

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

ANNUAL
REPORT
2018

**20
18**

REPORT OF THE BOARD OF DIRECTORS CONSOLIDATED ACCOUNTS	P.03
CONSOLIDATED FINANCIAL STATEMENTS	P.62
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	P.73
REPORT AND OPINIONS ON THE CONSOLIDATED ACCOUNTS	P.266
REPORT OF THE BOARD OF DIRECTORS SEPARATE ACCOUNTS	P.277
SEPARATE FINANCIAL STATEMENTS	P.333
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	P.344
REPORT AND OPINIONS ON THE SEPARATE ACCOUNTS	P.521
CORPORATE GOVERNANCE REPORT	P.532

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

1.

CORPORATE BODIES

FIDELIDADE – COMPANHIA DE SEGUROS, S.A.

Presiding Board of the General Meeting

President

Nuno Azevedo Neves

Secretary

Paula Rodrigues Morais

Board of Directors

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairmen

José Manuel Alvarez Quintero

Lingjiang XU

Members

José João Guilherme

Francisco Ravara Cary

João Eduardo de Noronha Gamito de Faria

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

Jun LI

André Simões Cardoso

Tao LI

Yu PEI

Executive Committee

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

Rogério Miguel Antunes Campos Henriques

Members

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Wai Lam William Mak

Jun LI

André Simões Cardoso

Supervisory Board

Chairman

Pedro Antunes de Almeida

Members

Vasco Jorge Valdez Ferreira Matias

João Filipe Gonçalves Pinto

Alternate

Isabel Gomes de Novais Paiva

Statutory Auditors

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

2.

OUR GROUP

A. KEY INDICATORS

**€4,765
million**

Total Premiums Written
(includes amounts relating to
investment contracts)

Life: € 3,305 million
Non-Life: € 1,460 million

**€17.8
billion**

Net Assets

**€271.6
million**

Net Profits

34.7%

Market Share (PT)

Life: 39.1%
Non-Life: 27.5%

3,299

Employees

**€2,361
million**

Shareholders' Equity

9.3%

**Weight of International
Non-Life operation**

96.2%

**Non-Life Combined
Ratio**

10.8%

Return on Equity

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

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

More recently, after 2000, the Portuguese market began a new phase of consolidation, which gave rise to two major players in the sector: Fidelidade Mundial (FM) and Império Bonança (IB), held by two of the largest Portuguese financial groups (CGD and BCP, respectively).

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

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

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



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

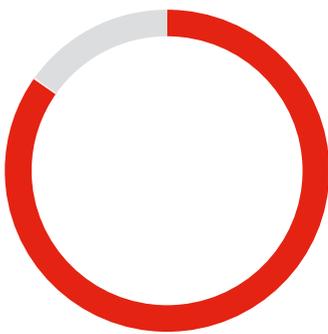
Applying this strategy, in 2014 the Fidelidade Group acquired Garantia, the leading insurance company in Cape Verde, and Espírito Santo Saúde, a leading healthcare provider in Portugal, now renamed Luz Saúde.

C. ABOUT THE FIDELIDADE GROUP

i. Shareholder Structure

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

Shareholder Structure



Description of the Major Shareholders

Fosun

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

Caixa Geral de Depósitos

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

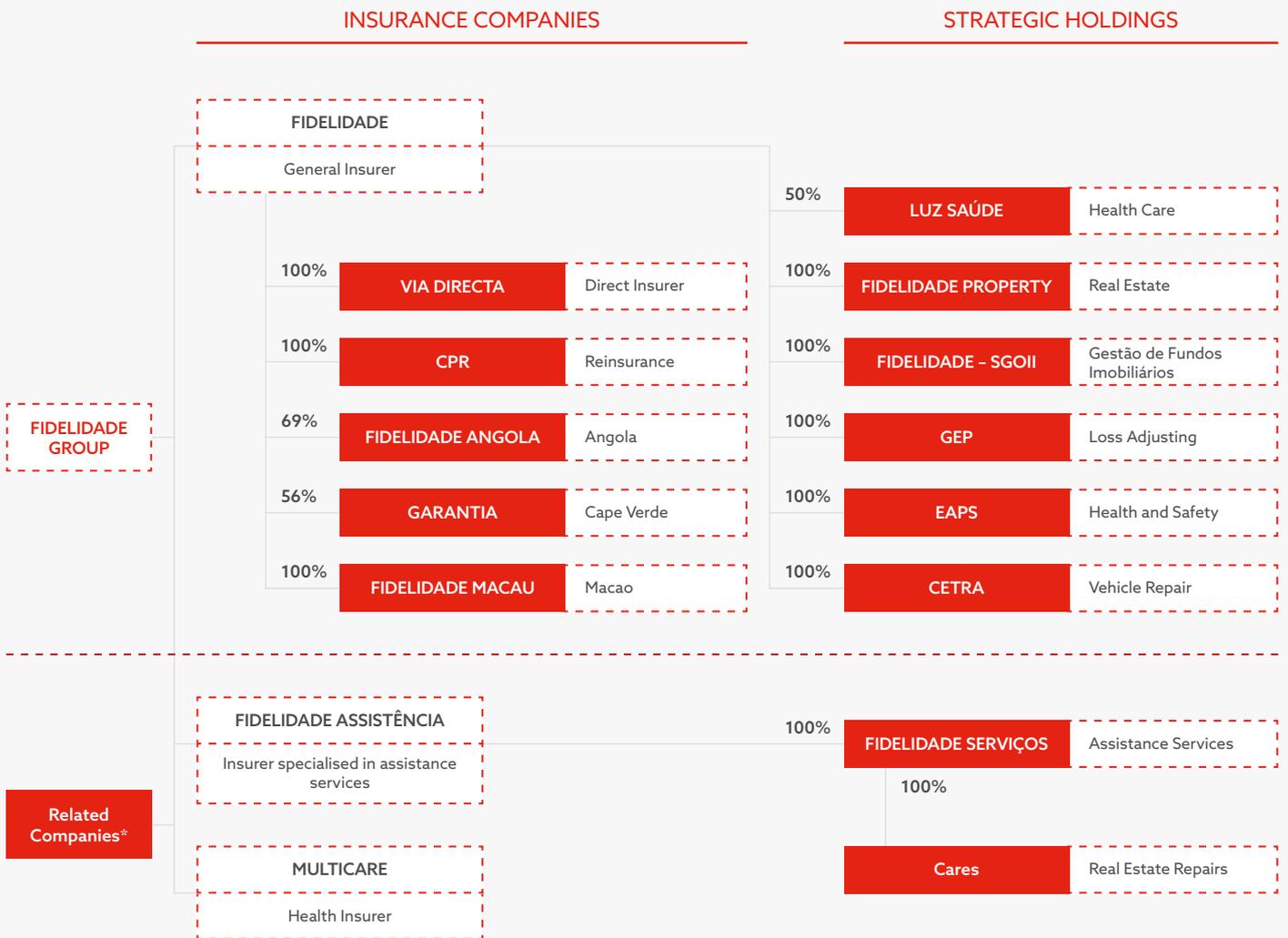
ii. Group Structure

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

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

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

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



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

iii. Mission and Values

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

Fidelidade's mission is to support the development and construction of a sustainable society.

The company is committed to educating, serving, assisting and caring for people throughout their lives with innovative products and services that protect them effectively, so that life does not stop.

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

It is sharing our values that makes us Fidelidade!

Be proud of our past, inspire our future.

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

Be innovative, chase the progress.

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

Be outstanding, overcome your limits.

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

Be people driven, be there.

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

iv. Positioning

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

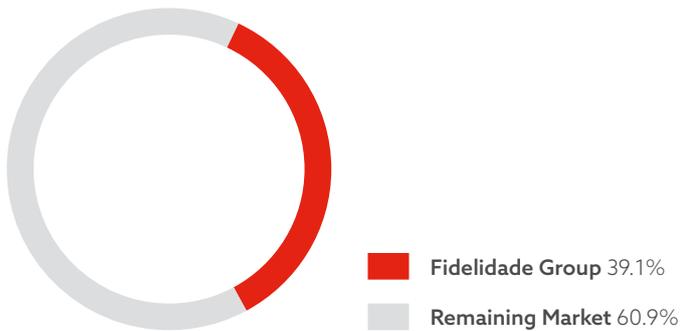
In 2018, the Fidelidade Group once again held its leadership across both Life and Non-Life segments, recording an overall market share of 34.7%, which corresponds to an increase of 4.1 pp over the previous year.

In the **Life** Segment, the Fidelidade Group strengthened its market share in financial products (capitalisation and retirement savings plans) and risk products.

In the case of retirement products, and as a result of continued emphasis in this area, the Fidelidade Group holds a considerable share of the market, reflecting our clients' great confidence in the Group's robustness.

The growth in risk products reflects not only the recent evolution in mortgages, but also the success of the Protecção Vital da Família product, an innovative life insurance that accompanies families throughout their lifecycle and also includes a funeral cover, contributing decisively to the development of funeral insurance in Portugal.

Life Segment - Market Share

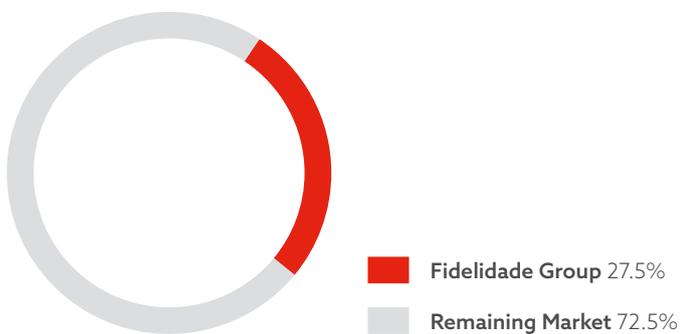


Fidelidade Group

- Life Risk **18.2%**
- Annuities **26.7%**
- Life Capitalisation **31.0%**
- Pension Plans **53.2%**

In the **Non-Life** Segment, the Fidelidade Group grew more than most of its competitors, increasing its market share by 0.3 pp to 27.5%. Particularly significant was the increase in share in highly competitive lines of business, in particular Workers' Compensation (1.7 pp), Motor (0.5 pp) and Health (0.4 pp).

Non-Life Segment - Market Share



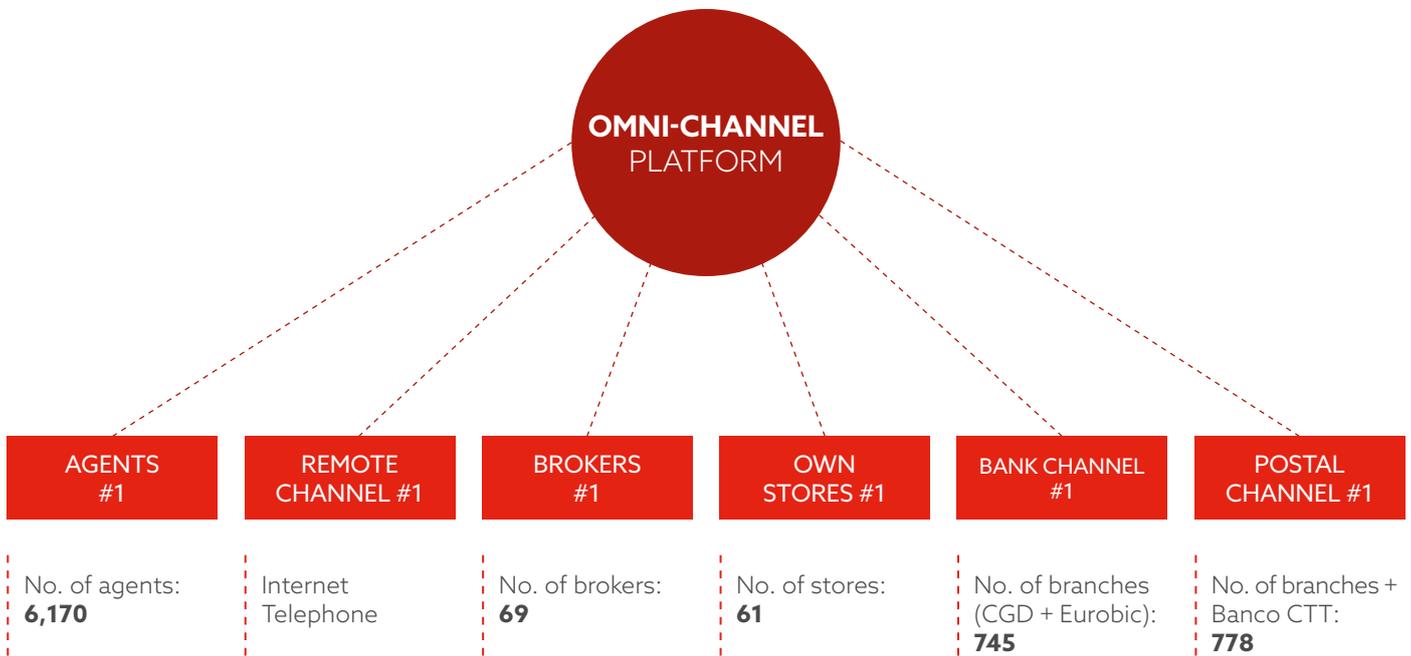
Fidelidade Group

- Motor **28.1%**
- Workers' Compensation **26.1%**
- Personal Accidents **13.5%**
- Health **36.5%**
- Home **22.9%**
- Comercial and Industrial Property **30.2%**
- Other Fire and Other Damage **34.7%**
- Third Party Liability **25.4%**
- Transport **33.1%**

v. Distribution Network

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

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



The Fidelidade Group has always sought to affirm its presence in all channels where the consumer is or could be, and to add value to those channels through a broad range of products and an appropriate service level for each of them.

Capitalising on its strong presence in the various distribution channels, the Fidelidade Group has been developing an Omni-Channel strategy, ensuring a coherent range of products and a perception of integration by the consumer, regardless of the channel being used.

vi. The Fidelidade Group's offer of products and brands

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

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

The Fidelidade Group has also been developing a number of new products to offer more wide-ranging and innovative solutions. These include Fidelidade Pets, covering household pets, that reflects an effort to diversify Fidelidade's product range with a focus on the Family and on providing services in addition to cover for risks, and Multicare 60+, insurance with covers designed specifically for the over 60s. The offer and service of the Proteção Vital Família product has also been improved, with a series of personal covers that can be adapted to suit the Client's needs.

Also of note is the launch of new functions in the Fidelidade Drive telematics application, which enables users to better understand the risks linked to their driving style and to be rewarded for safe driving.

The Fidelidade Group's products reach clients through three different brands: Fidelidade, Multicare and Ok! Teleseguros, all of which are leaders in their segments.



vii. Focus on Operational Excellence and Service Quality

A focus on operational excellence and service quality has long been a priority for the Fidelidade Group, and has a strong impact in terms of client satisfaction. The skill of the Fidelidade Group in these areas has been identified and recognised by clients.

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



BANCA E SEGUROS EXAME 2018

Best Large Non-Life Insurer, in the Banking and Insurance category



BANCA E SEGUROS EXAME 2018

Best Large Life Insurer, in the Banking and Insurance category



MARCA MAIS REPUTADA 2018

Insurer with the best reputation in the Insurance category (Fidelidade)



MARCA MAIS REPUTADA 2018

Insurer with the best reputation in the Remote Channels category (OK! Teleseguros)



ESCOLHA DO CONSUMIDOR 2018

Consumers choice in Insurance category (Fidelidade) and in Health system category (Multicare)



ESCOLHA DO CONSUMIDOR EXCELLENTIA 2018

Fidelidade was considered by consumers an "Excellentia 2018 Brand", which distinguishes the best customer centric companies



MARCA DE CONFIANÇA 2018

Fidelidade and Multicare were distinguished as Portuguese Trusted Brand in the Insurance category



PRÉMIO CINCO ESTRELAS 2018

Best satisfaction level in "Insurance remote channels" category (OK! Teleseguros)



PORTUGAL DIGITAL AWARDS 2018

Multicare was distinguished in the "Best Digital Product & Experience" category for its telemedicine service, a pioneering and innovative project in Portugal



INNOVATION AWARD WINNER

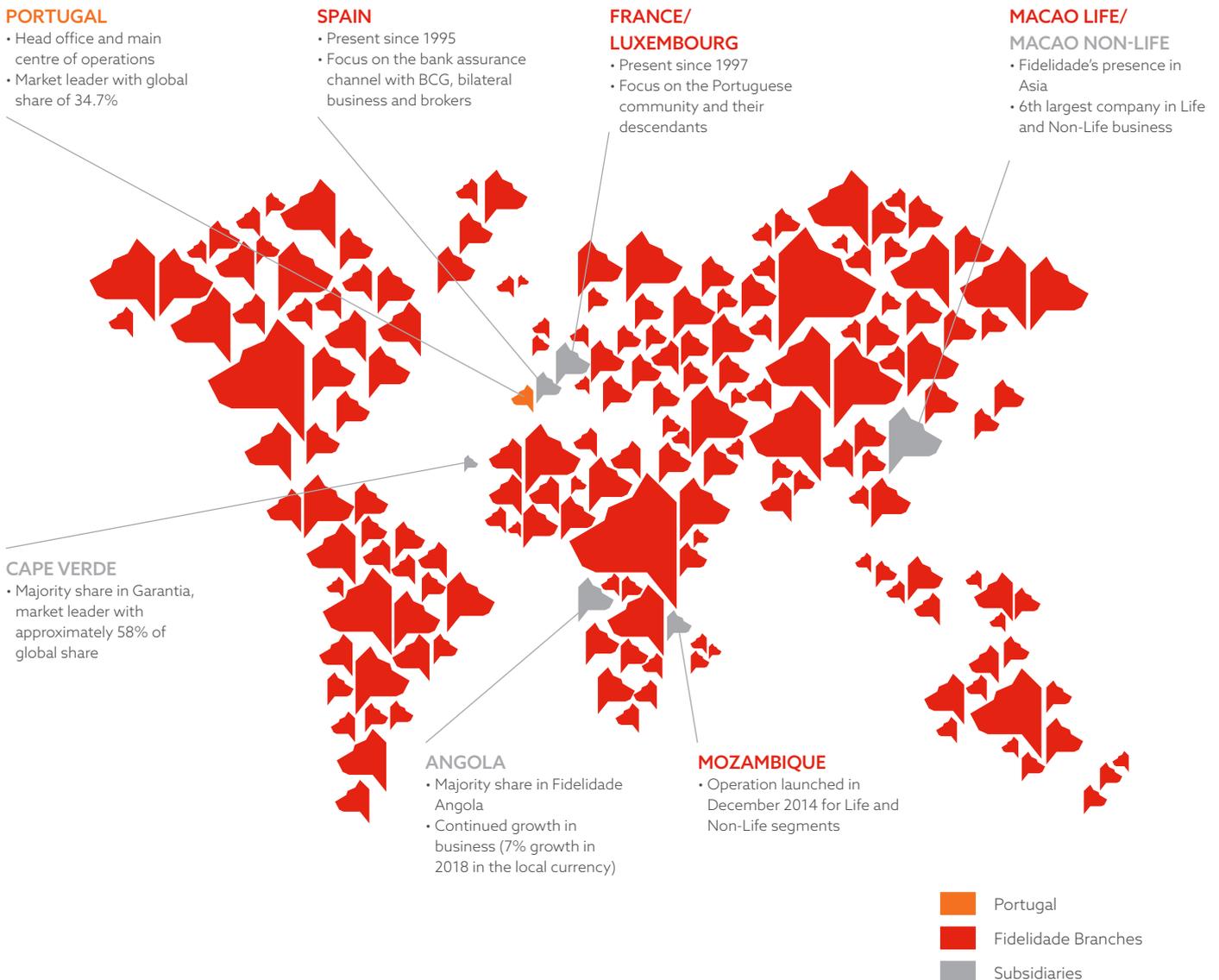
Fidelidade was distinguished with the international "Business Transformation Award", which distinguishes clients with the best solutions built on the OutSystems platform

viii. International Presence

The Fidelidade Group’s international insurance business is an important means of sustained growth and pursuit of medium and long-term goals. The Group currently operates in three continents (Europe, Africa and Asia), with several business units, including local branches and subsidiaries.

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

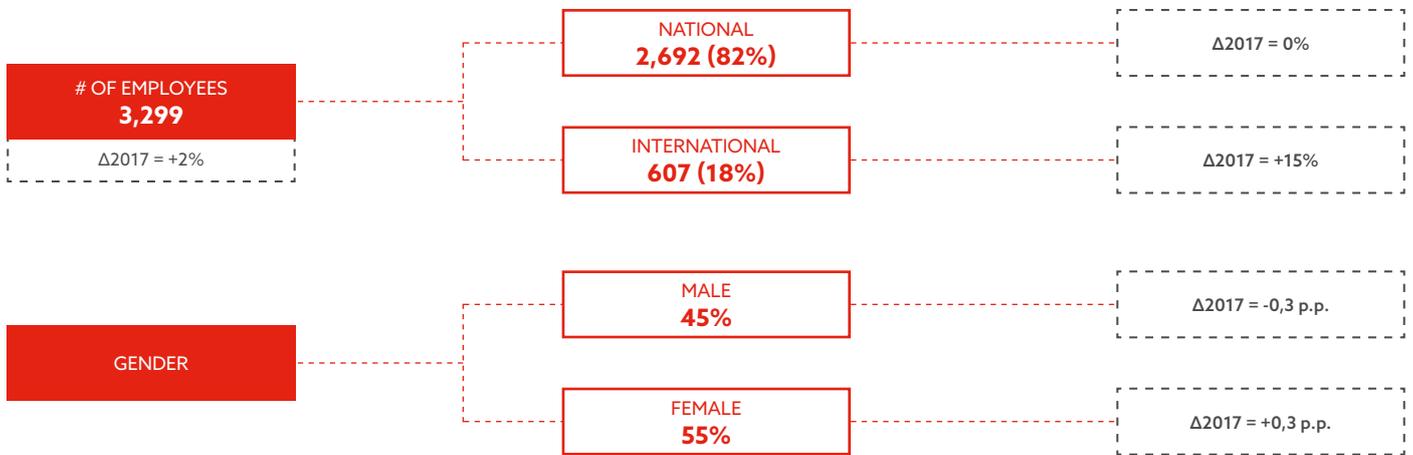
Currently, with new growth horizons and a renewed focus on value creation, the Fidelidade Group regards international expansion as a priority and an opportunity to grow and diversify its business, with emphasis on new locations and on accompanying its clients in new markets, and always remaining aware that each operation must be financially and operationally sustainable.



ix. The Fidelidade Group Team

At the end of 2018, the Fidelidade Group had 3,299 employees working in its insurance business, 82% based in Portugal and the remaining 18% in international operations.

In comparison with 2017, the number of employees rose by 2%, reflecting the evolution of the various companies in the Group in international operations (+15%), with the numbers in Portugal remaining stable. The rise in the number of employees working abroad reflects the increase in turnover in line with the Group's increasing internationalisation.



In 2018, the emphasis on rejuvenating and adapting the organisation in order to keep pace with new market challenges continued. This focus, aimed at developing new skills, led to a reduction in the average age from 44.7 in 2017 to 44.2 in 2018 (based on the various employees in Portugal), thereby counteracting the natural ageing of the workforce by one more year.

The length of service of employees in the Fidelidade Group's insurance companies continues to reflect the trend towards rejuvenation mentioned above. In 2018 37% of the employees had been at the company for less than 10 years, compared to 31% in 2017.

Reflecting the ongoing transformation of the business, 2018 was a year to continue the adjustments to the organisation begun in 2014, thanks to the significant involvement of all our People.

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

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

D. GROUP STRATEGY

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

- Clear market leader, with a client base of over 2.2 million, served by an omni-channel network with a high level of regional penetration;
- Brand leader in value, reputation and client recognition, resulting from a continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, banks, post offices and online channels;
- Technical skills which are unique in the market, having a broad range of insurance products and recognised claims management capability, thereby guaranteeing a high level of client satisfaction;
- Prudent risk management policies and above average provision levels.

In this context, starting from a particularly strong position in Portugal, the Fidelidade Group is seeking to both strengthen its leadership of the Portuguese market and expand internationally to become a recognised international player.

Gaining international recognition involves increasing the proportion of international business in the total Non-Life business, assuming a position of reference in the markets where the Group is present, and developing a reputation for its operational skills and multi-channel management.

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

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

FIDELIDADE STARTING POINT

- Leadership in the Portuguese market, with a client base of 2.2 million
- Unique brand in the market due to its value and recognition with clients
- Benchmark technical skills, broad product range
- Quality in claims management, recognised for its efficiency

STRATEGIC AREAS

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

Throughout 2018, these strategic directions provided the guiding principle for activity within the Fidelidade Group, giving rise to a wide range of initiatives that were implemented by the different Group companies.

Consolidation of the position in the Portuguese market

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

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

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

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

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

Expansion of the international business

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

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

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

Currently, international expansion is a strategic priority for the Fidelidade Group, as a means of diversifying its activity and guaranteeing new paths for growth. The Fidelidade Group's goal is to enter new markets where it can use its skills base to offer competitive advantages.

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

In this context, in 2019 the Fidelidade Group has already signed an agreement to acquire a majority stake in Peru-based counterpart, La Positiva Seguros y Reaseguros S.A., an insurer which has a leading position in Peru and Bolivia and which also operates in Paraguay.

Optimisation of investment management

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

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

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

Naturally, this investment policy requires constant monitoring, to ensure control over the exposures incurred and appropriate alignment between assets and liabilities. Implementation of this policy is also based on the assumption that the company's capital needs are properly safeguarded, taking into account the criteria included in the European Solvency II regulations, in force since January 2016.

Digital Transformation and Analytics

The Fidelidade Group has also remained focused on digitalisation, with various initiatives that can provide the Group's insurance companies with tools able to respond to the potential disruptive impact of new business models based on the new technologies.

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

- Development of MyFidelidade and new Apps, which allow clients to use the internet to take out new products, follow their insurance portfolio, report claims, etc.;
- New products linked to the use of new technologies, particularly in the Motor and Home Insurance lines of business;
- Digital transformation of business processes and client relations.

3.

OUR PERFORMANCE

A. EVENTS SUMMARY 2018

JANUARY	Health – New digital functions with impact in transforming policy acceptance processes (example: Individual Health Questionnaire completed by telephone for Multicare 3 insurance and e-mails/text messages sent to clients with the acceptance conditions of their insurance)
FEBRUARY	OK! Auto Eléctricos – New covers provided adapted to the needs of electric vehicles, with towing to the nearest fast charging point, and discounts on products and services related to sustainable mobility, via a partnership with ZEE Single Insurance Document (SID) – Introduction of the SID in the Motor line of business, a digital tool that combines the insurance proposal and specific conditions in a single document, simplifying content for both the Client and the commercial network
MARCH	Digital Desk by Fidelidade – new commercial, relational and analytical solution that introduces new content and functions to improve the client's experience in own stores using tablets
APRIL	New Commercial Platform – Following Fidelidade's Omnichannel strategy, a new Commercial Platform was launched. This simpler and more intuitive tool enables the agents' channel to accompany and advise clients and be pay greater attention to their needs Risk Scoring Platform – development began on a Risk Analysis and Scoring digital platform to provide support to all risk assessment and prevention activity in the Fidelidade Group
MAY	Fidelidade Drive App – introduction of new functions enabling clients to win prizes, regardless of the points they have, and new products (for example, tablets) and strategic partnerships developed by Fidelidade (for example: Car Wash) National Award for Urban Rehabilitation 2018 – the new Head Office of Abreu Advogados, a Fidelidade Property project, won the main annual awards in the real estate sector Multicare – Action Freemium – Marketing action to Fidelidade clients without health insurance, based on offering the “Programa põe-te em forma” [Get-in-shape programme] (included in the Online Medicine cover). Clients were invited to use the nutritional advice service and a personalised exercise plan free of charge
JUNE	Launch of the 2nd edition of the Fidelidade Comunidade Award – As part of its social responsibility programme, Fidelidade launched the 2018 edition of this award totalling €500,000, which sought to support projects in the areas of social inclusion, health prevention and ageing Fidelidade Medical Congress – The first Fidelidade Medical Congress was held, with the participation of several recognised professionals in different areas of Health, Law and Management, and different institutions, aiming to find solutions that best meet the needs of accident victims
JULY	NOS Alive 2018 – Fidelidade was the official insurer of the summer festival NOS Alive'18, held in Lisbon. Several brand activation initiatives were carried out to create opportunities for public involvement Fidelidade Angola – presentation of new Motor products for the Angolan market, designed to meet clients' needs
AUGUST	New partnership agreement with Millennium bim in Mozambique – Fidelidade and Millennium bim signed a new long-term strategic partnership agreement OK! Bike – Launch of the new Personal Accidents insurance intended for cyclists, which is different from the rest of the market mainly due to the “Assistência GEO” cover, which locates the person in the event of an accident and/or sudden illness
OCTOBER	Multicare 60+ – Launch of Multicare 60+, an innovative health insurance designed specifically for the over-60s, with differentiating advantages
NOVEMBER	Fidelidade Pets – Launch of the new Fidelidade Pets on the digital platform, a Health and third-party Liability insurance for pets Proteção Vital da Família – Improvements in the products and service, with increased covers and the launch of new products designed for specific needs
DECEMBER	Protechting – Protechting, the startups attraction and acceleration programme promoted by Fosun and Fidelidade, won the “Sustainable Development 2018 Enterprise Best Practice” award for the UNGC China Network

B. MACROECONOMIC ENVIRONMENT

In 2018, the Portuguese economy continued to display economic growth, following the positive trend that began in 2014.

