,389,525)	(88,371)
Net cash from operating activities	6,565,119	5,069,515
2. Cash Flows generated by investing activities		
Income and net gains on financial assets	642,747	513,866
Change in financial assets at fair value through profit or loss	(53,564)	(1,054,236)
Change in financial assets at fair value through other comprehensive income, net of revaluation reserves	(3,723,210)	(11,371,522)
Change in financial assets at amortised cost	2,022,070	(2,022,070)
Acquisitions of other tangible assets	(30,189)	(205,932)
Investments in associates and subsidiaries	(2,839,998)	(576,170)
Net cash from investing activities	(3,982,144)	(14,716,064)
3. Cash Flows generated by financing activities		
Payment relating to leases	(283,514)	(268,192)
Interest received	-	37,971
Net cash from financing activities	(283,514)	(230,221)
4. Net increase/decrease in cash and cash equivalents	2,299,461	(9,876,770)
Cash and cash equivalents at the start of the year	5,280,664	15,157,434
5. Cash and cash equivalents at the end of the year	7,580,125	5,280,664

The Notes are an integral part of these Statements.

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Certified Public Accountant Board of Directors

03
Notes to the Financial Statements

1. INTRODUCTORY NOTE

Fidelidade Assistência – Companhia de Seguros, S.A. ("Company" or "Fidelidade Assistência") was set up on 16 March 1995 with the corporate name "Companhia de Seguros Tagus – Seguros de Assistência, S.A.", which was changed to "CARES – Companhia de Seguros de Assistência, S.A." on 31 March 1998. On 23 April 2002, the corporate name was changed to CARES – Companhia de Seguros, S.A., and on 11 May 2015 this was changed to the current name.

The Company, with legal person no. 503411515, registered with the Office of Commercial Records under the same number, has its registered office at Avenida José Malhoa no. 13, 7th floor.

The Company's corporate purpose is the exercise of insurance activities in the Assistance and Legal Protection lines of business, for which it has obtained the due authorisations from the Insurance and Pension Funds Supervisory Authority (ASF).

In 2014, the process of privatisation of the share capital of Fidelidade Assistance took place, pursuant to Decree Law No. 80/2013 of 12 June, under which Longrun Portugal, SGPS , S.A. acquired from Caixa Seguros e Saúde, SGPS , S.A., in the meantime incorporated by merger into Caixa Geral de Depósitos, S.A., 1,200,000 shares representing 80% of the share capital and voting rights of Fidelidade Assistance, as a result of the direct sale operation to an investor who became the reference shareholder of Fidelidade Assistance, and the company became part of the Fosun Group.

In 2020, within the scope of the corporate reorganisation process, Fidelidade – Companhia de Seguros, S.A. acquired all the shares representing the Share Capital of Fidelidade Assistência, thereby becoming its sole shareholder.

The Company's financial statements reported at 31 December 2021 were approved by the Board of Directors on 23 February 2022 and are pending approval of the General Meeting. However, the Company's Board of Directors expects them to be approved without any significant changes.

The Company only prepares separate financial statements. Since it is wholly owned by Fidelidade – Companhia de Seguros, S.A., and the latter presents consolidated financial statements, the Company is thus exempt from presenting consolidated financial statements. Its subsidiaries are measured at cost, subject to impairment tests, as described in 2.2.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The attached financial statements have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 3/2018-R, of 29 March, of the Insurance and Pension Funds Supervisory Authority ("ASF"), and the remaining regulatory standards issued by the ASF.

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

In 2021, the Company adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2021. These standards are listed in Note 2.15. 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 2021 are consistent with those used in the preparation of the financial statements at 31 December 2020. The amounts in the financial statements are expressed in Euros. The totals in the financial statements and in the tables in the notes to the financial statements may not correspond to the sum of the parcels due to rounding. The figures 0 and (0) indicate positive or negative amounts rounded to zero, whereas a dash (-) indicates zero.

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

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

2.2. Investments in subsidiaries, associates and joint ventures

Subsidiaries are companies over which the Group exercises control. Control is usually presumed to exist when the Company holds the power to exercise the majority of the 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 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 invested company 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 could exercise, together with other entities, 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 – “Joint Arrangements”, it exercises shared control of the voting rights and equivalent decision-making rights.

These investments are recognised at acquisition cost, and are subject to impairment tests. Dividends are recognised as income for the year in which a decision is taken to distribute them.

The recoverable amount of investments in subsidiaries, associates and joint ventures is assessed annually, regardless of the existence of impairment indicators. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries, associates or joint ventures and their book value. The identified impairment losses are recorded in the income statement, and are subsequently reversed, if there is a reduction in the estimated loss, in a subsequent period. The recoverable amount is determined as the assets' value in use or their fair value less costs to sell, whichever is higher, and is calculated using valuation methodologies based on techniques of discounted cash flows, considering market conditions, time value and business risk. When the value of the liabilities of a subsidiary, associate or joint ventures exceeds its assets, besides setting up impairment to cancel the investment, the Company sets up a provision when there is responsibility on the liabilities of that entity.

2.3. Translation 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 translated to the functional currency based on the exchange rate in force.

Non-monetary assets which are valued at fair value are translated 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 at the original exchange rate.

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

2.4. Financial instruments

2.4.1. Financial assets

Classification, initial recognition and subsequent measurement

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

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

Classification depends on the following aspects:

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

Except when the option to measure the financial instrument at fair value through profit or loss is applied.

Business model assessment

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

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

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

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

During the assessment process, the Company takes into consideration:

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

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

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

The classification of financial assets follows the scheme below:

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

a) Financial assets at amortised cost

Classification

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

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

Initial recognition and subsequent measurement

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

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

b) Financial assets at fair value through other comprehensive income

Classification

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

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

These instruments largely comprise debt instruments.

Initial recognition and subsequent measurement

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

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

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

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

c) **Financial assets at fair value through profit or loss**

Classification

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

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

The Company has classified the following types of assets as "Financial assets at fair value through profit or loss":

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

Initial recognition and subsequent measurement

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

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

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

d) Overlay approach

An insurer may elect to apply the overlay approach described in paragraph 35B of IFRS 4, only when it first applies IFRS 9. In line with this approach, the Company must reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if the Company had applied IAS 39 to the designated financial assets. Accordingly, the amount reclassified is equal to the difference between:

i) The amount reported in gains or losses for the designated financial assets applying IFRS 9;

ii) The amount that would have been reported in gains or losses for the designated financial assets if the insurer had applied IAS 39.

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

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

The Company meets the overlay approach requirements for financial instruments which, according to the IFRS 9 classification requirements, are classified in financial assets at fair value through profit or loss. Financial assets in account are equity instruments and debt instruments that do not fulfil the contractual cash flow characteristics of the SPPI (solely payments of principal and interest) test.

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

e) Fair value

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

A financial instrument’s fair value corresponds to the price that would be received for an asset if it were 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.

f) Derecognition of financial assets

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

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

g) Transfers between categories of financial assets

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

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

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

2.4.2. Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

2.4.3. Derivatives

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

Derivative financial instruments are measured at fair value through profit or loss at the contract date.

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.

Derivatives at fair value through profit or loss

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

• Derivatives used to hedge risk in assets and liabilities at fair value through profit or loss, rendering the use of hedge accounting unnecessary;

• Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IFRS 9, in particular due to the difficulty in specifically identifying the hedged items, in cases of macro or portfolio hedging, or because the results of the effectiveness assessment demonstrate that the hedge is not effective;

• Derivatives used for trading purposes.

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

2.4.4. Impairment losses

Financial instruments subject to recognition of impairment losses

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

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

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

General Approach

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

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

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

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

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

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

The Company considers a financial asset to be in default when it is 90 days overdue, and the Company is unlikely to receive the outstanding contractual amounts in full. The book value of a financial asset in this stage, Stage 3, is reduced so as only to reflect the recovery value since there is no reasonable expectation of recovering the contractual cash flows.

Classification of financial instruments by stages

Change in credit risk since initial recognition

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

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

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

Simplified Approach

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

2.5. Investment properties

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

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

Investment properties are assessed at the balance sheet date to ensure that their balance sheet value does not differ significantly from their fair value. The Company has set a maximum period of two years between valuations carried out by independent experts.

2.6. Other tangible assets

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

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

	Years of useful life
Administrative equipment	1 – 8
IT equipment	3
Interior installations	10
Transport material	4
Other equipment	8

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

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

2.7. Leases

Leases are recognised in line with the principles defined in IFRS 16 – Leases, which apply to the recognition, measurement, presentation and disclosure of lease agreements.

Lessee

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

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

After that date, the lessee must measure the liability:

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

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

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

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

Lessor

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

2.8. Intangible assets

This heading includes the costs of acquisition, development or preparation for use of the software used in the pursuit 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 years.

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

2.9. Income tax

The Company is subject to taxation under the Corporate Income Tax Code (CIT Code) and to Municipal Surcharge, the aggregate rate of which, in 2020 and 2021, was 22.5%. Additionally, there is a State Surcharge, which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

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

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

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

Deferred tax represents tax recoverable / payable in future periods resulting from temporary deductible or taxable differences between the balance sheet value of assets and liabilities and their tax basis, used to determine taxable income and considering the tax rate of 25.5%.

Deferred tax liabilities are normally recognised for all temporary taxable differences, whereas deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable income will be generated, allowing the use of the corresponding deductible temporary differences or tax losses carried forward.

In addition, deferred tax assets are not recognised where their recoverability may be questionable due to other situations, including issues regarding the interpretation of the tax legislation in force.

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

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

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

2.10. Provisions, contingent liabilities and assets

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

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

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

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

2.11. 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

In line with the Collective Employment Agreement (CEA) then in force for the insurance activity, the Company is committed to making cash payments, to complement the retirement pensions paid by the Social Security services to two employees. The amount of these payments varies according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity.

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 24). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

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

The expense for the year for retirement pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee costs".

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

Defined contribution plan

The new collective employment agreements for the insurance sector, published on 15 January 2012, 29 January 2016 and 8 February 2019, entitle all employees of working age employed as permanent staff, with indefinite employment contracts, covered by these CEAs, to an individual retirement plan ("IRP") with capital guaranteed by the associate, which replaces the system of retirement pensions defined in the previous CEAs.

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

Other long-term benefits

Under the new CEA, published on 8 February 2019, and as set out in Clauses 32 to 34 and 65 to 68 thereof, new long-term benefits are established, called Career Benefits.

Short-term benefits

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

2.12. Insurance contracts

a) Classification of contracts

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

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

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

b) Recognition of income and costs

Premiums for non-life insurance and reinsurance contracts are recognised when due in "Earned premiums, net of reinsurance" in the income statement.

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

c) Provision for unearned premiums and deferred acquisition costs

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

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

d) Claims provision

This provision recognises the estimated amount of indemnities payable on claims incurred, including claims incurred but not reported (IBNR), and administrative costs to be incurred for future settlement of claims which are currently being managed and those for IBNR claims. The claims provision set up by the Company is not discounted.

The claims provision is calculated on a case-by-case basis by the claims manager and using system estimates based on different standardised costs.

In addition, provisions are calculated for claims incurred but not reported (IBNR) using actuarial methods, based on the claims history of the last 7 years. These methods analyse claims reporting speeds and the expected costs of claims not yet reported.

Analysis of sufficiency of the claims provision

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

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

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

e) Profit-sharing provision

Most of the reinsurance contracts entered into with the ceding companies provide for a share in the Company's technical results.

Generally, the profit-sharing provision corresponds to a percentage of the Company's technical result (premiums earned less claims costs and management costs), if positive. Negative technical results are transported to the following year, to the Company's credit.

f) Provision for unexpired risks

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

g) 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 and reinsured persons.

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

2.13. Cash and cash equivalents

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

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

When applying the accounting principles described above, the Company's Board of Directors is required to make estimates. The estimates with the greatest impact on the financial statements include those presented below.

Employee benefits

As stated in Note 2.11. 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, among others, as detailed in Note27. The assumptions adopted correspond to the best estimate of the Company and its actuaries regarding the future performance of the respective variables.

Determination of liabilities on insurance and reinsurance contracts

The Company's liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.12. d). These liabilities reflect a quantified estimate of the impact of future events on the Company's accounts, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

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

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

Determination of income tax

The Company determines income tax (both current and deferred) based on the rules defined by the tax framework in force in Portugal. 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 Board of Directors with regard to the correct presentation of its operations, which may, however, be questioned by the Tax Authorities.

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

2.15.1. Adopted Standards (New or Revised)

During the course of 2021 the Company 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 2021. The relevant changes for the Company were as follows:

Standard / Interpretation	Date of issue	EU Regulation	Applicable to accounting periods beginning on or after
IFRS 9 – Interest rate benchmark reform phase 2 (Amendment)	27-08-2020	2021/25	01-01-2021
IFRS 7 - Interest rate benchmark reform phase 2 (Amendment)	27-08-2020	2021/25	01-01-2021
IFRS 16 - Interest rate benchmark reform phase 2 (Amendment)	27-08-2020	2021/25	01-01-2021

The amendments to IFRS 9, IFRS 7 and IFRS 16 related with phase 2 of the interest rate benchmark reform set out temporary measures to reduce the impact on the financial statements of the change from the benchmark interest rate to an alternative risk-free interest rate.

The Amendments set out the following practical expedients:

- Enable all situations that relate directly to the reform of IBOR to be recorded in the accounts by updating the operation's effective interest rate, with all other changes being subject to the rules currently provided for in the relevant regulations;

- Enable hedging relationships not to be discontinued solely as a result of the reform, but ensure that the documentation is updated to reflect changes in the scope of hedged items, hedging items and hedged risks. The new modified relationship must meet the requirements for the application of hedge accounting, including the level of effectiveness.

These changes did not have a material impact on the Company's financial statements.

2.15.2. Standards, Interpretations, Amendments and Revisions that will enter into force 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:

Standard / Interpretation	Date of issue	EU Regulation	Applicable to accounting periods beginning on or after
IFRS 17 – Insurance Contracts	18-05-2017	2021/2036	01-01-2023
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendment)	14-05-2020	2021/1080	01-01-2022
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – Costs of Fulfilling a Contract (Amendment)	14-05-2020	2021/1080	01-01-2022
IFRS 9 – Financial Instruments (Annual improvements of the IFRS standards, cycle 2018-2020)	14-05-2020	2021/1080	01-01-2022
IAS 16 – Property, Plant, and Equipment (Amendment)	14-05-2020	2021/1080	01-01-2022
IFRS 16 - Leases (Annual improvements of the IFRS standards, cycle 2018-2020)	14-05-2020	2021/1080	01-01-2022
IFRS 17 – Insurance Contracts (Amendment)	25-06-2020	2021/2036	01-01-2023

The Company is analysing their implementation, and it is not possible at this time to assess the impact on the financial statements.

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

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

Standard / Interpretation	Date of issue	Applicable to accounting periods beginning on or after
IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current (Amendment)	23-01-2020	01-01-2023
IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current – Deferral of effective date (Amendment)	15-07-2020	01-01-2023
IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies (Amendment)	12-02-2021	01-01-2023
IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates (Amendment)	12-02-2021	01-01-2023
IAS 12 – Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment)	07-05-2021	01-01-2023
IFRS 17 – Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendment)	09-12-2021	01-01-2023

These standards have not been endorsed by the European Union and, as such, have not been applied by the Company for the year ended 31 December 2021, and it is not possible at this time to assess the impact on the financial statements.

3. CASH AND CASH EQUIVALENTS AND SIGHT DEPOSITS

At 31 December 2021 and 2020, this heading was composed as follows:

	31-12-2021	31-12-2020
Sight deposits in national institutions:		
Domestic currency		
. Caixa Geral de Depósitos, S.A. (Note 35)	7,564,380	5,269,750
. Bankinter, S.A.	3,732	3,894
. Banco Sabadell Portugal, SA	4,953	-
Foreign currency		
. Caixa Geral de Depósitos, S.A. (Note 35)	7,060	7,020
	7,580,125	5,280,664

4. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At 31 December 2021 and 2020, the balance of this heading refers to:

i. 5,000 shares representing the entirety of the share capital of Fidelidade - Serviços de Assistência, S.A. (formerly CARES RH), with its registered office at Avenida José Malhoa, no. 13 – 7º, in Lisbon.

   At 31 December 2021 and 2020, this participation is valued at its acquisition cost of EUR 429,386.

   The most significant financial data from the financial statements of Fidelidade - Serviços de Assistência at 31 December 2021 and 2020 are the following:

	2021	2020
Net assets	4,618,203	1,885,883
Liabilities	343,834	333,186
Capital and reserves	4,052,697	983,658
Net income for the year	221,672	569,039
Total income	1,972,202	1,876,152

During 2021 the Company made a supplementary contribution to Fidelidade - Serviços de Assistência of EUR 3,000,000 to provide it with funds to purchase an APP for the Fixo business and to meet capital requirements of the Fixo business during 2022.

ii. One share in Fidelidade Angola – Companhia de Seguros, S.A. (Republic of Angola) representing 0.43% of its share capital, which Fidelidade Assistência acquired on 7 April 2011 for 12,304,976 Kwanzas, including acquisition expenses, equivalent to EUR 89,662. At 31 December 2021 and 2020, this participation is valued at acquisition cost.

Fidelidade Angola – Companhia de Seguros, S.A., with its registered office in Talatona, Condomínio Cidade Financeira, Via S8, Building 10, Floor 3, Luanda, Republic of Angola, was set up on 2 June 2009 and has the corporate purpose of exercising the insurance activity in the life and non-life segments in Angola.

iii. One share in Fidelidade - Assistência e Serviços, Limitada, representing 20% of its share capital, which Fidelidade Assistência acquired when it was set up on 23 July 2015 for 4,000 Meticais, including acquisition expenses, equivalent to EUR 84. This participation is valued at acquisition cost less impairment. Due to the impairments recognised, its value is EUR 47 in 2021 and EUR 48 in 2020.

Fidelidade - Assistência e Serviços, Limitada, with its registered office in Maputo, at Rua 1393, no. 47, Bairro da Polana, Mozambique, was set up on 23 July 2015 and has the corporate purpose of providing assistance services and claims management support services.

iv. Ten shares in Fidelidade Macau – Insurance Company Limited, representing 0.01% of its share capital, which Fidelidade Assistência acquired when it was set up on 1 October 2015 for 10,000 Patacas, including acquisition expenses, equivalent to EUR 1,118. At 31 December 2021 and 2020, this participation was valued at acquisition cost.

Fidelidade Macau – Insurance Company Limited, with its registered office in Macao, at Avenida da Praia Grande, no. 567, BNU Building, Floor 14, was set up on 1 October 2015 and has the corporate purpose of exercising the insurance activity in the life and non-life segments in Macao.

v. One share in GEP Cabo Verde, Gestão de Peritagens Limitada representing 25% of its share capital, which Fidelidade Assistência acquired when it was set up on 28 February 2018 for 1,250,000 Cape Verdean Escudos, which is equivalent to EUR 11,336. At 31 December 2021 and 2020, this participation was valued at acquisition cost.

GEP Cabo Verde, Gestão de Peritagens Limitada, with its registered office at Rua Serpa Pinto no. 9, Floor 4 right , Plateau, Cidade da Praia, was set up on 28 February 2018 with the main corporate purpose of providing and managing loss adjusting services.

vi. Ten shares in Fidelidade Macau Vida – Companhia de Seguros, S.A. representing 0.00588% of its share capital, which Fidelidade Assistência acquired when it was set up on 31 March 2020 for 10,000 Patacas, which is equivalent to EUR 1,127. At 31 December 2021, this participation was valued at acquisition cost.

Fidelidade Macau Vida – Companhia de Seguros, S.A., with its head office at Avenida da Praia Grande, nº 567, BNU Building, Floor 14, Macao, has the corporate purpose of performing insurance and reinsurance activities in all legally authorised life insurance lines of business, and may also perform activities related to insurance and reinsurance.

vii. 100,000 shares in CARES – Assistência e Reparações, S.A. representing 100% of its share capital, which Fidelidade Assistência acquired on 22 December 2020 for EUR 6,200,000, which was paid by a bank transfer of EUR 690,788 and the remaining amount through the cancellation of ancillary capital payments of EUR 5,509,212. During 2021, Cares repaid EUR 160,000 of supplementary contributions. At 31 December 2021, this participation was valued at acquisition cost.

CARES – Assistência e Reparações, S.A., with its head office at Rua de Ponta Delgada, nº 44 A e B, in Lisbon, was set up on 8 November 2002, with the corporate purpose of providing services for the organisation, evaluation and management of any repair or restoration work.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2021 and 2020, these headings were composed as follows:

	2021	2020
	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Other investments		
Debt instruments		
Other issuers		
Bonds and other securities		
Foreign issuers	392,848	367,989
Equity instruments		
Residents	251,273	233,008
Non-residents	444,293	-
Other financial instruments		
Participation units		
Residents	1,832,930	2,260,241
	2,921,345	2,861,238

At 31 December 2021 and 31 December 2020, the total assets eligible for the overlay approach was EUR 2,528,497 and EUR 2,493,249, respectively.