In fact, economic activity in Portugal has grown since 2014 due to a favourable external climate in financial markets, and increased exports, as well as high levels of confidence of economic agents and positive improvements in the labour market.

Most recent estimates for 2018 suggest GDP growth of 2.1%, which, despite being lower than the figure for 2017 (2.8%), is above the euro area average (1.9%). The slowdown in Gross Fixed Capital Formation and Exports, both of which recorded high levels of growth in previous years, is the main reason for this downturn in relation to 2017.

In 2018, private consumption continued the previous year's trend (with an increase of 2.3%), reflecting real growth in families' disposable income and historically high levels of consumer confidence.

Public consumption also increased from 2017 to 2018, reflecting the impact of one-off expenses related to the forest fires of 2017, and an increase in the number of State employees.

Accordingly, the Portuguese economy should maintain a positive financing capacity, despite a slight fall compared to the previous year (1.3% of GDP in 2018 compared to 1.4% in 2017).

In terms of inflation, the estimate for 2018 is 1.4%, which is lower than the figure for 2017 (1.6%). However, a slight increase in inflation is forecast for the next years, reflecting general salary increases, in a climate of lower unemployment and updating of the national minimum wage above the level of inflation.

Forecasts for the labour market suggest an increase in employment levels (+2.2%) and, consequently, a fall in the unemployment rate to around 7% at the end of 2018.

The growth rate of the Portuguese economy is expected to fall again in 2019 to 1.8%. Although the forecasts suggest an increase in GFCF (6.6%), a fall in private consumption and a greater increase in imports compared to exports will have a negative impact on GDP growth.

C. INSURANCE MARKET ENVIRONMENT

i. Evolution of the Portuguese Insurance Market

The Portuguese insurance sector recorded total premiums of EUR 12,942 million, corresponding to an increase of 11.8% compared to 2017, reflecting the positive performance of both the Life and Non-Life segments.

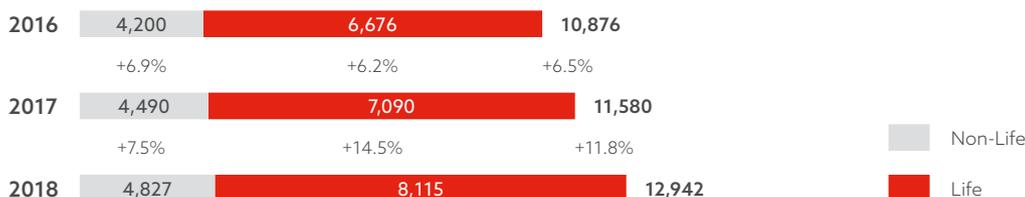
In the Life segment, there was a 14.5% increase in premiums to EUR 8,115 million, approximately three times the growth seen in 2017, reflecting the performance of financial products.

In the Non-Life segment, premiums continued the upward trend that began in 2015, recording an increase of around 7.5% compared to the previous year, totalling EUR 4,827 million.

Portuguese Insurance Market

Source: APS "Direct Insurance Production 2018"

(million euros)



ii. Evolution of the Life insurance market in Portugal

In 2018 the Life segment recorded total premiums of EUR 8,115 million, an increase of 14.5% compared to the previous year. The main catalyst for this increase was the evolution of financial products.

Life Insurance Premiums

Source: APS "Direct Insurance Production 2018"

(million euros)



Of particular note is the evolution of Retirement Savings Plans (PPR), which recorded growth of over 50%. In the current context of low interest rates and a further fall in savings rates, this situation demonstrates the growing concern regarding retirement income and the attractiveness of these products.

Global rate of savings from families' disposable income

Source: INE



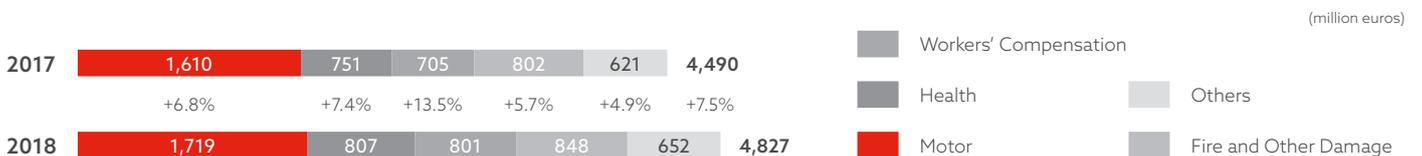
It is also important to mention the consolidation in the growth of Life Risk Products, which have benefited from greater dynamism in the real estate market and an increase in new mortgages.

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

The Non-Life segment displayed positive performance across all lines of business, as a result of improvements in the Portuguese economy. Growth in Workers' Compensation (+13.5%) and in Health (+7.4%) was particularly significant.

Non-Life Insurance Premiums

Source: APS "Direct Insurance Production 2018"



Driven by tariff adjustments and improvements in economic activity, reflected in the increase in wage bill and in the decrease in unemployment, the Workers' Compensation line of business began its recovery in 2014 and has since been consolidating its position. In 2018, it was the line of business that grew the most in the Non-Life segment, with an increase of 13.5% compared to the previous year (total premiums of EUR 801 million).

Following the same trend, the Health line of business also recorded a positive performance (+7.4%), recording total premiums of EUR 807 million, in 2018. These results are due to several factors, among them employers' increasing inclusion of health insurance in employees' benefits plans, and the greater awareness of the population regarding the importance of complementing the National Health Service with assistance offered by Health insurance.

The Motor insurance line of business benefited from the increase in vehicle ownership associated with improvements in motor vehicle quality, leading to positive performance in this line of business, with growth of 6.8% compared to the previous year. This performance meant that the Motor line of business as a percentage of the total Non-Life premiums remained largely unaltered, continuing to be by far the most important line of business.

The Fire and Other Damage line of business, which also includes Home Insurance products, grew by 5.7%, with total premiums of EUR 848 million in 2018. This line of business was influenced positively by the dynamism in the Portuguese real estate market and by an increase in business investments.

The other less significant lines of business in the Non-Life segment also grew when compared to the previous year. Their aggregate increased 4.9%, totalling EUR 652 million.

D. FIDELIDADE GROUP ACTIVITY

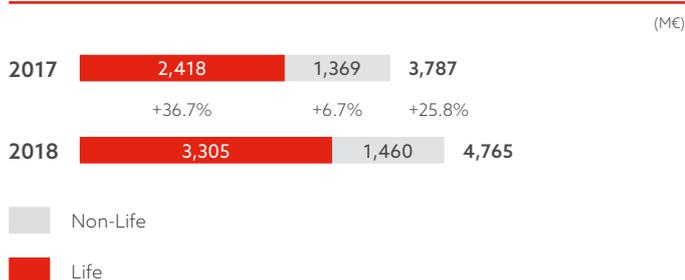
i. Key activity indicators

In 2018, a year marked by the trends previously referred to, the Fidelidade Group had positive performance, recording total premiums written of EUR 4,765 million (+25.8% compared to the previous year), as a result of increased premiums in Portugal and abroad.

Regarding the activity in Portugal, the Fidelidade Group registered EUR 4,494 million, which represented an increase of 26.6% compared to 2017, enabling it to strengthen its leadership position, with a total market share of 34.7% (an increase of 4.1 pp compared to the same period due to the performance of the Life and Non-Life segments).

International premiums also increased in 2018, by 14%, totalling 271 million, and reflecting efforts made with existing international operations.

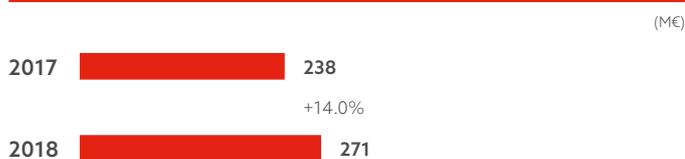
Total Premiums Written – Life and Non-Life



Total Market Share in Portugal



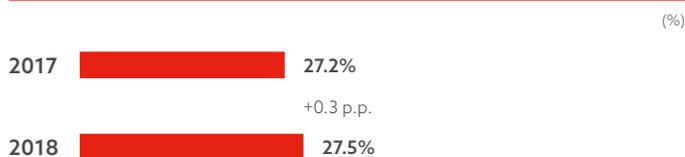
Premiums Written – International Business



Life Market Share in Portugal



Non-Life Market Share in Portugal



ii. The Fidelidade Group's main areas of activity

The Fidelidade Group's robust performance throughout 2018 was based on various actions that can be split into three key areas:

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

I. Products and Services

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

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

Accordingly, the range of products and services has been clearly developed in recent years, with significant emphasis on differentiation and innovation and the creation of integrated solutions in the various lines of business, together with a greater level of vertical integration within the Fidelidade Group, in response to market needs.

In the Motor line of business, the Fidelidade Group prepared itself for the launch of telematics products, which record driving behaviour in real time with the aim of contributing to better and safer driving. The client can assess different aspects of his/her driving, such as the number of breaks during a long journey, speed, or abrupt acceleration or braking, and these are automatically recorded in an application which informs the driver of possibilities for improvement, encouraging safe driving and reducing the risk of accidents. This new service also provides economic benefits for the client: on one hand, it tends to reduce the motor insurance premium and, on the other, it encourages savings by offering several discount options. Following the launch of the Fidelidade Drive App in 2017, 2018 saw consolidation of its growth, with the introduction of new functions such as the possibility of clients' winning prizes, regardless of the points they have, and new products and strategic partnerships (for example, Car Wash) with advantages for the client.

Regarding roadside assistance, and following the launch of the OK! Teleseguros APP with the function to request assistance and report claims using geo-referencing, the Fidelidade Assistance application, available since 2016, has simplified how requests can be made. The application also enables clients to manage vehicle assistance but also roadside assistance, medical assistance, home assistance or IT assistance.

The Health line of business has also been one of the main growth areas within the Fidelidade Group. Multicare launched "**Orientação Médica Online**", an innovative service in the Portuguese market, which operates 24 hours a day, 7 days a week. Clients can choose the service they require, making their request online or by telephone, and are guaranteed support and advice to improve their state of health. After identifying the clients' complaints and symptoms, specialists suggest the most appropriate course of action in the circumstances, including the potential need to visit a doctor in person or other protective measures. The reply can be given by telephone or email, according to the client's option. In 2018, the Group launched **Multicare 60+**, an innovative health insurance designed specifically for the over-60s with differentiating advantages.

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

In the Home Insurance line of business, in 2018 Fidelidade consolidated the new product - "**Fidelidade Casa**", which features a more wide-ranging offer, providing a portfolio of covers capable of satisfying clients' needs according to their perception of the risk and their financial capacity. The product is therefore backed up by a multi-purpose simulator with a recommendation process which is adjusted to the clients' profile.

In the Personal Accidents line of business, Fidelidade launched "**Fidelidade GO**", which was designed to meet the needs of students studying abroad. This product guarantees assistance and capital payments and/or indemnities for property damage or bodily injury as a result of an accident which occurs during the stay abroad. 2018 also saw the launch of "**OK! Bike**", a new product from OK! Teleguros, intended for cyclists, which is different from the rest of the market mainly due to the "Assistência GEO" cover, which locates the person in the event of an accident and/or sudden illness, via the OK! Teleseguros app;

Another new product also launched in the Non-Life segment in 2018 was "**Fidelidade Pets**". Pets are increasingly regarded as members of the family. There are many reasons for this linked to demographic and social trends, such as changes in nuclear families and proof that pets contribute to the physical and psychological well-being of family members. Given the new market needs, the insurance for pets was launched in 2018 with clear emphasis on diversifying Fidelidade's product range and focusing on the family and on providing services that go beyond mere risk coverage.

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

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

In Life Risk, the Fidelidade Group launched the "**Proteção Vital da Família**" product. This is an innovative and wide-ranging life insurance policy aimed at families. Included in its basic covers, besides funeral services, are new Health, Assistance and Accident covers, which are combined in a single contract. These covers are adjusted throughout the lifecycle of the various members of the family. In 2018 efforts were made to improve the experience of Proteção Vital da Família clients and to develop closer ties with them, to promote and boost the use of the services, guaranteeing their loyalty. One example of the changes is the possibility of, in conjunction with Proteção Vital da Família, taking out the Poupança Jovem - Proteção Família insurance. This is a life capitalisation product, with guaranteed income, that enables savings to be built up gradually.

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

Lastly, in terms of service to the client, the mobile application "**MyFidelidade**" was launched. Using this App, clients can manage their Motor, Home and Health insurance on a single site, intuitively and with easy access. In addition, they can request motor assistance and follow claims procedures and requests for medical expense reimbursements in real time, as well as search Multicare's network of healthcare providers and Fidelidade's network of repair shops. From 2018 on, it is also possible to submit a request for reimbursement using a smartphone, simply by taking a photo of the invoice to be submitted. This new function is a result of the constant work to develop the App and derives from feedback from our clients.

II. Distribution

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

Recent years have also seen consolidation of the activity in the various distribution channels – agents, own stores, brokers, bank, post office and online channels.

Emphasis has also been placed on enhancing the network of exclusive agents, namely with the opening of new Fidelidade branded agencies throughout the country, and on creating closer ties with the brokers' channel, with good results in terms of commercial performance being achieved in both cases. At the same time, a range of initiatives have been implemented in the banking and postal networks to boost sales of Non-Life products, in an effort to take greater advantage of the sales potential of these two outlets.

III. People and Organisation

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

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

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

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

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

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

iii. Life Segment

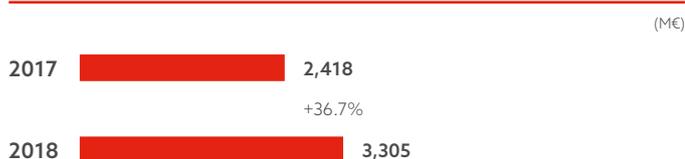
Key activity indicators – Life Segment

In 2018, Fidelidade recorded highly significant growth in premiums in the Life segment, largely as a result of the market conditions for financial products and the appetite that Clients continue to show for products with guaranteed capital and/or rates.

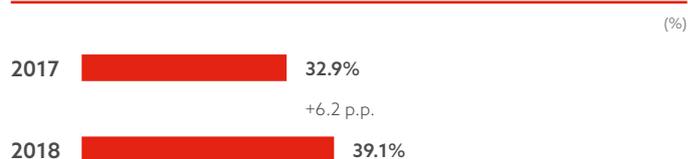
Overall, the Fidelidade Group attained premiums of EUR 3,305 million, an increase of 36.7% compared to 2017, coming both from Portugal and from the international business.

The premiums increase in Portugal was considerably above the market average, enabling Fidelidade to strengthen its position as market leader and increase its market share to 39.1%, an increase of 6.2 pp compared to 2017.

Total Premiums Written Life



Life Market Share in Portugal



Evolution of the Life segment by line of business

The Life segment is composed of Life Risk and Annuities products and Life Financial products, with the latter being responsible for the great majority of premiums, representing over 90% of the total.

In 2018, growth in the Life Financial segment was undoubtedly the main catalyst for overall growth in the Life segment.

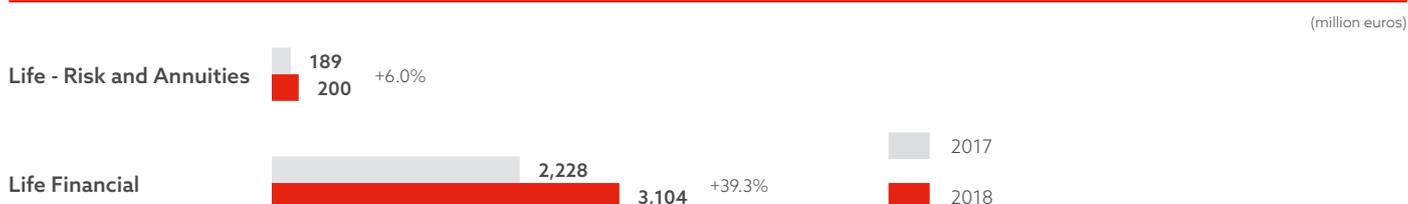
In an environment dominated by low interest rates and a low rate of savings by families, the Fidelidade Group was able to enhance its product range in line with market needs, leverage its distribution network and take advantage of its high levels of trust, reputation and client satisfaction in order to strengthen its position in financial products. In fact, in 2018, premiums in this segment increased 39.3% compared to 2017, from EUR 2.2 billion to EUR 3.1 billion.

Also of note this year is the highly positive performance in Life Risk and Annuities products, which was above the market average. These products saw growth of 6% to a total of EUR 200 million.

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

The Life Risk segment has also built on the success of the launch of Proteção Vital da Família in the middle of 2017.

Life Segment Premiums



Evolution of the Life segment by distribution channel

The banking and postal channels continue to be the most significant for Life segment products. Together, they represented around 80% of Life premiums. Compared to the previous year, these channels recorded substantial growth of 43%, mainly influenced by the banking channel.

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

There was also consolidated growth in the traditional channels (agents, own stores and brokers), also with positive performance compared to the previous year, and notable growth in the international business (approximately 60%).

Life Segment

(million euros)

Distribution Channel	2018	2017	Change
Traditional	378	375	0.6%
Bank and Postal	2,792	1,957	42.6%
Fidelidade Group in Portugal	3,169	2,332	35.9%
International	136	85	59.1%
Fidelidade Group	3,305	2,417	36.7%
Portuguese Market	8,115	7,090	14.5%

iv. Non-Life Segment

Key activity indicators – Non-Life Segment

In 2018, the Fidelidade Group's performance was notable in the Non-Life segment, with growth of 6.7% compared to the previous year, totalling EUR 1,460 million in premiums written.

The Fidelidade Group's commercial performance in Portugal exceeded the positive trend of most of the market, with its premiums growing by 9%, as compared to 7.5% in the overall market. These results enabled the Fidelidade Group to strengthen its leadership position, increasing its market share to 27.5%, which represents a 0.3 pp increase over 2017.

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

Total Premiums Written Non-Life



Non-Life Market Share in Portugal



Evolution of the Non-Life segment by line of business

The Non-Life segment comprises a wide range of lines of business, although the four main lines – Workers' Compensation, Health, Motor and Fire and Other Damage – represent approximately 90% of the total premiums written.

Most of the Non-Life lines of business displayed positive performance throughout 2018, but particularly significant was the performance of Workers' Compensation, which grew by 18.5%.

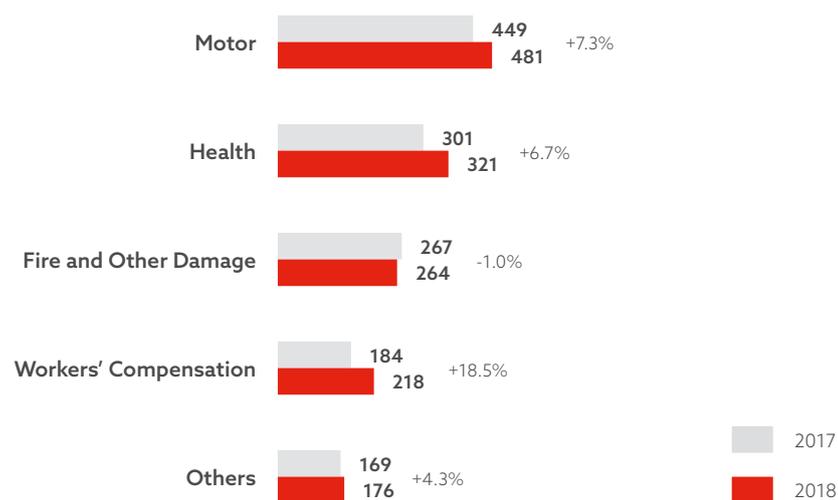
With total premiums of EUR 218 million, Workers' Compensation displayed double-digit growth for the fourth year in a row, reflecting tariff adjustments aimed at rebalancing the technical results and also Fidelidade's competitive position regarding capacity to respond, service levels, product quality and reputation.

The Motor line of business continues to be, clearly, the most significant activity in the Non-Life segment, representing over 30% of the segment total. Performance in this highly competitive line of business was particularly positive, with the Fidelidade Group growing 7.3%. This is explained both by the improved structure of vehicle ownership, based on the increase in vehicle numbers and their improved quality, and by the Fidelidade Group's capacity to capitalise on the product and service innovations introduced in recent years, for example, the launch of the "Proteção Vital do Condutor" and the "Auto Estima" own damage insurance.

Health premiums also continued to rise, consolidating the position of this line of business as the second most important in the Non-Life segment. The emphasis on the differentiation and innovation of products and services made available in this line of business, such as the introduction of the new Multicare 60+ and the continual inclusion of services in existing products (for example, telephone and online medical advice) contributed to this growth.

Premiums Written – Non-Life – By Line of Business

(M€)



Evolution of the Non-Life segment by distribution channel

All the distribution channels in the Non-Life segment in Portugal performed positively from 2017 to 2018 in terms of product sales.

It is of particular note that the traditional channels (agents, own stores and brokers) continued to present the greatest share of product sales in the segment, representing around 80% of the total sales. These distribution channels had considerable growth compared to the previous year (9.3%), thereby contributing greatly to the segment's performance.

On the other hand, the decrease in the international activity is mainly a result of the depreciation of the Angolan currency against the Euro, since there was, in fact, an increase in the business of the international operations.

Non-Life Segment

(million euros)

Distribution Channel	2018	2017	Change
Traditional	1,164	1,065	9.3%
Bank and Postal	109	104	5.5%
Remotw	52	48	8.3%
Fidelidade Group in Portugal	1,325	1,216	8.9%
International	136	153	-11.2%
Fidelidade Group	1,460	1,369	6.7%
Portuguese Market	4,827	4,490	7.5%

v. International Activity

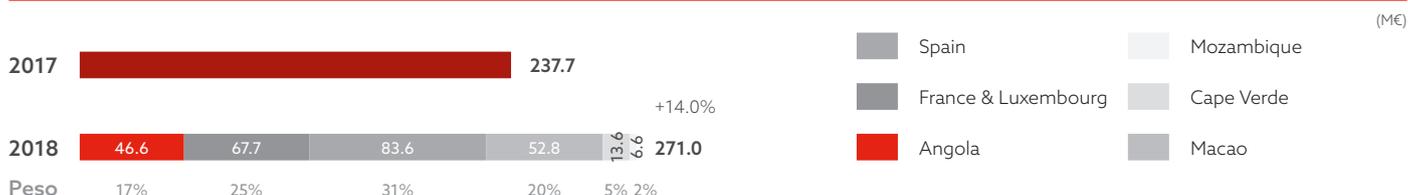
The Fidelidade Group's international insurance business is an important means of sustained growth and pursuit of its medium and long-term goals. The Group currently operates in three continents (Europe, Africa and Asia).

The Fidelidade Group's international business grew by 14.0% in 2018, recording total premiums written of EUR 271 million, with the improvement in ongoing international operations. The Non-Life international business is mostly concentrated in the operations in France and Angola, while the Life segment has more solid growth in Macao and Spain.

The positive development of the international business benefited from the positive performance in the Life segment (growth of 59.1% to EUR 135.5 million). Meanwhile, there was a decrease in Non-Life premiums, mainly due to the depreciation in the Angolan currency against the Euro. However, it is important to highlight the significant growth in Non-Life premiums in the operations in Macao and Mozambique and Garantia's continuing position as market leader in the Cape Verde insurance market.

In 2018, the Non-Life segment in the international business represented 9.3% of the Fidelidade Group's total consolidated premiums.

Premiums Written International Business - By geography



Premiums Written International Business - Life and Non-Life



E. OPERATIONAL AND FINANCIAL PERFORMANCE

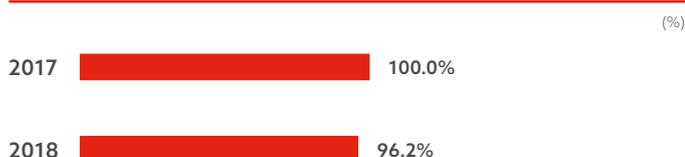
Key indicators of the operational and financial performance

In 2018, the Fidelidade Group reported a net profit of EUR 271.6 million, which represented an increase of 25.6% when compared to 2017. This positive result was influenced by the significant improvement in the combined ratio and the solid performance in investment management, thus demonstrating the consistency and solidity of the Group's investment management.

The combined ratio was 96.2% in 2018, 3.8 pp lower than in the previous year, influenced by positive development of the claims ratio, reflecting cautious claims management together with a strict underwriting policy.

Investments also performed consistently, resulting in total investment income of EUR 525 million, corresponding to an investment yield of 3.3%.

Combined Ratio *



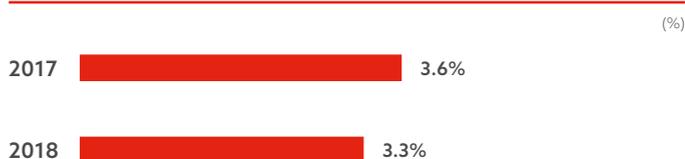
* Adjusted ratio of the financial cost component associated with Workers' Compensation line of business

Investment Income **

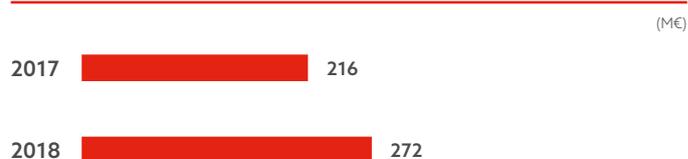


** Includes Investment income from Unit Link products, net gains and impairments. Unrealised gains not considered.

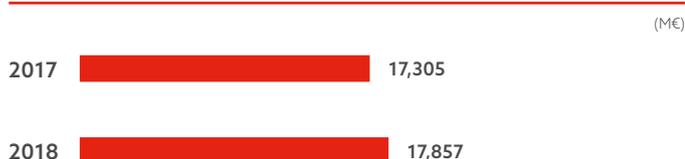
Investment yield



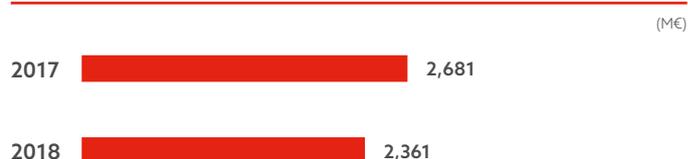
Net Profit



Net Assets



Shareholders' Equity ***



*** Excludes minority interests

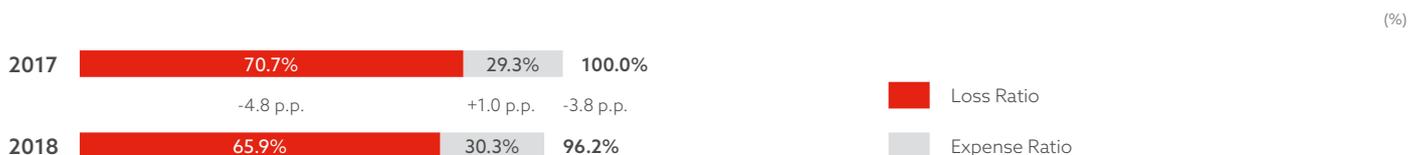
i. Operational Performance

Operational performance improved substantially during 2018, with the combined ratio falling from 100.0% to 96.2%, a decrease of 3.8 pp.

The claims ratio improved by 4.8 pp, from 70.7% in 2017 to 65.9% in 2018, benefiting from several factors. Firstly, the 2017 ratio was heavily impacted by the extraordinary effects of the forest fires in Portugal in June and October and adverse weather in Macao. Secondly, the positive development also reflects the significant improvement in the yield of some lines of business that had traditionally made a loss, namely Workers' Compensation, largely as a result of the measures introduced to adjust tariffs and improvements to the underwriting policy and claims management.

The expense ratio increased slightly (1.0 pp), from 29.3% to 30.3%, in 2018, also reflecting non-recurrent factors that had a positive impact on this indicator in 2017.

Detailed Combined Ratio *



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

ii. Financial Performance

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

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

The Fidelidade Group's investment portfolio (including Cash and Bank Deposits) totalled EUR 15.8 billion, corresponding to an increase of around 2.0% over 2017. Compared to 2017, the percentage of bonds, the largest class of assets, increased, and represents 72% of the total portfolio.

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

The Fidelidade Group's investments by class of asset



F. OTHERS

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

4. **OUTLOOK**

A. FIDELIDADE GROUP FUTURE POSITIONING

Forecasts for the Portuguese economy in 2019 suggest consolidation of economic growth. The Portuguese economy is forecast to grow 1.8%, representing a growth rate lower than that of the previous years. Although the forecasts suggest an increase in GFCF (6.6%), a fall in private consumption and a greater increase in imports compared to exports will have a negative impact on GDP growth.

Therefore, in line with the growth forecast for the Portuguese economy, the growth trend in the Non-Life segment can be expected to continue, benefiting from the contribution of some of the more dynamic lines of business, namely Health and Personal Accidents. In the Life segment, growth is expected due to an increase in savings and investment insurance in the light of the environment of low interest rates.

In recent years, the Fidelidade Group has pursued its strategy with highly positive results. It has been able to successfully overcome the challenges of the Portuguese market, despite the difficult environment in which it is working. In 2014 the Fidelidade Group began a programme of strategic actions with the key pillars being a focus on innovation and improved service quality, strengthening of the multi-channel distribution, digitalisation of the business and enhancement of the organisation's capabilities. These options and the results that have already been achieved allow us to face future challenges with determination and confidence.

For the Fidelidade Group, 2019 will be a year of evolution and transformation, supported by projects that seek to adapt the business to an increasingly digital and global economy. Initiatives to transform the business, which are critical for consolidating its position in Portugal, international expansion and strengthening of the capital position, will remain key areas of action to ensure the Group's sustainable development.

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

The new digital capabilities will enable the development of an offer capable of responding to the changes which are already being seen in terms of client profile, and that will certainly intensify in the future. Nevertheless, the focus will remain on the clients and their needs, maintaining proximity to people, which sometimes is only possible through physical channels involving human contact.

Additionally, international expansion will continue to be a priority. Anchored on the considerable skills it has in Portugal, the Fidelidade Group intends to position itself as a leading player in the international markets in which it operates and to build a clear growth path outside the domestic market, analysing opportunities to enter attractive markets where it can gain a competitive advantage.

The coming years will certainly be decisive for sustained growth in an insurance business that is undergoing significant transformation. Based on the support of its shareholders, its strong operational capabilities and the motivation of its team, the Fidelidade Group is confident of success.

5.

**COMPANIES IN THE
FIDELIDADE GROUP**

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

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

A summary overview of these companies is presented below indicating the most important events of 2018, the key indicators and the priorities for 2019.

FIDELIDADE

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

2018 was marked by the following trends:

- Strengthening of the presence in the Portuguese market, with gains in market share in the Life and Non-Life segments and in the main lines of business in the Non-Life segment;
- Consolidation of the international business;
- Enhancement of the product range and improvement in the quality of service to the client;
- Consolidation and strengthening of the current multi-channel distribution networks;
- Emphasis on digitalisation, impacting on the gradual transformation of the business processes and client relations processes through an omni-channel approach.

In 2019, Fidelidade will continue its strategy of consolidating its position in the Portuguese market, placing emphasis on the digital transformation of the business and strengthening the international growth effort by boosting its operations in the markets where it is already present and assessing new opportunities to enter markets with significant potential for growth.

Total Premiums = 4.646M€

Net Assets = 16.3B€



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

In terms of management of the OK! Teleseguros brand, 2018 was marked by the following aspects:

- Launch of OK! Bike, a Personal Accidents insurance policy which is different from the rest of the market mainly due to the "Assistência GEO" cover, which locates the person in the event of an accident and/or sudden illness, via the OK! Teleseguros app;
- Provision, in the insurance OK! Auto Elétricos, of partnerships and covers adapted to this class of vehicles;
- Recognition of Portuguese consumers, with the Five Stars Award 2018 and the Reputation Award 2018, resulting from the Marktest Reputation Index study;
- Recognition of OK! Gestual, by the Portuguese Association of Business Ethics, as good practice in the field of Social Responsibility and in the category of Human Rights;
- Recognition of the portfolio of innovative products, services and platforms by the ACEPI Navegantes XXI Awards, in the category of "Best Digital Strategy".
- Renewal of the Bureau Veritas Certification for Motor, Home, Personal Accidents and Health Insurance, in line with ISO 9001:2008.

In 2019, Via Directa will pursue its current strategy of putting new technologies to use for its clients and the community of which it is a part, with the aim of continuing to contribute to social and sustainable development. The focus will be on boosting existing products and services, restructuring the health insurance marketed by the brand OK! teleseguros and developing solutions that enable greater agility in managing our digital platforms, with the ultimate goal of continuing to respond to and anticipate the needs of our clients and increasing their satisfaction index.

Total Premiums = 51.8M€
Net Assets = 73.9M€



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

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

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

Total Premiums = 2.7M€

Net Assets = 29.5M€



Fidelidade Angola has been operating in the Angolan market since 2012, is currently the 3rd largest insurer in terms of turnover, and is recognised for the quality of its service and its wide and diversified product range.

The Company has been operating mainly in the Corporate sector and recently adjusted its strategy to attract more individual clients. This ambition and presence is only possible because of the clear emphasis on new sales platforms, continued improvements in customer service and promotion of synergies between the Company's Shareholders and Partners.

2018 was an important year for strengthening the Company's position, which included:

- Consolidation of the new brand – Consolidation of Fidelidade Angola's position, taking advantage of a stronger brand with extensive experience. Brand recognition doubled compared to the 1st half of the year.
- Focus on the Individual Clients segment – By creating a specific set of products and solutions for Individual Clients and Small Businesses, namely new Motor, Health and Funeral insurance products, and also promoting partnerships and protocols with professional bodies, associations and collective bodies.
- Expansion of the network of stores, in particular, the opening of the Zargo, Petrangol and Nova Vida stores.
- Creation of the direct sales channel: Fidelidade Especialistas – Creation of an innovative exclusive internal commercial network for the Individual Clients segment. This network of specialists is given specific and intensive training on the products to be sold and the best and most advanced techniques for contacting and interacting with Clients.
- New headquarters – Adaptation of the premises and moving the central services to the new headquarters, located in the Financial City, in Talatona.

In 2019, Fidelidade Angola will continue its path of selective growth, focused on its core objective of reaching a top position in the sector, by placing emphasis on the quality of service provided to the Client, innovation, and the professionalism and ethical principles for which it is known.

Fidelidade Angola intends to continue guaranteeing an appropriate solvency level, create value for its shareholders, proactively manage its staff's careers and maintain the usual commitment to Angolan citizens and the Angolan society.

Total Premiums = 46.6M€
Net Assets = 107.1M€



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

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

In 2018 the insurance business was once again affected by a super typhoon, Mangkut, which caused heavy flooding in Macao and which registered 10 on the tropical storm scale, the highest figure possible. Following what happened in 2017 with the devastating typhoon Hato, the company once again demonstrated a high level of economic and financial robustness and an excellent capacity to support its clients to quickly overcome their losses.

The main strategic guidelines for 2019 are consolidation of the partnership with Banco Nacional Ultramarino, the provision of a quality service to the various insurance agents via the launch of a sales platform, Fidnet Macau, and improvement in operational efficiency.

Total Premiums = 15.1M€
Net Assets = 66.8M€



Garantia is the leader in the Cape Verde insurance market, operating in both the Life and Non-Life segments, with a diversified range of protection solutions for individuals, companies and self-employed persons. It has developed a multi-channel strategy regarding product distribution, which enables it to respond more effectively to the needs of the Cape Verdean market. The Fidelidade Group has been the majority shareholder of Garantia since 1999.

Of note in 2018 was the renewal of the company's quality certification (ISO 9001) and also the strengthening of its position, including:

- A new version of Garantia Mobile;
- Initiatives to reduce accidents and to increase awareness of the importance of insurance amongst the general public;
- Opening of the Achada Santo António, Palmarejo and Tarrafal de Santiago stores;
- Refurbishment and decoration of the stores in the city of Praia;
- Implementation of the mobile kiosk and self-service kiosk;

Driven by the ambition for growth and the constant search for innovative solutions, Garantia Seguros' direct insurance premiums grew 5% compared to 2017, totalling EUR 13.6 million. Life insurance, Workers' Compensation and Motor made the greatest contribution to this increase. Repeating its achievement in recent years, Garantia Seguros continues to be market leader in the sector in Cape Verde.

In 2019, Garantia Seguros will continue to focus on innovation and on expanding its portfolio, with emphasis on the banking channel and extending its network of own stores and agents. A boost in sales is expected as a result, and consolidation of the company's position as market leader, in the Life and Non-Life segments.

Total Premiums = 13.6M€

Net Assets = 27.1M€



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

In 2018 the most important events were:

- Contracts with new clients, contributing to the sustained development of the company's business, namely in assessing property damage, checking information for machinery rental companies, surveying damage to rental vehicles and providing expert opinions for public entities in motor insurance;
- Entry into production of the Confirma / MA Value application – an integrated project in the area of motor FNOL that enables automatic acceptance of a repair quote, proposed by the repair shop, without the need for validation in person;
- Entry into production of the My Car application – an application that enables the client to accompany the entire repair process of his vehicle in network repair shops;
- Adapting the Company to the legal requirements resulting from the General Data Protection Regulation;
- Preparing and defining the requirements needed to implement the digital project in property and motor loss adjusting;
- Renewal of the ISO 9001 quality certification with zero “non-conformities” being detected, which happened for the tenth year in a row.

In 2019, besides continuing to focus on the quality of the services provided, operational efficiency and the creation of differentiated services in the digital area, GEP will also continue investing in innovation, specifically in implementing “Digital Loss Adjusting”, making GEP Cabo Verde operational and developing its commercial area.

Total Premiums = 24.3M€

Net Assets = 3.5M€



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

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

The following achievements can be highlighted in 2018:

- An 8% increase in the number of repairs and a 14% increase in turnover. There was also improvement in the competitiveness of the average repair cost compared to multi-brand repair shops in the market.
- Fidelidade Car Service's obvious determination to provide an excellent service to its clients led to an important increase in the quality indicators, which meant that the complaints rate fell from 0.62% in 2017 to 0.55% in 2018. The Customer Satisfaction Index, collected from the MyCar platform, was 7.98 (on a scale of 1 to 10);
- In an effort to maximise efficiency, we developed new management solutions and tools in the Front Office Area, in particular, the implementation of Rentway, which helped to streamline and simplify the tasks in this area;
- In line with the Plan of Activities, a new model was implemented for monitoring, managing and handling Fidelidade Car Service's external image, via the Online Reputation Management Project;
- All Units of Fidelidade Car Service renewed their certification, and the maximum score of 5 stars was maintained, with no non-conformity being detected.

In 2019, we plan to adopt the following initiatives, as defined in our goals and action plans:

- Continue the trend of increasing the products and the business, and to that end expanding Fidelidade Car Service to South Lisbon, while maintaining the focus on optimising rapid repair services;
- Boost the tow services line of business, as an activity that complements Fidelidade Car Service's core business;
- Maintain the strategy of reducing operating costs and consolidating our internal reorganisation process in order to continually improve client satisfaction and expectations;
- Promote an increase in the business yield, namely by boosting the sale of services complementary to claims repair services, in an efficient and sustained manner;
- Optimise management of providers and suppliers (parts and other services) to obtain greater competitiveness in the average repair cost;
- Begin a feasibility study for a possible Fidelidade Car Service Unit on Porto's south bank (Vila Nova de Gaia), to be implemented in 2020.

Total Premiums = 7.3M€
Net Assets = 6.3M€



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

In 2018 Safemode continued its mission of adding value to the insurance business, and to companies and individuals, by means of risk prevention and management. Of note is Safemode's participation in developing and launching the product Fidelidade Empresas - Pessoas e Produtividade, which links Fidelidade and Multicare's Workers' Compensation and Health insurance products to EAPS' Health and Safety at Work service, providing corporate clients and their employees with a distinctive service of risk prevention and cover.

The company's cooperation with Multicare in organising the health check-up, including the innovative oncological check-up, was also significant.

As part of the risk analyses conducted for Fidelidade, Safemode adjusted its services to the needs and intended results of the Commercial and Business Divisions, in order to provide more and better information on risks for underwriting and claims management, and to provide and present risk mitigation action plans to the insurer's clients.

The company also began developing a digital Risk Analysis and Scoring platform, which will provide support to the Group's entire risk assessment and prevention activity.

In 2019, Safemode will continue to develop its range of health and safety at work and risk analysis services, in order, by focusing on quality and innovation, to continue to contribute actively to disseminating a culture of risk prevention and management within the Insurance Group and among its clients, contributing to better knowledge about risks and a reduction in accidents.

Total Premiums = 2.7M€

Net Assets = 1.0M€

FIDELIDADE PROPERTY

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

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

2018 was a particularly important year for the two companies. The following aspects can be highlighted:

- Pursuit of the policy of optimising the current real estate assets in Portugal;
- Redefining the national real estate profile, with the Golden Project being undertaken;
- Continuing the projects currently in progress in the area of urban rehabilitation in Lisbon;
- Strengthening the structure and internal skills in order to meet new challenges;

In 2019, the two companies will continue their current strategy of optimising the current portfolio and developing new projects with the right risk/return profile, contributing decisively to the profitability and robustness of the investment portfolio of the Group's insurers.

Total Premiums = 80.1M€ (consolidated)

Net Assets = 1.6B€ (consolidated)

LUZ SAÚDE

Luz Saúde is one of the market leaders in the provision of private healthcare in Portugal. The Company manages fifteen private hospitals, one NHS hospital under Public-Private Partnership rules, twelve private clinics operating on an out-patient basis and two retirement homes for the elderly. At the end of the first quarter of 2018, it began operating in the Coimbra region with the acquisition of the Idealmed Group. At 31 December 2018, 99.36% of Luz Saúde's capital was owned by Fidelidade and Fosun International.

Luz Saúde maintained its growth trend in 2018, driven by the development in the private healthcare segment, via the acquisition, as mentioned above, of one hospital and three clinics in the Coimbra region. Additionally, Luz Saúde opened two new units: Hospital da Luz Vila Real, which enabled the Group to strengthen its presence in the north of the country and expand its client base, by means of a high quality private health service, and Hospital da Luz Clínica de Odivelas, which expanded its influence and reference in the Greater Lisbon area. The expansion of Hospital da Luz Oeiras began operations, doubling the capacity of the unit and expanding the services provided (in-patient services). Refurbishing work also began on the recently acquired units (Hospital da Luz Torres de Lisboa and Hospital da Luz Funchal).

By the end of 2018, Luz Saúde had 1650 beds, and had performed two million external consults, 560 thousand emergency consults and 73 thousand surgeries and deliveries, with a total of EUR 545 million in operating profits (13% growth).

Hospital da Luz Lisboa (currently the largest private hospital in the country) is being expanded to increase its capacity by 80% to strengthen its leadership position in the market and to extend the range of services it provides.

6.

RISK

MANAGEMENT

I. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

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

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

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

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

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

Regarding the reporting requirements, the Company prepared and disseminated, on its Internet site, the "Solvency and Financial Condition Report", with reference to 31/12/2017, which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management.

The reported solvency capital requirement (SCR) coverage ratio and the minimum capital requirement (MCR) coverage ratio were 152.34% and 609.38%, respectively, representing a considerable increase when compared to the figures for 31/12/2016.

Given the time lag between the disclosure of these financial statements and the prudential information in the "Solvency and Financial Condition Report" for the year 2018, it is important to mention that the Company, based on preliminary quarterly data reported to the ASF and on information currently available, continues to comply comfortably with the capital requirements.

II. MANAGEMENT OF FINANCIAL RISKS AND HEDGE ACCOUNTING

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

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

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

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

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

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

The Fidelidade Group began using hedge accounting in 2015.

7.

SOCIAL

RESPONSIBILITY

The Fidelidade Group's priority areas in terms of corporate social responsibility are ageing, health prevention and inclusion of persons with disabilities. Insurers have always been sensitive to these areas and the Fidelidade Group has always earmarked a significant amount of its budget to support social causes, among many others.

Together with its employees, the Fidelidade Group has developed a policy of community involvement focused on areas related to the concerns of the business – prevention and promotion of people's health and quality of life – and it has assumed as an absolute priority the commitment to carry on its business responsibly by providing better service to clients and injured persons, partners and suppliers.

2018 saw the launch of the 2nd edition of the Fidelidade Comunidade Award, which sets out the way the company structures its response to problems in society and gives form to the Fidelidade Group's commitment to sustainable development by strengthening entities that respond directly to the needs of society.

The Fidelidade Comunidade Award has a global value of EUR 500,000 and is aimed at strengthening the social sector, by supporting institutions that act in the field of social inclusion of persons with disabilities or permanent incapacity, health prevention and ageing, these being areas that include the key impacts of the insurance business: the protection of people, property and economic activity, now and in the future.

In terms of accompanying serious accidents, the Fidelidade Group wants to play an important role, going far beyond simply paying the indemnity, to promote better quality of life, in particular in relation to reintegration in the world of work, financial advice, assistance for health and social integration. That is why we created the Wecare Commitment, which has become an attitude that has been adopted right across the Group.

We carry out numerous actions with the Group's employees, with the aim of contributing so that they have a better and more knowledge-filled life. In addition to this, we have created a programme called NOS – Social Support: based on People and for People, the programme's mission is to provide personalised support to employees in situations of clear need or deficiency, for example, indebtedness, family problems, serious illness, among others. This social support is not merely a handout – NOS is on the "ground", close to those who most need it, and from the moment a request for help is received, each situation is accompanied in an individualised manner. By reason of its nature, this support is strictly confidential.

All of this constitutes the Group's Social Responsibility Programme, "Fidelidade Comunidade", the action strategy of which is based on implementing solutions that, besides being important for developing the business, also allow the Group to respond to situations of social inequality.

The performance of the insurers in the Fidelidade Group is shared with stakeholders by means of a Sustainability Report which is published annually. The report is certified by an external entity.

8.

FINAL

REMARKS

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

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

Lisbon, 22 February 2019

THE BOARD OF DIRECTORS

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

ASSETS	Notes	2018			2017
		Gross amount	Impairment, depreciation / amortisation and adjustments	Net amount	
Cash and cash equivalents	4 and 11	1,034,494,244	-	1,034,494,244	568,526,777
Investments in associates and joint ventures	5 and 11	2,307,146	-	2,307,146	1,506,320
Financial assets held for trading	6 and 11	16,613,601	-	16,613,601	53,137,930
Financial assets initially recognised					
at fair value through profit or loss	6 and 11	862,624,857	-	862,624,857	807,553,697
Hedge derivatives	7 and 11	4,384,369	-	4,384,369	28,178,377
Available-for-sale investments	8 and 11	10,051,670,036	-	10,051,670,036	10,794,639,837
Loans and accounts receivable	9 and 11	2,094,147,312	-	2,094,147,312	1,182,673,453
Deposits in ceding companies	9	542,606	-	542,606	167,023
Other deposits	9	2,050,386,112	-	2,050,386,112	1,136,006,020
Loans made	9	43,218,594	-	43,218,594	46,497,673
Other	9	-	-	-	2,737
Properties	10 and 11	2,227,869,547	(152,903,227)	2,074,966,320	1,849,151,802
Properties for own use	10	675,836,432	(152,903,227)	522,933,205	432,592,418
Investment properties	10	1,552,033,115	-	1,552,033,115	1,416,559,384
Other tangible assets	11 and 12	308,574,892	(244,330,572)	64,244,320	53,094,273
Inventories	13	12,837,610	-	12,837,610	11,879,805
Goodwill	14	416,606,539	-	416,606,539	390,401,491
Other intangible assets	15	88,828,874	(65,877,333)	22,951,541	20,213,204
Technical provisions on reinsurance ceded		309,675,439	-	309,675,439	357,924,988
Provision for unearned premiums	16	57,665,413	-	57,665,413	58,632,074
Mathematical provision for life insurance	16	13,081,699	-	13,081,699	11,187,581
Claims provision	16	238,928,327	-	238,928,327	288,104,261
Profit sharing provision	16	-	-	-	1,072
Assets for post-employment and long-term benefits	34	7,299,079	-	7,299,079	12,344,589
Other debtors for insurance and other operations		533,268,179	(48,978,267)	484,289,912	496,361,302
Accounts receivable for direct insurance operations	17	198,420,368	(14,870,197)	183,550,171	215,187,220
Accounts receivable for other reinsurance operations	17	29,551,302	(5,740,637)	23,810,665	41,362,257
Accounts receivable for other operations	17	305,296,509	(28,367,433)	276,929,076	239,811,825
Tax assets		291,444,202	-	291,444,202	259,439,780
Recoverable tax assets	18	822,035	-	822,035	1,816,553
Deferred tax assets	18	290,622,167	-	290,622,167	257,623,227
Accruals and deferrals	19	86,088,426	-	86,088,426	72,217,841
Non-current assets held for sale	20	4,423,242	-	4,423,242	327,057,041
TOTAL ASSETS		18,353,157,594	(512,089,399)	17,841,068,195	17,286,302,507

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2018	2017
LIABILITIES			
Technical provisions		4,194,148,880	4,135,248,764
Provision for unearned premiums	21	290,601,873	289,786,965
Mathematical provision for life insurance	21	1,907,427,795	1,762,942,406
Claims provision		1,802,260,856	1,864,990,686
Life	21	119,112,004	132,483,735
Workers' compensation	21	869,497,915	834,126,539
Other	21	813,650,937	898,380,412
Provision for profit sharing	21	81,104,520	110,750,140
Provision for interest rate commitments	21	22,683,110	7,520,800
Provision for portfolio stabilisation	21	26,254,032	24,405,064
Equalisation provision	21	27,302,513	25,630,188
Provision for unexpired risks	21	36,514,181	49,222,515
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	22	9,276,469,443	8,583,639,740
Financial liabilities held for trading	23	22,170,498	5,656,794
Other financial liabilities		839,246,659	744,769,068
Hedge Derivatives	7 and 23	11,154,763	4,011,186
Deposits received from reinsurers	23	132,825,003	132,600,318
Loans	23	633,948,491	573,125,604
Others	23	61,318,402	35,031,960
Liabilities for post-employment and other long-term benefits	35	85,688	85,665
Other creditors for insurance and other operations	24	301,863,176	399,310,290
Accounts payable for direct insurance operations	24	99,397,208	115,848,127
Accounts payable for other reinsurance operations	24	65,564,989	58,440,291
Accounts payable for other operations	24	136,900,979	225,021,872
Tax liabilities		170,388,629	292,889,369
Tax payable liabilities	18	40,103,668	36,402,884
Deferred tax liabilities	18	130,284,961	256,486,485
Accruals and deferrals	25	193,427,883	166,189,128
Other provisions	26	111,303,234	214,412,990
Liabilities from a group for disposal classified as held for sale	20	529,650	26,888,083
TOTAL LIABILITIES		15,109,633,740	14,569,089,891

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

(continuation)

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2018	2017
SHAREHOLDERS' EQUITY			
Paid-in Capital	27	457,380,001	381,150,000
(Treasury shares)	27	(148,960)	(148,960)
Other Capital Instruments	27	378,019,900	521,530,515
Revaluation reserves		(7,586,835)	804,507,878
Adjustments in fair value of financial assets	28	(69,068,228)	703,046,550
Revaluation of properties for own use	28	90,246,089	111,830,706
Adjustments in fair value of hedging instruments in cash flow hedging	28	(1,541,534)	(2,678,535)
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	28	69,070,536	84,397,655
Exchange differences	28	(96,293,698)	(92,088,498)
Deferred tax reserve	28	15,744,242	(220,888,608)
Other reserves	28	831,878,726	633,435,313
Retained earnings	28	413,681,379	344,940,239
Net income for the year	28	271,573,231	216,232,495
TOTAL SHAREHOLDERS' EQUITY		2,360,541,684	2,680,758,872
Non-controlling interests	29	370,892,771	36,453,744
TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		2,731,434,455	2,717,212,616
TOTAL LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY		17,841,068,195	17,286,302,507

Lisbon, 26 February 2019

Chief Accounting Officer
Ana Paula Bailão RodriguesCertified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
ChairmanWai Lam William MAK
Member

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

STATEMENTS OF PROFIT AND LOSS	Notes	2018				2017
		Technical - life	Technical - non-life	Non-technical	Total	
Earned premiums net of reinsurance		445,522,925	946,818,820	-	1,392,341,745	1,314,911,987
Gross premiums written	30	460,526,095	1,460,397,596	-	1,920,923,691	1,812,989,234
Reinsurance ceded premiums	30	(15,600,010)	(497,839,994)	-	(513,440,004)	(465,890,263)
Provision for unearned premiums (change)	20 and 30	(92,063)	(15,883,296)	-	(15,975,359)	(18,813,678)
Provision for unearned premiums, reinsurers' share (change)	16 and 30	688,903	144,514	-	833,417	(13,373,306)
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	31	1,224,954	-	-	1,224,954	1,943,122
Claims costs, net of reinsurance		(265,625,688)	(665,463,201)	-	(931,088,889)	(960,240,296)
Amounts paid		(277,248,861)	(650,966,304)	-	(928,215,165)	(920,284,813)
Gross amounts	32 and 33	(285,539,563)	(1,000,452,157)	-	(1,285,991,720)	(1,210,937,376)
Reinsurers' share	32	8,290,702	349,485,853	-	357,776,555	290,652,563
Claims Provision (change)		11,623,173	(14,496,897)	-	(2,873,724)	(39,955,483)
Gross amount	32	12,835,105	32,173,988	-	45,009,093	(139,262,914)
Reinsurers' share	32	(1,211,932)	(46,670,885)	-	(47,882,817)	99,307,431
Other technical provisions, net of reinsurance	32	(17,011,278)	11,047,219	-	(5,964,059)	(4,748,426)
Mathematical provision for life insurance, net of reinsurance		(121,678,700)	-	-	(121,678,700)	(84,038,965)
Gross amount	20 and 32	(123,575,640)	-	-	(123,575,640)	(84,291,038)
Reinsurers' share	32	1,896,940	-	-	1,896,940	252,073
Profit sharing, net of reinsurance	20 and 32	(16,424,436)	(201,455)	-	(16,625,891)	5,564,776
Operating costs and expenses, net		(100,970,393)	(286,965,753)	-	(387,936,146)	(338,558,088)
Acquisition expenses	33	(86,668,855)	(278,206,078)	-	(364,874,933)	(320,050,410)
Deferred cost acquisition (change)	20	375,887	4,397,266	-	4,773,153	12,415,435
Administrative expenses	33	(20,488,858)	(78,185,195)	-	(98,674,053)	(102,726,776)
Commissions and reinsurance profit sharing	33	5,811,433	65,028,254	-	70,839,687	71,803,663
Financial income		248,243,527	62,806,773	80,445,458	391,495,758	425,019,170
From Interest on financial assets not recognised at fair value through profit or loss	36	240,088,036	49,784,488	6,021,117	295,893,641	273,494,113
Other	36	8,155,491	13,022,285	74,424,341	95,602,117	151,525,057
Financial expenses		(10,684,754)	(8,743,266)	(37,744,156)	(57,172,176)	(51,993,965)
Other	33 and 37	(10,684,754)	(8,743,266)	(37,744,156)	(57,172,176)	(51,993,965)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		253,099,910	26,909,417	1,743,271	281,752,598	189,776,301
Available-for-sale investments	38	328,138,288	26,939,532	1,739,886	356,817,706	285,886,745
Loans and accounts receivable	38	11	(30,115)	-	(30,104)	(369,852)
Held-to-maturity investments	37	-	-	-	-	(121,707)
Financial liabilities recognised at amortised cost	21 and 38	(75,038,389)	-	-	(75,038,389)	(94,817,510)
Other	38	-	-	3,385	3,385	(801,375)
Net income on financial assets and liabilities recognised at fair value through profit or loss		(241,940,563)	(52,250,100)	(25,698,598)	(319,889,261)	205,849,022
Net income on financial assets and liabilities held for trading	39	(205,231,057)	(40,860,848)	(13,735,568)	(259,827,473)	218,034,393
Net income on financial assets and liabilities initially recognised at fair value through profit or loss	39	(19,469,105)	(3,901,451)	(11,963,030)	(35,333,586)	2,801,089
Other	39	(17,240,401)	(7,487,801)	-	(24,728,202)	(14,986,460)
Exchange differences	40	145,113,027	36,964,525	8,098,618	190,176,170	(266,447,930)
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	41	1,395,244	5,542,649	30,724,993	37,662,886	16,870,078

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

(continuation)

(amounts in euros)

STATEMENTS OF PROFIT AND LOSS	Notes	2018				2017
		Technical - life	Technical - non-life	Non-technical	Total	
Impairment losses (net of reversals)		(134,892,131)	(36,997,908)	(17,488,518)	(189,378,557)	(210,584,995)
Available-for-sale investments	42	(134,892,131)	(37,841,434)	(72,893,285)	(245,626,850)	(132,769,986)
Loans and accounts receivable at amortised cost	42	-	(91,380)	-	(91,380)	621,572
Other	42	-	934,906	55,404,767	56,339,673	(78,436,581)
Other technical income/expenses, net of reinsurance	43	568,531	4,130,618	-	4,699,149	4,401,816
Other income/expenses	44	-	-	12,897,268	12,897,268	57,274,508
Gains and losses of associates and joint ventures (equity method)	45	-	-	676,244	676,244	413,658
Gains and losses from non-current assets (or groups for disposal)						
classified as held for sale	20	-	-	113,075,199	113,075,199	791,078
NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS		185,940,175	43,598,338	166,729,779	396,268,292	306,202,851
Current income tax - current taxes	18	-	-	(47,306,885)	(47,306,885)	(111,398,582)
Current income tax - deferred taxes	18	-	-	(68,972,692)	(68,972,692)	24,710,478
NET INCOME AFTER TAX AND BEFORE						
NON-CONTROLLING INTERESTS		185,940,175	43,598,338	50,450,202	279,988,715	219,514,747
Non-controlling interests	29	-	-	(8,415,484)	(8,415,484)	(3,282,252)
NET INCOME FOR THE YEAR	28	185,940,175	43,598,338	42,034,718	271,573,231	216,232,495