6. DERIVATIVES

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

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

At 31 December 2021, these operations were valued in line with the criteria in Note 2.4 4). In 2020 the Company did not have any derivatives operations. In 2021, their notional amount and book value had the following breakdown:

	2021			
	Notional Amount		Book Value	
		Total	Liabilities	Total
Fair value hedge				
Exchange forwards	256,104	256,104	(6,542)	(6,542)
	256,104	256,104	(6,542)	(6,542)

The distribution of the Company's derivative financial instrument operations at 31 December 2021 by period to maturity was as follows:

	2021	
	From 6 months to 1 year	Total
Fair value hedge		
Exchange forwards	256,104	256,104
	256,104	256,104

The distribution of the Company's derivative financial instrument operations at 31 December 2021 by counterparty type was as follows:

	2021	
	Notional Amount	Book Value
Exchange forwards		
Financial Institutions		
Other institutions	256,104	(6,542)
	256,104	(6,542)

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

At 31 December 2021 and 2020, the heading "Financial assets at fair value through other comprehensive income" was composed as follows:

	31-12-2021						
	Acquisition cost	Interest receivable	Value before expected credit loss	Accumulated credit loss	Net value	Fair value reserve (Note 22)	Balance sheet value
Debt instruments							
Public debt							
Domestic issuers	7,872,049	253,177	8,125,226	-	8,125,226	279,736	8,404,962
Foreign issuers	13,050,670	165,798	13,216,468	-	13,216,468	(37,211)	13,179,257
Other issuers							
Domestic issuers	5,556,526	40,401	5,596,927	-	5,596,927	155,222	5,752,149
Foreign issuers	20,769,835	156,650	20,926,484	-	20,926,485	79,950	21,006,435
	47,249,080	616,026	47,865,106	-	47,865,106	477,697	48,342,803

	31-12-2020						
	Acquisition cost	Interest receivable	Value before expected credit loss	Accumulated credit loss	Net value	Fair value reserve (Note 22)	Balance sheet value
Debt instruments							
Public debt							
Domestic issuers	21,488,333	617,991	22,106,324	-	22,106,324	529,289	22,635,613
Foreign issuers	4,771,333	22,353	4,793,686	-	4,793,686	150,401	4,944,087
Other issuers							
Domestic issuers	4,986,445	34,480	5,020,925	-	5,020,925	174,398	5,195,323
Foreign issuers	12,280,570	88,234	12,368,804	-	12,368,804	228,441	12,597,245
	43,526,680	763,058	44,289,738	-	44,289,738	1,082,529	45,372,267

8. FINANCIAL ASSETS AT AMORTISED COST

At 31 December 2021 and 2020, the heading "Financial assets at amortised cost" was composed as follows:

	31-12-2021	31-12-2020
Debt instruments		
Public debt		
Domestic issuers	-	2,024,702
Expected credit losses	-	(2,632)
	-	2,022,070

9. PROPERTIES

At 31 December 2021 and 2020, the heading "Investment properties" is composed of a building allocated to the non-life technical provisions, which ceased to be used by the Company's services in 2005 and is now held to earn rentals.

Following the adoption of the new Chart of Accounts for Insurance Companies (PCES), the Company adopted the option permitted by IAS 40 of valuing the building using the valuation through profit or loss model.

In September 2021, the building was valued by an independent assessor, and the current value was calculated using the Market Value method.

As a result of that valuation, a loss of EUR 3,000 was recognised in 2021 under the heading "Net income on non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations" in the profit and loss account.

At 31 December 2021 and 2020, the heading "Properties for own use" is composed of a set of units of a building leased from Fidelidade – Companhia de Seguros, S.A. and used as the Company's registered office. As defined in IFRS 16 it is now included on the Balance Sheet as a right of use.

In 2021 and 2020, the "Properties" headings saw the following movement:

	Investment	Right of Use	Total
Balances at 31 December 2019			
Gross Value	398,800	897,605	1,296,405
Accumulated depreciation and impairment		(269,281)	(269,281)
	398,800	628,324	1,027,124
Revaluation			
As a credit to the income statement (Note 30)	1,200		1,200
Depreciation in the year (Note 25)		(269,282)	(269,282)
Balances at 31 December 2020			
Gross Value	400,000	897,605	1,297,605
Accumulated depreciation and impairment		(538,563)	(538,563)
	400,000	359,042	759,042

Revaluation			
As a credit to the income statement (Note 30)	(3,000)		(3,000)
Depreciation in the year (Note 25)		(269,282)	(269,282)
Balances at 31 December 2021			
Gross Value	397,000	897,605	1,294,605
Accumulated depreciation and impairment		(807,845)	(807,845)
	397,000	89,761	486,761

10. ALLOCATION OF INVESTMENTS AND OTHER ASSETS

At 31 December 2021 and 2020, the allocation of investments and other assets can be summarised as follows:

	31-12-2021		
	Non-life insurance	Not allocated	Total
Cash and cash equivalents (Note 3)	809,159	6,770,966	7,580,125
Investments in subsidiaries, associates and joint ventures (Note 4)	-	9,572,676	9,572,676
Financial assets at fair value through profit or loss (Note 5)	2,867,031	54,313	2,921,345
Financial assets at fair value through other comprehensive income (Note 7)	48,342,803	-	48,342,803
Properties (Note 9)	397,000	89,761	486,761
Other tangible assets (Note 11)	-	122,777	122,777
Other debtors (Notes 13, 14 and 15)	723,957	1,508,110	2,232,067
	53,139,950	18,118,604	71,258,554

	31-12-2020		
	Non-life insurance	Not allocated	Total
Cash and cash equivalents (Note 3)	4,573,425	707,239	5,280,664
Investments in subsidiaries, associates and joint ventures (Note 4)	-	6,732,678	6,732,678
Financial assets at fair value through profit or loss (Note 5)	2,816,996	44,242	2,861,238
Financial assets at fair value through other comprehensive income (Note 7)	45,372,267	-	45,372,267
Financial assets at amortised cost (Note 8)	2,022,070	-	2,022,070
Properties (Note 9)	400,000	359,042	759,042
Other tangible assets (Note 11)	-	202,968	202,968
Other debtors (Notes 13, 14 and 15)	2,983,158	677,528	3,660,686
	58,167,916	8,723,697	66,891,613

11. OTHER TANGIBLE ASSETS

In 2021 and 2020, these headings saw the following movement:

Headings	31-12-2020		Additions	Disposals and write-offs (net)		Depreciation in the year (Note 25)	31-12-2021	
	Gross Value	Accumulated depreciation		Gross Value	Depreciation and impairments		Gross Value	Accumulated depreciations
OTHER TANGIBLE ASSETS								
Administrative equipment	226,589	(189,735)	-	-	-	(5,501)	226,589	(195,237)
IT equipment	594,470	(447,936)	1,042	-	-	(92,414)	595,512	(540,349)
Interior installations	94,322	(94,322)	-	-	-	-	94,322	(94,322)
Other tangible assets	11,129	(10,879)	-	-	-	(50)	11,129	(10,929)
Right-of-use assets	64,955	(45,625)	42,738	(13,590)	14,817	(27,232)	94,103	(58,040)
	991,465	(788,497)	43,780	(13,590)	14,817	(125,197)	1,021,654	(898,877)

Headings	31-12-2019		Additions	Disposals and write-offs (net)		Depreciation in the year (Note 25)	31-12-2020	
	Gross Value	Accumulated depreciation		Gross Value	Depreciation and impairments		Gross Value	Accumulated depreciations
OTHER TANGIBLE ASSETS								
Administrative equipment	186,627	(184,187)	39,962	-	-	(5,548)	226,589	(189,735)
IT equipment	431,099	(355,881)	163,371	-	-	(92,055)	594,470	(447,936)
Interior installations	94,322	(94,322)	-	-	-	-	94,322	(94,322)
Other tangible assets	11,129	(10,829)	-	-	-	(50)	11,129	(10,879)
Right-of-use assets	62,357	(23,951)	2,599	-	-	(21,675)	64,955	(45,625)
	785,534	(669,170)	205,932	-	-	(119,328)	991,465	(788,497)

12. OTHER INTANGIBLE ASSETS

At 31 December 2021 and 2020, the "Other intangible assets" headings saw the following movement:

Headings	31-12-2020		Additions	Disposals and write-offs (net)		Depreciation in the year (Note 25)	31-12-2021	
	Gross Value	Accumulated depreciations		Gross Value	Amortisation and impairment		Gross Value	Accumulated depreciations
OTHER INTANGIBLE ASSETS								
Costs with IT applications – acquired from third parties	457,298	(457,298)	-			-	457,298	(457,298)
	457,298	(457,298)	-	-	-	-	457,298	(457,298)

Headings	31-12-2019		Additions	Disposals and write-offs (net)		Depreciation in the year (Note 25)	31-12-2020	
	Gross Value	Accumulated depreciations		Gross Value	Amortisation and impairment		Gross Value	Accumulated depreciations
OTHER INTANGIBLE ASSETS								
Costs with IT applications – acquired from third parties	457,298	(457,298)	-	-	-		457,298	(457,298)
	457,298	(457,298)	-	-	-	-	457,298	(457,298)

13. OTHER DEBTORS FOR INSURANCE OPERATIONS AND OTHER OPERATIONS

At 31 December 2021 and 2020, this heading was composed as follows

	31-12-2021	31-12-2020
Accounts receivable for direct insurance operations		
. Premiums pending collection		
. Other policyholders	83,539	46,666
Total accounts receivable for direct insurance operations	83,539	46,666
Accounts receivable for reinsurance operations		
. Group reinsured (Note 35)	694,016	2,966,388
. Other reinsured	29,941	16,770
Total accounts receivable for reinsurance operations	723,957	2,983,158
Accounts receivable for other operations		
. Group companies (Note 35)	373,978	96,023
. Others	537,146	89,314
Total accounts receivable for other operations	911,124	185,337

The heading "Accounts receivable for reinsurance operations" corresponds to current accounts in the name of ceding companies, used to pay reinsurance accepted premiums.

At 31 December 2021, the heading "Accounts receivable for other operations" includes a balance relating to an advance payment of an invoice to a tow service provider of EUR 455,382.

14. TAX ASSETS AND LIABILITIES

At 31 December 2021 and 2020, the "Tax assets and liabilities" headings were composed as follows:

	31-12-2021	31-12-2020
Current tax assets		
Corporate Tax - Withholdings	4,593	4,489
Income tax receivable	4,593	4,489
Social Security Contributions	(73,067)	(67,332)
Withholdings	(45,343)	(41,569)
Other taxes and charges	(26,023)	(29,870)
	(144,432)	(138,771)
Deferred tax assets		
Devaluation of properties – investment properties	121,697	120,932
Provisions temporarily not allowed for fiscal purposes	39,539	47,194
Devaluation of Assets at fair value through other comprehensive income	69,591	10,951
Devaluation of Equity instruments through profit or loss	12,156	4,959
Devaluation of Assets at amortised cost	-	671
	242,983	184,707
Deferred tax liabilities		
Appreciation of Assets at fair value through other comprehensive income	(192,131)	(321,659)
	(192,131)	(321,659)
	50,851	(136,952)

The deferred taxes headings saw the following movement in 2021 and 2020:

	Balance at 31-12-2020	2021 Change Shareholders' equity	Income	Balance at 31-12-2021
Deferred taxes for temporary differences				
Revaluation of financial assets at fair value through other comprehensive income	(343,899)	170,402	-	(173,497)
Impairment of equity instruments at fair value through profit or loss	4,959	-	7,197	12,156
Allowance for expected credit losses on debt instruments at fair value through other comprehensive income	33,862	-	17,095	50,957
Revaluation of investment properties	120,932	-	765	121,697
Increase in provisions not deductible for tax purposes	47,194	-	(7,655)	39,539
	(136,952)	170,402	17,402	50,851

	Balance at	2020 Change		Balance at
	31-12-2019	Shareholders' equity	Income	31-12-2020
Deferred taxes for temporary differences				
Revaluation of financial assets at fair value through other comprehensive income	(293,461)	(50,438)	-	(343,899)
Impairment of equity instruments at fair value through profit or loss	-	-	4,959	4,959
Allowance for expected credit losses on debt instruments at fair value through other comprehensive income	-	46,456	(12,594)	33,862
Revaluation of investment properties	121,238	-	(306)	120,932
Increase in provisions not deductible for tax purposes	55,944	-	(8,750)	47,194
	(116,279)	(3,982)	(16,691)	(136,952)

Income tax registered in the profit and loss account was composed as follows:

	2021	2020
Current tax		
. Tax	1,321,817	1,817,754
. Autonomous taxation	7,330	6,130
. Surcharge	94,404	129,840
. State Surcharge	143,809	214,679
	1,567,360	2,168,403
Deferred tax:		
. Impairment on equity instruments	(7,197)	(4,959)
. Allowance for credit losses	(17,095)	12,594
. Appreciation of investment properties	(765)	306
. Provisions for other risks and charges	7,655	8,750
	(17,402)	16,691
Total tax in income statement	1,549,958	2,185,094
Income before tax	6,965,983	9,562,890
Tax burden	22.25%	22.85%

Reconciliation between the nominal tax rate and the effective tax rate in 2021 and 2020 was as follows:

	2021		2020	
	Rate	Tax	Rate	Tax
Income before tax		6,965,983		9,562,890
Tax calculated at the nominal rate	21.00%	1,462,856	21.00%	2,008,207
Surcharges	3.85%	268,469	4.03%	385,330
Dividends	-1.82%	(127,031)	-0.01%	(495)
Tax benefits	-0.71%	(49,498)	-0.47%	(45,032)
Over/Underestimation	0.02%	1,495	-1.69%	(161,915)
Autonomous taxation	0.11%	7,330	0.06%	6,130
Others	-0.20%	(13,664)	-0.07%	(7,131)
Effective tax rate	22.25%	1,549,958	22.85%	2,185,094

Since 2016, as a controlled entity, the Company has been subject to the Corporate Income Tax Code (CIT) under the Special Rules for the Taxation of Corporate Groups (SRTCG), in line with Article 70 of the CIT. Under these taxation rules, Longrun Portugal, SGPS, S.A., the controlling company, presents a single tax declaration in which the results of the subsidiaries making up the SRTCG are consolidated. The choice of this regime means that the corporate tax cost/income is recognised in the Company's individual accounts, and the corresponding payments or reimbursements are made by/to the controlling entity. The corporate tax payable is therefore recorded in liabilities in the accounts of Longrun Portugal, SGPS, S.A, less additional payments on account.

In line with Article 63 of the CIT, regarding transfer pricing rules, with the wording applicable from 1 January 2002, in commercial operations, including, namely, operations or series of operations on goods, rights or services, and on financial operations carried out between a taxable person and any other entity, whether or not subject to taxation, with whom it is in a special relationship (Note 35), terms and conditions must be contracted, agreed and practised which are substantially similar to those normally contracted, agreed and practised between independent entities in comparable operations. Failure to comply with the transfer pricing rules in question in the operations carried out between the taxable person and any other entity, whether or not subject to taxation, with whom it is in a special relationship, may give rise to corrections for the purposes of determining the profit subject to corporate income tax.

In accordance with current legislation, tax declarations may be subject to review and correction by the tax authorities during a subsequent period of four years (five years for Social Security) counting from the financial year they relate to. Thus, the tax declarations for 2018 to 2021 may still be reviewed.

The Board of Directors considers that any possible corrections resulting from reviews/inspections by the tax authorities of those tax declarations will not have a significant effect on the financial statements at 31 December 2021.

15. ACCRUALS AND DEFERRALS (ASSETS)

At 31 December 2021 and 2020 the assets accruals and deferrals heading was composed as follows:

	31-12-2021	31-12-2020
. Deferred costs		
- Insurance	254,986	242,776
- Software licences	1,052	191
- Others	9,833	13,362
Total deferred costs	265,872	256,329
Total assets accruals and deferrals	265,872	256,329

At 31 December 2021 and 2020 the heading “Deferred costs – Insurance” refers to insurance taken out for employees, for 2021 and 2020, respectively.

16. TECHNICAL PROVISIONS

At 31 December 2021 and 2020, the “Provision for unearned premiums” and “Claims provision” headings were composed as follows:

	31-12-2021					
	Assistance			Legal Protection		Total
	Direct insurance	Reinsurance accepted	Total	Reinsurance accepted	Total	
Provision for unearned premiums:						
. Unearned premiums	15,490	316,963	332,453	2,343	2,343	334,796
. Deferred acquisition costs (Note 2.12 c))	(189)	(1,817)	(2,006)	(14)	(14)	(2,019)
	15,301	315,146	330,447	2,329	2,329	332,776
Claims provision:						
. Provision for reported claims	62,348	7,470,558	7,532,906	1,480,923	1,480,923	9,013,828
. Provision for IBNR	-	25,684	25,684	173,217	173,217	198,901
. Provision for claims settlement expenses	20,720	1,013,940	1,034,660	885,900	885,900	1,920,560
	83,068	8,510,182	8,593,249	2,540,040	2,540,040	11,133,289
	98,368	8,825,328	8,923,697	2,542,369	2,542,369	11,466,066

	31-12-2020					
	Assistance			Legal Protection		Total
	Direct insurance	Reinsurance accepted	Total	Reinsurance accepted	Total	
Provision for unearned premiums:						
. Unearned premiums	-	159,004	159,004	1,015	1,015	160,019
. Deferred acquisition costs (Note 2.12 c))	-	(607)	(607)	(4)	(4)	(611)
	-	158,397	158,397	1,011	1,011	159,408
Claims provision:						
. Provision for reported claims	36,289	6,539,892	6,576,181	1,631,217	1,631,217	8,207,398
. Provision for IBNR	-	42,828	42,828	160,265	160,265	203,093
. Provision for claims settlement expenses	13,020	906,520	919,540	793,500	793,500	1,713,040
	49,309	7,489,240	7,538,549	2,584,982	2,584,982	10,123,531
	49,309	7,647,637	7,696,946	2,585,993	2,585,993	10,282,939

At 31 December 2021 and 2020, the claims provision was composed as follows:

	31-12-2021			31-12-2020		
Technical lines of business	Direct insurance	Reinsurance accepted	Total	Direct insurance	Reinsurance accepted	Total
Assistance						
Reported claims						
2021	50,856	5,688,909	5,739,766	-	-	-
2020	10,541	1,343,412	1,353,953	33,946	4,683,914	4,717,860
2019	30	290,559	290,589	2,193	1,524,250	1,526,443
2018	30	112,234	112,264	30	251,691	251,721
2017	50	33,065	33,115	75	75,469	75,544
2016	805	2,180	2,985	45	2,615	2,660
2015	35	-	35	-	555	555
2014	-	200	200	-	305	305
2013	-	-	-	-	513	513
2011		-	-	-	580	580
	62,348	7,470,558	7,532,906	36,289	6,539,892	6,576,181
Provision for IBNR						
2021	-	23,070	23,070	-	-	-
2020	-	1,730	1,730	-	40,118	40,118
2019	-	884	884	-	1,914	1,914
2018	-	-	-	-	796	796
	-	25,684	25,684	-	42,828	42,828
Provision for claims settlement expenses						
2021	16,900	863,440	880,340	-	-	-
2020	3,660	126,640	130,300	11,880	742,500	754,380
2019	20	6,680	6,700	1,020	140,700	141,720
2018	40	2,920	2,960	40	5,920	5,960
2017	20	1,420	1,440	60	1,880	1,940
2016	60	1,520	1,580	20	2,420	2,440
2015	20	800	820	-	1,080	1,080
2014	-	800	800	-	1,060	1,060
2013	-	880	880	-	1,120	1,120
2012	-	840	840	-	860	860
2011	-	8,000	8,000	-	1,020	1,020
2010	-	-	-	-	7,960	7,960
	20,720	1,013,940	1,034,660	13,020	906,520	919,540
Total Assistance	83,068	8,510,182	8,593,249	49,309	7,489,240	7,538,549

Technical lines of business	31-12-2021 Direct insurance	Reinsurance accepted	Total	31-12-2020 Direct insurance	Reinsurance accepted	Total
Legal Protection						
Reported claims						
2021	-	302,860	302,860	-	-	-
2020	-	257,680	257,680	-	305,022	305,022
2019	-	228,563	228,563	-	377,292	377,292
2018	-	253,743	253,743	-	347,046	347,046
2017	-	137,013	137,013	-	202,892	202,892
2016	-	161,814	161,814	-	198,706	198,706
2015	-	68,065	68,065	-	90,673	90,673
2014	-	27,486	27,486	-	38,006	38,006
2013	-	13,011	13,011	-	25,044	25,044
2012	-	9,948	9,948	-	17,603	17,603
2011	-	20,739	20,739	-	6,844	6,844
2010	-	-	-	-	22,089	22,089
	-	1,480,923	1,480,923	-	1,631,217	1,631,217
Provision for IBNR						
2021	-	76,200	76,200	-	-	-
2020	-	12,100	12,100	-	71,800	71,800
2019	-	5,800	5,800	-	10,000	10,000
2018	-	3,000	3,000	-	3,800	3,800
2017	-	-	-	-	1,100	1,100
2011	-	76,117	76,117	-	-	-
2010	-	-	-	-	73,565	73,565
	-	173,217	173,217	-	160,265	160,265
Provision for claims settlement expenses						
2021	-	492,300	492,300	-	-	-
2020	-	146,700	146,700	-	435,300	435,300
2019	-	82,800	82,800	-	137,700	137,700
2018	-	63,300	63,300	-	84,900	84,900
2017	-	32,700	32,700	-	48,600	48,600
2016	-	31,500	31,500	-	39,000	39,000
2015	-	17,400	17,400	-	21,000	21,000
2014	-	6,900	6,900	-	9,000	9,000
2013	-	3,900	3,900	-	6,900	6,900
2012	-	3,300	3,300	-	4,800	4,800
2011	-	5,100	5,100	-	2,100	2,100
2010	-	-	-	-	4,200	4,200
	-	885,900	885,900	-	793,500	793,500
Total Legal Protection	-	2,540,040	2,540,040	-	2,584,982	2,584,982
Total	83,068	11,050,222	11,133,289	49,309	10,074,222	10,123,531

The claims provisions saw the following movement in 2021 and 2020:

SECTORS/LINES OF BUSINESS	Claims provision at 31/12/2020 (1)	Claims costs paid in the year (*) (2)	Claims provision at 31/12/2021 (*) (3)	Readjustments (3)+(2)-(1)
NON-LIFE				
LEGAL PROTECTION	2,584,982	1,316,890	1,668,680	400,588
ASSISTANCE	7,538,549	5,059,440	1,950,074	(529,035)
GRAND TOTAL	10,123,531	6,376,331	3,618,754	(128,446)

(*)relating to claims occurred in the year N-1 and previous years.