Lisbon, 26 February 2019

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2018 AND 2017 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	Paid-in capital and other capital instruments	Revaluation reserves	Deferred tax reserves	Legal reserve	Other reserves	
					Share premiums	Other reserves
Balance at 31 December 2016	902,531,555	185,944,833	(18,386,326)	139,318,234	115,103,280	269,560,625
Appropriation of net income	-	-	-	11,367,497	-	90,617,509
Net gains through adjustments in fair value						
of available-for-sale investments	-	658,697,963	(196,286,735)	-	-	-
Net gains through adjustments in fair value						
of hedging instruments in cash flow hedging	-	1,414,232	(239,817)	-	-	-
Net gains through adjustments in fair value of hedging						
instruments in hedging of net investments in a foreign currency	-	41,288,270	(9,564,778)	-	-	-
Exchange differences	-	(88,197,498)	4,225,813	-	-	-
Revaluation of properties for own use	-	7,796,738	386,493	-	-	-
Disposals of properties for own use	-	(2,427,826)	-	-	-	-
Actuarial gains and losses	-	-	(1,023,258)	-	-	4,647,712
Recognition of non-controlling interests	-	(8,834)	-	(161,496)	-	2,745,569
Others	-	-	-	-	-	236,383
Net income for the year	-	-	-	-	-	-
Balance at 31 December 2017	902,531,555	804,507,878	(220,888,608)	150,524,235	115,103,280	367,807,798
Appropriation of net income	-	-	-	27,962,420	-	146,947,145
Capital increase	76,230,000	-	-	-	67,276,000	-
Redemption of capital supplementary contributions	(143,510,614)	-	-	-	-	-
Net gains through adjustments in fair value						
of available-for-sale investments	-	(779,133,586)	231,622,797	-	-	-
Net gains through adjustments in fair value						
of hedging instruments in cash flow hedging	-	(362,246)	18,199	-	-	-
Net gains through adjustments in fair value of hedging						
instruments in hedging of net investments in a foreign currency	-	(15,327,119)	3,392,949	-	-	-
Exchange differences	-	(4,164,172)	304,411	-	-	-
Revaluation of properties for own use	-	40,850,729	(8,970,201)	-	-	-
Disposals of properties for own use	-	(7,307,827)	(1,153,925)	-	-	-
Actuarial gains and losses	-	-	(247,573)	-	-	757,287
Recognition of non-controlling interests	-	(46,650,492)	11,666,193	(429,790)	-	(44,069,649)
Others	-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-
Balance at 31 December 2018	835,250,941	(7,586,835)	15,744,242	178,056,865	182,379,280	471,442,581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2018 AND 2017 FINANCIAL YEARS

(continuation)

(amounts in euros)

	Retained earnings	Net income for the year	Sub-Total	Non-controlling Interests	Total
Balance at 31 December 2016	239,018,070	211,108,365	2,044,198,636	45,010,367	2,089,209,003
Appropriation of net income	109,123,359	(211,108,365)	-	-	-
Net gains through adjustments in fair value					
of available-for-sale investments	-	-	462,411,228	-	462,411,228
Net gains through adjustments in fair value					
of hedging instruments in cash flow hedging	-	-	1,174,415	-	1,174,415
Net gains through adjustments in fair value of hedging					
instruments in hedging of net investments in a foreign currency	-	-	31,723,492	-	31,723,492
Exchange differences	-	-	(83,971,685)	-	(83,971,685)
Revaluation of properties for own use	-	-	8,183,231	-	8,183,231
Disposals of properties for own use	2,427,826	-	-	-	-
Actuarial gains and losses	-	-	3,624,454	-	3,624,454
Recognition of non-controlling interests	(16,924,649)	-	(14,349,410)	(8,556,623)	(22,906,033)
Others	11,295,633	-	11,532,016	-	11,532,016
Net income for the year	-	216,232,495	216,232,495	-	216,232,495
Balance at 31 December 2017	344,940,239	216,232,495	2,680,758,872	36,453,744	2,717,212,616
Appropriation of net income	41,322,930	(216,232,495)	-	-	-
Capital increase	-	-	143,506,000	-	143,506,000
Redemption of capital supplementary contributions	-	-	(143,510,614)	-	(143,510,614)
Net gains through adjustments in fair value					
of available-for-sale investments	-	-	(547,510,789)	-	(547,510,789)
Net gains through adjustments in fair value					
of hedging instruments in cash flow hedging	-	-	(344,047)	-	(344,047)
Net gains through adjustments in fair value of hedging					
instruments in hedging of net investments in a foreign currency	-	-	(11,934,170)	-	(11,934,170)
Exchange differences	-	-	(3,859,761)	-	(3,859,761)
Revaluation of properties for own use	-	-	31,880,528	-	31,880,528
Disposals of properties for own use	8,461,752	-	-	-	-
Actuarial gains and losses	-	-	509,714	-	509,714
Recognition of non-controlling interests	21,221,126	-	(58,262,612)	334,439,027	276,176,415
Others	(2,264,668)	-	(2,264,668)	-	(2,264,668)
Net income for the year	-	271,573,231	271,573,231	-	271,573,231
Balance at 31 December 2018	413,681,379	271,573,231	2,360,541,684	370,892,771	2,731,434,455

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

	2018	2017
NET INCOME FOR THE YEAR	271,573,231	216,232,495
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments		
Gross amount		
Appreciation	(676,672,966)	939,402,400
Impairment	104,976,243	23,830,746
Disposal	(230,754,862)	(223,985,124)
Life insurance contracts with profit sharing	30,336,798	(59,428,581)
Exchange differences		
Gross amount	(6,822,125)	(21,318,153)
Life insurance contracts with profit sharing	(196,674)	196,674
Deferred tax	228,915,620	(188,595,436)
Current tax - Life insurance contracts with profit sharing	2,707,177	(7,691,298)
Net gains through adjust, in fair value of hedging instruments in cash flow hedging		
Gross amount	(362,246)	1,414,232
Deferred tax	18,199	(239,817)
Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency		
Gross amount	(15,327,119)	41,288,270
Deferred tax	3,392,949	(9,564,778)
Change in potential gains due to exchange differences		
Gross amount	(4,164,172)	(88,197,498)
Deferred tax	304,411	4,225,813
Items that maybe not be reclassified subsequently to gains and losses		
Change in potential gains on properties for own use		
Gross amount	40,850,729	7,796,739
Deferred tax	(8,970,201)	386,493
Actuarial deviations		
Post-employment benefits	(437,209)	4,515,994
Health benefits	1,194,496	131,718
Current tax	79,233	(959,837)
Deferred tax	(326,806)	(63,422)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	(531,258,525)	423,145,135
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	(259,685,294)	639,377,630

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2018 AND 2017 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	2018	2017
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Operating cash flows prior to changes in assets and liabilities		
Premiums received, net of reinsurance	1,407,483,687	1,347,098,971
Claims paid, net of reinsurance	(813,057,548)	(733,123,987)
Commissions on insurance, investment and services contracts, net	(170,028,965)	(123,778,835)
Profit-sharing payments, net of reinsurance	(23,759,117)	(2,685,154)
Payments to suppliers	(173,930,683)	(189,131,257)
Payments to employees	(175,085,912)	(166,831,391)
Contributions to pension funds	(9,662,260)	(10,090,175)
Others	(61,292,353)	27,276,615
	(19,333,151)	148,734,787
(Increases) / decreases in operating assets		
Debtors - direct insurance and reinsurance operations	52,085,251	(42,641,919)
Debtors - other operations	(37,528,446)	47,412,637
Other assets	994,518	57,961,887
	15,551,323	62,732,605
(Increases) / decreases in operating liabilities		
Financial liabilities on investment contracts	626,473,025	217,189,367
Deposits received from reinsurers	(1,144,040)	13,554,225
Creditors - direct insurance and reinsurance operations	(9,326,221)	29,603,894
Creditors - other operations	(84,682,747)	23,862,284
Other liabilities	2,667,058	(4,461,173)
	533,987,075	279,748,597
Net cash from operating activities before tax	530,205,247	491,215,989
Payments of income tax	(38,948,269)	(120,249,341)
Net cash from operating activities	491,256,978	370,966,648
CASH FLOWS GENERATED BY INVESTING ACTIVITIES		
Receipts on the sale or redemption of		
Financial assets recognised at fair value through profit or loss	275,422,765	486,642,630
Available-for-sale investments	5,529,614,915	4,396,884,793
Loans and accounts receivable	1,763,851,712	3,893,930,618
Investment properties	39,185,239	91,400,945
Tangible and intangible assets	7,886,096	7,499,103
Non-current assets (or groups for disposal) classified as held for sale	400,962,498	-
Net income from financial assets	451,720,220	577,646,005
Other receipts	137,398,547	177,114,270
	8,606,041,993	9,631,118,364
Payments on the acquisition or origination of		
Financial assets recognised at fair value through profit or loss	(644,856,904)	(379,612,258)
Available-for-sale investments	(5,201,942,195)	(5,268,591,179)
Held-to-maturity investments	-	(121,707)
Loans and accounts receivable	(2,675,447,055)	(3,904,431,217)
Investment properties	(136,996,084)	(61,355,819)
Tangible and intangible assets	(172,171,650)	(84,554,186)
Others	(122,533,731)	(587,322,075)
	(8,953,947,619)	(10,285,988,442)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2018 AND 2017 FINANCIAL YEARS

(continuation)

(amounts in euros)

	2018	2017
Business combinations		
Disposal of subsidiaries, associates and joint ventures	267,317,671	133,357,643
Acquisition of subsidiaries, associates and joint ventures	(3,092,855)	(258,064,082)
Net cash from investing activities	(83,680,811)	(779,576,517)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Interest received	2,945,750	7,794,451
Other loans obtained	60,822,887	10,238,473
Other interest paid	(5,372,723)	(5,029,003)
Capital increase	143,506,001	-
Supplementary contributions	(143,510,615)	-
Net cash from financing activities	58,391,300	13,003,921
Increase (decrease) net of cash and equivalents	465,967,467	(395,605,948)
Cash and equivalents at start of the year	568,526,777	964,132,725
Cash and equivalents at end of the year	1,034,494,244	568,526,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office at Largo do Calhariz, 30, is a public limited liability company, resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. in Companhia de Seguros Fidelidade-Mundial, S.A., in accordance with the public deed dated 31 May 2012, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or "ASF"), by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Fidelidade Group became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A..

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

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

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

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

This report presents consolidated financial information resulting from the consolidation of Fidelidade and its subsidiaries. It has been prepared from the financial statements of each of the companies in the Group, at 31 December 2018.

Fidelidade's financial statements at 31 December 2018 were approved by the Board of Directors on 26 February 2019. On the date of issue of the financial statements, these were pending approval by the General Meeting.

2. ACCOUNTING POLICIES

2.1. Basis of presentation and consolidation principles

2.1.1. Basis of presentation

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

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

In 2018 the Group adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2018. These standards are listed in Note 2.21. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

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

The accounting policies used by the Group in the preparation of its financial statements relating to 31 December 2018 are consistent with those used in the preparation of the financial statements for the years presented. The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, available-for-sale investments and real estate, both for own use and for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

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

2.1.2. Consolidation principles

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

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

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

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

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

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

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

2.2. Investments in subsidiaries

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

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

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

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

2.3. Business combinations and goodwill

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

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

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

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

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

2.4. Investment in associates and joint ventures

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

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

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

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

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

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

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

2.5. Conversion of foreign currency balances and transactions

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

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

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

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

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

2.6. Financial instruments

a) Financial assets

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

i) Financial assets at fair value through profit or loss

This category includes:

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

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

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

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

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

ii) Held-to-maturity investments

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

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

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

iii) Loans and accounts receivable

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

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

iv) Available-for-sale investments

Available-for-sale investments include:

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

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

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

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

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

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

Fair value

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

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

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

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

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

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

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

v) Derecognition

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

vi) Transfers between categories of financial assets

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

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

The Group has not adopted this possibility to date.

b) Financial liabilities

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

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

i) Financial liabilities at fair value through profit or loss

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

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

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

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

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

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

Embedded derivatives

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

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

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

Hedge derivatives

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

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

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

- Method for assessing the hedge's effectiveness and the frequency of assessment.

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

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

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

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

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

The Group began using hedge accounting in 2015.

Trading derivatives

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

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

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

d) Impairment of financial assets

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

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

- Significant financial difficulties of the issuer or the debtor;
- Breach of contract clauses, such as late payment of capital or interest;

- Restructuring of operations as a result of financial difficulties of the debtor or of the issuer of the debt;
- Probability that the debtor will go bankrupt or encounter financial difficulties;
- Disappearance of an active market for that financial asset as a result of financial difficulties of the issuer;
- Adverse changes in industry conditions.

Financial assets at amortised cost

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

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

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

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

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

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

Available-for-sale investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.8. Investment properties

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

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

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

2.9. Properties for own use

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

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

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

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

2.10. Other tangible assets

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

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

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

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

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

2.11. Inventories

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

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

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

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

2.12. Leases

Operating leases

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

Finance leases

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

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

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

2.13. Intangible assets

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

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

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

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

2.14. Income tax

The companies in the Group with their head office in Portugal are subject to taxation under the Corporate Income Tax Code (CIT Code) and the companies with their head offices abroad are also subject to the same type of tax (CIT), pursuant to the legislation in force in those countries. Additionally, there is a Municipal Surcharge, the aggregate rate of which, in 2017 and 2018 was 22.5%, and a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

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

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

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

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

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

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

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

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

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

2.15. Provisions and contingent liabilities

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

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

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

2.16. Employee benefits

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

Defined benefit plan - Liabilities with pensions and healthcare

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

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

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

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

The cost in the year for retirement and survivors' pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions" (Note 26).

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

Defined contribution plan

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

The provisions of the previous defined benefit plan apply to employees of working age employed as permanent staff, with employment contracts of indefinite term, who are not covered by the CEAs.

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

Other long-term benefits

Liabilities regarding the seniority bonus, deriving from Clause 42 of the Collective Employment Agreement for the Insurance Activity in force, are calculated annually using generally accepted actuarial methods.

Short-term benefits

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

2.17. Insurance and investment contracts

a) Classification of contracts

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

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

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

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

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

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

b) Recognition of income and costs

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

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

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

c) Provision for unearned premiums and deferred acquisition costs

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

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

d) Claims provision

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

Claims provision for workers' compensation

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

The mathematical provision for workers' compensation relates to:

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

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

	Mandatorily Redeemable	Non - Redeemable
Mortality table	TD 88/90	INE 2010_2012 by gender
Discount rate	5.25%	3.56%
Management costs	2.40%	3%

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

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

The objective of the provision for temporary assistance expenses is to recognise the liability relating to expenses of workers' compensation claimants which are not whole life in nature. Using monthly development matrices, the number of claims incurred in the tax year is estimated, which is then multiplied by the estimated average cost of temporary assistance expenses for claims incurred in 2016 and 2017, in order to obtain the cost in the tax year for this type of expense. For claims incurred in previous tax years the variation of the provision corresponds to the amounts paid for temporary assistance expenses recognised in the accounts.

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

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

This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	3.56%
Rate of inflation	2%
Management costs	2%

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

Claims provision for motor insurance

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

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

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

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

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

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

Claims provision for other types of insurance

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

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

Analysis of sufficiency of the claims provisions

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

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

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

e) Mathematical provision for life insurance

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

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

f) Profit-sharing provision

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

Provision for profit sharing to be allocated

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

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

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

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

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

Provision for allocated profit sharing

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

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

g) Provision for interest rate commitments

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

h) Provision for portfolio stabilising

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

i) Equalisation provision

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

j) Provision for unexpired risks

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

k) Technical provisions for reinsurance ceded

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

l) Liabilities to subscribers of Unit-linked products

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

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

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

m) Liabilities to subscribers of other investment contracts

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

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

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

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

2.18. Revenue

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

(i) Fees from financial instruments

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

(ii) Provision of services – healthcare segment

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

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

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

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

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

(iii) Fees for other services provided

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

2.19. Cash and cash equivalents

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

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

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

Determination of impairment losses on financial assets

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

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

Valuation of financial instruments not traded in active markets

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

Employee benefits

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

Impairment of goodwill

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

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

Determination of liabilities on insurance and reinsurance contracts

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

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

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

Determination of income tax

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

2.21. Adoption of standards (new and revised) issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretation Committee" (IFRIC), as endorsed by the European Union**2.21.1. Adopted Standards (New or Revised)**

During the course of 2018 the Group adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2018. The relevant changes for the Group were as follows:

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 15 - Revenue from Contracts with Customers	28-05-2014	2016/1905	01-01-2018
IFRS 15 - Revenue from Contracts with Customers (Amendment)	11-09-2015	2016/1905	01-01-2018
IFRS 4 - Insurance Contracts (Applying IFRS 9 Financial Instruments with IFRS 4)	12-09-2016	2017/1988	01-01-2018
IAS 28 - Investments in Associates and Joint Ventures (Annual Improvements to IFRS Standards 2014-2016 Cycle)	08-12-2016	2018/182	01-01-2018
IFRS 2 - Classification and Measurement of Share-based Payment Transactions (Amendment)	20-06-2016	2018/289	01-01-2018
IAS 40 - Transfers of Investment Property (Amendment)	08-12-2016	2018/400	01-01-2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	08-12-2016	2018/519	01-01-2018

The new standard IFRS 15 – Revenue from Contracts with Customers establishes that revenue from contracts with customers must be recognised in line with a five-step model, and must be recognised for the amount that the Company expects to receive in exchange for goods or services provided.

Application of the standard is mandatory for annual reporting periods starting from January 2018 onwards, and its adoption must follow the full retrospective or modified retrospective method.

The Group analysed the implications of adopting the standard and concluded that the model for recognising revenue it follows is already in line with that set out in IFRS 15, since:

- Medical acts, whether provided on a separate basis (consultations, tests, treatment) or jointly with other complementary medical acts (surgery, deliveries, treatment) are treated and recognised independently (that is, act by act), and the revenue is recognised at the specific time when the performance obligations that have been assumed are completed;
- Services provided on a continuous basis over time (hospitalisation for surgery, non-surgery hospitalisation, stays in senior citizens' homes, provision of emergency services in the case of the PPP, among others) are recognised on a time basis, since the customer receives and consumes the benefits of the service simultaneously.

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

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

Standards / Interpretations	Date of issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 9 – Financial Instruments	24-07-2014	2016/2067	01-01-2022
IFRS 16 – Leases	13-01-2016	2017/1986	01-01-2019
IFRS 9 – Prepayment Features with Negative Compensation (Amendment)	12-10-2017	2018/498	01-01-2022
IFRIC 23 – Uncertainty over Income Tax Treatments	07-06-2017	2018/1595	01-01-2019
IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendment)	12-10-2017	2019/239	01-01-2022

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

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

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

IFRS 16 – Leases changes and redefines the principles for recognising, measuring, presenting and disclosing leases and requires lessees to present accounts in line with a model similar to financial lease accounting in accordance with IAS 17. This standard is of mandatory application for reporting periods beginning on or after 1 January 2019.

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

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 to use the underlying asset for the lease term. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-to-use asset.

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

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

During 2018, the Group performed a detailed assessment of the impact of IFRS 16.

Regarding current commitments with operating leases, the Group estimates that the following amounts will be recognised for rights to use and lease liabilities as at 1 January 2019:

(amounts in euros)

Asset	
Right to use	62,636,130
	62,636,130
Liability	
Payment obligation	62,636,130
	62,636,130

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

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

Standards / Interpretations	Date of issue	Applicable to accounting periods beginning on or after
IFRS 17 – Insurance Contracts	18-05-2017	01-01-2022
IFRS 3 – Business Combinations. Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IFRS 11 – Joint Arrangements . Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 12 – Income Tax consequences on dividends of equity instruments. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 23 – Borrowing Costs eligible for capitalisation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendment)	07-02-2018	01-01-2019
IFRS 3 – Business Combinations (Amendment)	22-10-2018	01-01-2020
IAS 1 – Definition of Material (Amendment)	31-10-2018	01-01-2020
IAS 8 – Definition of Material (Amendment)	31-10-2018	01-01-2020

These standards have not been endorsed by the European Union and, as such, have not been applied by the Group for the year ended 31 December 2018.

3. GROUP COMPANIES AND TRANSACTIONS DURING THE PERIOD

The Group's structure in terms of its subsidiaries, by sectors of activity, and the respective financial data taken from their statutory individual accounts at 31 December 2018 and 2017, except when expressly indicated otherwise, can be summarised as follows:

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	16,275,614,962	14,043,010,031	2,232,604,931	278,236,439	2,820,187,838
Via Directa - Companhia de Seguros, S.A.	100.00%	73,856,266	49,275,375	24,580,891	1,066,797	47,791,709
Companhia Portuguesa de Resseguros, S.A.	100.00%	29,484,321	16,581,726	12,902,595	1,111,217	1,338,940
Fidelidade Angola - Companhia de Seguros, S.A. (b)	69.13%	107,129,922	86,528,728	20,601,194	1,375,653	181,321,768
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	27,050,226	16,069,089	10,981,137	1,322,766	10,639,328
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	66,762,850	43,133,814	23,629,036	2.3	3.653 9,958,057
Property						
Fidelidade - Property Europe, S.A.	100.00%	849,584,306	23,501,287	826,083,019	57,932,543	80,926,676
Fidelidade - Property International, S.A.	100.00%	226,578,642	5,701,558	220,877,084	(104,650,065)	23,195,529
Fundo de Investimento Imobiliário Fechado Saudeinveste (e)	98.85%	178,377,912	33,063,479	145,314,433	10,851,951	12,901,416
Fundo de Investimento Imobiliário Fechado IMOFID (e)	100.00%	55,587,126	246,430	55,340,696	351,447	861,080
FPI (AU) 1 PTY LIMITED (f)	100.00%	610,274	14,182	596,092	(317,624)	384,704
FPI (UK) 1 LIMITED (g)	100.00%	41,522,682	45,871	41,476,811	(81,499,636)	8,081,652
FPE (IT) Società per Azioni	95.76%	366,965,783	1,195,036	365,770,747	2,724,365	4,179,172
FPE (Lux) Holding S.à r.l.	100.00%	153,295,273	2,475,511	150,819,762	1,442,257	7,630,730
Thomas More Square (Lux) Holdings S.à r.l. (g)	99.30%	131,501,150	124,299	131,376,851	(25,982)	6,024
Thomas More Square (Lux) S.à r.l. (g)	100.00%	372,674,052	220,599,062	152,074,990	11,126,980	24,861,276
Godo Kaisha Moana (h)	97.00%	130,034,988	10,090	130,024,898	13,803,020	13,838,428
Godo Kaisha Praia (h)	100.00%	522,791,038	339,855,774	182,935,264	29,078,480	39,356,305
Fundo Broggi	100.00%	372,067,771	2,850,904	369,216,867	4,169,871	7,093,610
Broggi Retail S.R.L.	100.00%	234,065	19,016	215,049	(23,713)	936
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,217,982	510,104	707,878	(792,122)	146,521
Healthcare						
Luz Saúde, S.A.	50.36%	754,263,063	505,756,239	248,506,824	14,209,885	545,076,376

(continuation)

(amounts in euros)

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

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

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

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

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

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

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

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

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

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

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

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

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

(amounts in euros)

Operating sector/entity	2017					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Fidelidade - Companhia de Seguros, S.A.	100.00%	15,889,040,096	13,442,066,973	2,446,973,123	187,789,357	2,610,119,715
Via Directa - Companhia de Seguros, S.A.	100.00%	69,883,287	44,699,127	25,184,160	630,609	45,724,033
Companhia Portuguesa de Resseguros, S.A.	100.00%	33,973,281	22,043,180	11,930,101	444,652	1,231,960
Fidelidade Angola - Companhia						
de Seguros, S.A. (b)	69.13%	197,287,953	184,175,510	13,112,443	2,120,405	56,176,390
Garantia - Companhia de Seguros						
de Cabo Verde, S.A. (c)	55.89%	26,339,506	15,756,946	10,582,560	1,105,911	10,184,963
Fidelidade Macau - Companhia						
de Seguros, S.A. (d)	99.99%	75,507,159	55,095,432	20,411,727	1,608,097	9,915,228
Property						
Fidelidade - Property Europe, S.A.	100.00%	835,534,189	67,247,384	768,286,805	(33,194,737)	32,215,227
Fidelidade - Property International, S.A.	100.00%	493,115,610	21,311,835	471,803,775	95,943,971	131,348,853
Fundo de Investimento Imobiliário						
Fechado Saudeinveste (e)	98.85%	157,218,112	22,755,631	134,462,481	15,281,046	19,898,791
Fundo de Investimento Imobiliário						
Fechado IMOFID (e)	100.00%	12,435,567	85,802	12,349,765	965,531	1,420,442
FPI (AU) 1 PTY LIMITED (f)	100.00%	52,132,207	6,404,298	45,727,909	8,663,254	17,567,219
FPI (UK) 1 LIMITED (g)	100.00%	268,676,570	618,493	268,058,077	(23,174,640)	12,346,357
FPE (IT) Società per Azioni	95.76%	364,979,472	1,933,090	363,046,382	1,192,329	3,906,514
FPE (Lux) Holding S.à r.l.	100.00%	153,368,517	3,991,013	149,377,504	3,873,469	16,305,741
Thomas More Square (Lux) Holdings S.à r.l. (g)	99.30%	132,608,472	124,381	132,484,091	(31,402)	6,410
Thomas More Square (Lux) S.à r.l. (g)	100.00%	360,707,184	218,639,731	142,067,453	13,998,546	26,988,887
Godo Kaisha Moana (h)	97.00%	108,138,391	9,339	108,129,052	11,922,814	11,966,921
Godo Kaisha Praia (h)	100.00%	457,503,784	314,522,917	142,980,867	16,638,779	25,567,950
Fundo Broggi	100.00%	373,029,773	7,982,777	365,046,996	8,446,996	46,292,427
Broggi Retail S.R.L.	100.00%	252,081	13,319	238,762	(11,238)	-
Healthcare						
Luz Saúde, S.A.	98.79%	660,178,348	424,999,730	235,178,618	16,994,860	483,895,179

(continuation)

(amounts in euros)

Operating sector/entity	2017					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Other sectors						
Cetra - Centro Técnico						
de Reparação Automóvel, S.A.	100.00%	6,161,813	1,066,684	5,095,129	222,736	7,218,276
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	1,519,906	1,262,549	257,357	72,453	2,929,556
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,538,968	3,107,663	431,305	93,420	22,462,636
FCM Beteiligungs GmbH	100.00%	17,299,917	346,309	16,953,608	(91,928)	376,940
FID I (HK) LIMITED (i)	100.00%	-	-	-	-	-
FID III (HK) LIMITED (i)	100.00%	844	12,863	(12,019)	(3,850)	-
Fidelidade - Consultoria e Gestão de Risco, Lda. (j)	100.00%	2,269	4,585	(2,316)	(1,330)	113
Fidelidade - Assistência e Serviços, Lda. (j)	80.00%	9,344	7,086	2,258	2,513	121,080
FID Loans 1 (Ireland) Limited	100.00%	319,415,380	129,295,749	190,119,631	119,631	2,701,985
FID Loans 2 (Ireland) Limited	100.00%	1	-	1	-	-
Universal - Assistência e Serviços, Lda. (b)	80.00%	895	-	895	-	-

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

(b) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 185.400 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 184.86617 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.6532 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.0653 MOP for the profit and loss headings.

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

(f) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 1.5346 AUD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.4732 AUD for the profit and loss headings.

(g) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 0.88723 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.87667 GBP for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 135.0100 JPY for balance sheet headings and an average monthly exchange rate of 1 EUR/ 126.7100 JPY for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.3720 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.8045 HKD for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 70.5700 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 71.51167 MZN for the profit and loss headings.

The financial data at 31 December 2018 was taken from the provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Group's financial statements are expected.

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

INSURANCE

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

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

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

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

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

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

PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HEALTHCARE

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

OTHER SECTORS

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, nº 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, nº 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

GEP - Gestão de Peritagens Automóveis, S.A., with its head office in Lisbon, at Avenida 5 de Outubro nº 35 8º Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

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

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

Fidelidade - Consultoria e Gestão de Risco, Lda., with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

Fidelidade - Assistência e Serviços, Lda., with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

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

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

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

FF Investment Luxembourg 1 S. a r.l., with its head office in the Grand Duchy of Luxembourg, at 6, rue Eugène Ruppert, L-2453 Luxembourg, was set up on 23 December 2013.