SECTORS/LINES OF BUSINESS	Claims provision at 31/12/2019 (1)	Claims costs paid in the year (*) (2)	Claims provision at 31/12/2020 (*) (3)	Readjustments (3)+(2)-(1)
NON-LIFE				
LEGAL PROTECTION	3,254,942	972,504	1,772,860	(509,578)
ASSISTANCE	9,935,529	7,629,194	2,026,191	(280,144)
GRAND TOTAL	13,190,471	8,601,698	3,799,051	(789,722)

(*)relating to claims occurred in the year N-1 and previous years.

17. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND OTHER FINANCIAL LIABILITIES

	2021	2020
Financial liabilities at fair value through profit or loss		
Fair value hedge (Note 6)	6,542	-
Other financial liabilities		
Others		
Leases		
. Group companies (Note 35)	65,742	361,440
. Others	32,255	20,071
	104,539	381,511

18. OTHER CREDITORS FOR INSURANCE OPERATIONS AND OTHER OPERATIONS

At 31 December 2021 and 2020, this heading was composed as follows:

	31-12-2021	31-12-2020
Accounts payable for other reinsurance operations		
. Group reinsured (Note 35)	72,835	80,460
. Others	17,092	5,333
Accounts payable for other operations		
. Group companies (Note 35)	359,408	1,820,027
. Others	254,749	281,254
	704,084	2,187,074

The decrease in the heading "Accounts payable for other operations" is related to the amount payable to Longrun for CIT in 2020 less the Additional Payment on Account (PAC) of EUR 1,474,163 which is a credit in 2021.

19. ACCRUALS AND DEFERRALS (LIABILITIES)

At 31 December 2021 and 2020 the liabilities accruals and deferrals heading was composed as follows:

	31-12-2021	31-12-2020
Holiday and holiday subsidies	564,087	507,074
Employee bonuses payable	318,376	276,900
Others	730,592	774,599
	1,613,055	1,558,573

20. OTHER PROVISIONS

In the years ended 31 December 2021 and 2020, these headings saw the following movement:

	31-12-2021			
	Balance at 31-12-2020	Increases (Note 25)	Recoveries and cancellations (Note 25)	Balance at 31-12-2021
Provisions for tax	-	38,636	-	38,636
Provisions for disputes	21,444	125,923	-	147,367
Provisions for contingencies	77,573	-	-	77,573
	99,017	164,559	-	263,576

	31-12-2020			
	Balance at 31-12-2019	Increases (Note 25)	Recoveries and cancellations (Note 25)	Balance at 31-12-2020
Provisions for disputes	67,613	18,428	(64,597)	21,444
Provisions for contingencies	77,573	-	-	77,573
	145,186	18,428	(64,597)	99,017

The provisions of EUR 147,367 and EUR 21,444 at 31 December 2021 and 2020, respectively, are mainly aimed at responding to future costs arising from legal proceedings in progress related to labour issues.

At 31 December 2021 and 2020, the provision of EUR 77,573 is for potential labour contingencies relating to previous years, following a change in the Company's remunerations policy in 2005.

21. CAPITAL

At 31 December 2021 and 2020, the Company's share capital of EUR 7,500,000 is represented by 1,500,000 shares, with the nominal value of EUR 5 each, and is fully subscribed and paid up.

At 31 December 2021 and 2020, 100% of the Company's capital is held by Fidelidade – Companhia de Seguros, S.A.

22. RESERVES, RETAINED EARNINGS AND INCOME FOR THE YEAR UNDER SHAREHOLDERS' EQUITY

At 31 December 2021 and 2020, the other shareholders' equity headings were composed as follows:

	31-12-2021	31-12-2020
Revaluation reserves:		
Fair value adjustments		
- Debt instruments at fair value through other comprehensive income (Note 7)	477,697	1,082,528
Allowance for expected credit losses on debt instruments at fair value through other comprehensive income	199,830	130,161
	677,527	1,212,689
Deferred tax reserve:		
- Debt instruments at fair value through other comprehensive income (Note 7)	(173,497)	(343,899)
	(173,497)	(343,899)
Overlay approach adjustment	22,418	170,261
Other reserves and retained earnings		
- Legal reserve	7,500,000	7,135,481
- Other reserves	35,769,392	28,757,333
	43,269,392	35,892,814
Retained earnings	(133,337)	(134,555)
Income for the year	5,416,025	7,377,796
	49,078,528	44,175,106

“Revaluation reserves” correspond to fair value adjustments on financial assets at fair value through other comprehensive income, in 2021 and 2020.

In accordance with the legislation in force, at least 10% of net profits for each year must be transferred to the legal reserve, until it totals the amount of share capital. The legal reserve may only be used to increase the share capital or to offset losses .

The Company’s General Meeting of 31 March 2021 passed a resolution to apply the Company’s net income from 2020 as follows:

Legal reserve	364,519
Free reserves	7,012,059
Retained earnings	1,218
	7,377,796

23. EARNED PREMIUMS, NET OF REINSURANCE

In 2021 and 2020, this heading was composed as follows:

	2021				
	Direct insurance	Reinsurance accepted	Direct insurance and Reinsurance accepted	Reinsurance ceded	Net
Gross premiums written					
Legal Protection	-	6,264,985	6,264,985	(2,465)	6,262,520
Assistance	548,608	49,528,354	50,076,962	-	50,076,962
	548,608	55,793,339	56,341,947	(2,465)	56,339,482
Change in provision for unearned premiums					
Legal Protection	-	(1,328)	(1,328)	-	(1,328)
Assistance	(15,490)	(157,960)	(173,449)	-	(173,449)
	(15,490)	(159,287)	(174,777)	-	(174,777)
Earned premiums in the year					
Legal Protection	-	6,263,657	6,263,657	(2,465)	6,261,192
Assistance	533,119	49,370,394	49,903,513	-	49,903,513
	533,119	55,634,052	56,167,170	(2,465)	56,164,705

	2020				
	Direct insurance	Reinsurance accepted	Direct insurance and Reinsurance accepted	Reinsurance ceded	Net
Gross premiums written					
Legal Protection	-	5,712,389	5,712,389	(1,073)	5,711,316
Assistance	418,526	46,654,497	47,073,023	-	47,073,023
	418,526	52,366,886	52,785,412	(1,073)	52,784,339
Change in provision for unearned premiums					
Legal Protection	-	662	662	-	662
Assistance	19	(27,969)	(27,950)	-	(27,950)
	19	(27,307)	(27,288)	-	(27,288)
Earned premiums in the year					
Legal Protection	-	5,713,051	5,713,051	(1,073)	5,711,978
Assistance	418,545	46,626,528	47,045,073	-	47,045,073
	418,545	52,339,579	52,758,124	(1,073)	52,757,051

In 2021 and 2020, the figures by line of business were as follows:

2021

SECTORS/LINES OF BUSINESS	Gross premiums written	Gross earned premiums	Gross claims costs	Gross operating costs and expenses
DIRECT INSURANCE				
ASSISTANCE	548,608	533,119	284,410	6,495
TOTAL	548,608	533,119	284,410	6,495
REINSURANCE ACCEPTED	55,793,339	55,634,052	44,243,075	1,425,989
GRAND TOTAL	56,341,947	56,167,170	44,527,485	1,432,483

2020

SECTORS/LINES OF BUSINESS	Gross premiums written	Gross earned premiums	Gross claims costs	Gross operating costs and expenses
DIRECT INSURANCE				
ASSISTANCE	418,526	418,545	209,124	1,694
TOTAL	418,526	418,545	209,124	1,694
REINSURANCE ACCEPTED	52,366,886	52,339,579	37,639,256	1,112,942
GRAND TOTAL	52,785,412	52,758,124	37,848,380	1,114,636

24. CLAIMS COSTS, NET OF REINSURANCE

In 2021 and 2020, claims costs were composed as follows:

2021

SECTORS/LINES OF BUSINESS	Claims paid – Payments (1)	Claims paid – Claims management costs (2)	Change in claims provision (3)	Claims costs (4)=(1)+(2)+(3)
DIRECT INSURANCE				
ASSISTANCE	189,598	61,053	33,759	284,410
TOTAL	189,598	61,053	33,759	284,410
REINSURANCE ACCEPTED				
LEGAL PROTECTION	426,304	1,243,694	(44,943)	1,625,056
ASSISTANCE	35,894,961	5,536,062	1,186,996	42,618,020
TOTAL	36,321,265	6,779,756	1,142,054	44,243,075
GRAND TOTAL	36,510,864	6,840,809	1,175,813	44,527,485

2020

SECTORS/LINES OF BUSINESS	Claims paid – Payments (1)	Claims paid – Claims management costs (2)	Change in claims provision (3)	Claims costs (4)=(1)+(2)+(3)
DIRECT INSURANCE				
ASSISTANCE	173,287	28,045	7,792	209,124
TOTAL	173,287	28,045	7,792	209,124
REINSURANCE ACCEPTED				
LEGAL PROTECTION	472,616	997,068	(669,958)	799,726
ASSISTANCE	33,687,158	5,612,546	(2,460,174)	36,839,530
TOTAL	34,159,774	6,609,614	(3,130,132)	37,639,256
GRAND TOTAL	34,333,061	6,637,659	(3,122,340)	37,848,380

In 2021 and 2020, claims costs in the Assistance line of business were composed as follows:

	2021			2020		
	Direct insurance	Reinsurance accepted	Total	Direct insurance	Reinsurance accepted	Total
Assistance						
Claims paid						
Payments						
2021	169,348	31,419,487	31,588,834	-	-	-
2020	19,742	4,351,973	4,371,715	135,497	27,376,249	27,511,746
2019	142	443,870	444,011	29,396	6,441,279	6,470,675
2018	157	134,821	134,978	6,322	354,899	361,221
2017	81	84,160	84,241	1,850	134,908	136,758
2016	94	68,870	68,964	222	77,820	78,042
2015	35	83,805	83,840	-	92,621	92,621
2014	-	49,436	49,436	-	55,594	55,594
2013	-	54,992	54,992	-	38,876	38,876
2012	-	42,375	42,375	-	43,531	43,531
2011	-	528,681	528,681	-	29,481	29,481
2010	-	-	-	-	484,977	484,977
	189,598	37,262,470	37,452,068	173,287	35,130,235	35,303,522
Claims reimbursements						
2021	-	(128,492)	(128,492)	-	-	-
2020	-	(172,618)	(172,618)	-	(158,564)	(158,564)
2019	-	(125,219)	(125,219)	-	(408,395)	(408,395)
2018	-	(39,360)	(39,360)	-	(98,188)	(98,188)
2017	-	(28,244)	(28,244)	-	(39,146)	(39,146)
2016	-	(66,861)	(66,861)	-	(39,394)	(39,394)
2015	-	(96,072)	(96,072)	-	(80,822)	(80,822)
2014	-	(52,578)	(52,578)	-	(54,779)	(54,779)
2013	-	(54,972)	(54,972)	-	(35,751)	(35,751)
2012	-	(38,687)	(38,687)	-	(41,396)	(41,396)
2011	-	(564,405)	(564,405)	-	(27,873)	(27,873)
2010	-	-	-	-	(458,769)	(458,769)
	-	(1,367,508)	(1,367,508)	-	(1,443,077)	(1,443,077)
Management costs						
2021	57,618	5,104,273	5,161,892	-	-	-
2020	3,295	246,733	250,027	21,929	4,496,731	4,518,660
2019	66	93,716	93,783	4,759	973,646	978,405
2018	17	8,329	8,346	1,021	117,172	118,193
2017	32	6,483	6,514	300	6,467	6,767
2016	10	7,248	7,259	36	3,368	3,404
2015	14	4,980	4,994	-	1,423	1,423
2014	-	4,597	4,597	-	1,382	1,382
2013	-	4,992	4,992	-	1,269	1,269
2012	-	4,469	4,469	-	1,099	1,099
2011	-	50,242	50,242	-	1,168	1,168
2010	-	-	-	-	8,821	8,821
	61,053	5,536,062	5,597,115	28,045	5,612,546	5,640,591
	250,651	41,431,023	41,681,674	201,332	39,299,704	39,501,036

	2021			2020		
	Direct insurance	Reinsurance accepted	Total	Direct insurance	Reinsurance accepted	Total
Assistance						
Change in claims provision						
Payments						
2021	50,856	5,711,979	5,762,835	-	-	-
2020	(23,405)	(3,378,891)	(3,402,295)	33,946	4,724,032	4,757,978
2019	(2,163)	(1,234,720)	(1,236,883)	(25,900)	(5,326,662)	(5,352,562)
2018	-	(140,253)	(140,253)	(2,614)	(1,144,071)	(1,146,685)
2017	(25)	(42,404)	(42,429)	75	(158,126)	(158,051)
2016	760	(436)	324	45	(24,374)	(24,329)
2015	35	(555)	(520)	-	391	391
2014	-	(105)	(105)	-	305	305
2013	-	(513)	(513)	-	471	471
2011	-	(580)	(580)	-	580	580
	26,059	913,522	939,581	5,552	(1,927,454)	(1,921,902)
Claims settlement expenses						
2021	16,900	863,440	880,340	-	-	-
2020	(8,220)	(615,860)	(624,080)	11,880	742,500	754,380
2019	(1,000)	(134,020)	(135,020)	(8,400)	(1,085,460)	(1,093,860)
2018	-	(3,000)	(3,000)	(1,320)	(133,180)	(134,500)
2017	(40)	(460)	(500)	60	(1,480)	(1,420)
2016	40	(900)	(860)	20	880	900
2015	20	(280)	(260)	-	(160)	(160)
2014	-	(260)	(260)	-	(40)	(40)
2013	-	(240)	(240)	-	160	160
2012	-	(20)	(20)	-	(60)	(60)
2011	-	(980)	(980)	-	340	340
2010	-	-	-	-	(820)	(820)
	7,700	107,420	115,120	2,240	(477,320)	(475,080)
Reimbursable claims						
2021	-	(17,400)	(17,400)	-	-	-
2020	-	68,963	68,963	-	(73,656)	(73,656)
2019	-	44,736	44,736	-	54,164	54,164
2018	-	14,466	14,466	-	9,920	9,920
2017	-	4,203	4,203	-	2,022	2,022
2016	-	3,057	3,057	-	(5,635)	(5,635)
2015	-	12,609	12,609	-	(8,139)	(8,139)
2014	-	2,701	2,701	-	(347)	(347)
2013	-	(204)	(204)	-	(3,654)	(3,654)
2012	-	(3,671)	(3,671)	-	(1,797)	(1,797)
2011	-	36,593	36,593	-	(1,384)	(1,384)
2010	-	-	-	-	(26,894)	(26,894)
	-	166,054	166,054	-	(55,400)	(55,400)
Change in claims provision	33,759	1,186,996	1,220,755	7,792	(2,460,174)	(2,452,382)
	284,410	42,618,020	42,902,429	209,124	36,839,530	37,048,654

In 2021 and 2020, claims costs in the Legal Protection line of business per year were composed as follows:

Legal Protection	2021 Direct insurance	2021 Reinsurance accepted	2021 Total	2020 Direct insurance	2020 Reinsurance accepted	2020 Total
Claims paid						
Payments						
2021	-	33,617	33,617	-	-	-
2020	-	110,627	110,627	-	63,147	63,147
2019	-	102,909	102,909	-	114,374	114,374
2018	-	81,979	81,979	-	116,772	116,772
2017	-	44,424	44,424	-	82,061	82,061
2016	-	26,987	26,987	-	38,976	38,976
2015	-	11,505	11,505	-	20,864	20,864
2014	-	7,861	7,861	-	16,454	16,454
2013	-	939	939	-	8,025	8,025
2012	-	1,663	1,663	-	3,311	3,311
2011	-	3,793	3,793	-	4,135	4,135
2010	-	-	-	-	4,497	4,497
	-	426,304	426,304	-	472,616	472,616
Management costs						
2021	-	319,491	319,491	-	-	-
2020	-	415,062	415,062	-	434,033	434,033
2019	-	185,332	185,332	-	353,890	353,890
2018	-	133,021	133,021	-	94,580	94,580
2017	-	85,102	85,102	-	49,049	49,049
2016	-	73,560	73,560	-	33,131	33,131
2015	-	14,727	14,727	-	19,620	19,620
2014	-	5,995	5,995	-	4,202	4,202
2013	-	3,863	3,863	-	3,269	3,269
2012	-	3,008	3,008	-	2,102	2,102
2011	-	4,532	4,532	-	1,168	1,168
2010	-	-	-	-	2,024	2,024
	-	1,243,694	1,243,694	-	997,068	997,068
	-	1,669,998	1,669,998	-	1,469,684	1,469,684
Change in claims provision						
Payments						
2021	-	379,060	379,060	-	-	-
2020	-	(107,042)	(107,042)	-	376,822	376,822
2019	-	(152,929)	(152,929)	-	(322,771)	(322,771)
2018	-	(94,103)	(94,103)	-	(254,140)	(254,140)
2017	-	(66,979)	(66,979)	-	(138,448)	(138,448)
2016	-	(36,892)	(36,892)	-	(68,520)	(68,520)
2015	-	(22,608)	(22,608)	-	(41,485)	(41,485)
2014	-	(10,520)	(10,520)	-	(24,675)	(24,675)
2013	-	(12,033)	(12,033)	-	(27,807)	(27,807)
2012	-	(7,655)	(7,655)	-	(17,433)	(17,433)
2011	-	(5,642)	(5,642)	-	(8,551)	(8,551)
2010	-	-	-	-	(8,850)	(8,850)
	-	(137,343)	(137,343)	-	(535,858)	(535,858)
Claims settlement expenses						
2021	-	492,300	492,300	-	-	-
2020	-	(288,600)	(288,600)	-	435,300	435,300
2019	-	(54,900)	(54,900)	-	(420,600)	(420,600)
2018	-	(21,600)	(21,600)	-	(75,600)	(75,600)
2017	-	(15,900)	(15,900)	-	(31,500)	(31,500)
2016	-	(7,500)	(7,500)	-	(14,400)	(14,400)
2015	-	(3,600)	(3,600)	-	(8,400)	(8,400)
2014	-	(2,100)	(2,100)	-	(6,300)	(6,300)
2013	-	(3,000)	(3,000)	-	(5,100)	(5,100)
2012	-	(1,500)	(1,500)	-	(3,300)	(3,300)
2011	-	(1,200)	(1,200)	-	(2,100)	(2,100)
2010	-	-	-	-	(2,100)	(2,100)
	-	92,400	92,400	-	(134,100)	(134,100)
Change in claims provision	-	(44,943)	(44,943)	-	(669,958)	(669,958)
	-	1,625,056	1,625,056	-	799,726	799,726

At 31 December 2021 and 2020, the claims costs on direct insurance and reinsurance accepted - claims paid include EUR 6,840,809 and 6,637,659, respectively, relating to management costs charged to the lines of business operated by the Company (Note 25).

In 2021 and 2020, the allocation to the profit-sharing provision was EUR 5,241,718 and EUR 5,914,650, respectively, broken down by ceding company as follows:

Ceding Company	Allocation 2021	Allocation 2020
Fidelidade	4,580,644	5,145,260
Via Directa	329,301	522,665
Multicare	138,428	84,219
Garantia	69,428	62,623
Impar	86,653	51,315
Fidelidade Angola	21,360	44,224
Santa Lucia	6,435	2,764
Ensa	7,800	487
Nossa	1,670	1,093
	5,241,718	5,914,650

The increase in profit sharing is a result of the decrease in claims and of the support given by the Company to the ceding companies, as part of the effort to maintain portfolios, in the light of the pandemic situation and the guidelines of the supervisory authority.

The movement in the profit-sharing provision in 2021 and 2020 was as follows:

2021

Balance at 31-12-2020	Allocation 2021	Distributed income	Balance at 31-12-2021
-	5,241,718	5,241,718	-

2020

Balance at 31-12-2019	Allocation 2020	Distributed income	Balance at 31-12-2020
-	5,914,650	5,914,650	-

At 31 December 2021 and 2020, most of the reinsurance contracts entered into with the ceding companies provide for a share in the Company's technical results.

Generally, the profit-sharing provision corresponds to a percentage of the Company's technical result (earned premiums less claims costs and management costs), if positive. Negative technical results are carried over to the following year, to the Company's credit.

25. NET OPERATING COSTS AND EXPENSES, BY TYPE AND FUNCTION

This gains and losses heading was composed as follows:

	2021	2020
Employee costs (Note 26)	5,696,522	5,649,414
External supplies and services:		
. Specialist work	1,456,417	1,385,785
. Rents and leases	1,803	2,211
. Communication	115,103	110,011
. Cleanliness and hygiene	38,932	53,876
. Expenditure with self-employed workers	55,110	53,281
. Conservation and repair	11,499	7,441
. Travel and accommodation	6,617	11,532
. Software licences	119,699	60,517
. Printed material and office supplies	2,586	5,625
. Advertising and publicity	161,203	14,637
. Others	42,184	47,638
	2,011,153	1,752,554
Advertising and publicity	5,912	4,665
Depreciation in the year:		
. Tangible assets (Note 11)	97,965	97,653
. Right-of-use assets (Note 11)	27,232	21,675
. Right-of-use assets - Buildings (Note 9)	269,282	269,282
Net allocation of provisions (Note 20)	164,558	(46,169)
Bank commissions and interest paid	17,813	16,084
	582,762	363,190
	8,290,437	7,765,158

In the year ended 31 December 2021, the most relevant figures in the "Others" heading relate to APS contributions, fuel and fast-wearing tools and utensils, of EUR 11,754, EUR 9,260 and EUR 3,156, respectively.

In the profit and loss account, these costs were allocated as follows:

	2021	2020
Claims costs (Note 24)	(6,840,809)	(6,637,658)
Administrative costs	(1,107,104)	(913,329)
Acquisition costs	(326,787)	(201,429)
Investment management costs	(15,737)	(12,742)
	(8,290,437)	(7,765,158)

26. EMPLOYEE COSTS

During the years ended 31 December 2021 and 2020 the Company had, on average, 201 and 200 employees in its service, respectively, spread across the following professional categories:

	2021	2020
Senior management	5	5
Line management	10	11
IT Technical	4	4
Other technical	17	15
Administrative	165	165
Total	201	200

Employee costs in 2021 and 2020 were as follows:

	2021	2020
Remuneration		
- Corporate Bodies	178,913	183,502
- Employees	4,121,881	3,882,481
Remuneration expenses	897,431	843,157
Post-employment benefits		
Defined contribution plans	95,021	99,015
Defined benefits plans	12,401	13,476
Termination of employment benefits	11,589	54,914
Mandatory insurance	63,562	59,241
Social action costs	278,807	479,715
Other employee costs	36,917	33,913
Total employee costs	5,696,522	5,649,414

Costs incurred with employees on loan within the Fidelidade Group in 2021were EUR 181, 698 for Corporate Bodies (EUR 157,937 in 2020) and EUR 226,029 for employees (EUR 203,498 in 2020). These are distributed across the various employee costs headings according to their type (Note 35).

In 2021 and 2020 costs with post-employment benefits regarding the defined contribution plans relate to liabilities for retirement pensions connected to the “IRP” (Individual Retirement Plan), in the amount of EUR 51,508 and EUR 76,249, respectively (Note 2.11). In 2021, the costs of post-employment benefits regarding the defined benefit plans relate to costs with pre-retirement liabilities (Note 27).

Remuneration of Corporate Bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholder.

In 2021 and 2020, the remuneration and benefits paid to members of the Corporate Bodies were as follows:

	REMUNERATION				OTHER BENEFITS		SOCIAL BENEFITS COSTS			
	Fixed Remuneration		Variable Remuneration		Meal Allowance		Health Insurance		Life Insurance	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Executive Committee										
Chairman										
Juan Ignacio Arsuaga Serrats	-	-	-	-	-	-	-	-	-	-
Members										
Paulo Francisco Baião Figueiredo	-	-	-	-	-	-	-	-	-	-
Luis Filipe Mateus Alves	122,865	77,244	35,910	37,500	2,832	1,732	691	690	134	78
Carlos Manuel Sobral Miranda	-	48,610	-	-	-	1,020	-	671	-	56
Supervisory Board	2020	2021								
Chairman										
Luis Manuel Machado Vilhena da Cunha	5,698	-	-	-	-	-	-	-	-	-
José António Costa Figueiredo	16,150	16,800	-	-	-	-	-	-	-	-
Members										
António José Pereira Cardoso Mota	14,000	14,000	-	-	-	-	-	-	-	-
Pedro Antunes de Almeida	10,502	14,000	-	-	-	-	-	-	-	-

Statutory Auditor

The fees paid to Ernst & Young Audit & Associados, SROC, the Company's Statutory Auditor, relating to the year ended 31 December 2021 were EUR 42,760 for statutory auditor services and EUR 21,640 for other information certification services related to Solvency II.

27. EMPLOYEE BENEFITS OBLIGATIONS

In 2016, the Company entered into a pre-retirement agreement with one employee, which entitles the employee to a payment up to the normal retirement age. Future liabilities with this agreement at 31 December 2021 were EUR 9,930, calculated using the following assumptions:

	2021
Actuarial Method	Projected Unit Credit
Demographic assumptions:	
• Mortality Table	
• Men	TV 73/77 (-2)
• Women	TV 88/90 (-2)
Financial assumptions:	
• Discount rate	1.25%
• Pensions growth rate	0.75%

The movement in the heading "Liabilities for post-employment and other long-term benefits" during 2021 and 2020 can be summarised as follows:

Balance at 31 December 2019	272,854
Costs in the year	85,283
Payments in 2020	(111,174)
Balance at 31 December 2020	246,963
Costs in the year	59,158
Payments in 2021	(113,978)
Balance at 31 December 2021	192,143

At 31 December 2021, the balance of the heading "Liabilities for post-employment and other long-term benefits", of EUR 192,143, refers to the sum of pre-retirements at 31 December (EUR 9,930) and to the IRP for December and the application of the new CEA (EUR 182,213) (Note 2.11).

The costs with these agreements reflected in the profit and loss account for 2021 and 2020 are:

	2021
Pre-retirement agreements	
Interest costs	299
(Actuarial (gains) / losses	-4,922
Changes to assumptions	-7
Difference between assumptions and realised amounts	-4,915
	-4,623

	2020
Pre-retirement agreements	
Interest costs	859
(Actuarial (gains) / losses	12,618
Changes to assumptions	111
Difference between assumptions and realised amounts	12,507
	13,477

28. INCOME

The accounting policies for recognising investment income are described in Note 2. In 2021 and 2020, these profit and loss headings were composed as follows:

	2021			2020		
	Interest	Dividends	Total	Interest	Dividends	Total
Income						
Interest on financial assets not recognised at fair value through profit or loss						
Financial assets through other comprehensive income						
Debt instruments						
Bonds – public issuers	231,868	-	231,868	410,036	-	410,036
Bonds – other issuers	340,652	-	340,652	195,639	-	195,639
	572,520	-	572,520	605,675	-	605,675
Financial assets at amortised cost	7,169	-	7,169	43,891	-	43,891
Sight deposits in credit institutions	-	-	-	3,102	-	3,102
	7,169	-	7,169	46,993	-	46,993
	579,689	-	579,689	652,668	-	652,668
Others						
Financial assets at fair value through profit or loss	2,503	88,266	90,768	2,500	19,570	22,070
Investments in subsidiaries (Note 4)	-	501,559	501,559	-	1,943	1,943
	2,503	589,825	592,328	2,500	21,513	24,013
	582,192	589,825	1,172,017	655,168	21,513	676,681

29. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES NOT RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2021 and 2020, gains and losses on financial assets at fair value through other comprehensive income were composed as follows:

	2021		2020	
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through other comprehensive income	
	Non-life	Total	Non-life	Total
GAINS ON INVESTMENTS				
Debt instruments				
Bonds - public issuers	15,182	15,182	21,993	21,993
Bonds - other issuers	1,196	1,196	3,485	3,485
	16,378	16,378	25,478	25,478
LOSSES ON INVESTMENTS				
Debt instruments				
Bonds - public issuers	-	-	-	-
Bonds - other issuers	(161)	(161)	(164,280)	(164,280)
	(161)	(161)	(164,280)	(164,280)
	16,216	16,216	(138,802)	(138,802)

In 2021 and 2020, gains and losses on financial assets at amortised cost were composed as follows:

	2021		2020	
	Financial assets at amortised cost		Financial assets at amortised cost	
	Non-life	Total	Non-life	Total
GAINS ON INVESTMENTS				
Debt instruments				
Bonds - public issuers	46,841	46,841	-	-
	46,841	46,841	-	-

30. NET INCOME ON FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS AND NON-FINANCIAL ASSETS WHICH HAVE NOT BEEN RECOGNISED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2021 and 2020, gains and losses from adjustments to the fair value of investments were composed as follows:

	2021			2020		
	Non-life portfolio			Non-life portfolio		
Unrealised gains and losses	Gains	Losses	Net	Gains	Losses	Net
Financial assets at fair value through profit or loss						
Debt instruments and other loans	24,856	-	24,856	-	(34,844)	(34,844)
Equity instruments and participation units	339,851	(239,776)	100,075	32,190	(54,181)	(21,991)
Financial liabilities at fair value through profit or loss						
Exchange forwards	-	(6,542)	(6,542)	-	-	-
	364,707	(246,318)	118,389	32,190	(89,025)	(56,835)
	230,684	(82,840)	147,843	2,545	-	2,545
Overlay approach adjustment						
Properties (Note 9)	-	(3,000)	(3,000)	1,200	-	1,200
	595,390	(332,158)	263,232	35,935	(89,025)	(53,090)

31. EXCHANGE DIFFERENCES

In 2021 and 2020, gains and losses from exchange differences were as follows:

	2021			2020	
	Technical Account	Non-technical Account	Total	Technical Account	Total
Exchange gains	6,646	3,520	10,166	1,294	1,294
Exchange losses	(343)	(3,933)	(4,275)	(39)	(39)
	6,303	(412)	5,890	1,255	1,255

32. IMPAIRMENT LOSSES AND OTHER ADJUSTMENTS

Impairment losses saw the following movement in 2021 and 2020:

	2021			
	Opening balances	Increases	Recoveries and cancellations	Closing balances
Impairment on investments in subsidiaires, associates and joint ventures	35	-	2	37
Expected credit losses on financial assets at fair value through other comprehensive income				
Debt instruments				
Stages 1 and 2	130,161	153,669	(84,000)	199,830
Expected credit losses on financial assets at amortised cost	2,632	-	(2,632)	-
	132,827	153,669	(86,630)	199,867

	2020				
	Opening balances	IFRS 9 Implementation	Incfreases	Recoveries and cancellations	Closing balances
Impairment on investments in subsidiaires, associates and joint ventures	83	0	0	(48)	35
Expected credit losses on financial assets at fair value through other comprehensive income					
Debt instruments					
Stages 1 and 2	0	182,179	41,097	(93,116)	130,160
Expected credit losses on financial assets at amortised cost	0	0	2,632	0	2,632
	83	182,179	43,729	(93,164)	132,827

At 31 December 2021 and 2020 the decomposition by rating and expected credit loss stage based on the gross balance sheet value was as follows:

	2021	
	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
AA- to AA+	7,680	7,680
A- to A+	5,229,675	5,229,675
BBB- to BBB+	36,183,381	36,183,381
BB- to BB+	5,567,919	5,567,919
B- to B+	885,899	885,899
Not rated	468,250	468,250
	48,342,804	48,342,804

	2020	
	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
AA- to AA+	8,046	8,046
A- to A+	2,084,626	2,084,626
BBB- to BBB+	32,868,954	32,868,954
BB- to BB+	4,044,268	4,044,268
B- to B+	443,985	443,985
Not rated	5,922,388	5,922,388
	45,372,267	45,372,267
Financial assets at amortised cost		
BBB- to BBB+	2,024,701	2,024,701
	2,024,701	2,024,701

At 31 December 2021 and 2020 the decomposition by rating and expected credit loss stage based on the expected credit loss was as follows:

	2021	
	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
A- to A+	2,055	2,055
BBB- to BBB+	17,725	17,725
BB- to BB+	26,844	26,844
B- to B+	34,175	34,175
Not rated	119,031	119,031
	199,830	199,830

	2020	
	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
AA- to AA+	1	1
A- to A+	759	759
BBB- to BBB+	35,740	35,740
BB- to BB+	11,920	11,920
B- to B+	26,782	26,782
Not rated	54,959	54,959
	130,161	130,161
Financial assets at amortised cost		
BBB- to BBB+	2,632	2,632
	2,632	2,632

Between 31 December 2019 and 31 December 2021 the movement based on the expected credit loss was as follows:

	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
Balance sheet value at 01/01/2020	182,179	182,179
New assets originated or purchased	26,182	26,182
Assets derecognised or matured	(29,353)	(29,353)
Remeasurement of expected credit loss	(48,847)	(48,847)
ECL Value at 31/12/2020	130,161	130,161
New assets originated or purchased	153,531	153,531
Assets derecognised or matured	(58,985)	(58,985)
Remeasurement of expected credit loss	(24,876)	24,876)
ECL Value at 31/12/2021	199,831	199,831

	12-month expected credit losses	Total
Financial assets at amortised cost		
Balance sheet value at 01/01/2020	-	-
New assets originated or purchased	2,632	2,632
ECL Value at 31/12/2020	2,632	2,632
Remeasurement of expected credit loss	(2,632)	(2,632)
ECL Value at 31/12/2021	-	-

Between 31 December 2019 and 31 December 2021 the movement of expected credit losses based on the gross balance sheet value was as follows:

	12-month expected credit losses	Total
Financial assets at fair value through other comprehensive income		
Balance sheet value at 01/01/2020	33,882,203	33,882,203
New assets originated or purchased	17,114,664	17,114,664
Assets derecognised or matured	(5,368,337)	(5,368,337)
Capitalised accrued interest	(366,124)	(366,124)
Change in fair value	109,861	109,861
Balance sheet value at 31/12/2020	45,372,267	45,372,267
New assets originated or purchased	20,921,114	20,921,114
Assets derecognised or matured	(17,617,817)	(17,617,817)
Capitalised accrued interest	(353,606)	(353,606)
Change in fair value	14,207	14,207
Net foreign exchange expense / (income)	6,636	6,636
Balance sheet value at 31/12/2021	48,342,801	48,342,801

	12-month expected credit losses	Total
Financial assets at amortised cost		
Balance sheet value at 01/01/2020	-	-
New assets originated or purchased	2,024,660	2,024,660
Capitalised accrued interest	41	41
Change in fair value	(2,631)	(2,631)
Balance sheet value at 31/12/2020	2,022,070	2,022,070
Assets derecognised or matured	(2,022,028)	(2,022,028)
Capitalised accrued interest	(42)	(42)
Balance sheet value at 31/12/2021	-	-

33. OTHER INCOME/EXPENSES

	2021	2020
Non-current income and gains		
Tax rebates	5,294	665,543
Compensatory interest	-	24,051
Others	24,390	2,130
Financial income and gains		
Exchange gains	54,361	-
Other non-technical income		
Provision of services	545,543	573,752
Non-current expenses and losses		
Donations	(3,194)	-
Insufficient tax estimate	(11,157)	(30,584)
Others	(3,880)	(767)
Financial expenses and losses		
Exchange losses	-	(52,319)
Banking services	(20,374)	(16,675)
Others	600	-14
	591,582	1,165,117

The income relating to tax rebates from 2020 was due to the tax benefit obtained via SIFIDE 2020 (Tax Incentive System for Business Research and Development).

Fidelidade Assistência made an application to the SIFIDE for 2020, with eligible expenses of EUR 749,510 and a claimed tax credit of EUR 618,346.

Given that the SIFIDE application for 2020 was approved, the corresponding tax benefit, of EUR 618,346 was deducted.

The amount under the heading “Provision of Services” relates to the contract for the Provision of Administrative Services and Management Support that the Company has with Fidelidade Serviços de Assistência. This amount is subject to VAT and Fidelidade Assistência applies the pro-rata regime.

34. SEGMENT REPORTING

In 2021 and 2020, 98.4% and 98.9% of the gross premiums written are from contracts entered into in Portugal. The distribution of income by lines of business in 2021 and 2020 was as follows:

2021

Headings	Non-life Lines of Business		
	Miscellaneous		Total
	Legal Protection	Assistance	
Gross premiums written	6,264,985	50,076,962	56,341,947
Earned premiums from reinsurance ceded	(2,465)	-	(2,465)
Gross earned premiums	6,263,657	49,903,513	56,167,170
Investment income	26,077	883,339	909,415
Gross claims costs	(1,625,056)	(42,902,429)	(44,527,485)
Gross operating costs	(161,045)	(1,271,438)	(1,432,483)
Profit sharing	(2,359,638)	(2,881,774)	(5,241,411)
Technical income	2,141,531	3,731,210	5,872,741
Allocated assets	53,141,969		
Technical provisions	2,542,369	8,923,697	11,466,066

2020

Headings	Non-life Lines of Business		
	Miscellaneous		Total
	Legal Protection	Assistance	
Gross premiums written	5,712,389	47,073,023	52,785,412
Earned premiums from reinsurance ceded	(1,073)	-	(1,073)
Gross earned premiums	5,713,051	47,045,073	52,758,124
Investment income	25,784	451,247	477,031
Gross claims costs	(799,726)	(37,048,654)	(37,848,380)
Gross operating costs	(121,219)	(993,417)	(1,114,636)
Profit sharing	(2,315,296)	(3,598,922)	(5,914,218)
Technical income	2,501,521	5,855,327	8,356,848
Allocated assets	58,168,527		
Technical provisions	2,585,993	7,696,946	10,282,939

35. RELATED PARTIES

Fidelidade Assistência’s related parties are deemed to be the subsidiaries and associates of the Group. In 2021 and 2020, the Company’s related parties were:

Name of Related Party	Registered Office
Companies that, directly or indirectly, control the Company	
Fidelidade - Companhia de Seguros, S.A.	Portugal
Companies that, directly or indirectly, are under common control with the Company	
Longrun Portugal, SGPS, S.A.	Portugal
Via Directa - Companhia de Seguros, S.A.	Portugal
Multicare - Seguros de Saúde, S.A.	Portugal
Fidelidade - Serviços de Assistência, S.A.	Portugal
Fidelidade Angola – Companhia de Seguros, S.A.	Angola
Garantia - Companhia de Seguros, S.A.	Cape Verde
CARES – Assistência e Reparações, S.A.	Portugal
Fidelidade - Assistência e Serviços, Limitada	Mozambique
Fidelidade Macau - Companhia de Seguros, S.A.	Macao
Fidelidade - Property Europe, S.A.	Portugal
EAPS – Empresa de Análise, Prevenção e Segurança, S.A.	Portugal
GEP – Gestão de Peritagens, S.A.	Portugal
GEP Cabo Verde - Gestão de Peritagens, Limitada	Cape Verde
Fidelidade Macau Vida	Macao
Members of the Company's Board of Directors	
Juan Ignacio Arsuaga Serrats	Chairman
Paulo Francisco Baião Figueiredo	Member
Carlos Manuel Sobral Miranda	Member
Members of the Supervisory Board	
José António Costa Figueiredo	Chairman
António José Pereira Cardoso Mota	Member
Pedro Antunes de Almeida	Member

At 31 December 2021 and 2020, Fidelidade Assistência's financial statements include the following balances and transactions with related parties:

	31-12-2021	31-12-2020
Balance sheet balances		
Sight deposits (Note 3):		
Caixa Geral de Depósitos, S.A.	7,571,440	5,276,771
Investments in subsidiaries and associates (Note 4):		
Fidelidade - Serviços de Assistência, S.A.	3,429,386	429,386
Cares - Assistência e Reparações, S.A.	6,040,000	6,200,000
Fidelidade Angola-Companhia de Seguros SA	89,662	89,662
Fidelidade - Assistência e Serviços, Limitada	47	48
Fidelidade Macau – Insurance Company Limited	1,118	1,118

FIDELIDADE ASSISTANCE

GEP Cabo Verde, Gestão de Peritagens, Limitada	11,336	11,336
Fidelidade Macau Vida	1,127	1,127
Financial assets at fair value through other comprehensive income		
Caixa Geral de Depósitos, S.A.	612,170	603,686
Properties under operating lease (Note 9)		
Fidelidade - Companhia de Seguros, S.A.	89,761	359,042
Debtors / Creditors – direct insurance and reinsurance operations (Notes 13 and 18):		
Fidelidade - Companhia de Seguros, S.A.	270,109	2,915,872
Via Directa - Companhia de Seguros, S.A.	125,381	(66,158)
Multicare - Seguros de Saúde, S.A.	(63,934)	(14,303)
Garantia - Companhia de Seguros, S.A.	86,014	1,961
Fidelidade Angola-Companhia de Seguros, S.A.	203,611	48,556
Debtors – other operations (Note 13):		
Fidelidade - Companhia de Seguros, S.A.	534	-
Fidelidade - Serviços de Assistência, S.A.	26,660	96,023
Longrun Portugal	346,784	-
Creditors – other operations (Note 17 and 18):		
Fidelidade - Companhia de Seguros, S.A.	(417,913)	(690,316)
Via Directa - Companhia de Seguros, S.A.	(86)	(327)
EAPS - Empresa de Análise, Prevenção e Segurança, S.A.	-	(899)
Longrun Portugal	-	(1,474,163)
Fidelidade Angola-Companhia de Seguros, S.A.	(6,807)	(15,763)
Garantia - Companhia de Seguros, S.A.	(344)	-
Accruals and deferrals - assets (Note 15)		
Fidelidade - Companhia de Seguros, S.A.	254,075	242,020
Via Directa - Companhia de Seguros, S.A.	915	757
Accruals and deferrals - liabilities (Note 19)		
Fidelidade - Companhia de Seguros, S.A.	(171,982)	(332,151)
Caixa Geral de Depósitos, S.A.	(3,000)	(6,000)
Provision for unearned premiums - reinsurance accepted (Note 4):		
Fidelidade - Companhia de Seguros, S.A.	(19,527)	(13,084)
Garantia - Companhia de Seguros, S.A.	(68,264)	(39,391)
Fidelidade Angola-Companhia de Seguros, S.A.	(84,637)	(66,822)
Claims provision:		
GEP - Gestão de Peritagens, S.A.	58	(555)
Fidelidade Angola-Companhia de Seguros, S.A.	(39,613)	(3,928)
Cetra - Centro Técnico de Reparação Automóvel, S.A.	-	(86)

The balances for Debtors and Creditors – Other Operations relate to invoice amounts pending for assignment of staff, the contract for provision of administrative services and support for insurance receipt management.