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

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

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

The main movements in the Group's subsidiaries during 2018 were as follows:

In January 2018 the Group increased the share capital of FID Loans 1 (Ireland) Limited by EUR 60,000,000.

In January Fidelidade – Companhia de Seguros, S.A. sold 49% of the share capital of Luz Saúde, S.A., corresponding to 46,815,704 totalling EUR 236,136,286. In the last quarter of 2018 the Group acquired 544,636 shares in Luz Saúde, S.A., totalling EUR 3,109,872, increasing its shareholding from 49.79% to 50.36%.

On 8 February 2018 the company Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. was set up, with share capital of EUR 500,000, with the Group holding 100% of its shares. In October, supplementary contributions were granted to it totalling EUR 1,000,000.

On 19 February 2018 the company FID LatAm, SGPS, S.A. was set up, with share capital of EUR 50,000, with the Group holding 100% of its shares. In November, supplementary contributions were granted to it totalling EUR 194,283.

In March 2018 Fidelidade – Property International, S.A. reduced the capital of FPI (AU) 1 PTY LIMITED to EUR 31,054,031.

In April the Group acquired 100% of FF Investment Luxembourg 1 S. à r.l., with share capital of EUR 113,822,820. In October, an operation was performed for the alienation/sale of the entirety of the capital held by the Group.

On 5 June 2018 GEP Cabo Verde Gestão de Peritagens, Lda. was set up with share capital of 5,000,000 Cape Verdean Escudos, worth EUR 45,345 at the exchange rate on the date the company was set up. The Group holds 75%, totalling 3,750,000 Cape Verdean Escudos, 50% held by GEP - Gestão de Peritagens Automóveis, S.A. and 25% by Garantia - Companhia de Seguros de Cabo Verde, S.A..

In June 2018 Fidelidade – Property International, S.A. reduced the capital of FPI (UK) 1 LIMITED to 112,000,000.

On 9 July 2018 the company FID Perú, S.A. was set up, with share capital of 500 Peruvian Sols, worth EUR 136 at the exchange rate on the date the company was set up. The Group owns 100% of the shares, 99.8% being held by Fidelidade – Companhia de Seguros, S.A. and 0.20% by FID LatAm SGPS, S.A.. By the end of the year capital increases of EUR 125,543,259 had been made, so that the share capital totalled EUR 125,543,394 at 31 December 2018.

In October 2018 the company FID Chile, SpA was set up, with share capital of EUR 1,305, with the Group holding 100% of its shares.

At the end of 2018 there was a reduction in the supplementary contribution of Fidelidade – Property International, S.A., of EUR 100,000,000.

4. CASH AND CASH EQUIVALENTS

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Cash and cash equivalents		
Headquarters	32,219,162	9,394,749
Branch offices	532,133	2,267,934
	32,751,295	11,662,683
Sight deposits		
Domestic currency	823,119,452	410,083,826
Foreign currency	178,623,497	146,780,268
	1,001,742,949	556,864,094
	1,034,494,244	568,526,777

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018		2017	
	Effective share %	Balance sheet value	Effective share %	Balance sheet value
Valued at acquisition cost				
Associates				
HL - Sociedade Gestora do Edifício, S.A.	10.00%	611,797	10.00%	14,400
		611,797		14,400
Valued by the equity accounting method				
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (a)	33.67%	1,355,056	33.67%	1,149,917
Highgrove - Investimentos e Participações, SGPS, S.A.	0.00%	-	25.00%	-
Genomed - Diagnósticos de Medicina Molecular, S.A.	37.50%	340,293	37.50%	356,403
		1,695,349		1,506,320
		2,307,146		1,520,720

(a) Values at March 2018 and March 2017, respectively (accounting period March 2017 to March 2018 and June 2016 to March 2017).

In 2017 Highgrove – Investimentos e Participações, SGPS, S.A. has negative equity, the financial interest held by the Group was reduced to zero. Additionally, a liability was set up to cover responsibilities assumed with this subsidiary (Note 24).

The financial data of the associates and joint ventures, measured using the equity method, was as follows at 31 December 2018 and 2017:

(amounts in euros)

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

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

(b) Values at November 2018.

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

(amounts in euros)

Operating sector/entity	2017					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Health						
Genomed - Diagnósticos						
de Medicina Molecular, S.A. (b)	37.50%	1,667,714	904,515	763,199	102,592	1,294,344
Other sectors						
Audatex Portugal - Peritagens Informatizadas						
Derivadas de Acidentes, S.A. (c)	33.67%	4,912,866	1,497,509	3,415,357	699,506	4,647,330
Highgrove - Investimentos						
e Participações, SGPS, S.A.	25.00%	280,258	492,181	(211,923)	(84,444)	1,515
HL - Sociedade Gestora do Edifício, S.A.	10.00%	n.a.	n.a.	n.a.	n.a.	n.a.

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

(b) Values at March 2017 (accounting period June 2016 to March 2017).

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

HEALTHCARE

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

OTHER SECTORS

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

Highgrove - Investimentos e Participações, SGPS, S.A., with its head office at Lugar de Meladas, n° 380, Mozelos, was set up on 21 September 1999 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities. The participation in this company arose following a partnership with the Chamartin Group to rebuild the closed condominium of Convento dos Inglesinhos, located in a historical area in the Bairro Alto district, which is currently selling its last units.

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

The main movements in the Group's associates and joint ventures during 2018 were as follows:

In July 2018, there was an operation for the alienation/sale of the entirety of the capital held by the Group in Highgrove - Investimentos e Participações, SGPS, S.A.

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

At 31 December 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Held for trading (Note 7)	At fair value through profit or loss	Total	Held for trading (Note 7)	At fair value through profit or loss	Total
Investments related						
to Unit-linked contracts	27,806	29,207,461	29,235,267	11,752	124,182,665	124,194,417
Other investments						
Debt instruments						
Public Issuers						
Public Debt						
Domestic issuers	-	10,236	10,236	-	-	-
	-	10,236	10,236	-	-	-
Other entities						
Bonds and other securities						
Domestic issuers	-	21,822,000	21,822,000	-	22,991,400	22,991,400
Foreign issuers	-	538,806,056	538,806,056	-	387,554,042	387,554,042
	-	560,638,292	560,638,292	-	410,545,442	410,545,442
Other financial instruments						
Participation units						
Domestic issuers	-	907,128	907,128	-	483,807	483,807
	-	907,128	907,128	-	483,807	483,807
Credit and other receivables	-	271,871,976	271,871,976	-	272,341,783	272,341,783
Derivative instruments with positive fair value						
Interest rate swaps	-	-	-	4,794	-	4,794
Exchange rate futures	16,492,997	-	16,492,997	52,663,739	-	52,663,739
Others	92,798	-	92,798	457,645	-	457,645
	16,585,795	-	16,585,795	53,126,178	-	53,126,178
	16,613,601	862,624,857	879,238,458	53,137,930	807,553,697	860,691,627

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

At 31 December 2018 and 2017, the heading "Financial assets initially recognised at fair value through profit or loss" includes fixed-income securities with embedded derivatives of EUR 560,628,056 and EUR 410,545,442, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

In 2018, the Group recognised net losses with the valuation of these investments of EUR 28,893,839. In 2017, the Company recognised net gains with the valuation of these investments of EUR 12,135,371.

At 31 December 2018 and 2017, investments allocated to Unit-linked contracts were composed as follows:

(amounts in euros)

	2018	2017
Financial assets initially recognised		
at fair value through profit or loss		
Debt instruments		
Group companies	-	102,855
Public debt		
Domestic issuers	621,277	89,467,752
Foreign issuers	9,321,857	8,443,100
Other issuers		
Domestic issuers	99,479	309,615
Foreign issuers	4,277,131	7,694,157
Equity instruments		
Domestic issuers	7,585,794	11,139,207
Foreign issuers	7,506,801	7,564,290
Accounts receivable	190	189
Transactions to be settled	(205,068)	(538,500)
	29,207,461	124,182,665
Financial assets held for trading		
Derivative instruments	27,806	11,752
Other assets		
Current deposits	10,752,353	42,440,826
Term deposits	300,100	9,040,139
	11,052,453	51,480,965
Total (Note 22)	40,287,720	175,675,382

The total of investment allocated to Unit-linked contracts reveals, at 31 December 2017, a difference of EUR 82,016 in relation to the total financial liabilities recognised at fair value (Note 22), which corresponds to the negative fair value of the swaps recognised in "Financial liabilities held for trading" (Note 23) and that are allocated to Unit-linked contracts.

7. DERIVATIVES

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

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

At 31 December 2018 and 2017, these operations were valued in line with the criteria in Note 2.6.c). On these dates, the notional amount and the book value had the following breakdown:

(amounts in euros)

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

(amounts in euros)

	Notional Amount			2017		Book Value		
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		Total
				Assets (Note 6)	Liabilities (Note 23)	Assets	Liabilities (Note 23)	
Fair value hedge								
Interest rate swaps	40,668,155	-	40,668,155	16,546	(5,654,647)	-	-	(5,638,101)
Exchange rate futures	2,762,000,000	940,500,000	3,702,500,000	52,663,739	(2,147)	14,922,591	-	67,584,183
Exchange rate forwards	47,195,181	-	47,195,181	457,645	-	-	-	457,645
Cash flow hedge								
Interest rate swaps	-	180,000,000	180,000,000	-	-	-	(3,109,947)	(3,109,947)
Hedge of a net investment in a foreign operation								
Exchange rate futures	-	578,750,000	578,750,000	-	-	4,478,377	(769,417)	3,708,960
Exchange rate forwards	-	161,602,464	161,602,464	-	-	8,777,409	(131,822)	8,645,587
	2,849,863,336	1,860,852,464	4,710,715,800	53,137,930	(5,656,794)	28,178,377	(4,011,186)	71,648,327

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

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

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

The distribution of the Group's derivative financial instrument operations at 31 December 2018 and 2017, by period to maturity, was as follows:

(amounts in euros)

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

(amounts in euros)

	2017					Total
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	40,000,000	668,155	40,668,155
Exchange rate futures	1,888,125,000	1,814,375,000	-	-	-	3,702,500,000
Exchange rate forwards	27,287,374	19,907,807	-	-	-	47,195,181
Cash flow hedge						
Interest rate swaps	-	-	-	30,000,000	150,000,000	180,000,000
Hedge of a net investment in a foreign operation						
Exchange rate futures	471,000,000	107,750,000	-	-	-	578,750,000
Exchange rate forwards	48,125,386	113,477,078	-	-	-	161,602,464
	2,434,537,760	2,055,509,885	-	70,000,000	150,668,155	4,710,715,800

The distribution of the Group's derivative financial operations at 31 December 2018 and 2017, by counterparty type, was as follows:

(amounts in euros)

	2018		2017	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
Financial institutions				
Caixa Geral Depósitos Group	59,959,631	(4,869,269)	40,668,155	(5,638,101)
Other institutions	177,000,000	(3,417,493)	180,000,000	(3,109,947)
Futures				
Exchange rate futures				
Chicago	4,012,875,000	12,904,103	4,281,250,000	71,293,143
Interest Rate Futures				
Financial institutions	813,200,000	(9,245,980)		-
Exchange rate forwards				
Financial institutions	563,605,690	(7,698,652)	208,797,645	9,103,232
	5,626,640,321	(12,327,291)	4,710,715,800	71,648,327

In 2018 and 2017 the following gains and losses related to fair value hedge accounting were generated:

(amounts in euros)

	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Derivatives	23,106,727	(103,972,663)	(80,865,936)	132,599,074	(13,270,447)	119,328,627
Hedged assets	58,221,547	(2,083,813)	56,137,734	1,702,775	(136,017,862)	(134,315,087)
	81,328,274	(106,056,476)	(24,728,202)	134,301,849	(149,288,309)	(14,986,460)

In 2018 and 2017, the following movements were generated in the Revaluation Reserve, relating to hedge accounting:

(amounts in euros)

	2018		2017	
	Cash flow hedge	Hedge of a net investment in a foreign operation	Cash flow hedge	Hedge of a net investment in a foreign operation
Interest rate swaps	(1,541,534)	-	(2,678,535)	-
Exchange rate futures	-	60,281,696	-	57,938,222
Exchange rate forwards	-	8,788,840	-	26,459,433
	(1,541,534)	69,070,536	(2,678,535)	84,397,655

8. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018					
	Amount before impairment	Accumulated impairment (Note 42)	Net amount	Exchange differences	Fair value reserve	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	2,428,402,153	-	2,428,402,153	(583,762)	156,186,443	2,584,004,834
Foreign issuers	2,267,182,607	-	2,267,182,607	-	(8,935,454)	2,258,247,153
Other public issuers						
Foreign issuers	3,423,528	-	3,423,528	-	121,233	3,544,761
International financial organisations	126,857	-	126,857	-	57,466	184,323
Other issuers						
Domestic issuers	101,449,120	(49,979,822)	51,469,298	-	190,287	51,659,585
Foreign issuers	3,758,284,590	(4,798,972)	3,753,485,618	(10,223,831)	(120,454,124)	3,622,807,663
Group companies	321,967,381	-	321,967,381	-	(1,557,154)	320,410,227
	8,880,836,236	(54,778,794)	8,826,057,442	(10,807,593)	25,608,697	8,840,858,546
Equity instruments						
Recognised at fair value						
Domestic issuers	107,860,626	(12,742,701)	95,117,925	-	(1,257,055)	93,860,870
Foreign issuers	1,424,080,715	(406,963,311)	1,017,117,404	29,409,676	(96,397,062)	950,130,018
	1,531,941,341	(419,706,012)	1,112,235,329	29,409,676	(97,654,117)	1,043,990,888
Other instruments						
Participation bonds						
Residents	5,203	-	5,203	-	-	5,203
Investment units						
Residents	124,091,212	(31,670,547)	92,420,665	-	35,625,305	128,045,970
Non-residents	36,497,661	(816,577)	35,681,084	-	3,274,300	38,955,384
Others	(185,955)	-	(185,955)	-	-	(185,955)
	160,408,121	(32,487,124)	127,920,997	-	38,899,605	166,820,602
	10,573,185,698	(506,971,930)	10,066,213,768	18,602,083	(33,145,815)	10,051,670,036

(amounts in euros)

	2017					
	Amount before impairment	Accumulated impairment (Note 42)	Net amount	Exchange differences	Fair value reserve	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	3,564,939,603	-	3,564,939,603	(1,096,495)	279,862,125	3,843,705,233
Foreign issuers	1,790,345,030	-	1,790,345,030	(8,471,665)	19,751,576	1,801,624,941
Other public issuers						
Foreign issuers	3,422,596	-	3,422,596	-	266,257	3,688,853
International financial organisations	126,854	-	126,854	-	64,935	191,789
Other issuers						
Domestic issuers	208,599,496	(49,979,822)	158,619,674	-	3,356,570	161,976,244
Foreign issuers	3,249,597,960	(86,749,787)	3,162,848,173	(178,073,717)	31,881,576	3,016,656,032
Group companies	374,780,269	-	374,780,269	-	(1,709,110)	373,071,159
	9,191,811,807	(136,729,609)	9,055,082,198	(187,641,877)	333,473,929	9,200,914,250
Equity instruments						
Recognised at fair value						
Domestic issuers	106,692,023	(12,226,609)	94,465,414	-	1,800,316	96,265,730
Foreign issuers	1,246,732,788	(301,686,606)	945,046,182	(24,695,762)	383,920,034	1,304,270,454
	1,353,424,811	(313,913,215)	1,039,511,596	(24,695,762)	385,720,350	1,400,536,184
Other instruments						
Participation bonds						
Residents	27,434	-	27,434	-	(5,611)	21,823
Investment units						
Residents	170,746,960	(33,380,465)	137,366,495	-	46,161,784	183,528,279
Non-residents	10,417,597	(4,612,771)	5,804,826	(67)	3,955,318	9,760,077
Others	(120,776)	-	(120,776)	-	-	(120,776)
	181,071,215	(37,993,236)	143,077,979	(67)	50,111,491	193,189,403
	10,726,307,833	(488,636,060)	10,237,671,773	(212,337,706)	769,305,770	10,794,639,837

9. LOANS AND ACCOUNTS RECEIVABLE

At 31 December 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Gross amount	Impairment Loss (Note 42)	Net amount	Gross amount	Impairment Loss (Note 42)	Net amount
Deposits in ceding companies	542,606	-	542,606	167,023	-	167,023
Other deposits						
Term deposits	1,972,461,828	-	1,972,461,828	1,072,847,342	-	1,072,847,342
Margin accounts	77,924,284	-	77,924,284	63,158,679	-	63,158,679
	2,050,386,112	-	2,050,386,112	1,136,006,021	-	1,136,006,021
Loans made						
Mortgage loans	21,671,182	-	21,671,182	21,720,685	-	21,720,685
Loans over policies	1,164,138	(10,596)	1,153,542	1,592,222	(10,597)	1,581,625
Debt securities	20,717,092	(323,222)	20,393,870	22,834,556	(236,590)	22,597,966
Others	361,961	(361,961)	-	967,602	(370,205)	597,397
	43,914,373	(695,779)	43,218,594	47,115,065	(617,392)	46,497,673
Others	-	-	-	2,737	-	2,737
	2,094,843,091	(695,779)	2,094,147,312	1,183,290,846	(617,392)	1,182,673,454

10. PROPERTIES

In 2018 and 2017, the "Properties" headings saw the following movements:

(amounts in euros)

	Properties for own use	Investment Properties	Total
Balances at 31 December 2016			
Gross amount	517,884,943	1,756,814,791	2,274,699,734
Accumulated depreciation and impairment	(88,428,229)	-	(88,428,229)
	429,456,714	1,756,814,791	2,186,271,505
Entry/ (Exits) to the consolidation perimeter	3,390,276	-	3,390,276
Additions			
Acquisitions made in the year	17,581,767	14,600,887	32,182,654
Subsequent expenditure	35,843,311	46,647,230	82,490,541
Revaluations			
As a credit to the income statement (Note 41)	-	7,993,096	7,993,096
As a credit to shareholders' equity	5,144,675	215,404	5,360,079
Additions/reversals of impairment in the year (Note 42)	(883,986)	-	(883,986)
Depreciation for the period	(21,415,250)	-	(21,415,250)
Exchange differences	(85,465)	(54,215,266)	(54,300,731)
Transfers to non-current assets held for sale	(34,790,401)	(260,924,277)	(295,714,678)
Transfers	3,279,239	(3,279,239)	-
Disposals and write-offs (net)	(4,990,823)	(91,293,243)	(96,284,066)
Other movements	62,361	-	62,361
Balances at 31 December 2017			
Gross amount	540,459,856	1,416,559,384	1,957,019,240
Accumulated depreciation and impairment	(107,867,438)	-	(107,867,438)
	432,592,418	1,416,559,384	1,849,151,802
Entry/ (Exits) to the consolidation perimeter	18,384,837	-	18,384,837
Additions			
Acquisitions made in the year	63,091,081	84,292,960	147,384,042
Subsequent expenditure	204,324	23,648,977	23,853,301
Revaluations			
As a credit to the income statement (Note 41)	-	36,981,125	36,981,125
As a credit to shareholders' equity	40,850,728	-	40,850,728
Additions/reversals of impairment in the year (Note 42)	1,140,709	-	1,140,709
Depreciation for the period	(16,114,093)	-	(16,114,093)
Exchange differences	(8,291,103)	18,275,715	9,984,613

(continuation)

(amounts in euros)

	Properties for own use	Investment Properties	Total
Transfers to non-current assets held for sale	101,114	12,406,100	12,507,214
Transfers	967,064	(967,064)	-
Disposals and write-offs (net)	-	(39,185,239)	(39,185,239)
Other movements	(9,993,876)	21,157	(9,972,719)
Balances at 31 December 2018			
Gross amount	675,836,432	1,552,033,115	2,227,869,547
Accumulated depreciation and impairment	(152,903,227)	-	(152,903,227)
	522,933,205	1,552,033,115	2,074,966,320

Entries in the consolidation perimeter refer, in 2018, Capital Criativo Health Care Investments II, SA and in 2017, to the acquisition of the company Sociedade Clínica Hospitalar, Lda.

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

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

If the Group had opted to value land for own use using the cost model, its balance sheet value would be EUR 432,687,116.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.6.

Properties are valued in line with the treatment mentioned in Notes 2.6 and 2.7, by experts who are qualified for the purpose. The Group considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 - "Fair Value Measurement".

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

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

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

Valuation methods

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

The valuation techniques which are normally used are:

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

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

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

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

Properties for own use

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

At 31 December 2018 and 2017, the fair value reserves associated with properties for own use were EUR 90,246,089 and EUR 111,830,706 respectively (Note 28).

At 31 December 2018 and 2017, the breakdown of the properties for own use according to their respective valuation date, was as follows:

(amounts in euros)

	2018	2017
2018	451,141,320	-
2017	71,791,885	88,414,115
2016	-	344,178,303
	522,933,205	432,592,418

11. ALLOCATION OF INVESTMENTS AND OTHER ASSETS

At 31 December 2018 and 2017, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

(amounts in euros)

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

(amounts in euros)

	2017					
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	Total
Cash and cash equivalents	15,187,550	1,459,203	61,009,337	(5,010,998)	495,881,685	568,526,777
Investments in associates and joint ventures	-	-	914,394	-	591,926	1,506,320
Financial assets held for trading	5,977,151	1,040,133	30,053,154	9,676,131	6,391,361	53,137,930
Financial assets initially recognised at fair value through profit or loss	83,168,405	1,290,547	283,129,377	147,709,992	292,255,376	807,553,697
Hedge Derivatives	251,956	83,774	10,332,662	4,254,200	13,255,785	28,178,377
Available-for-sale investments	1,399,067,658	199,426,144	7,395,248,894	1,607,736,330	193,160,811	10,794,639,837
Loans and accounts receivable	413,164,959	10,835,519	410,059,605	100,930,890	247,682,480	1,182,673,453
Properties	129,234	6,120,527	-	191,593,490	1,651,308,551	1,849,151,802
Other tangible assets	-	-	-	-	53,094,273	53,094,273
	1,916,946,913	220,255,847	8,190,747,423	2,056,890,035	2,953,622,248	15,338,462,466

12. OTHER TANGIBLE ASSETS

In 2018 and 2017, the other tangible assets headings saw the following movements:

(amounts in euros)

	2018										
	Opening balances			Additions	Transfers and adjustments	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment	Entries in consolidation perimeter						Gross amount	Accumulated depreciation and impairment	Net amount
Equipment											
Administrative	25,939,620	(24,485,325)	44,066	1,323,413	2,239	(952,902)	(218,738)	(4,176)	25,226,704	(23,578,507)	1,648,197
Machinery and tools	8,524,984	(7,212,121)	-	2,717,417	(2)	(681,985)	(147,202)	(1,755)	10,936,518	(7,737,182)	3,199,336
IT equipment	18,335,614	(15,986,075)	-	2,255,125	1,136,741	(2,230,422)	(98,548)	16,947	21,085,714	(17,656,332)	3,429,382
Interior installations	24,437,721	(20,125,875)	-	846,668	976,852	(1,015,693)	(74,047)	-	25,868,227	(20,822,601)	5,045,626
Transport material	2,370,301	(1,548,804)	20,036	429,239	(2,008)	(329,921)	(105,597)	(250)	2,225,853	(1,392,857)	832,996
Hospital equipment	158,335,048	(124,442,781)	-	14,631,449	1,472,628	(11,225,542)	-	-	174,337,319	(135,566,517)	38,770,802
Other equipment	40,588,823	(34,851,633)	1,011,898	4,239,447	(2,137,920)	(1,848,319)	(31,138)	-	39,531,272	(32,560,114)	6,971,158
Artistic assets	2,032,819	-	-	46,902	13,000	-	(12,270)	-	2,080,451	-	2,080,451
Leased equipment	356,585	(219,871)	-	-	(1)	(55,700)	-	(5,856)	311,241	(236,084)	75,157
Other tangible assets	5,776,589	(4,784,927)	25,271	306,008	156,227	(288,616)	-	-	5,970,930	(4,780,378)	1,190,552
Tangible assets in progress	-	-	-	1,017,987	3,152	-	-	(25,476)	995,663	-	995,663
Advances on tangible assets	53,581	-	-	5,000	(53,581)	-	-	-	5,000	-	5,000
	286,751,685	(233,657,412)	1,101,271	27,818,655	1,567,327	(18,629,100)	(687,540)	(20,566)	308,574,892	(244,330,572)	64,244,320

(amounts in euros)

	2017										
	Opening balances			Additions	Transfers and adjustments	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment	Entries in consolidation perimeter						Gross amount	Accumulated depreciation and impairment	Net amount
Equipment											
Administrative	25,577,747	(24,209,922)	57,250	915,297	(94,635)	(787,975)	(3,467)	-	25,939,620	(24,485,325)	1,454,295
Machinery and tools	8,836,371	(7,537,063)	-	467,137	(11,170)	(437,933)	(1,728)	(2,751)	8,524,984	(7,212,121)	1,312,863
IT equipment	17,236,954	(14,433,372)	-	1,171,923	206,158	(1,830,454)	(1,670)	-	18,335,614	(15,986,075)	2,349,539
Interior installations	22,878,779	(19,169,549)	-	1,408,963	204,337	(1,005,232)	(5,452)	-	24,437,721	(20,125,875)	4,311,846
Transport material	2,098,320	(1,224,954)	3,694	380,030	(7,733)	(382,130)	(19,275)	(26,455)	2,370,301	(1,548,804)	821,497
Hospital equipment	146,305,912	(115,245,796)	-	12,822,275	506,165	(10,496,289)	-	-	158,335,048	(124,442,781)	33,892,267
Other equipment	38,399,345	(33,086,013)	1,011,250	1,756,434	(142,391)	(1,975,352)	14,855	(240,938)	40,588,823	(34,851,633)	5,737,190
Artistic assets	1,999,474	-	-	34,601	-	-	(1,256)	-	2,032,819	-	2,032,819
Leased equipment	726,339	(460,922)	-	-	190,408	(55,700)	-	(263,411)	356,585	(219,871)	136,714
Other tangible assets	5,531,825	(4,465,617)	-	664,305	(289,135)	(410,769)	-	(38,947)	5,776,589	(4,784,927)	991,662
Advances on tangible assets	333,499	-	-	-	(72,954)	-	-	(206,964)	53,581	-	53,581
	269,924,565	(219,833,208)	1,072,194	19,620,965	489,050	(17,381,834)	(17,993)	(779,466)	286,751,685	(233,657,412)	53,094,273

Entries in the consolidation perimeter refer, in 2018, to the acquisition of Capital Criativo Health Care Investments II, SA and, in 2017, to the acquisition of 81.35% of S.C.H – Sociedade Clínica Hospitalar and 100% of C.C.H. – Capital Criativo Care Investments S.A.

At 31 December 2018 and 2017, the heading "Tangible assets" includes fully amortised assets still in use of EUR 204,301,548 and 201,879,948 respectively.

13. INVENTORIES

At 31 December 2018 and 2017, the breakdown of this heading was as follows:

(amounts in euros)

	2018	2017
Hospital Goods	12,375,818	11,538,872
Real estate	7,812	7,750
Goods	68,589	44,277
Products and works in progress	199,134	88,788
Salvage	15,060	14,047
Other inventories	171,197	186,071
	12,837,610	11,879,805
Impairment of goods (Note 42)	-	-
	12,837,610	11,879,805

14. GOODWILL

The Group's recognition of goodwill at 31 December 2018 and 2017 was as follows:

(amounts in euros)

	2018			2017		
	Gross Amount	Impairment Loss (Note 42)	Net Amount	Gross Amount	Impairment Loss (Note 42)	Net Amount
Goodwill recognised in Goodwill						
Cetra - Centro Técnico de						
Reparação Automóvel, S.A.	8,665	-	8,665	8,665	-	8,665
Fidelidade Angola - Companhia						
de Seguros, S.A.	2,198,780	-	2,198,780	2,198,780	-	2,198,780
Garantia - Companhia de Seguros						
de Cabo Verde, S.A.	342,311	-	342,311	342,311	-	342,311
Luz Saúde, S.A.	359,254,032	-	359,254,032	359,254,032	-	359,254,032
GK Kita Aoyoma Support 2	-	-	-	15,319	-	15,319
Hospital da Luz Guimarães, S.A.	16,025,075	-	16,025,075	16,025,075	-	16,025,075
Godo Kaisha Moana	710,601	-	710,601	710,601	-	710,601
S.C.H. - Soc. Clínica Hospitalar S.A.	3,126,025	-	3,126,025	3,126,025	-	3,126,025
C.C.H. - Capital Criativo						
Care Investments S.A.	8,720,683	-	8,720,683	8,720,683	-	8,720,683
Capital Criativo Health						
Care Investments II, SA	26,220,367	-	26,220,367	-	-	-
	416,606,539	-	416,606,539	390,401,491	-	390,401,491
Goodwill recognised in Investments						
Highgrove - Investimentos						
e Participações, SGPS, S.A.	957,001	(957,001)	-	957,001	(957,001)	-
	957,001	(957,001)	-	957,001	(957,001)	-
	417,563,540	(957,001)	416,606,539	391,358,492	(957,001)	390,401,491

The following movements occurred in this heading in 2018 and 2017:

(amounts in euros)

Goodwill (net) at 31 December 2016	379,461,136
Hive-up Thomas More Square (Lux) Investments Limited	(906,244)
Thomas More Square (Lux) Sarl	(109)
Acquisition of 81.35% of S.C.H. - Sociedade Clínica Hospitalar S.A.	3,126,025
Acquisition of 100% of C.C.H. - Capital Criativo Care Investments S.A.	8,720,683
Goodwill (net) at 31 December 2017	390,401,491
GK Kita Aoyoma Support 2	(15,319)
Acquisition of 90% of Capital Criativo Health Care Investments II, SA	26,220,367
Goodwill (net) at 31 December 2018	416,606,539

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

(amounts in euros)

Acquisition of 55.89% of Garantia - Companhia de Seguros de Cabo Verde, S.A.	6,260,184
Fair value of assets and liabilities of corporate acquisition (55.89%) at 30 April 2014	5,917,873
	342,311
Acquisition of 98.21% of Luz Saúde, S.A.	457,827,530
Fair value of assets and liabilities of corporate acquisition (98.21%) in September 2014	98,683,752
	359,143,778
Acquisition of 68% of Fidelidade Angola - Companhia de Seguros, S.A.	6,059,590
Fair value of assets and liabilities of corporate acquisition (70%) in 2011	3,860,810
	2,198,780
Acquisition of 96.996% of Godo Kaisha Moana	102,843,643
Fair value of assets and liabilities of corporate acquisition (96.996%) in 2016	102,133,042
	710,601
Acquisition of 100% of Hospital da Luz Guimarães, S.A.	25,237,564
Fair value of assets and liabilities of corporate acquisition (100%) in 2016	9,212,489
	16,025,075
Acquisition of 81.35% of S.C.H. - Sociedade Clínica Hospitalar S.A.	3,091,338
Fair value of assets and liabilities of corporate acquisition (81.35%) in March 2017	(34,687)
	3,126,025
Acquisition of 100% of C.C.H. - Capital Criativo Care Investments S.A.	7,163,382
Fair value of assets and liabilities of corporate acquisition (100%) in August 2017	(1,557,301)
	8,720,683
Acquisition of 90% of Capital Criativo Health Care Investments II, SA	19,990,000
Fair value of assets and liabilities of corporate acquisition (100%) in April 2018	(6,230,367)
	26,220,367

Goodwill acquired in a business combination represents a payment made by an acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

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

The recoverable amount is determined as the asset’s value in use or its fair value less selling costs, whichever is higher.

The impairment tests incorporate current available information, including macro-economic conditions, the situation of financial markets and others. All tests concluded that the recoverable amount of the asset exceeds the respective carrying amount, and therefore, there is no recognition of impairment losses.

Following the acquisition of the new companies during 2018, the Group assessed the fair value of the assets acquired and liabilities assumed in line with IFRS 3 – “Business Combinations”. No significant differences were identified between the accounting values of the assets and liabilities and their fair values. The breakdown of the net assets and goodwill established as part of the transactions taking place in 2018 is as follows:

(amounts in euros)

	2018 Capital Criativo Health Care Investments II, SA
Fair value of Assets and Liabilities	
Assets acquired	36,203,757
Liabilities acquired	42,434,124
Total Net Assets	(6,230,367)
% Assets held	(6,230,367)
Acquisition price	19,990,000
Goodwill	26,220,367

15. OTHER INTANGIBLE ASSETS

In 2018 and 2017, the other intangible assets headings saw the following movements:

(amounts in euros)

	2018										
	Opening balances			Additions	Transfers and adjustments	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment	Entries in consolidation perimeter						Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing											
systems (software)	69,136,542	(61,584,020)	2,639	1,892,505	862,729	(4,741,041)	(101,378)	(4,920)	71,059,579	(65,596,523)	5,463,056
Other intangible assets	335,606	(302,172)	-	-	36,371	(27,133)	-	12,124	335,606	(280,810)	54,796
Intangible assets											
in progress	12,627,248	-	-	6,727,621	(1,897,553)	-	-	(23,627)	17,433,689	-	17,433,689
	82,099,396	(61,886,192)	2,639	8,620,126	(998,453)	(4,768,174)	(101,378)	(16,423)	88,828,874	(65,877,333)	22,951,541

(amounts in euros)

	2017										
	Opening balances			Additions	Transfers and adjustments	Depreciation for the year	Exchange differences	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment	Entries in consolidation perimeter						Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing											
systems (software)	63,288,996	(55,189,283)	200,713	3,763,781	2,227,361	(6,430,851)	(3,127)	(305,068)	69,136,542	(61,584,020)	7,552,522
Other intangible assets	335,606	(275,039)	-	-	-	(27,133)	-	-	335,606	(302,172)	33,434
Intangible assets											
in progress	10,510,038	-	-	4,354,084	(2,227,361)	-	-	(9,513)	12,627,248	-	12,627,248
	74,134,640	(55,464,322)	200,713	8,117,865	-	(6,457,984)	(3,127)	(314,581)	82,099,396	(61,886,192)	20,213,204

At 31 December 2018 and 2017, the values recognised in "Intangible assets in progress" refer to costs incurred with the development of new IT applications (software).

In 2018 and 2017, the Group recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 24,675,625 and EUR 26,667,480, respectively.

16. TECHNICAL PROVISIONS FOR REINSURANCE CEDED

At 31 December 2018 and 2017, technical provisions for reinsurance ceded were composed as follows:

(amounts in euros)

	2018			2017		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	818,263	56,847,150	57,665,413	129,360	58,502,714	58,632,074
Mathematical provision	13,081,699	-	13,081,699	11,187,581	-	11,187,581
Claims provision						
Reported claims	6,823,732	206,977,336	213,801,068	8,085,106	256,429,536	264,514,642
Claims incurred but not reported (IBNR)	2,659,117	22,468,142	25,127,259	2,638,421	20,951,198	23,589,619
	9,482,849	229,445,478	238,928,327	10,723,527	277,380,734	288,104,261
Provision for profit sharing	-	-	-	-	1,072	1,072
	23,382,811	286,292,628	309,675,439	22,040,468	335,884,520	357,924,988

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2018 and 2017, is set out in the following table:

(amounts in euros)

	2018			2017		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life Insurance	818,263	-	818,263	129,360	-	129,360
Non-life insurance						
Personal accidents and passengers	2,578,156	(1,199,799)	1,378,357	3,185,093	(1,460,726)	1,724,367
Health	27,961,594	12,840	27,974,434	26,368,998	13,320	26,382,318
Fire and other damage	26,193,586	(4,187,632)	22,005,954	28,282,964	(4,083,093)	24,199,871
Motor	570,941	(71,936)	499,005	389,253	(62,835)	326,418
Marine, aviation and transport	299,646	(26,449)	273,197	169,096	(23,599)	145,497
Third party liability	2,314,549	(161,976)	2,152,573	2,533,044	(178,122)	2,354,922
Credit and suretyship	60,514	(2,859)	57,655	57,811	(3,024)	54,787
Legal protection	4,721	(117)	4,604	4,271	(117)	4,154
Assistance	103,093	(2,077)	101,016	78,809	(2,077)	76,732
Other	4,072,622	(1,672,267)	2,400,355	5,249,565	(2,015,917)	3,233,648
	64,159,422	(7,312,272)	56,847,150	66,318,904	(7,816,190)	58,502,714
	64,977,685	(7,312,272)	57,665,413	66,448,264	(7,816,190)	58,632,074

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2018 and 2017:

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Life Insurance				
Provision for unearned premiums	129,360	688,903	-	818,263
Non-life insurance				
Provision for unearned premiums				
Personal accidents and passengers	3,185,093	(605,512)	(1,425)	2,578,156
Health	26,368,998	2,101,202	(508,606)	27,961,594
Fire and other damage	28,282,964	(312,194)	(1,777,184)	26,193,586
Motor	389,253	145,561	36,127	570,941
Marine, aviation and transport	169,096	184,866	(54,316)	299,646
Third party liability	2,533,044	(231,883)	13,388	2,314,549
Credit and suretyship	57,811	2,724	(21)	60,514
Legal protection	4,271	2,199	(1,749)	4,721
Assistance	78,809	34,493	(10,209)	103,093
Others	5,249,565	(1,176,942)	(1)	4,072,622
	66,318,904	144,514	(2,303,996)	64,159,422
Deferred acquisition costs				
Personal accidents and passengers	(1,460,726)	264,229	(3,302)	(1,199,799)
Health	13,320	6,815	(7,295)	12,840
Fire and other damage	(4,083,093)	(159,891)	55,352	(4,187,632)
Motor	(62,835)	(7,204)	(1,897)	(71,936)
Marine, aviation and transport	(23,599)	(1,771)	(1,079)	(26,449)
Third party liability	(178,122)	17,008	(862)	(161,976)
Credit and suretyship	(3,024)	164	1	(2,859)
Legal protection	(117)	-	-	(117)
Assistance	(2,077)	-	-	(2,077)
Others	(2,015,917)	343,651	(1)	(1,672,267)
	(7,816,190)	463,001	40,917	(7,312,272)
	58,502,714	607,515	(2,263,079)	56,847,150
	58,632,074	1,296,418	(2,263,079)	57,665,413

(amounts in euros)

	2017			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Life Insurance				
Provision for unearned premiums	136,594	(7,234)	-	129,360
Non-life insurance				
Provision for unearned premiums				
Workers' compensation	114,713	(114,713)	-	-
Personal accidents and passengers	3,699,502	(471,525)	(42,884)	3,185,093
Health	24,660,339	1,715,681	(7,022)	26,368,998
Fire and other damage	24,556,605	3,976,882	(250,523)	28,282,964
Motor	476,463	(178,028)	90,818	389,253
Marine, aviation and transport	366,519	(193,286)	(4,137)	169,096
Third party liability	2,535,214	37,007	(39,177)	2,533,044
Credit and suretyship	67,395	(9,584)	-	57,811
Legal protection	1,913,599	(1,909,311)	(17)	4,271
Assistance	15,961,915	(15,828,046)	(55,060)	78,809
Others	5,640,714	(391,149)	-	5,249,565
	79,992,978	(13,366,072)	(308,002)	66,318,904
Deferred acquisition costs				
Personal accidents and passengers	(1,608,289)	130,988	16,575	(1,460,726)
Health	(200,837)	213,771	386	13,320
Fire and other damage	(4,353,938)	198,254	72,591	(4,083,093)
Motor	(57,246)	(1,971)	(3,618)	(62,835)
Marine, aviation and transport	(34,560)	11,555	(594)	(23,599)
Third party liability	(215,308)	32,404	4,782	(178,122)
Credit and suretyship	(1,604)	(1,420)	-	(3,024)
Legal protection	(84)	(33)	-	(117)
Assistance	(1,604)	(474)	1	(2,077)
Others	(1,939,638)	(76,279)	-	(2,015,917)
	(8,413,108)	506,795	90,123	(7,816,190)
	71,579,870	(12,859,277)	(217,879)	58,502,714
	71,716,464	(12,866,511)	(217,879)	58,632,074

Information on the claims provision for reinsurance ceded, at 31 December 2018 and 2017, is set out below:

(amounts in euros)

	2018			2017		
	Reported	Not reported	Total	Reported	Non reported	Total
Life Insurance	6,823,732	2,659,117	9,482,849	8,085,106	2,638,421	10,723,527
Non-life insurance						
Workers' compensation	2,291,148	1,281,139	3,572,287	2,424,782	1,125,525	3,550,307
Personal accidents and passengers	17,777,756	1,609,464	19,387,220	15,361,069	956,816	16,317,885
Health	53,163,678	6,033,119	59,196,797	50,048,306	4,670,543	54,718,849
Fire and other damage	99,622,539	7,144,079	106,766,618	151,078,402	10,662,565	161,740,967
Motor	4,120,597	1,472,315	5,592,912	9,394,597	997,724	10,392,321
Marine, aviation and transport	6,952,321	635,116	7,587,437	7,766,504	293,254	8,059,758
Third party liability	14,174,404	3,808,439	17,982,843	12,293,185	1,690,053	13,983,238
Credit and suretyship	1,396	10,510	11,906	396	10,510	10,906
Assistance	3,258	-	3,258	-	-	-
Others	8,870,239	473,961	9,344,200	8,062,295	544,208	8,606,503
	206,977,336	22,468,142	229,445,478	256,429,536	20,951,198	277,380,734
	213,801,068	25,127,259	238,928,327	264,514,642	23,589,619	288,104,261

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2018 and 2017:

(amounts in euros)

	2018				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	10,723,527	7,245,391	(8,486,069)	-	9,482,849
Non-life insurance					
Workers' compensation	3,550,307	1,368,090	(1,274,631)	(71,479)	3,572,287
Personal accidents and passengers	16,317,885	4,560,137	(1,494,744)	3,942	19,387,220
Health	54,718,849	238,376,790	(234,242,893)	344,051	59,196,797
Fire and other damage	161,740,967	53,788,990	(107,385,433)	(1,377,906)	106,766,618
Motor	10,392,321	15,147,262	(19,824,306)	(122,365)	5,592,912
Marine, aviation and transport	8,059,758	1,092,256	(1,567,828)	3,251	7,587,437
Third party liability	13,983,238	7,434,958	(3,392,018)	(43,335)	17,982,843
Credit and suretyship	10,906	1,000	-	-	11,906
Assistance	-	10,784	(6,996)	(530)	3,258
Others	8,606,503	9,866,608	(9,128,911)	-	9,344,200
	277,380,734	331,636,091	(378,310,764)	(1,264,371)	229,445,478
	288,104,261	338,881,482	(386,796,833)	(1,264,371)	238,928,327

(amounts in euros)

	2017				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balance
Life insurance	10,039,562	7,134,265	(6,450,300)	-	10,723,527
Non-life insurance					
Workers' compensation	1,377,547	2,609,570	(335,310)	(101,500)	3,550,307
Personal accidents and passengers	13,758,980	4,769,539	(2,175,945)	(34,689)	16,317,885
Health	47,451,987	211,938,131	(210,058,821)	5,387,552	54,718,849
Fire and other damage	79,197,626	144,419,411	(57,757,082)	(4,118,988)	161,740,967
Motor	7,960,951	10,324,815	(7,999,207)	105,762	10,392,321
Marine, aviation and transport	3,959,077	6,928,152	(2,827,221)	(250)	8,059,758
Third party liability	16,704,501	657,118	(3,347,064)	(31,317)	13,983,238
Credit and suretyship	17,820	(6,914)	-	-	10,906
Others	7,122,213	16,659,951	(15,175,659)	(2)	8,606,503
	177,550,702	398,299,773	(299,676,309)	1,206,568	277,380,734
	187,590,264	405,434,038	(306,126,609)	1,206,568	288,104,261

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

17. OTHER DEBTORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accounts receivable for direct insurance operations		
Premiums pending collection	86,397,125	91,882,832
Claims reimbursements	25,415,718	25,351,728
Brokers	68,649,478	88,582,837
Co-insurers	15,081,833	20,327,732
Funding Institute of Agriculture and Fisheries (IFAP)	456,485	3,483,966
Workers' compensation fund	2,156,558	2,043,999
Others	263,171	631,327
	198,420,368	232,304,421
(Adjustments to premiums pending collection - Note 42)	(9,799,351)	(10,529,419)
(IFAP adjustments - Note 42)	(137,408)	(99,856)
(Adjustments for doubtful debts - Note 42)	(4,933,438)	(6,487,926)
	(14,870,197)	(17,117,201)
	183,550,171	215,187,220
Accounts receivable for other reinsurance operations		
Reinsurers' current accounts	27,080,425	46,627,012
Reinsureds' current accounts	2,470,877	1,125,488
	29,551,302	47,752,500
(Adjustments for doubtful debts - Note 42)	(5,740,637)	(6,390,243)
	23,810,665	41,362,257
Accounts receivable for other operations:		
Group companies	299,790	4,818
Aggregate tax	61,025,216	5,103,617
Associates	-	703,126
Employees	769,887	683,327
Pension fund	38,346	69,901
Clients - current accounts	100,776,340	110,766,425
Funding Institute of Agriculture and Fisheries (IFAP)	9,473,942	7,944,013
Debtors - items held under custody	365,738	312,159
Property rentals	3,983,104	2,299,237
Transactions to be settled	113,822,820	-
Other suppliers and services provided	2,009,996	3,334,913
Others	12,731,330	136,546,527
	305,296,509	267,768,063
(Adjustments for doubtful debts - Note 42)	(28,367,433)	(27,956,238)
	276,929,076	239,811,825
	484,289,912	496,361,302

In the years 2018 and 2017 the value under the heading "Clients - current accounts" includes the amount of EUR 99,680,126 and EUR 110,766,425, respectively, corresponding to the hospital sector.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. Fidelidade recorded EUR 113,822,820 as an amount receivable from Fosun Industrial Holdings, Limited resulting from the exercise, on 15 October 2018, of a put option on the wholly owned subsidiary FF Investment Luxembourg 1 S.à r.l. This amount was calculated in accordance with the contract conditions and is linked to a participation in the Folli Follie Group, held by FF Investment Luxembourg 1 S.à r.l.. Payment of this amount is guaranteed by Fosun International Limited and was made on 23 January 2019.

Balances receivable from IFAP correspond, essentially, to bonuses and compensation for excess claims regarding crop insurance campaigns from 2013 to 2018.

At 31 December 2017, the balance of the heading "Accounts receivable for other operations - Other debtors" includes EUR 116,401,991, corresponding to the amount receivable from the sale of FPI (US) 1 LLC.

At 31 December 2018, the balance of the heading "Aggregate tax" corresponds to the amount of tax payable by the companies in the Longrun Portugal, SGPS, S.A. Group, as a result of applying the Special Rules for the Taxation of Corporate Groups (SRTCG).

18. TAX ASSETS AND LIABILITIES

The balances for tax assets and liabilities at 31 December 2018 and 2017 were as follows:

(amounts in euros)

	2018	2017
Current tax assets		
Income tax recoverable	-	1,416,291
Others	822,035	400,262
	822,035	1,816,553
Current tax liabilities		
Others		
Stamp duty	(8,692,369)	(8,602,313)
Motor insurance guarantee fund	(2,080,309)	(2,011,623)
Workers' compensation fund	(4,205,551)	(4,265,702)
National civil protection authority tax	(1,561,970)	(1,722,858)
Insurance and pension funds supervisory authority tax	(2,066,192)	(2,179,876)
National medical emergency institute tax	(2,863,815)	(2,573,662)
Social Security	(5,396,585)	(5,088,605)
Withholdings	(8,236,796)	(7,986,051)
Others	(5,000,081)	(1,972,194)
	(40,103,668)	(36,402,884)
Deferred tax assets	290,622,167	257,623,227
Deferred tax liabilities	(130,284,961)	(256,486,485)
	160,337,206	1,136,742
Total	121,055,573	(33,449,589)

At 31 December 2018 and 2017, the balances relating to current income tax assets and liabilities break down as follows:

(amounts in euros)

	2018	2017
Income tax estimate recognised as a charge to the income statement	(47,306,885)	(111,338,490)
Income tax estimate recognised as a charge to reserves	3,626,298	6,994,028
Withholding tax	2,117,508	11,353,356
Payments on account	7,652,985	67,381,187
Others	608,028	(4,821,507)
	(33,302,066)	(30,431,426)

At 31 December 2018 and 2017 the heading "Income tax estimate recognised as a charge to the income statement" corresponds to the amount of the estimate of CIT plus Municipal and State Surcharge and autonomous taxation.

In 2018 and 2017, the income tax registered in reserves is the result of the change in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.

Movements of deferred taxes during 2018 and 2017 were:

(amounts in euros)

	Opening balance	2018		Closing balance
		Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	1,483,880	73,236,891	9,854,316	84,575,087
Properties				
For own use	8,778,674	(5,422,449)	6,218,781	9,575,006
Investment properties	34,911,032	-	(6,251,555)	28,659,477
Provisions and impairment temporarily not allowed for fiscal purposes	193,333,650	4,259,335	(49,546,669)	148,046,316
Employee benefits	15,358,015	(839,887)	755,958	15,274,086
Carry-forward tax losses	2,087,134	-	(519,960)	1,567,174
Others	1,670,842	25,802	1,228,377	2,925,021
	257,623,227	71,259,692	(38,260,752)	290,622,167
Liabilities				
Devaluation of available-for-sale investments	(213,479,024)	155,938,444	(10,028,038)	(67,568,618)
Properties				
For own use	(19,019,380)	(3,476,930)	(247,252)	(22,743,562)
Investment properties	(18,855,442)	-	(1,822,129)	(20,677,571)
Others	(5,132,639)	-	(14,162,571)	(19,295,210)
	(256,486,485)	152,461,514	(26,259,990)	(130,284,961)
	1,136,742	223,721,206	(64,520,742)	160,337,206

(amounts in euros)

	2017				
	Opening balance	Entry in perimeter	Change in		Closing balance
			Shareholders' equity	Income statement	
Assets					
Valuation of available-for-sale investments	58,244,270	-	(38,999,694)	(17,760,696)	1,483,880
Properties					
For own use	41,014,482	-	(23,088,183)	(9,147,625)	8,778,674
Investment properties	126,222,760	-	-	(91,311,728)	34,911,032
Provisions and impairment temporarily not allowed for fiscal purposes	179,386,483	-	(63,422)	14,010,589	193,333,650
Employee benefits	14,217,745	-	(573,257)	1,713,527	15,358,015
Carry-forward tax losses	2,081,902	-	-	5,232	2,087,134
Others	2,504,100	-	(239,816)	(593,442)	1,670,842
	423,671,742	-	(62,964,372)	(103,084,143)	257,623,227
Liabilities					
Devaluation of available-for-sale investments	(81,856,000)	-	(149,595,742)	17,972,718	(213,479,024)
Properties					
For own use	(42,423,706)	-	22,171,832	1,232,494	(19,019,380)
Investment properties	(119,041,200)	(1,973,097)	-	102,158,855	(18,855,442)
Others	(11,563,193)	-	-	6,430,554	(5,132,639)
	(254,884,099)	(1,973,097)	(127,423,910)	127,794,621	(256,486,485)
	168,787,643	(1,973,097)	(190,388,282)	24,710,478	1,136,742

In 2018 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between income tax and the profit in the year before tax, may be represented as follows:

(amounts in euros)

	2018	2017
Current tax		
Estimated tax for the year	42,903,820	84,041,640
State and municipal surcharge	2,702,918	25,765,989
Autonomous taxation	863,805	1,083,674
	46,470,543	110,891,303
Others	836,342	507,279
	47,306,885	111,398,582
Deferred tax	68,972,692	(24,710,478)
Total tax in income statement	116,279,577	86,688,104
Consolidated income before tax and non-controlling interests	396,268,292	306,202,851
Tax burden	29.34%	28.31%

Reconciliation between the nominal tax rate and the effective tax rate in 2018 and 2017 was as follows:

(amounts in euros)

	2018		2017	
	Rate	Tax	Rate	Tax
Income before tax		396,268,292		306,202,851
Income tax calculated at nominal rate	30.20%	119,685,762	31.43%	96,246,091
Permanent differences to be deducted				
Dividends from equity instruments	(7.10%)	(28,135,750)	(2.48%)	(7,590,581)
Real estate fair value adjustments	(13.63%)	(53,996,309)	(0.24%)	(749,333)
Capital losses included in the net profit	0.00%	-	(24.36%)	(74,597,623)
Impairment losses non-deductible	0.00%	-	(0.01%)	(18,798)
Provision not relevant for tax purposes	(4.48%)	(17,736,686)	(0.02%)	(72,426)
Negative equity variations	0.06%	233,940	0.00%	-
Reimbursement of non-deductible tax and over estimation of CIT	0.00%	-	(0.02%)	(72,007)
Post-employment benefits and other long term benefits to employees	(0.06%)	(242,654)	0.00%	-
Adjustments in respect of previous periods	(0.14%)	(558,095)	(2.19%)	(6,695,023)
Others	(0.25%)	(976,918)	(0.12%)	(373,338)

(continuation)

(amounts in euros)

	2018		2017	
	Rate	Tax	Rate	Tax
Permanent differences to be added				
Provision not relevant for tax purposes	0.00%	-	2.87%	8,790,857
Impairment losses non-deductible	23.66%	93,751,981	4.41%	13,496,053
Real estate fair value adjustments	0.00%	-	4.75%	14,541,186
Capital gains (computed in fiscal terms)	0.00%	-	15.12%	46,300,646
Capital losses included in the net profit	0.00%	-	0.00%	4,531
Under estimation of CIT	0.07%	280,587	0.02%	49,548
Other penalties	0.95%	3,760,129	0.00%	-
Post-employment benefits and other long term benefits to employees	0.00%	-	0.02%	64,097
Adjustments in respect of previous periods	0.00%	-	0.01%	21,815
Others	0.00%	-	0.86%	2,625,213
Tax benefits				
Net job creation	(0.10%)	(399,463)	(0.20%)	(606,376)
Others	(0.06%)	(250,751)	0.00%	-
Autonomous taxation	0.22%	863,804	0.18%	562,694
Deferred taxes assets and liabilities - Effect of tax rate change	0.00%	-	(1.71%)	(5,239,122)
	29.34%	116,279,577	28.31%	86,688,104

The tax authorities have the option of inspecting the four prior years in Portugal (six years for years in which losses have been reported). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Board of Directors of Fidelidade and of the companies in the Group, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

19. ACCRUALS AND DEFERRALS (ASSETS)

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accrued income	57,874,837	46,846,154
Deferred expenses		
Commission on the issue of financial products	12,415,896	14,000,665
Insurance	1,846,919	2,103,077
Rents and leases	4,352,126	1,661,126
Assistance for IT equipment	1,095,589	1,037,237
Advertising	22,765	315,022
Portuguese Insurers Association subscriptions	576,370	304,734
Software licences	2,440,852	1,080,286
Others	5,463,072	4,869,540
	86,088,426	72,217,841

At 31 December 2018 and 2017, the heading "Accrued income" includes:

- Estimates of the profit commissions receivable from life reinsurers, of EUR 4,706,500 and EUR 3,580,000, respectively;
- Services provided and not invoiced by Luz Saúde in the amount of EUR 42,092,756 and EUR 37,287,151, relating to 2018 and 2017, respectively.

The heading "Deferred expenses - Commissions on the issue of financial products" corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

20. NON-CURRENT ASSETS HELD FOR SALE

The Fidelidade Group is reorganising its real estate profile in Portugal. As part of this, some essentially residential and non-strategic assets were selected, given their occupation status and scattered location, together with their high operating costs. These properties do not fit within the Group's current investment strategy, which aims to place greater emphasis on more emblematic projects, which are larger in size and more profitable, in an effort to renew and optimise Fidelidade's real estate portfolio.

The sales process began in November 2017 with several real estate assets being placed on the market, for sale to national or international investors. By the end of the year, it was possible to undertake a preliminary assessment of the portfolios and the non-binding purchase offers received from investors. Following this, based on the non-binding offers, a smaller group of investors was selected, and these were given access to more detailed information on the assets, and the option to undertake technical visits of the various properties, in order to present their final offers. Once this phase was ended, they presented their final binding offers.

After analysing the various offers and following clarification meetings with the various candidates, on 16 June 2018 Fidelidade entered into a Promissory Sale and Purchase Agreement with a group of companies controlled by Apollo Management, in which all the transaction conditions were defined.

At the end of August of the same year and as provided for in the contract, the first deeds for the sale and purchase of assets were signed, and the transaction was completed successfully on 21 December 2018.