	31-12-2021	31-12-2020
Income statement balances		
Change in provision for unearned premiums - reinsurance accepted:		
Fidelidade - Companhia de Seguros, S.A.	(6,443)	(2,150)
Garantia - Companhia de Seguros, S.A.	(28,873)	3,854
Fidelidade Angola-Companhia de Seguros, S.A.	(17,815)	(33,493)
Profit sharing - reinsurance accepted (Note 24):		
Fidelidade - Companhia de Seguros, S.A.	(4,580,644)	(5,145,260)

Via Directa - Companhia de Seguros, S.A.	(329,301)	(522,665)
Multicare - Seguros de Saúde, S.A.	(138,428)	(84,219)
Garantia - Companhia de Seguros, S.A.	(69,428)	(62,622)
Fidelidade Angola-Companhia de Seguros, S.A.	(21,360)	(44,224)
Claims costs - claims paid:		
GEP - Gestão de Peritagens, S.A.	(9,229)	(8,543)
Cares - Assistência e Reparações, S.A	(167)	(6,868)
Fidelidade Angola-Companhia de Seguros, S.A.	(116,781)	(12,921)
Cetra - Centro Técnico de Reparação Automóvel, S.A.	(387)	(24,477)
Fidelidade - Serviços de Assistência, S.A.	-	(1,100)
Change in claims provision:		
GEP - Gestão de Peritagens, S.A.	613	(310)
Cares - Assistência e Reparações, S.A	-	714
Fidelidade Angola-Companhia de Seguros, S.A.	(35,685)	2,568
Cetra - Centro Técnico de Reparação Automóvel, S.A.	86	2,471
Accounts relating to assignment of corporate bodies (Note 26):		
Fidelidade - Companhia de Seguros, S.A.	(181,698)	(157,937)
Accounts relating to assignment of employees (Note 26):		
Fidelidade - Companhia de Seguros, S.A.	(257,742)	(233,080)
EAPS - Empresa de Análise, Prevenção e Segurança, S.A.	31,714	29,582
Other expenses (employees, ESS, commissions, amortisations, interest and financial expenses):		
Fidelidade - Companhia de Seguros, S.A.	(520,604)	(726,250)
Via Directa - Companhia de Seguros, S.A.	(2,696)	(2,117)
EAPS - Empresa de Análise, Prevenção e Segurança, S.A.	(14,678)	(13,755)
Caixa Geral de Depósitos, S.A.	(46,377)	(33,642)
Cares - Assistência e Reparações, S.A	6,534	6,344
Gross premiums written - reinsurance accepted and direct insurance		
Fidelidade - Companhia de Seguros, S.A.	48,544,190	45,572,199
Via Directa - Companhia de Seguros, S.A.	5,522,955	5,469,185
Multicare - Seguros de Saúde, S.A.	874,831	784,637
Garantia - Companhia de Seguros, S.A.	218,285	143,662
Fidelidade Angola-Companhia de Seguros, S.A.	195,328	168,443
Caixa Geral de Depósitos, S.A.	170,595	160,235
Provision of services – other services		
Fidelidade - Serviços de Assistência, S.A.	545,543	569,490
GEP - Gestão de Peritagens, S.A.	-	4,262
Investment income (interest and dividends):		
Caixa Geral de Depósitos, S.A.	18,721	22,363
Fidelidade - Serviços de Assistência, S.A.	500,000	37,971
Fidelidade Angola-Companhia de Seguros, S.A.	1,559	1,943

The number of employees assigned / received from the various group companies is:

Employees assigned to group companies:	31-12-2021	31-12-2020
EAPS - Empresa de Análise, Prevenção e Segurança, S.A.	1	1
Employees received from group companies:		
Fidelidade - Companhia de Seguros, S.A.	4	4

36. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Financial Position

At 31 December 2021 and 2020, the financial instruments had the following balance sheet value:

	2021		
	Recognised at fair value	Not recognised at fair value	Total
Assets			
Cash and cash equivalents and sight deposits	-	7,580,125	7,580,125
Investments in subsidiaries, associates and joint ventures		9,572,676	9,572,676
Financial assets at fair value through profit or loss	2,921,345	-	2,921,345
Financial assets at fair value through other comprehensive income	48,342,803	-	48,342,803
Other debtors	-	1,718,619	1,718,619
	51,264,148	18,871,421	70,135,568
Liabilities			
Financial liabilities at fair value through profit or loss	6,542	-	6,542
Other financial liabilities	-	97,997	97,997
Other creditors	-	704,084	704,084
	6,542	802,081	808,623
	51,270,690	19,673,502	70,944,192

	2020		
	Recognised at fair value	Not recognised at fair value	Total
Assets			
Cash and cash equivalents and sight deposits	-	5,280,664	5,280,664
Investments in subsidiaries, associates and joint ventures	-	6,732,678	6,732,678
Financial assets at fair value through profit or loss	2,861,238	-	2,861,238
Financial assets at fair value through other comprehensive income	45,372,267	-	45,372,267
Assets at amortised cost	-	2,022,070	2,022,070
Other debtors	-	3,215,161	3,215,161
	48,233,505	17,250,573	65,484,078
Liabilities			
Other financial liabilities	-	381,511	381,511
Other creditors	-	2,187,074	2,187,074
	-	2,568,585	2,568,585
	48,233,505	19,819,158	68,052,663

The amounts considered in the headings "Other debtors" and "Other creditors" essentially correspond to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons and other external entities.

FIDELIDADE ASSISTANCE

Gains and Losses

In 2021 and 2020, the net gains and losses on financial instruments had the following breakdown:

	2021		
		As a credit to	
	Income	Shareholders' equity	Total
Income from financial instruments			
Financial assets at fair value through profit or loss	592,328	-	592,328
Financial assets through other comprehensive income	572,520	-	572,520
Financial assets at amortised cost	7,169	-	7,169
Sight deposits	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss			
Financial assets through other comprehensive income	16,216	(604,831)	(588,614)
Financial assets at amortised cost	46,841	-	46,841
Net income on financial assets and liabilities recognised at fair value through profit or loss	118,903	-	118,903
Exchange differences	5,890	-	5,890
Impairment losses (net of reversals)			
Financial assets through other comprehensive income	(67,038)		(67,038)
Financial assets at amortised cost	-	-	-
de outros	(2)	-	(2)
Overlay approach adjustment	147,843		147,843
	1,440,673	(604,831)	835,842

	2020		
		As a credit to	
	Income	Shareholders' equity	Total
Income from financial instruments			
Financial assets at fair value through profit or loss	24,013	-	24,013
Financial assets through other comprehensive income	605,675	-	605,675
Financial assets at amortised cost	43,891	-	43,891
Sight deposits	3,102	-	3,102
Net income on financial assets and liabilities not recognised at fair value through profit or loss			
Financial assets through other comprehensive income	(138,802)	121,087	(17,715)
Financial assets at amortised cost	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	(55,872)	-	(55,872)
Exchange differences	1,255	-	1,255
Impairment losses (net of reversals)			
Financial assets through other comprehensive income	52,019	-	52,019
Financial assets at amortised cost	(2,632)	-	(2,632)
Others	48	-	48
Overlay approach adjustment	2,545	-	2,545
	535,242	121,087	656,329

Fair value of financial instruments

At 31 December 2021 and 2020, the method for assessing the fair value of the financial instruments reflected in the Company's financial statements can be summarised as follows:

	2021				
	Fair value assessment method			Not recognised at fair value	Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents and sight deposits	-	-	-	7,580,125	7,580,125
Investments in subsidiaries, associates and joint ventures	-	-	-	9,572,676	9,572,676
Financial assets at fair value through profit or loss	1,088,414	54,313	1,778,617	-	2,921,344
Financial assets at fair value through other comprehensive income	45,087,986	313,964	2,940,853	-	48,342,803
Other debtors	-	-	-	1,718,619	1,718,619
	46,176,400	368,277	4,719,470	18,871,421	70,135,568
Liabilities					
Financial liabilities at fair value through profit or loss	-	(6,542)	-	-	(6,542)
	-	(6,542)	-	-	(6,542)
	46,176,400	361,735	4,719,470	18,871,421	70,129,026

	2020				
	Fair value assessment method			Not recognised at fair value	Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents and sight deposits	-	-	-	5,280,664	5,280,664
Investments in subsidiaries, associates and joint ventures	-	-	-	6,732,678	6,732,678
Financial assets at fair value through profit or loss	600,997	44,242	2,215,999	-	2,861,238
Financial assets at fair value through other comprehensive income	41,345,637	4,026,630	-	-	45,372,267
Assets at amortised cost	-	-	-	2,022,070	2,022,070
Other debtors	-	-	-	3,215,161	3,215,161
	41,946,634	4,070,872	2,215,999	17,250,573	65,484,078

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – Fair Value, of the financial instruments held by the Company at 31 December 2021 and 2020 that are recognised 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 change between 2021 and 2020 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Balance at 31 December 2019	-	1,102,941
Acquisitions	-	1,100,000
Revaluations		
As a charge to income	-	(19,447)
As a charge to shareholders' equity	-	32,505
Balance at 31 December 2020	-	2,215,999
Acquisitions	3,004,997	-
Revaluations		
As a charge to income	-	(28,223)
As a charge to shareholders' equity	14,352	(185,860)
Transfers		
From level 2 to level 3	(78,496)	-
Disposals	-	(223,299)
Balance at 31 December 2021	2,940,853	1,778,617

Policies on managing financial risks inherent to Fidelidade Assistência's activity

The Company's objectives, rules and procedures on market risk management are governed by means of its Investments Policy. This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company's investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Company assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Company's investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Company's investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Company's business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Company's investment management cycle is composed of the following key activities:

- **Defining –** Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);

- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

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

1. **Definition of the portfolio objective**

   The main objective of the Company's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Company's risk appetite and its liquidity needs.

2. **Rules for investment in assets**

   On one hand, the Company's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Company and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

   On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

   Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Company to adequately manage its liquidity.

3. **Classes of assets**

   As a general rule, the Company's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

   The classes of assets eligible for investment by the Company are:

   - Treasury (cash, deposits and equivalent);
   - Fixed income (medium and long-term debt instruments);
   - Variable income (instruments which provide variable gains);
   - Real estate (including properties for own use and for investment);
   - Alternative investments.

   Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

4. **Exposure limits**

   In order to enable the Company, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

   - Class of asset;
   - Credit quality and duration;
   - Sector of activity;
   - Geographical location;
   - Concentration by position;

- Currency.

5. Risk management and control process

The Risk Management Division (DGR) is responsible for controlling and monitoring the allocation of assets, in the light of the targets and limits established.

Accordingly, procedures are defined, as well as those responsible for them, for when there is non-compliance with the targets and/or limits established.

Regarding asset losses control mechanisms, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular process of reporting has been set up for the various levels of the Company involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

At 31 December 2021 and 2020, the balance sheet value and the fair value of the financial assets at amortised cost or at historical cost were as follows:

	2021		
	Balance Sheet Value	Fair Value	Difference
Assets			
Cash and cash equivalents and sight deposits	7,580,125	7,580,125	-
Other debtors	1,718,619	1,718,619	-
	9,298,744	9,298,744	-

	2020		
	Balance Sheet Value	Fair Value	Difference
Assets			
Cash and cash equivalents and sight deposits	5,280,664	5,280,664	-
Assets at amortised cost	2,022,070	2,024,702	(2,632)
Other debtors	3,215,161	3,215,161	-
	10,517,895	10,520,527	(2,632)

Credit risk

At 31 December 2021 and 2020, Fidelidade Assistência's maximum exposure to credit risk was composed as follows:

	31-12-2021	31-12-2020
Sight deposits	7,580,125	5,280,664
Financial assets at fair value through profit or loss	392,848	367,989
Financial assets at fair value through other comprehensive income	48,342,803	45,372,267
Financial assets at amortised cost	-	2,022,070
Other debtors	1,718,619	3,215,161
	58,034,395	56,258,151

FIDELIDADE ASSISTANCE

Credit quality

When assessing credit, the Company uses the ratings of at least 3 agencies accredited by the regulator *European Insurance and Occupational Pensions Authority* (EIOPA), applying the criteria of the second best rating, limited, in general terms, to the issue rating or, when this is not available or not applicable, to the issuer's rating or alternatively to the rating of the corresponding financial group. Ultimately, in a situation where this information is not available, the Company attempts to calculate, using a scoring method, an internal rating based on an analysis of the available financial statements. The scoring method is based on financial indicators that seek to assess the solvency capacity of the issuer's financial commitments. For issues that are repacks, and insofar as the underlying assets are visible, we use the average rating of the issues considered in the vehicle.

The table below provides a breakdown of the balance sheet value of the financial applications at 31 December 2021 and 2020, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

	31-12-2021		
Class of asset/Ratings	Portugal	Rest of the European Union	Total
Deposits in Credit Institutions			
BB- to BB+	7,571,440	-	7,571,440
BBB- to BBB+	-	8,685	8,685
	7,571,440	8,685	7,580,125

	31-12-2020		
Class of asset/Ratings	Portugal	Rest of the European Union	Total
Deposits in Credit Institutions			
BB- to BB+	5,276,770	-	5,276,770
BBB- to BBB+	-	3,894	3,894
	5,276,770	3,894	5,280,664

At 31 December 2021 and 2020, the balance sheet value of portfolio debt instruments, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, had the following breakdown:

Class of asset/Ratings	31-12-2021 Portugal	Rest of the European Union	North America	Others	Total
Financial Assets at Fair Value through Profit or Loss					
Corporate					
BB- to BB+	-	-	-	392,848	392,848
Total Financial Assets at Fair Value through Profit or Loss	-	-	-	392,848	392,848
Financial Assets at Fair Value through Other Comprehensive Income					
Corporate					
A- to A+	-	-	-	2,539,328	2,539,328
BBB- to BBB+	-	3,422,409	1,013,716	1,592,762	6,028,887
BB- to BB+	-	2,176,524	1,346,823	408,670	3,932,017
B- to B+	-	-	885,899	-	885,899
Not rated	468,250	-	-	-	1,583,046
	468,250	5,598,933	3,246,438	4,540,760	13,854,381
Governments and other local authorities					
AA- to AA+	-	7,680	-	-	7,680
A- to A+	-	1,510,237	-	-	1,510,237
BBB- to BBB+	12,052,959	12,648,390	-	-	24,701,349
BB- to BB+	1,023,732	-	-	-	1,023,732
	13,076,691	14,166,307	-	-	27,242,998
Financial Institutions					
A- to A+	-	603,160	311,235	265,714	1,180,109
BBB- to BBB+	-	3,832,014	441,744	1,179,386	5,453,144
BB- to BB+	612,170	-	-	-	612,170
Not rated	-	-	-	2	2
	612,170	4,435,174	752,979	1,445,102	7,245,425
Total Financial Assets at Fair Value through Other Comprehensive Income	14,157,111	24,200,414	3,999,417	5,985,862	48,342,804

Class of asset/Ratings	31-12-2020 Portugal	Rest of the European Union	North America	Others	Total
Financial Assets at Fair Value through Profit or Loss					
Corporate					
BB- to BB+	-	367,989	-	-	367,989
Total Financial Assets at Fair Value through Profit or Loss	-	367,989	-	-	367,989
Financial Assets at Fair Value through Other Comprehensive Income					
Corporate					
A- to A+	-	-	-	1,177,383	1,177,383
BBB- to BBB+	-	2,235,774	1,036,485	621,329	3,893,588
BB- to BB+	-	-	874,709	-	874,709
B- to B+	-	-	443,985	-	443,985
Not rated	400,257	-	-	-	400,257
	400,257	2,235,774	2,355,179	1,798,712	6,789,922
Governments and other local authorities					
AA- to AA+	-	8,046	-	-	8,046
A- to A+	-	-	-	-	-
BBB- to BBB+	24,261,119	3,928,760	-	1,007,281	29,197,160
BB- to BB+	2,565,873	-	-	-	2,565,873
	26,826,992	3,936,806	-	1,007,281	31,771,079
Financial Institutions					
A- to A+	-	590,950	316,293	-	907,243
BBB- to BBB+	-	1,107,887	500,674	672,427	2,280,988
BB- to BB+	603,686	-	-	-	603,686
Not rated	-	3,019,349	-	-	3,019,349
	603,686	4,718,186	816,967	672,427	6,811,266
Total Financial Assets at Fair Value through Other Comprehensive Income	27,830,935	10,890,766	3,172,146	3,478,420	45,372,267

FIDELIDADE ASSISTANCE

Liquidity Risk

At 31 December 2021 and 2020, the estimated (undiscounted) cash flows of the financial instruments, according to the respective contractual maturity, were as follows:

	31-12-2021									
	Up to 1 month	Up to 3 months	From 3 months to 6 months	From 6 months to one year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Indefinite	Total
Assets										
Cash and cash equivalents and sight deposits	7,580,125	-	-	-	-	-	-	-	-	7,580,125
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	9,572,686	9,572,686
Financial assets at fair value through profit or loss	-	-	1,250	401,250	-	-	-	-	-	402,500
Financial assets at fair value through other comprehensive income	10,938	393,675	930,847	1,050,500	16,102,209	10,040,042	17,227,031	4,230,000	3,350,533	53,335,775
Other debtors	1,718,619	-	-	-	-	-	-	-	-	1,718,619
	9,309,682	393,675	932,097	1,451,750	16,102,209	10,040,042	17,227,031	4,230,000	12,923,219	72,609,706

	31-12-2020									
	Up to 1 month	Up to 3 months	From 3 months to 6 months	From 6 months to one year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Indefinite	Total
Assets										
Cash and cash equivalents and sight deposits	5,280,664	-	-	-	-	-	-	-	-	5,280,664
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	6,732,674	6,732,674
Financial assets at fair value through profit or loss	-	-	1,239	1,260	402,500	-	-	-	44,242	449,241
Financial assets at fair value through other comprehensive income	515,124	263,739	15,703,346	776,063	6,500,793	8,732,286	15,457,065	-	7,036,726	54,985,141
Other debtors	3,215,161	-	-	-	-	-	-	-	-	3,215,161
	9,010,949	263,739	15,704,585	777,323	6,903,293	8,732,286	15,457,065	-	13,813,642	70,662,881

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

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions that Fidelidade Assistência 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 sight deposits were classified as payable on demand and included in the "Up to 1 month" category;
- 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;
- For debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity.

Market risk

At 31 December 2021 and 2020, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

	31-12-2021			
	Exposure to		Not subject	Total
	Fixed rate	Variable rate	to interest rate risk	
Assets				
Investments in subsidiaries, associates and joint ventures	-	-	9,572,676	9,572,676
Financial assets at fair value through profit or loss	392,848	-	2,528,497	2,921,345
Financial assets at fair value through other comprehensive income	46,656,056	1,686,747	-	48,342,803
	47,048,904	1,686,747	12,101,173	60,836,824

	31-12-2020			
	Exposure to		Not subject	
	Fixed rate	Variable rate	to interest rate risk	Total
Assets				
Investments in subsidiaries, associates and joint ventures	-	-	6,732,678	6,732,678
Financial assets at fair value through profit or loss	367,989	-	2,493,249	2,861,238
Financial assets at fair value through other comprehensive income	43,265,501	2,106,766	-	45,372,267
Financial assets at amortised cost	2,022,070	-	-	2,022,070
	45,655,560	2,106,766	9,225,927	56,988,253

At 31 December 2021 and 2020, the sensitivity of the fair value of the financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

	2021					
	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 at fair value through profit or loss	(6,584)	(3,322)	(1,668)	1,684	3,383	6,829
Financial assets at fair value through other comprehensive income	(4,064,778)	(2,103,146)	(1,070,072)	1,108,802	2,258,166	4,686,430
	(4,071,362)	(2,106,468)	(1,071,740)	1,110,486	2,261,549	4,693,259

	2020					
	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 at fair value through profit or loss	(12,716)	(6,444)	(3,244)	3,289	6,623	13,430
Financial assets at fair value through other comprehensive income	(2,876,797)	(1,485,973)	(755,391)	781,289	1,589,622	3,292,305
	(2,889,513)	(1,492,417)	(758,635)	784,578	1,596,245	3,305,735

Currency risk

At 31 December 2021 and 2020, the breakdown of financial instruments by currency was as follows:

	2021			
	Euros	US Dollars	Other currencies	Total
Assets				
Cash and cash equivalents and sight deposits	7,573,065	464	6,596	7,580,125
Investments in subsidiaries, associates and joint ventures	9,469,386	-	103,290	9,572,676
Financial assets at fair value through profit or loss	2,921,345	-	-	2,921,345
Financial assets at fair value through other comprehensive income	48,077,089	265,714	-	48,342,803
Other debtors	1,390,598	-	328,021	1,718,619
	69,431,483	266,179	437,907	70,135,568
Liabilities				
Financial liabilities at fair value through profit or loss	-	6,542	-	6,542
Other financial liabilities	97,997		-	97,997
Other creditors	659,060	-	45,024	704,084
	757,057	6,542	45,024	808,623
	68,674,425	259,636	392,883	69,326,945

37. DISCLOSURES RELATING TO INSURANCE CONTRACT RISKS

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

Risk underwriting

The Company's activity is essentially reinsurance accepted, and hence the underwriting policy is defined by the ceding insurers. When a ceding insurer intends to launch a new product, which includes the covers of Legal Protection or Assistance to be reinsured by the Company, the listing price of the business is defined based on an assessment of several parameters, including frequency, average cost, number and type of units at risk, sales format and channel and the sales objectives estimated by the insurer.

Regarding the risks guaranteed under reinsurance accepted, the Company performs a quality analysis of the ceding insurer, and an analysis of the assistance covers to be granted when the contract is entered into.

Direct insurance is not actively carried on, and therefore all and any acceptance of risk and the respective conditions will have to be subject to management approval.

Since the lines of business operated are characterised by a great dispersal of risk, risk acceptance is based on conditions and standard clauses, supported by long statistical series, established and respected by the commercial area, which does not accept risks that do not fit within the defined conditions.

Technical management

The technical management of the Assistance and Legal Protection lines of business includes the definition of clauses and prices, definition and control of the underwriting policy, and also control and supervision of the evolution of processed income, risk characteristics, claims and the technical margin, which allows the portfolio's risks to be monitored.

Risk control management instruments

Internal risks of the Organisation

In order to control and minimise the organisation's internal risk, claims management rules and procedures have been published. These are freely available and employees are well aware of their content, 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 type of market segment, distribution channel, units at risk and covers. Studies are also made of the claims rate behaviour.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate, with the aim of correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic monitoring of its evolution.

These studies also include analysis of claims behaviour and monitor the respective frequency and rate of claims.

Portfolio selection and reorganisation

To enable greater control and activity in terms of the underwritten risk, the Company informs the ceding insurers of policies which have benefited from more than three claims of assistance in the annuity.

At the time of the contracts' annual renewal, the Company makes adjustments to the premium, in order to adjust the contracts to the existing claims rate.

Insurance risk concentrations

Fidelidade Assistência provides insurance in the Assistance and Legal Protection lines of business. The business underwriting is essentially performed through reinsurance accepted, in which the risk is assumed and the service provided within the scope of the lines of business sold by other insurers. The insurance companies of the Group where Fidelidade Assistência is integrated are the main customers, with 98.8% of the premiums written and 99.3% of the claims costs managed by Fidelidade Assistência.

Although Fidelidade Assistance does not have an active role in the selection of the risk underwritten by the insurers who are its customers, 99.51% of these portfolios are 100% reinsured by Fidelidade Assistance and the remaining 0.49%, which corresponds to the business accepted in Angola, is only reinsured at 90% and 70%. This therefore reduces potential problems associated, for example, with anti-selection or excessive concentration in a type of risk.

Regarding the lines of business carried on, in 2021 the Assistance line of business represented around 88.85% of the premiums underwritten and 96.85% of the claims costs.

Behaviour of the portfolio

	2021			2020		
	GPE	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio	GPE	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio
Assistance	49,903,513	88.52%	86.75%	47,045,073	80.86%	79.90%
Legal Protection	6,263,657	28.52%	28.10%	5,713,051	16.12%	15.67%

Reinsurance policies

As stated above, the Company's business is conducted within the scope of reinsurance accepted. The number of claims of a significant individual value is low. For this reason, the Company does not retrocede risk in reinsurance.

Provision of qualitative information on sufficiency of premiums and provisions

Assistance

In 2021, the premiums in the Assistance line of business were sufficient to cover the costs associated with both direct insurance and reinsurance accepted, and therefore it was not necessary to set up a provision for unexpired risks. The claims costs recognised in the accounts represented 55.28% of the gross premiums earned for direct insurance and 87.00% for reinsurance accepted. Acquisition and administrative costs consumed as a whole 2.55% of the gross premiums earned. The Company's combined ratios, considering the investment income, were 58.30% for direct insurance and 87.76% for reinsurance accepted.

The Company states that reinsurance accepted premiums are issued monthly, covering the risk period of the monthly immediately preceding, and it does not, therefore, calculate Provisions for Unearned Premiums (PFUP) for Fidelidade – Companhia de Seguros, S.A, Multicare – Seguros de Saúde, S.A and Via Directa Companhia de Seguros, S.A.

However, for the Assistance line of business, in relation to direct insurance and to foreign companies, PFUP is calculated on a *pro-rata temporis* basis as per 4.2.1 of the Chart of Accounts for Insurance Companies.

The provision for unearned premiums recognised in the accounts represents 0.66% of the gross premiums written.

Legal Protection

In 2021, the overall premiums in the Legal Protection line of business were sufficient to cover the costs associated with that line of business. The claims costs recognised in the accounts represented 19.55% of the gross premiums earned, which was lower than in the previous year. Operating costs consumed 2.57% of the gross premiums earned. Considering the investment income, Fidelidade Assistência obtained a combined ratio of 21.74%, and it was not necessary to set up a provision for unexpired risks, in line with that set out in 4.2.2 (3) of the Chart of Accounts for Insurance Companies, published in ASF Standard No. 3/2018 – R, of 29 March.

Regarding the provision for unearned premiums, the *pro-rata temporis* method is applied in the Legal Protection line of business.

Sensitivity analyses

To verify the level of claims costs that would lead to sufficiency/insufficiency of the earned premiums and the impact of a change in claims costs, 2 alternative scenarios were set up, with the following assumptions:

- In both scenarios it was assumed that the other costs (acquisition costs, administrative costs, reinsurance income and investment income) would remain the same as in 2021, totalling EUR 388,100 for Assistance and EUR 137,127 for Legal Protection;
- In scenario 1, the impact of a change in claims to 95% of the current earned premium was confirmed – the total gross premiums earned would become around 95.78% for Assistance and 97.19% for Legal Protection;

  In scenario 2, a limited change of claims costs in the year is studied, so the level of earned premiums after allocated costs reaches 100% - we obtained a claims rate of 99.22% for the Assistance line of business and 97.81% for the Legal Protection line of business.

Assistance - GPE Consumption Scenarios at 31-12-2021

	Real	% of GPE	Scenario 1	% of GPE	Scenario 2	% of GPE
Gross Premium Earned	49,903,513		49,903,513		49,903,513	
Claims costs in the year	43,248,010	86.66%	47,408,337	95.00%	49,515,413	99.22%
Other Costs (*)	388,100	0.78%	388,100	0.78%	388,100	0.78%
Total Costs	43,636,109	87.44%	47,796,437	95.78%	49,903,513	100.00%

(*) Sum of acquisition and administrative costs with reinsurance and investment income

Assistance - GPE Consumption Scenarios at 31-12-2020

	Real	% of GPE	Scenario 1	% of GPE	Scenario 2	% of GPE
Gross Premium Earned	47,045,074		47,045,074		47,045,074	
Claims costs in the year	37,310,542	79.31%	44,692,820	95.00%	46,502,904	98.85%
Other Costs (*)	542,170	1.15%	542,170	1.15%	542,170	1.15%
Total Costs	37,852,712	80.46%	45,234,990	96.15%	47,045,074	100.00%

(*) Sum of acquisition and administrative costs with reinsurance and investment income

Legal Protection - GPE Consumption Scenarios at 31-12-2021

	Real	% of GPE	Scenario 1	% of GPE	Scenario 2	% of GPE
Gross Premium Earned	6,263,657		6,263,657		6,263,657	
Claims costs in the year	1,224,468	19.55%	5,950,475	95.00%	6,126,531	97.81%
Other Costs (*)	137,127	2.19%	137,127	2.19%	137,127	2.19%
Total Costs	1,361,595	21.74%	6,087,601	97.19%	6,263,657	100.00%

(*) Sum of acquisition and administrative costs with reinsurance and investment income

Legal Protection - GPE Consumption Scenarios at 31-12-2020

	Real	% of GPE	Scenario 1	% of GPE	Scenario 2	% of GPE
Gross Premium Earned	5,713,051		5,713,051		5,713,051	
Claims costs in the year	1,309,303	22.92%	5,427,398	95.00%	5,616,973	98.32%
Other Costs (*)	96,078	1.68%	96,078	1.68%	96,078	1.68%
Total Costs	1,405,380	24.60%	5,523,476	96.68%	5,713,051	100.00%

(*) Sum of acquisition and administrative costs with reinsurance and investment income

Ratios

The ratio of the provision for unearned premiums to gross premiums written is 0.6% (2020: 0.3%), as the Company is not recording a provision for reinsurance accepted in Portugal, in line with that agreed.

The ratios calculated by the Company evolved as follows:

	2021	2020
Claims ratios	67.1%	59.2%
Expense ratios	14.6%	14.6%
Combined ratio	91.0%	84.9%
Operating ratio	1.0	1.0

~~T~~The claims ratio increased around 8 percentage points compared to the previous year due to an increase in the number of claims and the costs of these. The combined ratio increased for the same reason.

38. CAPITAL MANAGEMENT

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

The Solvency II rules are divided into three pillars.

Pillar I - Quantitative requirements

The Solvency II rules define criteria for determining eligible own funds by performing an economic assessment of assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that insurance companies may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which insurance companies may be exposed.

The MCR establishes the minimum level of own funds that must always be kept, so that the possibility of insurance companies' meeting their liabilities is not jeopardised.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, the ASF must immediately be informed. In the event of failure to comply with the SCR, a recovery plan must be sent to this Authority within two months and the necessary measures necessary must be taken to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, the ASF must be sent, within one month, a short-term financing plan, aimed at avoiding non-compliance or restoring the basic eligible own funds, at least to the level of the MCR, or aimed at reducing the company's risk profile.

Pillar II - Qualitative requirements and supervision

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, including adequate systems of risk management and internal control and systems that ensure the suitability and qualification of those persons who effectively run the insurance companies, supervise them or are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. As part of the ORSA, a prospective assessment must be made of the adequacy of the available capital to achieve the business objectives, taking into account the risk profile of the insurance companies, and also a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

Pillar III – Prudential reporting and public disclosures

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, Fidelidade Assistência's capital management objectives adhere to the following general principles:

- Complying with the legal requirements by which Fidelidade Assistência is bound;
- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;

- Sustaining the development of the operations that Fidelidade Assistência is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, Fidelidade Assistência has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Company's daily activities, with an integrated approach being applied to ensure that the strategic objectives (customers' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, and at the same time guaranteeing the Company's obligations to its stakeholders.

Risk management aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Company's business strategy.

The ORSA, which coincides timewise with the Company's strategic planning (which is never less than 3 years), plays a key role in the Company's Capital Management, and supports its main activities, namely:

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

Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual "Solvency and Financial Condition Report", enable detailed information to be provided on the Company's activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the "Solvency and Financial Condition Report", it is important to state that the Company complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Company has implemented an appropriate system of governance involving, among others, several bodies of Fidelidade that perform key risk management and internal control functions across the Group: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee and the Products Committee.

39. SUBSEQUENT EVENTS

Up until authorisation was given to issue these financial statements, no subsequent events were identified that would imply any adjustments or additional disclosures.

04
Inventory of Participations and Financial Instruments

FIDELIDADE ASSISTANCE

FIDELIDADE ASSISTÊNCIA - Companhia de Seguros, S.A.

Annex 1 - Inventory of Participations and Financial Instruments at 31 December 2021

Tax no.: 503 411 515 (Amounts in Euros)

Security Name		Quantity	Nominal Value	% of Nominal Value	Average Acquisition Cost	Total Acquisition Cost	Value in Statement of Financial Position UNITARY	Value in Statement of Financial Position TOTAL
1 - SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER PARTICIPANT AND PARTICIPATING COMPANIES								
1.1 - Domestic Securities								
1.1.1 - Investments in subsidiaries								
FIDELIDADE - SERVIÇOS DE ASSISTÊNCIA, S.A.		5,000			85.88	429,386	85.88	429,386
CARES - ASSISTENCIA E REPARAÇÕES		100,000			60.40	6,040,000	60.40	6,040,000
SUPPLEMENTARY CONTRIBUTION TO FID SERV ASSISTENCIA		3,000,000			1.00	3,000,000	1.00	3,000,000
	sub-total	**3,105,000**				**9,469,386**		**9,469,386**
	total	**3,105,000**				**9,469,386**		**9,469,386**
1.2 - Foreign securities								
1.2.1 - Investments in subsidiaries								
FIDELIDADE ANGOLA - COMPANHIA DE SEGUROS SA, AOA		1			89,662.06	89,662	89,662.06	89,662
FIDELIDADE ASSISTENCIA E SERVIÇOS, MZN		4,000			0.02	84	0.01	47
FIDELIDADE MACAU - COMPANHIA DE SEGUROS, MOP		10			111.82	1,118	111.82	1,118
FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, MOP		10			112.70	1,127	112.70	1,127
GEP CABO VERDE, CVE		1,250,000			0.01	11,336	0.01	11,336
	sub-total	**1,254,021**				**103,327**		**103,290**
	total	**1,254,021**				**103,327**		**103,290**
	TOTAL	**4,359,021**				**9,572,713**		**9,572,676**
2 - OTHERS								
2.1 - Domestic securities								
2.1.1 - Equity instruments and participation units								
2.1.1.1 - Equity								
REN, PL		98,732			2.52	248,682	2.55	251,273
	sub-total	**98,732**				**248,682**		**251,273**
2.1.1.3 - Participation units in investment funds								
ActiveCap I - Portuguese Growth Fund, FCR, FIM		200			1,000.00	200,000	964.71	192,942
EXPLORER GROWTH FUND II, FCR, FIM		13			50,000.00	650,000	47,828.96	621,776
FUNDO DE COMPENSACAO DE TRABALHO		46,502			1.08	50,086	1.17	54,313
IBERIS BLUETECH FUND II, FCR, FIM		600			1,000.00	600,000	969.07	581,442
IBERIS BLUETECH FUND, FCR. EuVECA, FIM		386			974.64	376,211	990.82	382,457
	sub-total	**47,701**				**1,876,297**		**1,832,930**
	sub-total	**146,433**				**2,124,979**		**2,084,203**
2.1.2 - Debt securities								1,891,261
2.1.2.1 - Public debt								
PGB, 4.125%, 14/04/2027, GOVT			2,750,000	128		3,516,775	125.63	3,454,926
PGB, 4.95%, 25/10/2023, GOVT			650,000	120		782,080	111.16	722,518
PGB, 5.65%, 15/02/2024, GOVT			3,360,000	121		4,079,208	118.25	3,973,265
PGB, 0,475%, 18/10/2030, GOVT			250,000	101		251,480	101.70	254,253
	sub-total		**7,010,000**			**8,629,543**		**8,404,962**
2.1.2.2 - Other public issuers								
REGIAO AUTONOMA ACORES, 0.603%, 21/07/2026, GOVT			2,000,000	100		2,006,450	101.99	2,039,706
REGIAO AUTONOMA ACORES, 1.448%, 14/04/2027, GOVT			1,500,000	100		1,500,000	107.22	1,608,291
SAUDACOR, FRN, 28/06/2023, CORP			1,000,000	100		1,001,000	102.37	1,023,732
	sub-total		**4,500,000**			**4,507,450**		**4,671,729**
2.1.2.3 - Other issuers								
CGD, 1.25%, 25/11/2024, CORP			200,000	100		199,760	102.29	204,581
CGD, 5.98%, 03/03/2028, CORP			350,000	112		391,300	116.45	407,590
MOTA ENGIL, 4.25%, 02/12/2026, CORP, SINK			200,000	101		201,300	100.36	200,727
MOTA ENGIL, 4.5%, 28/11/2022, CORP			265,000	101		268,871	100.95	267,523
	sub-total		**1,015,000**			**1,061,231**		**1,080,420**
	sub-total		**12,525,000**			**14,198,224**		**14,157,111**
	total	**146,433**	**12,525,000**			**16,323,203**		**16,241,314**

FIDELIDADE ASSISTÊNCIA - Companhia de Seguros, S.A.

Annex 1 - Inventory of Participations and Financial Instruments at 31 December 2021

Tax no.: 503 411 515 (Amounts in Euros)

Security Name	Quantity	Nominal Value	% of Nominal Value	Average Acquisition Cost	Total Acquisition Cost	Value in Statement of Financial Position UNITARY	Value in Statement of Financial Position TOTAL
2.2 - Foreign securities							
2.2.1 - Equity instruments and participation units							
2.2.1.1 - Equity							
KONINKLIJKE PHILIPS NV, NA	13,560			32.61	442,192	32.77	444,293
sub-total	**13,560**				**442,192**		**444,293**
2.2.2 - Debt securities							
2.2.2.1 - Public debt							
BTPS, 0.95%, 15/03/2023, GOVT		1,100,000	98		1,083,357	101.91	1,120,975
BTPS, 3.75%, 01/09/2024, GOVT		1,300,000	117		1,518,530	111.15	1,444,943
BTPS, 4.75%, 01/09/2028, GOVT		3,000,000	131		3,941,280	127.98	3,839,271
FRTR, 4.25%, 25/10/2023, GOVT		7,000	96		6,734	109.71	7,680
SPGB, 0.8%, 30/07/2027, GOVT		500,000	101		505,520	104.64	523,188
SPGB, 5.75%, 30/07/2032, GOVT		4,000,000	159		6,375,670	156.08	6,243,201
sub-total		**9,907,000**			**13,431,091**		**13,179,257**
2.2.2.2 - Other public issuers							
MADRID, 0.42%, 30/04/2031, CORP		1,000,000	100		1,000,000	98.70	987,049
sub-total		**1,000,000**			**1,000,000**		**987,049**
2.2.2.3 - Other issuers							
ACCIONA FIN, 0.737%, 18/02/2024, CORP		800,000	99		792,304	100.10	800,832
ACCOR, 3%, 04/02/2026, CORP, CALL		300,000	105		314,400	106.92	320,761
AMERICAN TOWER, 1.95%, 22/05/2026, CORP, CALL		350,000	103		361,200	107.17	375,100
AMS, 6%, 31/07/2025, CORP, CALL		400,000	107		429,360	108.15	432,612
ATHENE GLOBAL FUNDING, 1.875%, 23/06/2023, CORP		300,000	100		299,619	103.75	311,235
BALL, 4.375%, 15/12/2023, CORP, CALL		500,000	110		547,500	109.99	549,968
BANQUE INTERN LUX, 0.529%, 29/08/2024, CORP		600,000	100		600,000	100.53	603,160
BLACKSTONE PP, 1%, 20/10/2026, CORP, CALL		300,000	100		299,898	100.50	301,501
BWAY, 4.75%, 15/04/2024, CORP, CALL		440,000	101		443,520	100.92	444,068
CANARY WHARF, 1.75%, 07/04/2026, CORP, CALL		500,000	100		501,250	101.35	506,743
CNAC HK, 1.75%, 14/06/2022, CORP		629,000	101		633,529	101.59	639,032
COMMONWEALTH BANK, 2%, 22/04/2027, CORP, CALL		650,000	101		653,575	102.00	663,015
CRCC HEAN, 0.875%, 20/05/2026, 20/05/2026, CORP, CALL		600,000	100		598,716	100.85	605,114
CREDIT AGRICOLE, 3%, 22/12/2024, CORP		550,000	106		584,210	107.21	589,661
DISCOVERY COMMUNICATIONS, 1.9%, 19/03/2027, CORP, CALL		600,000	97		583,800	106.44	638,616
EP INFRASTRUCTURE, 1.659%, 26/04/2024, CORP, CALL		500,000	98		492,250	103.89	519,434
EURONET WORLWIDE, 1.375%, 22/05/2026, CORP, CALL		430,000	101		435,913	102.73	441,744
FAURECIA, 2.375%, 15/06/2027, CORP, CALL		450,000	103		463,500	100.35	451,570
INT CONSOLIDATED AIRLINE, 0.625%, 17/11/2022, CONV		400,000	97		386,800	98.21	392,848
INTERMEDIATE CAP, 1.625%, 17/02/2027, CORP, CALL		500,000	100		498,655	103.27	516,372
INTERNATIONAL GAME TECH, 3.5%, 15/06/2026, CORP, CALL		400,000	104		414,000	102.17	408,670
IQVIA, 1.75%, 15/03/2026, CORP, CALL		480,000	100		480,000	101.42	486,798
KRAFT HEINZ FOODS CO, 2%, 30/06/2023, CORP, CALL		300,000	101		302,820	103.35	310,057
MOHAWK, 1.75%, 12/06/2027, CORP, CALL		300,000	100		299,667	106.76	320,272
NISSAN MOTOR, 2.652%, 17/03/2026, CORP, CALL		450,000	107		481,500	109.37	492,146
PTEROSAUR, 1%, 25/09/2024, CORP		600,000	100		599,700	98.98	593,873
SAPPI PAPIER HOLDNG, 3.125%, 15/04/2026M CORP, CALL		350,000	100		349,405	101.78	356,237
SELP FINANCE SARL, 1.25%, 25/10/2023, CORP, CALL		350,000	99		348,215	102.13	357,453
SINOCHEM OFFSHORE, 0.75%, 25/11/2025, CORP, CALL		630,000	100		627,757	99.31	625,628
SIRIUS REAL ESTATE, 1.125%, 22/06/2026, CORP, CALL		400,000	100		399,840	99.68	398,715
SPIRE (BTPS 1.3 05/15/28), 0.884%, 15/05/2028, CORP		3,000,000	100		3,001,280	98.03	2,940,853
STANDARD IND, 2.25%, 21/11/2026, CORP, CALL		450,000	101		455,805	98.18	441,831
TAURON POLSKA ENERGIA SA, 2.375%, 05/07/2027, CORP		650,000	103		668,070	103.97	675,810
TEVA PHARM, 1.25%, 31/03/2023, CORP, CALL		300,000	99		295,875	100.46	301,379
THREE GORGES FNCE II, 1.3%, 21/06/2024, CORP		650,000	102		662,285	103.01	669,555
TRAFIGURA FUNDING, 3.875%, 02/02/2026, CORP		300,000	101		303,000	104.65	313,964
WPC EUROBOND BV, 2.25%, 19/07/2024, CORP, CALL)		330,000	101		334,610	106.03	349,893
XI YANG OVERSEAS, 1.98%, 02/11/2022, CORP, USD		300,000	86		258,242	88.57	265,714
sub-total		**20,039,000**			**20,202,070**		**20,412,233**
sub-total		**30,946,000**			**34,633,160**		**34,578,540**
total	**13,560**	**30,946,000**			**35,075,352**		**35,022,833**
2.3 - Derivatives at fair value through profit or loss							
FORWARD EUR vs USD_BBVA							-6,542
total							**-6,542**
TOTAL	**159,993**	**43,471,000**		**53,010.85**	**51,398,555**		**51,257,605**
3 - GRAND TOTAL	**4,519,014**	**43,471,000**		**143,044.74**	**60,971,268**		**60,830,282**

05
Corporate Governance Report

INTRODUCTION

Fidelidade Assistência – Companhia de Seguros, S.A., (hereinafter "Company" or "Fidelidade Assistência") 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 2021 and was drawn up in compliance with that set out in Article 70(2) b) of the Portuguese Code of Commercial Companies and in Article 32(1) a) iv) of Regulatory Standard No. 8/2016 – R, of 16 August.

INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. CAPITAL STRUCTURE

Fidelidade Assistência's share capital, of EUR 7,500,000 is represented by 1,500,000 nominative shares, with a nominal value of EUR 5 each, which are fully subscribed and paid up. All the shares have identical rights and are mutually fungible.

In line with its Articles of Association, besides the ordinary shares, Fidelidade Assistência may issue preferential shares without a vote, in line with Article 341 of the Portuguese Code of Commercial Companies. Fidelidade Assistência has only issued ordinary shares.

Fidelidade Assistência's share capital is wholly owned by Fidelidade – Companhia de Seguros, S.A..

2. RESTRICTIONS ON THE TRANSFER OF SHARES

There are no restrictions on the transfer of shares.

3. NUMBER OF OWN SHARES, PERCENTAGE OF CORRESPONDING SHARE CAPITAL AND PERCENTAGE OF CORRESPONDING VOTING RIGHTS

At 31 December 2021, Fidelidade Assistência did not hold any own shares.

4. RULES GOVERNING THE RENEWAL OR REMOVAL OF DEFENSIVE MEASURES, IN PARTICULAR THOSE WHICH PROVIDE FOR LIMITATION OF THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER INDIVIDUALLY OR IN CONCERT WITH OTHER SHAREHOLDERS

The Company's Articles of Association do not provide for any limitation of the number of votes which may be held or exercised by a single shareholder individually or in concert with other shareholders.

5. AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE COMPANY AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

See Point 2 above.

II. Shareholdings

6. IDENTIFICATION OF NATURAL OR LEGAL PERSONS WITH QUALIFYING HOLDINGS, WITH AN INDICATION OF THE PERCENTAGE OF CAPITAL AND VOTES ALLOCATED AND THE SOURCE AND CAUSES OF ALLOCATION

The qualifying holdings in the Company's share capital at 31 December 2021, and the percentage of capital and votes allocated and source and causes of allocation, are set out in the table below:

Shareholder	No. of Shares	% of Share Capital	% of Voting Rights	Method of Allocation
Fidelidade – Companhia de Seguros, S.A.	1,500,000	100%	100%	Acquisition

7. INDICATION OF THE NUMBER OF SHARES AND BONDS HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

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

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

B. CORPORATE BODIES AND COMMITTEES

I. General Meeting

a) Composition of the Presiding Board of the General Meeting

8. IDENTIFICATION AND POSITION OF THE MEMBERS OF THE PRESIDING BOARD OF THE GENERAL MEETING AND RESPECTIVE MANDATE

At 31 December 2021, the Presiding Board of the General Meeting was composed as follows:

Position	Name
President	Maria Isabel Toucedo Lage
Secretary	Carla Cristina Curto Coelho

b) Exercise of voting rights

9. ANY RESTRICTIONS ON VOTING RIGHTS, SUCH AS LIMITATIONS OF THE VOTING RIGHTS OF HOLDERS OF A GIVEN PERCENTAGE OR NUMBER OF SHARES, DEADLINES FOR EXERCISING VOTING RIGHTS OR SEPARATE SYSTEMS FOR EQUITY RIGHTS

Pursuant to Article 7 of the Company's Articles of Association, one vote corresponds to every 100 (one hundred) shares. Holders of any shares transferred in the 15 days prior to each General Meeting are not entitled to participate in that General Meeting.

Shareholders without voting rights who perform functions in the General Meeting or in the management body may, however, make proposals and intervene in the work of the General Meeting. Shareholders without voting rights who do not perform functions in the General Meeting or in the management body may not attend General Meetings, but they may be represented at them, in the terms set out in the Code of Commercial Companies.

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 8 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

a) Composition

12. IDENTIFICATION OF THE CORPORATE GOVERNANCE MODEL ADOPTED

Fidelidade Assistência adopts a unitary corporate governance model with a Board of Directors which includes an Executive Committee and a supervisory body comprising a Supervisory Board and a Statutory Auditor.

13. ARTICLES OF ASSOCIATION RULES ON THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Meeting. The Chairman of the Board of Directors is chosen by the Board of Directors itself, except when he is appointed by the General Meeting of shareholders which elects the Board of Directors.

Vacancies or impediments in the Board of Directors are filled by co-opting until a resolution is submitted to the first subsequent General Meeting.

14. COMPOSITION OF THE BOARD OF DIRECTORS, WITH AN INDICATION OF THE ARTICLES OF ASSOCIATION STIPULATIONS ON THE MINIMUM AND MAXIMUM NUMBER OF MEMBERS AND DURATION OF MANDATES, THE ACTUAL NUMBER OF MEMBERS AND THE DATE OF APPOINTMENT AND DURATION OF MANDATE OF EACH OF THEM

Pursuant to the Company's Articles of Association, the Board of Directors is composed of between three and seventeen members, who are elected for renewable mandates of three years.

At 31 December 2021, the Board of Directors was composed of three members appointed to exercise functions for the three-year period 2020/2022, one of whom was a non-executive member and two of whom were executive members, as reflected in the table below:

Board of Directors (BD)	Position	Date of Appointment to Mandate	Duration of Mandate	Observations
Juan Ignacio Arsuaga Serrats	Chairman	30-03-2021	2020/2022	Executive
Paulo Francisco Baião Figueiredo	Member	30-03-2021	2020/2022	Non-executive
Carlos Manuel Sobral Miranda	Member	01-07-2021	2020/2022	Executive

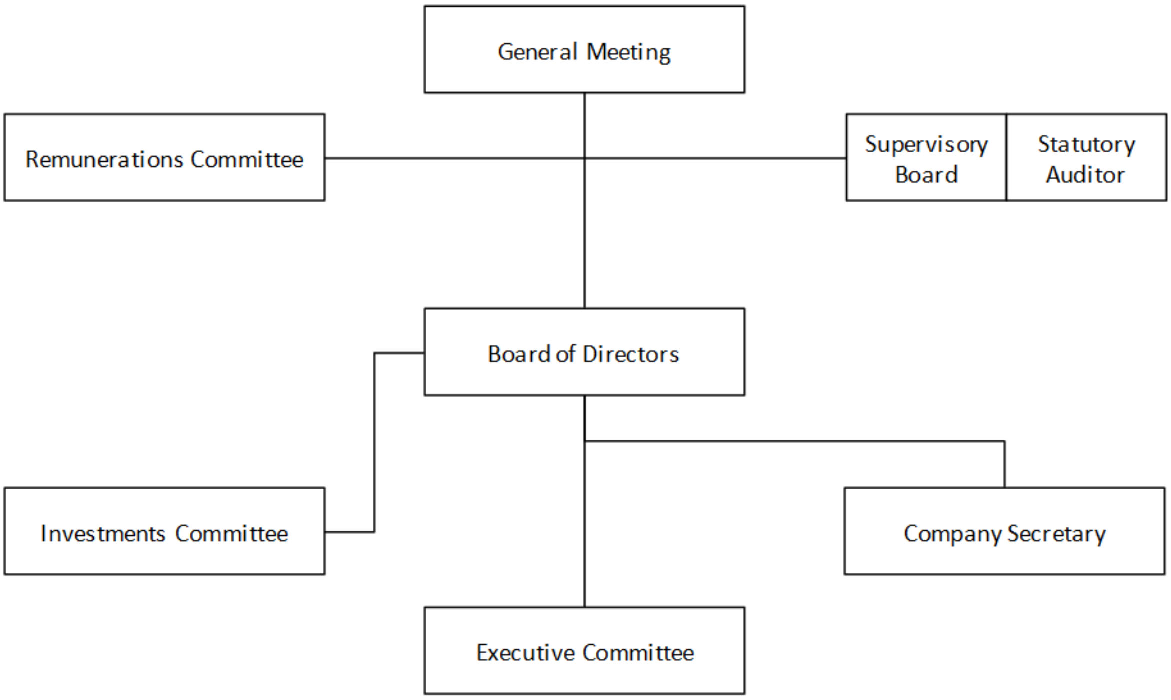
At 31 March 2020, the Board of Directors appointed from among its members an Executive Committee, pursuant to Article 407(3) and (4) of the Code of Commercial Companies and Article 14 of the Articles of Association. The Executive Committee performs the day-to-day management of the Company other than that reserved for the Board of Directors.

At 31 December 2021, the Executive Committee was composed as follows:

Members of the Executive Committee (EC)	Position	Date of Appointment to Mandate	Duration of Mandate
Juan Ignacio Arsuaga Serrats	Chairman	26-05-2021	2020/2022
Carlos Manuel Sobral Miranda	Member	29-07-2021	2020/2022

15. ORGANISATION CHART ON THE DIVISION OF COMPETENCES BETWEEN THE VARIOUS CORPORATE BODIES, INCLUDING INFORMATION ON DELEGATION OF COMPETENCES

The table below represents Fidelidade Assistência's Corporate Governance structure in 2021:



Board of Directors

Pursuant to Article 18(1) of the Articles of Association, the Board of Directors, as a corporate body of the Company, has the broadest of powers to manage the company, represent it in and out of court, actively and passively, and perform all the acts related to the corporate purpose, and is responsible, in particular, for:

a) Setting up, maintaining, transferring or closing offices, branches or any other forms of company representation;
b) Acquiring, selling and otherwise encumbering shares, share capital participations, bonds or other securities of an equivalent or similar nature, and also public debt instruments;
c) Acquiring and selling any other movable property, and encumbering it in any way;
d) Acquiring immovable property, and selling it and encumbering it by any acts or contracts, even if constituting real guarantees;
e) Admitting, withdrawing from or settling any claims or jurisdictional suits and, also, establishing arbitration agreements;
f) Appointing legal representatives in the terms of the law;
g) Performing any other functions provided for in the Articles of Association or in the law.

Resolutions of the Board of Directors which deal with the following issues may only be taken by a majority of 6 of its 7 members:

a) Material change in the business, including the disposal of the whole or a substantial part of the Company's assets;
b) The entering into, amendment or termination of any contract between the company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code;
c) Definition of the voting choices to be adopted by Company representatives at general meetings and in the boards of directors of the companies in which the company holds the majority of the voting rights or the right to appoint the majority of the members of the management body, when resolutions on the following matters are at issue:
    i. amendments to the Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the Company;
    ii. suppression or reduction of the preference right of the shareholders in increases in share capital;
    iii. cancellation of shares representing the share capital;
    iv. suspension or cessation of the exercise of the principal activity included in the corporate purpose;
    v. authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis;
    vi. appointment of the supervisory body and the respective external auditor when this is not one of the four largest international auditing companies;
    vii. a material change in the business, including the disposal of the whole or a substantial part of the assets of the Company in question;
    viii. the entering into, amendment or termination of any contract between the Company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code.

Executive Committee

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee, the Board of Directors has delegated the day-to-day management of the Company to this committee, which includes:

a) All insurance and reinsurance operations and operations which are connected or complementary to insurance and reinsurance operations, including those which relate to acts and contracts regarding salvage, the rebuilding and repair of real estate, vehicle repair, and the application of provisions, reserves and capital;

b) Representation of the Company before the supervisory authorities and associations for the sector;

c) Acquisition of services;
d) Employees' admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
e) Exercise of disciplinary powers and the application of any sanctions;
f) Representation of the Company before any bodies which represent the employees;
g) Opening and closing of branches or agencies;
h) Nomination of the person representing the Company at the general meetings of companies in which it holds shares, with determination of how the vote is to be cast;
i) Nomination of the persons who will take up company positions for which the Company is elected, and the persons that the Company will indicate to take up company positions in companies in which it holds a share;
j) Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
k) Representation of the Company in and out of court, actively and passively, including initiating and defending any judicial or arbitration proceedings, and accepting liability in, withdrawing from or settling any actions, and assuming arbitration commitments;
l) Appointment of legal representatives, with or without power of attorney, to perform certain acts, or categories of acts, with definition of the scope of the respective mandates.

The delegation of powers to the Executive Committee does not cover matters which remain the exclusive competence of the Board of Directors.

Investment Committee

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

The Investment Committee is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Committee are appointed by the Board of Directors, and their mandate coincides with the mandate of the Board of Directors.

FIDELIDADE ASSISTANCE

III. Supervision

Supervisory Board and Statutory Auditor

a) Composition

16. IDENTIFICATION OF THE SUPERVISORY BODY AND COMPETENCES

Supervision of the company is the charged, pursuant to Article 413(1) a) of the Code of Commercial Companies, to a Supervisory Board and a Statutory Auditor, with the competences set out in law and the current mandate of which corresponds to the period 2020/2022.

The Company's Articles of Association establish the Supervisory Board's competences as those which are set out in the law.

17. COMPOSITION OF THE SUPERVISORY BOARD, WITH AN INDICATION OF THE POSITION OF EACH MEMBER AND THEIR DATE OF APPOINTMENT AND DURATION OF MANDATE

The Supervisory Board is composed of three permanent members and one alternate, with renewable mandates of three years. At 31 December 2021, it was composed as follows:

Members of the Supervisory Board	Position	Date of Appointment to Mandate	Duration of Mandate
José António da Costa Figueiredo	Chairman	31-03-2020	2020/2022
António José Pereira Cardoso Mota	Member	31-03-2020	2020/2022
Pedro Antunes de Almeida	Member	31-03-2020	2020/2022
Anabela de Jesus Nunes Prates	Alternate	31-03-2020	2020/2022

IV. Statutory Auditor

18. IDENTIFICATION OF THE STATUTORY AUDITOR AND THE PARTNER OF THE STATUTORY AUDITOR REPRESENTING IT

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

19. INDICATION OF THE NUMBER OF YEARS THE STATUTORY AUDITOR HAS CONSECUTIVELY PERFORMED FUNCTIONS FOR THE COMPANY AND/OR GROUP

The Statutory Auditor has performed functions since 15 May 2014, and was reappointed on 31 March 2020 to perform functions until the end of the three-year period 2020/2022.

20. DESCRIPTION OF OTHER SERVICES THE STATUTORY AUDITOR PROVIDES THE COMPANY WITH

Besides auditing work and the statutory audit, Ernst & Young Audit & Associados – SROC, S.A. provides the following services required by law on a recurring basis:

- Certification of the Annual Solvency and Financial Condition Report pursuant to Regulation No. 2/2017-R of the ASF, of 24 March;
- Review of the Annual Report on the Organisational Structure and the Risk Management and Internal Control Systems pursuant to Circular no. 1/2017 of the ASF, of 15 February.

Besides the above-mentioned services, Ernst & Young Audit & Associados – SROC, S.A. does not provide the Company, or the companies controlled by it, with any other type of services on a recurring basis.
However, when the Company, or the companies controlled by it, are provided with other services, this is in strict compliance with the procedures defined in law, namely in Law No. 140/2015, of 7 September.

C. Internal Organisation

I. Articles of Association

21. Rules applicable to amendments to the articles of association

Any amendment to the Articles of Association requires a resolution of the General Meeting with a vote in favour with a majority of at least 95% of the voting rights representing the entirety of the share capital.

II. Reporting of irregularities

22. Means and policy for reporting irregularities occurring in the company

Fidelidade Assistência has a culture of responsibility and compliance, and recognises the importance of the process of reporting and analysing irregularities as a corporate best practice tool. The Company implements appropriate means for receiving, investigating and archiving reports of irregularities alleged to have been committed by members of the corporate bodies and by Company employees or employees of companies within the Fidelidade Group.

Irregularities are deemed to be any acts or omissions, whether wilful or negligent, relating to the Company's management, accounting organisation and internal supervision which may seriously:

a) Break the law, regulations and other rules in force;
b) Jeopardise the property of customers, shareholders and Fidelidade Assistência;
c) Cause harm to Fidelidade Assistência's reputation or that of the companies within the Fidelidade Group.

Irregularities can be reported by employees, representatives, agents or any other persons who provide services on a permanent or occasional basis at the Company or at any Group entity, shareholders and any other persons.

III. Internal control and risk management

23. Bodies responsible for the internal audit and for the implementation of internal control systems

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September, which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet the requirements set out therein.

The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade Assistência belongs.

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

Moreover, the own risk and solvency assessment (ORSA) enables risk, capital and return to be related to each other in a prospective vision, in the context of the business strategy established by the Company.

The Company has policies, processes and procedures relating to the governance system which are adapted to its business strategy and operations, guaranteeing sound and prudent management of its business. In terms of organisational structure, the risk management and internal control systems are managed by the following bodies of Fidelidade – Companhia de Seguros, S.A. which perform functions across the Group: the Risk Management Division, the Audit Division, the Compliance Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees, and the Asset and Liability Management Committee.

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

Included within the set of prudential recommendations of the supervisory authorities, in order to guarantee operational continuity of its processes, systems and communications, the Fidelidade Group has a Business Continuity Plan (BCP) so as to guarantee the conducting of structured damage assessment and agile decision-making regarding the type of recovery to be undertaken.

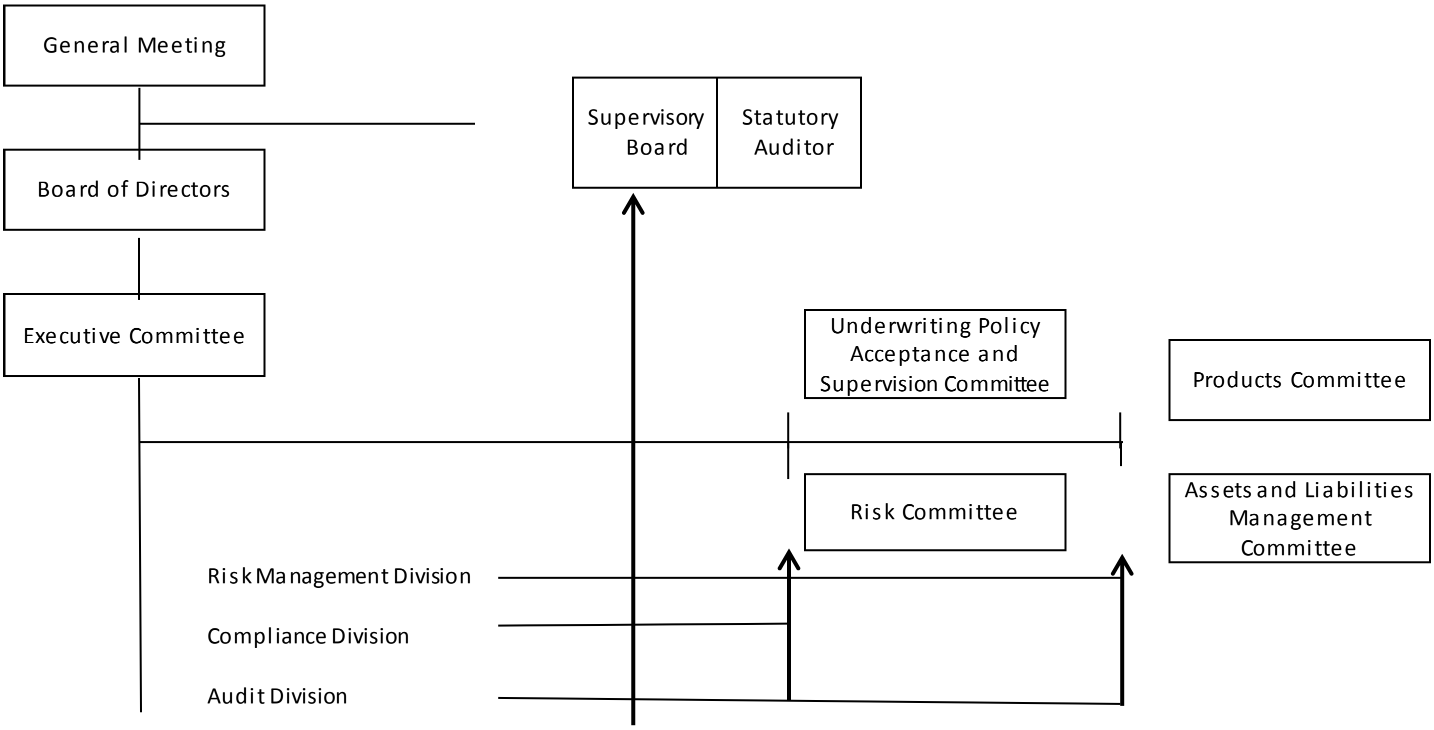
Regarding the public reporting requirements, in 2021 the Company prepared and disseminated, on its Internet site, the "2020 Solvency and Financial Condition Report", which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management for 2020. This information, together with the annual quantitative reports submitted to the ASF, is certified by the statutory auditor and the responsible actuary.