At 31 December 2018 and 2017, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

(amounts in euros)

	2018	2017
Non-current assets held for sale		
Properties for own use	-	34,790,400
Investment properties	4,270,662	260,924,276
Deferred tax assets	152,579	31,166,734
	4,423,242	327,057,041
Liabilities of a group for sale classified as held for sale		
Deferred tax liabilities	529,650	26,888,083
	529,650	26,888,083
Gains and losses on non-current assets classified as held for sale		
Gains		
Rents	6,446,440	1,053,766
Gains made	129,736,408	9,936
	136,182,848	1,063,702
Losses		
Realized Losses	(19,444,937)	-
Other Losses	(3,662,713)	(272,624)
	(23,107,649)	(272,624)
	113,075,199	791,078

21. TECHNICAL PROVISIONS

At 31 December 2018 and 2017, technical provisions for direct insurance and reinsurance accepted were composed as follows:

(amounts in euros)

	2018			2017		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	1,634,440	288,967,433	290,601,873	1,542,377	288,244,588	289,786,965
Mathematical provision for life insurance	1,907,427,795	-	1,907,427,795	1,762,942,406	-	1,762,942,406
Claims provision						
Reported claims	95,344,385	1,599,325,371	1,694,669,656	108,769,639	1,653,719,696	1,762,489,335
Claims incurred but not reported (IBNR)	23,767,719	83,823,481	107,591,200	23,714,096	78,787,255	102,501,351
	119,112,004	1,683,823,481	1,802,260,856	132,483,735	1,732,506,951	1,864,990,686
Provision for profit sharing	81,083,957	20,563	81,104,520	110,749,826	314	110,750,140
Provision for interest rate commitments	22,683,110	-	22,683,110	7,520,800	-	7,520,800
Provision for portfolio stabilisation	26,254,032	-	26,254,032	24,405,064	-	24,405,064
Equalisation provision	-	27,302,513	27,302,513	-	25,630,188	25,630,188
Provision for unexpired risks	-	36,514,181	36,514,181	-	49,222,515	49,222,515
	2,158,195,338	2,035,953,542	4,194,148,880	2,039,644,208	2,095,604,556	4,135,248,764

At 31 December 2018 and 2017, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

(amounts in euros)

	2018			2017		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	1,634,440	-	1,634,440	1,542,377	-	1,542,377
Non-life insurance						
Workers' compensation	16,444,781	(2,867,377)	13,577,404	14,930,169	(2,655,666)	12,274,503
Personal accidents and passengers	8,958,948	(2,301,418)	6,657,530	9,625,403	(2,126,911)	7,498,492
Health	34,829,317	(4,392,424)	30,436,893	36,979,495	(3,873,185)	33,106,310
Fire and other damage	95,334,622	(22,352,115)	72,982,507	95,429,856	(21,461,352)	73,968,504
Motor	168,772,802	(35,088,063)	133,684,739	162,822,957	(32,712,208)	130,110,749
Marine, aviation and transport	1,910,766	(255,845)	1,654,921	1,973,873	(308,757)	1,665,116
Third party liability	11,598,946	(3,142,840)	8,456,106	11,726,205	(2,825,983)	8,900,222
Credit and suretyship	194,527	(10,098)	184,429	187,131	(11,759)	175,372
Legal protection	2,242,573	(963,376)	1,279,197	2,118,131	(879,770)	1,238,361
Assistance	16,249,303	(3,556,325)	12,692,978	14,206,867	(2,993,940)	11,212,927
Others	10,793,263	(3,432,534)	7,360,729	12,083,446	(3,989,414)	8,094,032
	367,329,848	(78,362,415)	288,967,433	362,083,533	(73,838,945)	288,244,588
	368,964,288	(78,362,415)	290,601,873	363,625,910	(73,838,945)	289,786,965

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2018 and 2017 were as follows:

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Life insurance				
Provision for unearned premiums	1,542,377	92,063	-	1,634,440
Non-life insurance				
Provision for unearned premiums				
Workers' compensation	14,930,169	1,457,127	57,485	16,444,781
Personal accidents and passengers	9,625,403	(607,688)	(58,767)	8,958,948
Health	36,979,495	3,385,835	(5,536,013)	34,829,317
Fire and other damage	95,429,856	2,819,164	(2,914,398)	95,334,622
Motor	162,822,957	7,557,903	(1,608,058)	168,772,802
Marine, aviation and transport	1,973,873	77,142	(140,249)	1,910,766
Third party liability	11,726,205	304,704	(431,963)	11,598,946
Credit and suretyship	187,131	11,389	(3,993)	194,527
Legal protection	2,118,131	128,065	(3,623)	2,242,573
Assistance	14,206,867	2,049,940	(7,504)	16,249,303
Others	12,083,446	(1,300,285)	10,102	10,793,263
	362,083,533	15,883,296	(10,636,981)	367,329,848
Deferred acquisition costs				
Workers' compensation	(2,655,666)	(206,268)	(5,443)	(2,867,377)
Personal accidents and passengers	(2,126,911)	(176,750)	2,243	(2,301,418)
Health	(3,873,185)	(677,425)	158,186	(4,392,424)
Fire and other damage	(21,461,352)	(889,154)	(1,609)	(22,352,115)
Motor	(32,712,208)	(2,073,270)	(302,585)	(35,088,063)
Marine, aviation and transport	(308,757)	48,709	4,203	(255,845)
Third party liability	(2,825,983)	(335,235)	18,378	(3,142,840)
Credit and suretyship	(11,759)	1,675	(14)	(10,098)
Legal protection	(879,770)	(84,054)	448	(963,376)
Assistance	(2,993,940)	(562,375)	(10)	(3,556,325)
Others	(3,989,414)	556,881	(1)	(3,432,534)
	(73,838,945)	(4,397,266)	(126,204)	(78,362,415)
	288,244,588	11,486,030	(10,763,185)	288,967,433
	289,786,965	11,578,093	(10,763,185)	290,601,873

(amounts in euros)

	2017			
	Opening balance	Liabilities originated in the year	Exchange differences	Closing balance
Life insurance				
Provision for unearned premiums	1,567,236	(24,859)	-	1,542,377
Non-life insurance				
Provision for unearned premiums				
Workers' compensation	13,986,229	1,129,683	(185,743)	14,930,169
Personal accidents and passengers	9,313,724	431,702	(120,023)	9,625,403
Health	32,863,301	4,172,001	(55,807)	36,979,495
Fire and other damage	91,148,439	4,888,659	(607,242)	95,429,856
Motor	162,493,841	6,055,245	(5,726,129)	162,822,957
Marine, aviation and transport	1,854,943	123,097	(4,167)	1,973,873
Third party liability	10,647,493	1,131,570	(52,858)	11,726,205
Credit and suretyship	185,601	1,609	(79)	187,131
Legal protection	2,448,240	(233,761)	(96,348)	2,118,131
Assistance	13,916,869	1,140,836	(850,838)	14,206,867
Others	12,085,552	(2,104)	(2)	12,083,446
	350,944,232	18,838,537	(7,699,236)	362,083,533
Deferred acquisition costs				
Workers' compensation	(2,177,246)	(385,986)	(92,434)	(2,655,666)
Personal accidents and passengers	(1,654,211)	(478,556)	5,856	(2,126,911)
Health	(3,441,321)	(269,222)	(162,642)	(3,873,185)
Fire and other damage	(16,051,795)	(5,493,093)	83,536	(21,461,352)
Motor	(29,939,033)	(2,123,681)	(649,494)	(32,712,208)
Marine, aviation and transport	(267,826)	(40,061)	(870)	(308,757)
Third party liability	(1,830,900)	(1,002,663)	7,580	(2,825,983)
Credit and suretyship	(12,841)	2,715	(1,633)	(11,759)
Legal protection	(462,599)	(417,179)	8	(879,770)
Assistance	(2,539,718)	(454,230)	8	(2,993,940)
Others	(2,310,293)	(1,679,121)	-	(3,989,414)
	(60,687,783)	(12,341,077)	(810,085)	(73,838,945)
	290,256,449	6,497,460	(8,509,321)	288,244,588
	291,823,685	6,472,601	(8,509,321)	289,786,965

At 31 December 2018 and 2017, the claims provisions on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018			2017		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance	95,344,285	23,767,719	119,112,004	108,769,639	23,714,096	132,483,735
Non-life insurance						
Workers' compensation						
Mathematical provision	628,048,468	1,270,152	629,318,620	600,304,211	1,164,926	601,469,137
Provision for whole life assistance	175,405,716	7,962,649	183,368,365	169,605,546	7,948,876	177,554,422
Provision for temporary assistance	53,656,688	3,154,242	56,810,930	52,293,439	2,809,541	55,102,980
	857,110,872	12,387,043	869,497,915	822,203,196	11,923,343	834,126,539
Other						
Personal accidents and passengers	29,791,008	3,452,729	33,243,737	25,934,364	2,413,928	28,348,292
Health	48,853,034	6,682,763	55,535,797	47,904,803	5,265,865	53,170,668
Fire and other damage	153,214,065	18,423,824	171,637,889	222,295,199	20,992,414	243,287,613
Motor	405,722,926	20,481,839	426,204,765	429,365,340	18,715,287	448,080,627
Marine, aviation and transport	9,773,206	2,037,758	11,810,964	11,045,119	1,712,526	12,757,645
Third party liability	81,890,812	19,172,508	101,063,320	83,164,668	16,494,147	99,658,815
Credit and suretyship	587,566	78,946	666,512	625,979	79,011	704,990
Legal protection	15,504	7,417	22,921	15,110	8,453	23,563
Assistance	119,474	55,965	175,439	98,450	54,179	152,629
Others	12,246,904	1,042,689	13,289,593	11,067,468	1,128,102	12,195,570
	742,214,499	71,436,438	813,650,937	831,516,500	66,863,912	898,380,412
	1,599,325,371	83,823,481	1,683,148,852	1,653,719,696	78,787,255	1,732,506,951
	1,694,669,656	107,591,200	1,802,260,856	1,762,489,335	102,501,351	1,864,990,686

The movement in the claims provisions on direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	2018				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balances
Life insurance	132,483,735	266,281,095	(279,721,459)	68,633	119,112,004
Non-life insurance					
Workers' compensation	834,126,539	188,817,425	(156,710,898)	3,264,849	869,497,915
Personal accidents and passengers	28,348,292	15,151,224	(10,258,659)	2,880	33,243,737
Health	53,170,668	200,495,551	(201,589,486)	3,459,064	55,535,797
Fire and other damage	243,287,613	104,516,574	(188,362,773)	12,196,475	171,637,889
Motor	448,080,627	351,895,895	(375,135,099)	1,363,342	426,204,765
Marine, aviation and transport	12,757,645	3,941,778	(4,919,791)	31,332	11,810,964
Third party liability	99,658,815	14,711,237	(13,486,803)	180,071	101,063,320
Credit and suretyship	704,990	337,602	(376,080)	-	666,512
Legal protection	23,563	(189)	(453)	-	22,921
Assistance	152,629	32,597	(9,945)	158	175,439
Others	12,195,570	18,634,404	(17,540,381)	-	13,289,593
	1,732,506,951	898,534,098	(968,390,368)	20,498,171	1,683,148,852
	1,864,990,686	1,164,815,193	(1,248,111,827)	20,566,804	1,802,260,856

(amounts in euros)

	2017				
	Opening balance	Liabilities originated in the year	Claims paid	Exchange differences	Closing balances
Life insurance	121,052,056	296,131,965	(284,700,513)	227	132,483,735
Non-life insurance					
Workers' compensation	795,656,958	174,290,483	(135,907,590)	86,688	834,126,539
Personal accidents and passengers	21,996,356	15,681,811	(9,329,902)	27	28,348,292
Health	52,617,865	195,139,700	(194,346,850)	(240,047)	53,170,668
Fire and other damage	144,016,011	247,081,065	(147,914,716)	105,253	243,287,613
Motor	470,407,534	340,495,700	(362,839,425)	16,818	448,080,627
Marine, aviation and transport	9,575,853	9,568,949	(6,387,163)	6	12,757,645
Third party liability	102,490,360	10,753,393	(13,585,833)	895	99,658,815
Credit and suretyship	812,330	(33,608)	(73,732)	-	704,990
Legal protection	18,981	4,836	(254)	-	23,563
Assistance	98,612	56,807	(2,791)	1	152,629
Others	9,704,694	24,723,232	(22,232,356)	-	12,195,570
	1,607,395,554	1,017,762,368	(892,620,612)	(30,359)	1,732,506,951
	1,728,447,610	1,313,894,333	(1,177,321,125)	(30,132)	1,864,990,686

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

At 31 December 2018 and 2017, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018	2017
Non-life insurance		
Workers' compensation	1,331,772	6,113,713
Personal accidents and passengers	123,364	249,939
Health	3,755,245	229,934
Fire and other damage	3,513,090	7,784,688
Motor	21,835,879	29,135,581
Marine, aviation and transport	190,202	12,971
Third party liability	1,191,885	950,506
Credit and suretyship	64,500	61,889
Legal protection	67,471	384
Assistance	4,440,773	4,682,786
Others	-	124
	36,514,181	49,222,515

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	2018		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	6,113,713	(4,781,941)	1,331,772
Personal accidents and passengers	249,939	(126,575)	123,364
Health	229,934	3,525,311	3,755,245
Fire and other damage	7,784,688	(4,271,598)	3,513,090
Motor	29,135,581	(7,299,702)	21,835,879
Marine, aviation and transport	12,971	177,231	190,202
Third party liability	950,506	241,379	1,191,885
Credit and suretyship	61,889	2,611	64,500
Legal protection	384	67,087	67,471
Assistance	4,682,786	(242,013)	4,440,773
Others	124	(124)	-
	49,222,515	(12,708,334)	36,514,181

(amounts in euros)

	2017		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	16,283,252	(10,169,539)	6,113,713
Personal accidents and passengers	230,339	19,600	249,939
Health	1,047	228,887	229,934
Fire and other damage	2,891,055	4,893,633	7,784,688
Motor	23,896,420	5,239,161	29,135,581
Marine, aviation and transport	444	12,527	12,971
Third party liability	411,465	539,041	950,506
Credit and suretyship	15,823	46,066	61,889
Legal protection	-	384	384
Assistance	5,467,544	(784,758)	4,682,786
Others	40,738	(40,614)	124
	49,238,127	(15,612)	49,222,515

At 31 December 2018 and 2017, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	80,654,625	(454,754)	80,199,871	17,840,152	98,040,023
Life group risk	136,612,685	-	136,612,685	17,251,872	153,864,557
Life individual capitalisation	51,336,426	(136,574)	51,199,852	116,715	51,316,567
Life group capitalisation	3,121,591	-	3,121,591	-	3,121,591
	271,725,327	(591,328)	271,133,999	35,208,739	306,342,738
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	185,319,880	(7,465)	185,312,415	11,636,533	196,948,948
Life group capitalisation	320,985,471	-	320,985,471	4,438,363	325,423,834
Life individual PPR	1,130,015,406	(19,496)	1,129,995,910	29,800,322	1,159,796,232
	1,636,320,757	(26,961)	1,636,293,796	45,875,218	1,682,169,014
	1,908,046,084	(618,289)	1,907,427,795	81,083,957	1,988,511,752

(amounts in euros)

	2017				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	70,386,667	(194,702)	70,191,965	17,623,212	87,815,177
Life group risk	140,151,023	-	140,151,023	16,723,361	156,874,384
Life individual capitalisation	21,137,628	(14,794)	21,122,834	145,172	21,268,006
Life group capitalisation	3,059,094	-	3,059,094	-	3,059,094
	234,734,412	(209,496)	234,524,916	34,491,745	269,016,661
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	211,509,978	(9,151)	211,500,827	20,562,261	232,063,088
Life group capitalisation	312,340,437	-	312,340,437	5,990,684	318,331,121
Life individual PPR	1,004,599,979	(23,753)	1,004,576,226	49,705,136	1,054,281,362
	1,528,450,394	(32,904)	1,528,417,490	76,258,081	1,604,675,571
	1,763,184,806	(242,400)	1,762,942,406	110,749,826	1,873,692,232

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	2018			Closing balance
				Change in deferred acquisition costs	Others	Income distributed	
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	234,524,916	37,921,797	-	(381,831)	-	(930,883)	271,133,999
Investment contracts with a discretionary profit sharing component	1,528,417,490	85,653,843	-	5,944	8,681,711	13,534,808	1,636,293,796
	1,762,942,406	123,575,640	-	(375,887)	8,681,711	12,603,925	1,907,427,795
Profit sharing provision							
Insurance contracts	34,491,745	6,191,340	(3,058,972)	-	-	(2,415,374)	35,208,739
Investment contracts with a discretionary profit sharing component	76,258,081	10,233,096	(27,081,152)	-	-	(13,534,807)	45,875,218
	110,749,826	16,424,436	(30,140,124)	-	-	(15,950,181)	81,083,957
	1,873,692,232	140,000,076	(30,140,124)	(375,887)	8,681,711	(3,346,256)	1,988,511,752

(amounts in euros)

	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	2017			Closing balance
				Change in deferred acquisition costs	Others	Income distributed	
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	243,870,655	(10,405,666)	-	(81,972)	-	1,141,899	234,524,916
Investment contracts with a discretionary profit sharing component	1,404,634,800	94,696,704	-	7,614	21,557,472	7,520,900	1,528,417,490
	1,648,505,455	84,291,038	-	(74,358)	21,557,472	8,662,799	1,762,942,406
Profit sharing provision							
Insurance contracts	32,205,285	1,935,342	4,253,758	-	-	(3,902,640)	34,491,745
Investment contracts with a discretionary profit sharing component	36,506,226	(7,705,397)	54,978,149	-	-	(7,520,897)	76,258,081
	68,711,511	(5,770,055)	59,231,907	-	-	(11,423,537)	110,749,826
	1,717,216,966	78,520,983	59,231,907	(74,358)	21,557,472	(2,760,738)	1,873,692,232

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.17. f).

22. FINANCIAL LIABILITIES OF THE DEPOSIT COMPONENT OF INSURANCE CONTRACTS AND ON INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS

Information on movements in this account heading for 2018 and 2017 is set out below:

(amounts in euros)

	2018					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Others	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	149,201,722	1,765,933	(125,571,891)	(470,744)	-	24,925,020
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	25,670,399	194,679	(10,351,801)	(830,777)	(41,045)	14,641,455
	175,593,366	1,960,612	(135,923,692)	(1,301,521)	(41,045)	40,287,720
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	5,113,993,681	1,660,140,798	(538,942,736)	34,259,229	(8,640,666)	6,260,810,306
Life individual fixed rate	3,288,976,315	1,182,053,183	(1,541,087,288)	40,760,803	-	2,970,703,013
Capitalisation OP. Individual fixed rate	5,076,378	-	(426,331)	18,357	-	4,668,404
	8,408,046,374	2,842,193,981	(2,080,456,355)	75,038,389	(8,640,666)	9,236,181,723
	8,583,639,740	2,844,154,593	(2,216,380,047)	73,736,868	(8,681,711)	9,276,469,443

(amounts in euros)

	2017					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Others	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	485,306,767	1,970,476	(341,853,652)	3,778,131	-	149,201,722
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	26,949,181	208,501	(1,622,669)	192,428	(57,042)	25,670,399
	512,977,193	2,178,977	(343,476,321)	3,970,559	(57,042)	175,593,366
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	4,869,587,183	909,190,396	(686,292,227)	43,008,759	(21,500,430)	5,113,993,681
Life individual fixed rate	2,905,250,224	1,062,185,292	(730,237,269)	51,778,068	-	3,288,976,315
Capitalisation OP. Individual fixed rate	5,375,735	-	(330,040)	30,683	-	5,076,378
	7,780,213,142	1,971,375,688	(1,416,859,536)	94,817,510	(21,500,430)	8,408,046,374
	8,293,190,335	1,973,554,665	(1,760,335,857)	98,788,069	(21,557,472)	8,583,639,740

"Other investment contracts" corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

23. FINANCIAL LIABILITIES HELD FOR TRADING AND OTHER FINANCIAL LIABILITIES

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Financial liabilities held for trading		
Fair Value Hedge (Note 7)	22,170,498	5,656,794
Other financial liabilities		
Hedge Derivatives		
Fair Value Hedge (Note 7)	112,884	-
Cash flow Hedge (Note 7)	3,417,493	3,109,947
Hedges of a net investment in a foreign operation	7,624,386	901,239
	11,154,763	4,011,186
Deposits received from reinsurers		
Life	3,460,629	3,823,879
Non-life	129,364,374	128,776,439
	132,825,003	132,600,318
Loans		
Bank loans	633,948,491	573,125,604
Others		
Finance leases	61,318,402	35,031,960
	839,246,659	744,769,068
	861,417,157	750,425,862

The heading "Bank loans" at 31 December 2018 includes loans obtained by companies from the Group consolidation perimeter paying interest at an average annual rate of 1.55%.

24. OTHER CREDITORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accounts payable for direct insurance operations		
Brokers	50,485,989	67,330,057
Policyholders	36,004,409	33,546,996
Co-insurers	12,906,810	14,971,073
	99,397,208	115,848,126
Accounts payable for other reinsurance operations		
Reinsurers' current accounts	63,855,459	56,453,597
Insured's current accounts	1,709,530	1,986,694
	65,564,989	58,440,291
Accounts payable for other operations		
Group companies	180,077	456,558
Aggregate tax	6,373,408	35,155,310
Associates	-	17,252
Suppliers of tangible assets	357,470	594,602
Operating Leases - Suppliers of Tangible Assets	2,238	-
Suppliers' current accounts	76,343,292	61,184,627
Employees	63,662	46,494
Consultants, advisors and intermediaries	822	2,912
Pension funds	394,808	385,937
Other internal regularisation accounts	1,188,129	7,394,698
Transactions to be settled	16,553,865	73,132,234
Advances from clients	3,722,688	14,665,383
Deposit guarantee	26,267,953	23,705,605
Miscellaneous creditors	5,452,567	8,190,978
	136,900,979	225,021,872
	301,863,176	399,310,289

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

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

The heading "Miscellaneous creditors" at 31 December 2017 includes liabilities with Highgrove - Investimentos e Participações, SGPS, S.A., as this subsidiary has negative equity (Note 5).

25. ACCRUALS AND DEFERRALS (LIABILITIES)

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Deferred income		
Rents and leases	9,208,541	8,951,541
Others	1,734,304	111,719
	10,942,845	9,063,260
Accrued expenses		
Interest payable	564,951	742,047
Holiday and holiday subsidies payable	36,394,120	34,114,404
Insurance	3,492,006	3,402,602
Variable remuneration payable to employees	6,375,776	8,308,304
Performance bonus	13,946,880	10,478,621
Seniority bonus	722,212	717,337
Other employee costs	315,140	348,460
Provision for finder's fees	413,009	526,592
Commissions payable	57,806,623	41,488,257
Deferred payments - marketing	6,755,564	5,087,769
Municipal tax on real estate	1,410,166	1,738,639
Audit	362,538	854,293
Advertising	529,024	99,167
Electricity	604,901	258,766
Invoices pending conferral	4,894,011	5,462,884
Medical fees	25,313,657	20,559,308
Health services	10,397,122	11,226,965
Outsourcing (except accounting and computing)	5,105,902	4,035,903
Others	7,081,436	7,675,550
	182,485,038	157,125,868
	193,427,883	166,189,128

26. OTHER PROVISIONS

Information on the above account heading movements for 2018 and 2017 is set out below:

(amounts in euros)

	2018					
	Opening balances	Increases	Recoveries and cancellations	Others	Actuarial gains and losses from equity	Closing balances
Provisions for tax	3,280,111	-	(221,155)	19,293	-	3,078,249
Provisions for the cost of employee benefits (Note 35)						
Health benefits	22,964,031	-	(716,306)	-	(1,194,496)	21,053,229
Pension costs	2,599,565	-	(60,299)	-	157,016	2,696,282
Provision for Workers' compensation fund	50,036,302	1,500,000	-	-	-	51,536,302
Provision for restructuring	21,177,446	10,762,278	(18,559,651)	-	-	13,380,073
Others	114,355,535	293,247	(95,352,487)	262,804	-	19,559,099
	214,412,990	12,555,525	(114,909,898)	282,097	(1,037,480)	111,303,234

(amounts in euros)

	2017							
	Opening balances	Increases	Recoveries and cancellations	Uses	Others	Exchange differences	Actuarial gains and losses from equity	Closing balances
Provisions for tax	7,079,265	-	(3,799,154)	-	-	-	-	3,280,111
Provisions for the cost of employee benefits (Note 35)								
Health benefits	23,637,281	-	(541,532)	-	-	-	(131,718)	22,964,031
Pension costs	3,320,882	-	(183,991)	-	-	-	(537,326)	2,599,565
Provision for Workers' compensation fund	48,536,302	1,500,000	-	-	-	-	-	50,036,302
Provision for restructuring	35,424,918	-	(14,247,472)	-	-	-	-	21,177,446
Others	22,043,465	92,423,432	-	(166,378)	63,298	(8,282)	-	114,355,535
	140,042,113	93,923,432	(18,772,149)	(166,378)	63,298	(8,282)	(669,044)	214,412,990

The Group set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

Following the plan, 194 employees left in 2017, which led to EUR 14,247,472 being used. 247 employees were hired during the same period.

In carrying out the plan, 214 employees left in 2018, which led to EUR 18,559,651 being used. 231 employees were hired during the same period. At 31 December 2018 EUR 10,762,278 was recognised in the provision for restructuring, considering the actual cost of the recently negotiated redundancies of employees, based on the statutory retirement age of 66 years and 4 months.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2018 and 2017, the "Other Provisions" headings include the uses of EUR 51,378,501 and the constitution of EUR 88,288,859, respectively, which are registered under the heading "Impairment Losses (net of reversals)".

The heading "Provisions for costs of employee benefits - Health benefits" represents the liabilities assumed by the Group in relation to employees' health benefits. The heading "Provisions for costs of employee benefits - Pension costs" represents the liabilities assumed by the Group resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Group to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 35).

27. CAPITAL

The share capital of EUR 457,380,000 is composed of 145.2 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade's equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614 Euros, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

The shareholder structure at 31 December 2018 and 2017 was as follows:

(amounts in euros)

Shareholders	2018		2017	
	Number of Shares	% Share	Number of Shares	% Share
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	102,833,140	84.9861%
Caixa Geral de Depósitos, S.A.	21,780,000	15.0000%	18,150,000	15.0000%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.0025%	3,560	0.0029%
Own Shares	13,300	0.0092%	13,300	0.0110%
	145,200,000	100%	121,000,000	100%

The Group became a part of the Fosun Group as of 15 May 2014 when Longrun Portugal, SGPS, S.A. acquired 80% of Fidelidade's share capital.