The Company also conducted the annual own risk and solvency assessment (ORSA) in 2021, reporting its findings to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted during the preparatory phase for applying the Solvency II rules, and their consolidation during the first years it was in force, place the Company at a comfortable level of compliance with these new rules.

24. Explanation of the hierarchical and/or functional reporting relationships with other bodies or committees of the Company

The table below shows the reporting relationships of the Risk Management Division, the Audit Division and Compliance Division with other bodies or committees of the Company:



25. Other functional areas with risk control competences

Alongside the areas with key functions within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Affairs Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Business Development Division and the Accounting and Financial Department, which ensure the existence of substantive, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial condition, business development, compliance with the defined strategy and objectives, identification of the Company's risk profile, market behaviour and growth prospects.

The financial information and management process is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the company and its subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division, the Compliance Division, the Audit Division, and the Accounting and Financial Department ensure the implementation of the procedures and means necessary to obtain all the information relevant for the process of consolidation and reporting at the Company level – with regard to both accounts and support for the management and for the supervision and control of risks – which include:

- Definition of the content and format of the information to be reported by the entities included within the consolidation perimeter, in line with the accounting policies and guidelines defined by the management body, and the dates on which the reports are required;
- Identification and control of intra-Company operations; and
- A guarantee that the management information is coherent between the various entities, so that it is possible to measure and follow the evolution and profitability of each business and confirm that the established objectives have been met, as well as assess and control the risks which each entity runs, in both absolute and relative terms.

As a result of the new Solvency II rules, the Company has new obligations to inform the public and the regulator, in particular, the annual disclosure of a report on the Company's solvency and financial condition.

26. IDENTIFICATION AND DESCRIPTION OF THE MAIN TYPES OF RISK (ECONOMIC, FINANCIAL AND LEGAL) TO WHICH THE COMPANY IS EXPOSED IN THE PERFORMANCE OF ITS ACTIVITY

This information is provided in the Notes to the Financial Statements (Notes 36, 37 and 38).

27. DESCRIPTION OF THE PROCESS OF IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT OF RISKS

The risk management system aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile. In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

The ORSA plays a key role in monitoring the Company's risk profile and the capital adequacy in terms of meeting the regulatory requirements and the internal capital needs.

IV. Internet Site

28. ADDRESS(ES)

The address of Fidelidade Assistência's website is: www.fidelidade-assistance.pt

29. PLACE WHERE INFORMATION ON THE COMPANY, CORPORATE BODIES AND DOCUMENTS RELATING TO THE COMPANY ACCOUNTS CAN BE FOUND

Information about the Company and the corporate bodies and documents relating to the accounts are available on the Company's website, at the address indicated above.

30. PLACE WHERE THE ARTICLES OF ASSOCIATION AND THE RULES GOVERNING THE FUNCTIONING OF THE CORPORATE BODIES CAN BE FOUND

The Articles of Association and the rules governing the functioning of the bodies and committees are available from the Company's Head Office, from the Company Secretary.

31. PLACE WHERE THE NOTICE CONVENING THE GENERAL MEETING AND ALL THE PREPARATORY AND SUBSEQUENT INFORMATION RELATED THERETO IS DISCLOSED

Notices convening General Meetings and all the preparatory and subsequent information related to these are available at the Company's Head Office, from the Company Secretary.

32. PLACE WHERE THE FILE OF PAST RESOLUTIONS PASSED AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF THE VOTES, RELATING TO THE LAST THREE YEARS, IS DISCLOSED

The file of past resolutions passed at the Company's General Meetings, the share capital represented and the results of the votes, relating to the last three years, is available from the Company's Head Office, from the Company Secretary.

D. REMUNERATION

I. Competence to determine

33. INDICATION AS TO THE COMPETENCE TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES, THE MEMBERS OF THE EXECUTIVE COMMITTEE OR CHIEF EXECUTIVE AND THE DIRECTORS OF THE COMPANY

The fixing of the remuneration of the members of the corporate bodies is the responsibility of the Remunerations Committee.

II. Remunerations Committee

34. COMPOSITION OF THE REMUNERATIONS COMMITTEE

The composition of the Remunerations Committee, appointed on 31 March 2020, is as follows:

Chairman	Rogério Miguel Antunes Campos Henriques
Member	Joana Maria Brandão Queiroz Simões Ribeiro

35. KNOWLEDGE AND EXPERIENCE OF THE MEMBERS OF THE REMUNERATIONS COMMITTEE ON REMUNERATION POLICY ISSUES

The members of the Remunerations Committee are persons who, given their professional experience and curriculum vitae, have the appropriate knowledge and profile with regard to remuneration policy issues.

III. Remunerations structure

36. DESCRIPTION OF THE REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES AS SET OUT IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE

The Remunerations Committee submitted a declaration to the General Meeting of 30 March 2021, in compliance with the provisions of Article 2 of Law No. 28/2009, of 19 June, on the remuneration policy for the members of the respective management and supervisory bodies, which was approved by all of the shareholders present or represented.

According to this declaration, the remuneration policy was based on the following principles:

"The remuneration of the members of the Company's management and supervisory bodies is established by the Remunerations Committee in the light of the Remuneration Policy in force, with reference to the applicable laws and regulations, and the guiding principles of the remuneration policy for the members of the corporate bodies of the Group companies.

The Remuneration Policy for the members of the Company's management and supervisory bodies is as follows:

- When the position is remunerated and to ensure alignment with the interests of the company, the remuneration of the executive members of the management body is composed of a fixed component and a variable component;
- The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity, and is paid in 14 monthly instalments, with the corresponding holiday and Christmas subsidies included within these, pursuant to the legislation in force;
- The variable component is determined according to performance, assessed on the basis of a series of defined objectives, namely, financial, operational, risk and strategic objectives, and is granted on an individual and annual basis, in relation to the year ended. It may not be more than a percentage of the monthly gross fixed remuneration in force at the end of that year, so that these are appropriately balanced;
- The members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable;
- The members of the Supervisory Board only receive fixed remuneration.

There are no share allocation or stock option plans for members of the Company's management and supervisory bodies. ”
The aforementioned remuneration policy was applied in 2021.
Information on the annual amount of remuneration paid to the members of the corporate bodies is set out in this Corporate Governance Report.

Given the above, the level of compliance with the recommendations contained in Circular No. 6/2010, of 1 April, from the then Portuguese Insurance Institute, now the Insurance and Pension Funds Supervisory Authority, regarding the remuneration policy can be summarised as follows:

Item	Recommendation	Level of Compliance	Observations
I. General Principles	I.1. Institutions should adopt a remuneration policy consistent with effective management and control of risks which avoids excessive exposure to risk and potential conflicts of interest, and which is consistent with the objectives, values and long-term interests of the institution, particularly with the prospects for sustainable growth and profitability and protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers.	Met	
	I.2. The remuneration policy should be appropriate to the size, nature and complexity of the activity carried on or to be carried on by the institution and, in particular, as regards the risks taken or to be taken.	Met	
	I.3. Institutions should adopt a clear, transparent and appropriate structure for defining, implementing and monitoring the remuneration policy, which identifies, in an objective way, the employees involved in each case and their respective responsibilities and competences.	Met	
II. Approval of the remuneration policy	II.1 Without prejudice to the provisions of Article 2(1) of Law No. 28/2009, of 19 June, with regard to the remuneration of the members of the management and supervisory bodies, the remuneration policy should be approved by a remunerations committee or, where the existence of such a body is not feasible or appropriate given the size, nature and complexity of the institution concerned, by the General Meeting or by the general and supervisory board, as applicable.	Met	
	II.2. With regard to the remuneration of the remaining employees covered by the Circular, the remuneration policy should be approved by the management body.	Met	
	II.3. When determining the remuneration policy the involvement should be sought of persons with functional independence and adequate technical capacity, including persons who belong to structural units responsible for key functions and, whenever necessary, human resources, in addition to external experts, in order to avoid conflicts of interests and to enable an independent value judgement to be formed as to the adequacy of the remuneration policy, including its effects on the management of the institution's risks and capital.	Met	
	II.4. The remuneration policy should be transparent and accessible to all employees of the institution. The remuneration policy should also be subject to periodic review and be formalised in a separate document, duly updated, showing the date of the introduced changes and the justification for them, and an archive should be kept of earlier versions.	Met	

Item	Recommendation	Level of Compliance	Observations
	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 remunerations committee, if any, should carry out a review, at least once a year, of the institution's remuneration policy and its implementation, in particular with regard to the remuneration of the executive members of the management body, including their remuneration based on shares or options, to enable an independent and substantiated value judgement to be formed as to the adequacy of the remuneration policy, in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.	Met	
	III.2. The members of the remunerations committee should be independent from the members of the management body and should meet suitability requirements and possess professional qualifications which are appropriate to the performance of their duties, in particular having knowledge and / or professional experience in remuneration policy issues.	Met	
	III.3. If the remunerations committee seeks, in the exercise of its functions, the provision of external services in relation to remuneration, it should not recruit a natural or legal person that provides or has provided, in the previous three years, services to any structure in a relationship of dependence to the management body, to the management body itself or a structure that has a current relationship as a consultant of the institution. This recommendation also applies to any natural or legal person who is connected to any of the above by means of an employment or provision of services contract.	Not applicable	External services are not used in relation to remuneration.
	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	

Item	Recommendation	Level of Compliance	Observations
	IV2. The fixed and variable components of the total remuneration should be appropriately balanced. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.	Met	
	IV.3. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.	Not met	No financial instruments were issued by the institution.
	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.	Not met	No part of the variable remuneration was deferred.
	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.	Not applicable	No part of the variable remuneration was deferred.
	IV.6. The members of the Board of Directors should not enter into contracts with the institution, or with third parties, the purpose of which is to mitigate the risk inherent in the variability of the remuneration established for them by the institution.	Met	
	IV.7. Up until the end of their mandate, the executive members of the management body should maintain the shares in the institution which they have obtained via variable remuneration schemes, up to the limit of twice the value of the total annual remuneration, with the exception of those which need to be sold in order to pay taxes resulting from the gains from those same shares.	Not applicable	No Company shares were awarded.
	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 shares 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.

Item	Recommendation	Level of Compliance	Observations
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 performed by the institution. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.	Met	
	V.2. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution’s medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.	Not met	No financial instruments were issued by the institution to be awarded to its employees.
Criteria for awarding variable remuneration	V.3. The performance assessment should take into account not only the individual performance but also the collective performance of the business unit of which the employee is a part and of the institution itself, and it should include relevant non-financial criteria, such as respect for the rules and procedures applicable to the activity being carried on, namely the internal control rules and those concerning the relationship with policyholders, insured persons, participants, beneficiaries and taxpayers, in order to promote the sustainability of the institution and the creation of value in the long term.	Met	
	V.4. The criteria for awarding variable remuneration according to performance should be predetermined and measurable and should be related to a multi-annual framework of three to five years, to ensure that the assessment process is based on long-term performance.	Partially met	The remuneration policy for employees is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees.

Item	Recommendation	Level of Compliance	Observations
	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 is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees.
	V.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.
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 performance of the areas under their control, and the remuneration should provide a reward which is appropriate to the importance of the exercise of their duties.	Met	
	V.9. In particular, the actuarial function and the chief actuary should be remunerated in a manner consistent with their role in the institution and not in relation to the company's performance.	Not applicable	The actuarial function and the chief actuary are not remunerated by Fidelidade Assistência.
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	Met	

	to correct any possible insufficiencies in the light of these recommendations.		

IV. Disclosure of Remunerations

37. INDICATION OF THE ANNUAL AMOUNT OF REMUNERATION PAID BY THE COMPANY, AS A WHOLE AND INDIVIDUALLY, TO MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING FIXED AND VARIABLE REMUNERATION AND, IN RELATION TO THE LATTER, REFERENCE TO THE DIFFERENT COMPONENTS THAT HAVE GIVEN RISE TO IT

The annual amount of gross remuneration paid, as a whole and individually, to the executive members of the Company's Board of Directors, is set out in the table below:

Executive members of the Board of Directors	Fixed Remuneration €	Variable Remuneration €*
José Manuel Alvarez Quintero (until 24.05.2021)	0	0
Luis Filipe Mateus Alves (until 28.07.2021)	77,244	37,500
Juan Ignacio Arsuaga Serrats (from 26.05.2021)	0	0
Carlos Manuel Sobral Miranda (from 29.07.2021)	48,610	0
TOTAL	**125,854**	**37,500**

*Paid in 2021 and related to 2020

Non-executive members of the Board of Directors do not receive any remuneration.

38. COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS CONCERNING CONTRACT TERMINATION DURING THE YEAR

The executive director José Manuel Alvarez Quintero, Chairman of the Board of Directors, ceased functions on 24 May 2021, and the executive director Luís Filipe Mateus Alves, Member of the Board of Directors, ceased functions on 28 July 2021. No compensation was paid to either of them.

39. INDICATION OF THE ANNUAL AMOUNT OF REMUNERATION PAID, AS A WHOLE AND INDIVIDUALLY, TO MEMBERS OF THE COMPANY'S SUPERVISORY BODIES, FOR THE PURPOSES OF LAW NO. 28/2009, OF 19 JUNE

The amount of gross remuneration paid in 2021, as a whole and individually, to the members of the Company's supervisory body is set out in the following table:

Members of the Supervisory Board	(€)	Observations
José António da Costa Figueiredo	16,800	
António José Pereira Cardoso Mota	14,000	
Pedro Antunes de Almeida	14,000	
Anabela de Jesus Nunes Prates		(Alternate)
TOTAL	**44,800**	

40. INDICATION OF THE REMUNERATION IN THE YEAR IN QUESTION OF THE PRESIDENT OF THE PRESIDING BOARD OF THE GENERAL MEETING

The President of the Presiding Board of the General Meeting does not receive any remuneration.

V. Agreements with remuneration implications

41. Reference to the existence and description, with an indication of the sums involved, of agreements between the company and members of the management body, which provide for compensation in the event of resignation or unfair dismissal or termination of the employment following a change in the control of the company

There are no agreements between the Company and the members of the management body which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change in the control of the Company.

VI. Share allocation or stock option plans

42. Identification of the plan and its recipients

There are no plans with these characteristics.

43. Stock options for employees and company staff

There are no stock options for employees and staff.

E. Related Party Transactions

I. Control mechanisms and procedures

44. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

FIDELIDADE ASSISTÊNCIA has adopted a set of transparent and objective rules which are applicable to transactions with related parties, which are subject to specific approval mechanisms.

45. Indication of the transactions which were subject to control in the year in question

All transactions with related parties were subject to control.

46. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of prior assessment of the business to be conducted between the company and holders of qualifying shares or entities which are in any kind of relationship with them, pursuant to article 20 of the securities code

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

II. Information on the transactions

47. Indication of the location of accounting information including information on transactions with related parties

Information on transactions with related parties is included in Note 35 to the Financial Statements.

06 Statutory Auditor's Report

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*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Fidelidade Assistência – Companhia de Seguros, S.A. (the Company), which comprise the Statement of Financial Position as at 31 December 2021, (which establishes a total of 71,258,554 euros and total equity of 56,578,528 euros, including a net profit for the year of 5,416,025 euros), the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Fidelidade Assistência – Companhia de Seguros, S.A. as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for Insurance and Pension Funds in Portugal ("Autoridade de Supervisão de Seguros e Fundos de Pensões").

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Company in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Measurement of claims provisions (non-life)

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 16 to the financial statements as at 31 December 2021, the claims provisions arising from insurance contracts amounted to 11,133,289 euros (76% of total liabilities). As disclosed in Note 2.12 d), these provisions are determined using actuarial assumptions and methodologies and are based on the history of the Company's loss ratio for the assistance and legal protection segment.	Our approach to the risk of material misstatements in the measurement of claims provisions included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following: ► Understanding of the Company's internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
They present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement. In view of the materiality of these liabilities on the financial statements and since it is a significant estimate based on assumptions and actuarial techniques applied to information currently available, the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions to be a key audit matter.	► Analytical review procedures on the financial statements line items relating to claims provisions to understand the annual changes and of the main factors contributing to the most significant variations; ► With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Company for the measurement of the claims liabilities, including analysis of consistency with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Company's products regulatory requirements and practices in the insurance sector; and ► Review the completeness and consistency of disclosures in the financial statements for claims provisions with the respective accounting and technical data, actuarial reports and requirements of accounting principles accepted in Portugal for the insurance sector established by the Supervisory Authority for Insurance and Pension Funds ("ASF").

2. Valuation of financial instruments at fair value

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As detailed in Note 36, the assets include financial instruments valued at fair value amounting to 51,264,148 euros, which represent about 72% of the total assets. The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates. The total value of instruments with reduced liquidity, recognised in the assets of the Company, amounting to about 4,719,470 euros (7% of the asset), which were classified under the fair value hierarchy defined in the accounting framework as level 3 (Note 36).	Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following: ► Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value; ► Analytical review of the financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company with those observed in external sources of information; ► Analysis of the methodologies and assumptions used by the Company in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and ► Review the completeness and consistency of disclosures of financial instruments at fair value in the financial statements with the respective accounting data and requirements of accounting principles accepted in Portugal for the insurance sector established by ASF.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of the financial statements which present a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by *Autoridade de Supervisão de Seguros e Fundos de Pensões*;
- the preparation of the Management Report in accordance with the applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Company´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit;

- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate threats or what safeguards were applied.

Our responsibility includes the verification of the consistency of Management Report with financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Company, we have not identified any material misstatement.

On additional items set out in article 10º of Regulation (EU) nr. 537/2014

Pursuant to article 10º of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of Fidelidade Assistência – Companhia de Seguros, S.A. for the first time in the shareholders' general meeting held on 15 May 2014 for the period between 2014 and 2016. We were appointed for a second mandate in the shareholders' general meeting held on 31 March 2017 for the period between 2017 and 2019. We were appointed at the shareholders' meeting held on 31 March 2020 for the term between 2020 and 2022;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Company; and
- We declare that we have not provided any prohibited services as described in article 5 of Regulation (EU) nr. 537/2014 of the European Parliament and the Council of 16 April 2014 and we have remained independent of the Company in conducting the audit.

Lisbon, 14 March 2022

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

(signed)

Ricardo Nuno Lopes Pinto - ROC nr. 1579
Registered with the Portuguese Securities Market Commission under license nr. 20161189

07
Report
and Opinion
of the Supervisory Board

FIDELIDADE ASSISTÊNCIA – COMPANHIA DE SEGUROS, S.A.

REPORT AND OPINION OF THE SUPERVISORY BOARD

2021

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other corporate bodies.

We have examined the Report of the Board of Directors and the other separate accounting documents for the year, in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following:

OPINION

- That the Report of the Board of Directors and other separate accounting documents for the year, as submitted by the Board of Directors, should be approved;
- That the proposal for the application of income set out in the Report of the Board of Directors should be approved.

The Supervisory Board wishes to express its gratitude to the Board of Directors and othe r corporate bodies for their excellent collaboration during the course of the year.

Lisbon, 14 March 2022

SUPERVISORY BOARD

José António da Costa Figueiredo – Chairman

António José Pereira Cardoso Mota – Member

Pedro Antunes de Almeida - Member

DECLARATION OF COMPLEMENTARY LIABLITY

TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD

OF FIDELIDADE ASSISTÊNCIA – COMPANHIA DE SEGUROS, S.A.

FOR 2021

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, 14 March 2022

SUPERVISORY BOARD

José António da Costa Figueiredo – Chairman

António José Pereira Cardoso Mota – Member

Pedro Antunes de Almeida - Member