The income of 2017 and 2016 was applied as indicated below:

(amounts in euros)

	2017	2016
Application of income for the year		
Legal Reserve	27,962,420	11,367,497
Free Reserves	146,947,145	90,617,509
Retained earnings	41,322,930	109,123,359
	216,232,495	211,108,365

The income per share at 31 December 2018 and 2017 was as follows:

(amounts in euros)

	2018	2017
Net Income for the year	271,573,231	216,232,495
Number of shares (at the end of the year)	145,200,000	121,000,000
Income per Share (in Euros)	1.87	1.79

28. RESERVES, RETAINED EARNINGS AND INCOME FOR THE YEAR

At 31 December 2018 and 2017, reserves and retained earnings were composed as follows:

(amounts in euros)

	2018	2017
Revaluation reserves		
Fair value adjustments		
Available-for-sale investments		
Gross gains	(32,342,937)	770,108,639
Amount attributable to policyholders	(36,725,291)	(67,062,089)
	(69,068,228)	703,046,550
Revaluations of properties for own use (Note 10)	90,246,089	111,830,706
Adjustments in fair value of hedging instruments in cash flow hedging	(1,541,534)	(2,678,535)
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	69,070,536	84,397,655
	88,706,863	896,596,376
Exchange differences		
Gross gains	(96,293,698)	(92,285,172)
Amount attributable to policyholders	-	196,674
	(96,293,698)	(92,088,498)
	(7,586,835)	804,507,878
Deferred tax reserve		
Available-for-sale investments	16,681,981	(212,233,639)
Properties for own use	(6,384,137)	(10,992,661)
Adjustments in fair value of hedging instruments in cash flow hedging	323,699	619,663
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency	(15,578,078)	(18,971,027)
Exchange differences	8,733,912	8,590,883
Actuarial gains and losses		
Post-employment benefits	24,835,104	26,555,729
Health benefits	1,603,220	130,168
Tax (paid)/deducted from potential capital gains or losses	(14,471,459)	(14,587,724)
	15,744,242	(220,888,608)

(continuation)

(amounts in euros)

	2018	2017
Revaluation Reserves, net of deferred taxes	8,157,407	583,619,270
Other reserves		
Legal reserve	178,056,865	150,524,237
Share premiums	182,379,280	115,103,280
Actuarial gains and losses		
Post-employment benefits	(51,186,074)	(50,748,865)
Health benefits	(5,089,588)	(6,284,084)
Other reserves	527,718,243	424,840,745
	831,878,726	633,435,313
Retained earnings	413,681,379	344,940,239
Income for the year	271,573,231	216,232,495
	1,525,290,743	1,778,227,317

In accordance with the legislation in force, at least 10% of net profits for each year, in the case of insurance companies, or 5% in the case of other companies, must be transferred to the legal reserve, until it totals the amount of share capital or up to 20% of the capital, respectively. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

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

The following is an assessment of consolidated profit at 31 December 2018 and 2017:

(amounts in euros)

	2018	2017
Contribution to consolidated net income		
Insurance		
Fidelidade - Companhia de Seguros, S.A.	278,236,439	187,789,354
Via Directa - Companhia de Seguros, S.A.	1,066,797	630,609
Companhia Portuguesa de Resseguros, S.A.	1,111,217	444,652
Fidelidade Angola - Companhia de Seguros, S.A.	1,375,653	2,120,405
Fidelidade Macau - Companhia de Seguros, S.A.	2,313,653	1,608,097
Garantia - Companhia de Seguros de Cabo Verde, S.A.	1,322,766	1,105,911

(continuation)

(amounts in euros)

	2018	2017
Property		
Fidelidade - Property Europe, S.A.	57,932,543	(33,194,737)
Fidelidade - Property International, S.A.	(104,650,065)	95,943,971
Fundo de Investimento Imobiliário Fechado Saudeinveste	10,851,951	15,281,046
Fundo de Investimento Imobiliário Fechado IMOFID	351,447	965,531
Highgrove - Investimentos e Participações, SGPS, S.A. (Equity accounting method)	(1,720)	(21,111)
FPI (UK) 1 LIMITED	(81,499,636)	(23,174,640)
FPI US 1 LLC	-	(289,525)
FPI (AU) 1 PTY LIMITED	(317,624)	8,663,254
FPE (Lux) Holding S.à r.l.	1,442,257	3,873,469
Thomas More Square (Lux) Holdings S.à r.l.	(25,982)	(31,402)
Thomas More Square (Lux) S.à r.l.	11,126,980	13,998,546
Thomas More Square (Lux) Investments Limited	-	(6,122)
FPE (IT) Società per Azioni	2,724,365	1,192,329
Madison 30 31 JV LLC (Equity accounting method)	-	148,320
GK Kita Aoyoma Support 2	-	21,408,777
Higashi Shinagawa Two TMK	-	(20,795)
Godo Kaisha Praia	29,078,481	16,638,779
Godo Kaisha Moana	(35,406)	(44,103)
Fundo Broggi (Maranello)	4,169,871	8,446,996
Broggi Retail S.R.L.	(23,713)	(11,238)
Health		
Luz Saúde, S.A. (consolidated accounts excluding minority interests)	8,949,969	11,362,235
Other sectors		
GEP - Gestão de Peritagens Automóveis, S.A.	150,593	93,420
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	(88,265)	72,453
Cetra - Centro Técnico de Reparação Automóvel, S.A.	306,853	214,582
Fidelidade - Consultoria e Gestão de Risco, Lda.	2,659	(1,330)
Fidelidade - Assistência e Serviços, Lda.	2,910	2,513
FCM Beteiligungs GmbH	(32,063)	(69,266)
FID I (HK) LIMITED	-	-
FID III (HK) LIMITED	(4,966)	(3,850)
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	(792,122)	-
FID Loans 1 Irl	2,166,001	119,630
FID Loans 2 Ireland Limited	-	-
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (Equity accounting method)	441,524	235,524
FID Latam, SGPS, S.A.	(5,812)	-
GEP Cabo Verde Gestão de Peritagens, Lda	-	-
FF Investment Luxembourg 1 S.a.r.l	-	-
FID PERÚ, S.A.	154,773	-

(continuation)

(amounts in euros)

	2018	2017
Elimination of dividends	(81,387,169)	(113,761,630)
Other consolidation adjustments		
Non - controlling interests (Note 29)	(8,415,484)	(3,232,648)
Elimination of impairment losses (net of reversals)	154,992,659	(36,579,093)
Property adjustments	3,104,938	21,307,060
Hedge accounting	8,536,692	(34,015,374)
Correction of results from previous years	(810,128)	(186,483)
Elimination of exchange differences on intra-group transactions	4,981,529	19,913,287
Others	(37,232,134)	27,295,092
	271,573,231	216,232,495

29. NON-CONTROLLING INTERESTS

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

(amounts in euros)

	% Non-controlling interests	2018	2017
Fundo de Investimento Imobiliário Fechado Saudeinveste	1.15%	1,667,920	1,543,361
Garantia - Companhia de Seguros de Cabo Verde, S.A.	44.11%	5,113,676	4,774,300
Fidelidade Angola - Companhia de Seguros, S.A.	30.87%	7,837,076	4,210,075
Luz Saúde, S.A.	49.64%	333,658,738	4,918,193
FPE (IT) Società per Azioni	4.24%	14,096,054	14,028,925
Fidelidade - Assistência e Serviços, Lda.	20.00%	641	452
Fidelidade Macau - Companhia de Seguros, S.A.	0.01%	1,474	1,273
Godo Kaisha Praia	3.00%	5,064,511	3,968,121
Godo Kaisha Moana	3.00%	2,867,828	2,674,427
Thomas More Square (Lux) Holdings Sarl	0.70%	(53,027)	(45,287)
Thomas More Square (Lux) Sarl	0.70%	91,366	21,416
Fundo Broggi	4.24%	536,672	358,786
Broggi Retail S.R.L	4.24%	(1,483)	(477)
Universal Assistência e Serviços, Lda	20.00%	(11)	179
GEP Cabo Verde Gestão de Peritagens, Limitada	25.00%	11,336	-
		370,892,771	36,453,744

The part of the consolidated profit attributable to minority shareholders in 2018 and 2017 is as follows:

(amounts in euros)

	% Non-controlling interests	2018	2017
Fundo de Investimento Imobiliário Fechado Saudeinveste	1.15%	(124,559)	(175,396)
Garantia - Companhia de Seguros de Cabo Verde, S.A.	44.11%	(583,412)	(487,110)
Fidelidade Angola - Companhia de Seguros, S.A.	30.87%	(2,161,948)	(670,831)
FCM Beteiligungs GmbH	0.00%	-	(18,934)
Luz Saúde, S.A.	49.64%	(4,515,940)	(340,544)
FPE (IT) Società per Azioni	4.24%	18,863	(50,579)
Fidelidade - Assistência e Serviços, Lda.	20.00%	(184)	(887)
Fidelidade Macau - Companhia de Seguros, S.A.	0.01%	(145)	(100)
Higashi Shinagawa Two TMK	0.00%	-	(702,469)
Godó Kaisha Praia	3.00%	(794,750)	(380,769)
Godó Kaisha Moana	3.00%	1,064	1,325
Thomas More Square (Lux) Holdings Sarl	0.70%	182	198
Thomas More Square (Lux) Sarl	0.70%	(77,775)	(97,847)
Fundo Broggi	4.24%	(177,886)	(358,786)
Broggi Retail S.R.L	4.24%	1,006	477
		(8,415,484)	(3,282,252)

30. EARNED PREMIUMS, NET OF REINSURANCE

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written						
Life insurance						
Insurance contracts without profit sharing	180,521,412	(14,586,896)	165,934,516	161,953,532	(12,281,832)	149,671,700
Insurance contracts with profit sharing	54,908,539	(1,013,114)	53,895,425	33,750,746	(1,119,595)	32,631,151
Investment contracts with a discretionary profit sharing component	225,096,144	-	225,096,144	248,316,696	-	248,316,696
	460,526,095	(15,600,010)	444,926,085	444,020,974	(13,401,427)	430,619,547
Non-life insurance						
Workers' compensation	217,746,228	(8,236,399)	209,509,829	183,822,094	(5,310,803)	178,511,291
Personal accidents and passengers	32,325,405	(8,727,845)	23,597,560	31,830,507	(9,846,853)	21,983,654
Health	320,861,105	(295,578,452)	25,282,653	300,692,850	(271,197,483)	29,495,367
Fire and other damage	264,081,107	(105,715,160)	158,365,947	266,650,268	(108,627,052)	158,023,216
Motor	481,214,990	(3,087,768)	478,127,222	448,613,263	(3,628,257)	444,985,006
Marine, aviation and transport	19,942,932	(11,903,215)	8,039,717	19,964,050	(10,899,168)	9,064,882
Third party liability	40,002,955	(11,752,189)	28,250,766	38,766,192	(10,928,829)	27,837,363
Credit and suretyship	744,102	(424,035)	320,067	820,011	(432,690)	387,321
Legal protection	5,629,006	(4,135,634)	1,493,372	5,522,009	(2,031,190)	3,490,819
Assistance	43,687,020	(36,225,260)	7,461,760	38,075,594	(18,131,915)	19,943,679
Others	34,162,746	(12,054,037)	22,108,709	34,211,422	(11,454,596)	22,756,826
	1,460,397,596	(497,839,994)	962,557,602	1,368,968,260	(452,488,836)	916,479,424
	1,920,923,691	(513,440,004)	1,407,483,687	1,812,989,234	(465,890,263)	1,347,098,971
Change in provision for unearned premiums						
Life insurance						
Insurance contracts without profit sharing	(77,299)	703,890	626,591	(34,046)	7,150	(26,896)
Insurance contracts with profit sharing	(26,839)	(14,987)	(41,826)	61,272	(14,384)	46,888
Investment contracts with a discretionary profit sharing component	12,075	-	12,075	(2,367)	-	(2,367)
	(92,063)	688,903	596,840	24,859	(7,234)	17,625

(continuation)

(amounts in euros)

	2018			2017		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Non-life insurance						
Workers' compensation	(1,457,127)	-	(1,457,127)	(1,129,683)	(114,713)	(1,244,396)
Personal accidents and passengers	607,688	(605,512)	2,176	(431,702)	(471,525)	(903,227)
Health	(3,385,835)	2,101,202	(1,284,633)	(4,172,001)	1,715,681	(2,456,320)
Fire and other damage	(2,819,164)	(312,194)	(3,131,358)	(4,888,659)	3,976,882	(911,777)
Motor	(7,557,903)	145,561	(7,412,342)	(6,055,245)	(178,028)	(6,233,273)
Marine, aviation and transport	(77,142)	184,866	107,724	(123,097)	(193,286)	(316,383)
Third party liability	(304,704)	(231,883)	(536,587)	(1,131,570)	37,007	(1,094,563)
Credit and suretyship	(11,389)	2,724	(8,665)	(1,609)	(9,584)	(11,193)
Legal protection	(128,065)	2,199	(125,866)	233,761	(1,909,311)	(1,675,550)
Assistance	(2,049,940)	34,493	(2,015,447)	(1,140,836)	(15,828,046)	(16,968,882)
Others	1,300,285	(1,176,942)	123,343	2,104	(391,149)	(389,045)
	(15,883,296)	144,514	(15,738,782)	(18,838,537)	(13,366,072)	(32,204,609)
	(15,975,359)	833,417	(15,141,942)	(18,813,678)	(13,373,306)	(32,186,984)
Earned premiums						
Life insurance						
Insurance contracts without profit sharing	180,444,113	(13,883,006)	166,561,107	161,919,486	(12,274,682)	149,644,804
Insurance contracts with profit sharing	54,881,700	(1,028,101)	53,853,599	33,812,018	(1,133,979)	32,678,039
Investment contracts with a discretionary profit sharing component	225,108,219	-	225,108,219	248,314,329	-	248,314,329
	460,434,032	(14,911,107)	445,522,925	444,045,833	(13,408,661)	430,637,172
Non-life insurance						
Workers' compensation	216,289,101	(8,236,399)	208,052,702	182,692,411	(5,425,516)	177,266,895
Personal accidents and passengers	32,933,093	(9,333,357)	23,599,736	31,398,805	(10,318,378)	21,080,427
Health	317,475,270	(293,477,250)	23,998,020	296,520,849	(269,481,802)	27,039,047
Fire and other damage	261,261,943	(106,027,354)	155,234,589	261,761,609	(104,650,170)	157,111,439
Motor	473,657,087	(2,942,207)	470,714,880	442,558,018	(3,806,285)	438,751,733
Marine, aviation and transport	19,865,790	(11,718,349)	8,147,441	19,840,953	(11,092,454)	8,748,499
Third party liability	39,698,251	(11,984,072)	27,714,179	37,634,622	(10,891,822)	26,742,800
Credit and suretyship	732,713	(421,311)	311,402	818,402	(442,274)	376,128
Legal protection	5,500,941	(4,133,435)	1,367,506	5,755,770	(3,940,501)	1,815,269
Assistance	41,637,080	(36,190,767)	5,446,313	36,934,758	(33,959,961)	2,974,797
Others	35,463,031	(13,230,979)	22,232,052	34,213,526	(11,845,745)	22,367,781
	1,444,514,300	(497,695,480)	946,818,820	1,350,129,723	(465,854,908)	884,274,815
	1,904,948,332	(512,606,587)	1,392,341,745	1,794,175,556	(479,263,569)	1,314,911,987

In 2018 and 2017, premiums for life insurance contracts may be broken down as follows:

(amounts in euros)

	2018	2017
Direct insurance gross premiums written	460,026,095	444,020,974
Individual contracts	275,589,771	262,390,786
Group contracts	184,436,324	181,630,188
	460,026,095	444,020,974
Periodic	219,404,522	212,700,260
Non-periodic	240,621,573	231,320,714
	460,026,095	444,020,974
Contracts without profit sharing	179,973,406	162,075,255
Contracts with profit sharing	280,052,689	281,945,719
	460,026,095	444,020,974
Reinsurance accepted gross premiums written	500,000	-
Gross premiums written from direct insurance and reinsurance accepted	460,526,095	444,020,974
Reinsurance balance	(123,964)	1,373,873

31. FEES FROM INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS OR SERVICE CONTRACTS

In 2018 and 2017, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 1,224,954 and EUR 1,943,122 respectively.

32. CLAIMS COSTS, NET OF REINSURANCE

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance						
Direct insurance and reinsurance accepted	285,539,563	(12,835,105)	272,704,458	288,761,380	11,453,531	300,214,911
Reinsurance ceded	(8,290,702)	1,211,932	(7,078,770)	(6,325,015)	(683,965)	(7,008,980)
	277,248,861	(11,623,173)	265,625,688	282,436,365	10,769,566	293,205,931
Non-life insurance						
Direct insurance and reinsurance accepted						
Workers' compensation	165,833,556	40,200,842	206,034,398	145,963,802	39,970,651	185,934,453
Personal accidents and passengers	13,687,750	4,872,487	18,560,237	12,587,379	6,473,925	19,061,304
Health	230,225,272	4,409,131	234,634,403	221,791,389	(5,080,007)	216,711,382
Fire and other damage	196,414,674	(62,085,047)	134,329,627	152,283,757	104,598,750	256,882,507
Motor	357,189,955	(21,287,439)	335,902,516	346,391,118	(21,228,398)	325,162,720
Marine, aviation and transport	5,131,367	(915,431)	4,215,936	6,345,085	3,186,381	9,531,466
Third party liability	13,224,788	1,554,082	14,778,870	12,701,481	(2,728,234)	9,973,247
Credit and suretyship	405,213	(38,478)	366,735	408,761	62,451	471,212
Legal protection	98,916	(642)	98,274	108,704	4,581	113,285
Assistance	744,500	22,967	767,467	702,075	54,010	756,085
Other	17,496,166	1,093,540	18,589,706	22,892,445	2,495,273	25,387,718
	1,000,452,157	(32,173,988)	968,278,169	922,175,996	127,809,383	1,049,985,379
Reinsurance ceded						
Workers' compensation	(1,245,383)	(93,458)	(1,338,841)	(258,707)	(2,274,261)	(2,532,968)
Personal accidents and passengers	(1,458,288)	(3,065,393)	(4,523,681)	(2,105,562)	(2,593,595)	(4,699,157)
Health	(222,628,681)	(4,133,898)	(226,762,579)	(202,939,125)	(1,879,311)	(204,818,436)
Fire and other damage	(99,632,648)	53,596,445	(46,036,203)	(52,742,567)	(86,662,327)	(139,404,894)
Motor	(11,681,682)	4,677,044	(7,004,638)	(6,574,762)	(2,325,609)	(8,900,371)
Marine, aviation and transport	(1,481,244)	475,572	(1,005,672)	(2,760,605)	(4,100,931)	(6,861,536)
Third party liability	(2,538,896)	(4,042,941)	(6,581,837)	(2,825,368)	2,689,946	(135,422)
Credit and suretyship	-	(1,000)	(1,000)	1,846	6,914	8,760
Assistance	(6,996)	(3,786)	(10,782)	(195)	1,098	903
Other	(8,812,035)	(737,700)	(9,549,735)	(14,122,503)	(1,485,390)	(15,607,893)
	(349,485,853)	46,670,885	(302,814,968)	(284,327,548)	(98,623,466)	(382,951,014)
	650,966,304	14,496,897	665,463,201	637,848,448	29,185,917	667,034,365
	928,215,165	2,873,724	931,088,889	920,284,813	39,955,483	960,240,296

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

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2018 and 2017:

(amounts in euros)

	2018						
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	118,039,195	(11,599,915)	106,439,280	1,848,968	37,921,797	6,191,340	152,401,385
Investment contracts with a discretionary profit sharing component	167,500,368	(1,235,190)	166,265,178	15,162,310	85,653,843	10,233,096	277,314,427
	285,539,563	(12,835,105)	272,704,458	17,011,278	123,575,640	16,424,436	429,715,812
Reinsurance ceded							
Insurance contracts	(8,290,702)	1,211,932	(7,078,770)	-	(1,896,940)	-	(8,975,710)
	(8,290,702)	1,211,932	(7,078,770)	-	(1,896,940)	-	(8,975,710)
Net							
Insurance contracts	109,748,493	(10,387,983)	99,360,510	1,848,968	36,024,857	6,191,340	143,425,675
Investment contracts with a discretionary profit sharing component	167,500,368	(1,235,190)	166,265,178	15,162,310	85,653,843	10,233,096	277,314,427
	277,248,861	(11,623,173)	265,625,688	17,011,278	121,678,700	16,424,436	420,740,102

(amounts in euros)

	2017						
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	105,423,238	9,778,751	115,201,989	2,654,182	(10,405,666)	1,935,342	109,385,847
Investment contracts with a discretionary profit sharing component	183,338,142	1,674,780	185,012,922	495,560	94,696,704	(7,705,397)	272,499,789
	288,761,380	11,453,531	300,214,911	3,149,742	84,291,038	(5,770,055)	381,885,636
Reinsurance ceded							
Insurance contracts	(6,325,015)	(683,965)	(7,008,980)	-	(252,073)	-	(7,261,053)
	(6,325,015)	(683,965)	(7,008,980)	-	(252,073)	-	(7,261,053)
Net							
Insurance contracts	99,098,223	9,094,786	108,193,009	2,654,182	(10,657,739)	1,935,342	102,124,794
Investment contracts with a discretionary profit sharing component	183,338,142	1,674,780	185,012,922	495,560	94,696,704	(7,705,397)	272,499,789
	282,436,365	10,769,566	293,205,931	3,149,742	84,038,965	(5,770,055)	374,624,583

In 2018 and 2017, changes in other technical provisions include the allocation of the provision to stabilise the portfolio of EUR 1,848,968 and of EUR 2,654,182, respectively. In 2018 and 2017, this heading also includes the allocation of EUR 15,162,310 and EUR 495,560 respectively, to the provision for interest rate commitments.

33. NET OPERATING COSTS, BY TYPE AND FUNCTION

In 2018 and 2017, the Group's operating costs, by type, were as follows:

(amounts in euros)

	2018	2017
Employee costs (Note 34)	328,760,982	303,116,112
External supplies and services		
Electricity	8,953,635	7,888,653
Fuel	2,671,250	2,256,286
Water	1,209,052	1,272,529
Printed Material	395,443	422,549
Office Supplies	794,826	764,383
Conservation and repair	17,586,038	17,303,978
Rents and leases	26,671,087	25,031,071
Representation expenses	2,214,099	2,129,923
Communication	9,026,511	8,929,557
Travel and accommodation	5,586,228	6,115,647
Insurance	2,726,864	2,913,257
Expenditure with self-employed workers	79,330,522	70,523,182
Advertising and publicity	17,525,703	16,625,437
Litigation and notary expenses	663,428	1,918,701
Security and surveillance	4,427,737	4,268,861
Specialist work	90,871,782	85,385,569
Contributions	1,440,694	2,593,806
Cleanliness, hygiene and comfort	2,170,608	2,457,617
Expenses with premium collections	2,441,175	3,588,386
Software licences	6,998,139	6,069,346
Subcontracts	116,242,488	100,707,227
Others	98,665,670	88,793,894
	498,612,979	457,959,859
Taxes and charges	19,863,800	18,773,378
Depreciation and amortisation for the year (Notes 10, 12 and 15)	46,478,596	45,255,066
Other provisions	(50,975,872)	(13,137,306)
Commissions	13,883,255	12,702,955
Interest paid	14,291,766	12,875,294
	870,915,506	837,545,358

In 2018 and 2017, the balance of reinsurance commissions and profit sharing is as follows:

(amounts in euros)

	2018		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	1,331,954	4,479,479	5,811,433
Related to non-life insurance	60,738,783	4,289,471	65,028,254
	62,070,737	8,768,950	70,839,687

(amounts in euros)

	2017		
	Commissions	Reinsurance profit sharing	Total
Related to life insurance	(2,941,378)	5,380,499	2,439,121
Related to non-life insurance	64,469,503	6,979,169	71,448,672
	61,528,125	12,359,668	73,887,793

In the 2018 and 2017 profit and loss statement, these costs were as follows:

(amounts in euros)

	2018			
	Life technical account	Non-life technical account	Non-technical account	Total
Claims costs - amounts paid				
Cost allocations	7,983,785	129,225,596	-	137,209,381
Technical costs	277,555,778	871,226,561	-	1,148,782,339
	285,539,563	1,000,452,157	-	1,285,991,720
Acquisition costs				
Cost allocations	29,585,343	108,456,959	-	138,042,302
Brokerage commissions	57,028,164	168,101,926	-	225,130,090
Others	55,348	1,647,193	-	1,702,541
	86,668,855	278,206,078	-	364,874,933
Administrative expenses				
Cost allocations	20,413,889	67,748,607	-	88,162,496
Brokerage remuneration	74,704	8,968,371	-	9,043,075
Others	265	1,468,217	-	1,468,482
	20,488,858	78,185,195	-	98,674,053

(continuation)

(amounts in euros)

	2018			
	Life technical account	Non-life technical account	Non-technical account	Total
Financial expenses (Note 37)				
Cost allocations	10,144,090	8,570,712	37,621,826	56,336,628
Others	540,664	172,554	122,330	835,548
	10,684,754	8,743,266	37,744,156	57,172,176
Other cost allocations (Note 44)	-	-	451,164,699	451,164,699
Total operating costs allocations	68,127,107	314,001,874	488,786,525	870,915,506

(amounts in euros)

	2017			
	Life technical account	Non-life technical account	Non-technical account	Total
Claims costs - amounts paid				
Cost allocations	7,630,486	120,719,844	-	128,350,330
Technical costs	281,130,894	801,456,152	-	1,082,587,046
	288,761,380	922,175,996	-	1,210,937,376
Acquisition costs				
Cost allocations	29,507,823	105,720,788	-	135,228,611
Brokerage commissions	35,953,096	146,813,737	-	182,766,833
Others	60,174	1,994,792	-	2,054,966
	65,521,093	254,529,317	-	320,050,410
Administrative expenses				
Cost allocations	21,283,025	72,476,548	-	93,759,573
Brokerage remuneration	62,540	8,891,191	-	8,953,731
Others	115	13,357	-	13,472
	21,345,680	81,381,096	-	102,726,776
Financial expenses (Note 37)				
Cost allocations	9,467,890	7,702,524	34,094,405	51,264,819
Others	418,266	148,044	162,836	729,146
	9,886,156	7,850,568	34,257,241	51,993,965
Other cost allocations (Note 44)	-	-	428,942,025	428,942,025
Total operating costs allocations	67,889,224	306,619,704	463,036,430	837,545,358

34. EMPLOYEE COSTS

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Remuneration		
Statutory bodies	10,541,311	9,512,015
Employees	225,094,778	208,065,485
Remuneration expenses	49,647,612	46,294,168
Post-employment benefits	16,639,642	12,546,787
Termination of employment benefits	4,743,943	5,331,691
Mandatory insurance	2,765,960	2,819,712
Social action costs	14,519,426	13,795,982
Other employee costs	4,808,310	4,750,272
	328,760,982	303,116,112

In 2018 and 2017, the costs of post-employment benefits were as follows:

(amounts in euros)

	2018	2017
Post-employment benefits		
Defined benefit plan (Note 35)	14,427,578	10,463,420
Individual retirement plan	1,370,732	1,336,107
Employee transfer	(49,787)	(47,556)
Other costs	891,119	794,816
	16,639,642	12,546,787

In 2018 and 2017, the heading "Post-employment benefits - Employee transfer" corresponds to the cost of post-employment benefits for employees of the Group's Insurance Companies who were assigned to other entities in the Group.

In 2018 and 2017, the number of employees working for the Group, by category, was as follows:

	2018	2017
Senior management	93	104
Line management	566	577
Technical	3,579	3,131
Administrative	4,934	4,593
Ancillary	609	488
	9,781	8,893

In 2018 and 2017, the Group recorded a reversal in the estimate for seniority bonuses of EUR 164,939 and EUR 234,960 respectively. The heading "Accruals and deferred income" includes EUR 722,212 for seniority bonuses.

35. RETIREMENT PENSIONS AND OTHER LONG-TERM BENEFITS

At 31 December 2018 and 2017, the headings "Assets for post-employment benefits and other long-term benefits" and "Liabilities for post-employment benefits and other long-term benefits" were as follows:

(amounts in euros)

	2018	2017
Assets		
Defined benefit plan	7,299,079	12,344,589
Liabilities		
Defined contribution plan	(85,688)	(85,665)
	7,213,391	12,258,924

Regarding 2018 and 2017, in the "Defined contribution plan" the Company recorded a cost of EUR 1,215,889 and EUR 1,199,260 respectively, with the payment of EUR 85.688 and EUR 85.665 still pending, which corresponds to December 2018 and 2017 contributions that were paid in January 2019 and 2018.

Defined Contribution Plan

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

The provisions of the previous defined benefit plan apply to employees of working age employed as permanent staff, with employment contracts of indefinite term, who are not covered by the CEAs.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Group and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Group's contributions to the individual retirement plan are made in line with the provisions of Annex V to the CEAs, and correspond to the amount which results from applying the percentages indicated in the following table to the employee's basic annual salary:

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

Furthermore, in line with the provisions set out in Chapter IX of the Pre-retirement and Savings Plan of the aforementioned CEAs, the first annual contribution by the Group to the IRP will be:

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

At 31 December 2018 and 2017, the liabilities and assets of the Individual Retirement Plan of the Fidelidade Group companies were:

(amounts in euros)

	Fidelidade	CPR	Via Directa	Total
Liabilities at 31 December 2017	23,936,452	24,657	211,684	24,172,793
Expenses for the year	1,182,482	-	33,407	1,215,889
Liabilities at 31 December 2018	25,118,934	24,657	245,091	25,388,682
Assets at 31 December 2017	23,853,035	24,657	209,435	24,087,127
Contributions	1,182,476	-	33,389	1,215,865
Assets at 31 December 2018	25,035,511	24,657	242,824	25,302,992
Difference	1.00	1.00	0.99	1.00
Funding level	99.67%	100.00%	99.08%	99.66%

Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity, the Group granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millenniumbcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former-Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2018 and 2017, were determined by Fidelidade's life insurance actuarial department.

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

	2018	2017
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
Men	TV 73/77 (-2)	TV 73/77 (-2)
Women	TV 88/90 (-2)	TV 88/90 (-2)
Discount rate	2.00%	1.80%
Salary growth rate	2.10%	2.00%
Pensions growth rate	0.75%	0.75%
Pre-retirement growth rates	1.25%	1.25%
Exclusions table	n/a	n/a

The following table provides a comparison between the actuarial and financial assumptions used to determine pension costs for 2018 and 2017 and the actual amounts:

	2018		2017	
	Assumptions	Real	Assumptions	Real
Salary growth rate	2.10%	0.88%	2.00%	1.53%
Pensions growth rate	0.75%	0.24%	0.75%	0.28%

At 31 December 2018 and 2017, the Group's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

(amounts in euros)

	2018			2017		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Liabilities for past services						
Active employees	6,420,919	29,557	6,450,476	7,218,484	39,303	7,257,787
Retired and pre-retired	168,201,342	249,105	168,450,447	173,886,543	284,462	174,171,005
	174,622,261	278,662	174,900,923	181,105,027	323,765	181,428,792
Autonomous pension fund	139,569,520	466,049	140,035,569	148,777,396	536,517	149,313,913
Mathematical provisions	42,164,433	-	42,164,433	44,459,468	-	44,459,468
	181,733,953	466,049	182,200,002	193,236,864	536,517	193,773,381
Difference	7,111,692	187,387	7,299,079	12,131,837	212,752	12,344,589
Funding level	104.07%	167.25%	104.17%	106.70%	165.71%	106.80%

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

a) the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and

b) the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2017 and 2016, the Group's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Group's pension fund.

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

Fidelidade - Companhia de Seguros, S.A.:	
Fidelidade Pension Fund	7.64 years
Mundial Confiança Pension Fund	6.56 years
Império Bonança Pension Fund	9.46 years
Companhia Portuguesa de Resseguros, S.A. Pension Fund	4.72 years
Fidelidade Property Europe, S.A. Pension Fund	16.84 years

At 31 December 2018 and 2017, the number of beneficiaries was as follows:

	2018	2017
Active employees	947	1,010
Retired and pre-retired	2,095	2,106
Annuity holders	466	508
	3,508	3,624

The movements in the pension fund and in the mathematical provisions during 2018 and 2017 were as follows:

(amounts in euros)

	Fidelidade	Others	Total
Balances at 31 December 2016	200,933,929	572,475	201,506,404
Contributions	10,090,175	-	10,090,175
Change in mathematical provisions	(2,639,075)	-	(2,639,075)
Pensions paid	(19,277,840)	(52,173)	(19,330,013)
(Payments)/ Receipts relating to other benefits	(599,149)	-	(599,149)
Net income of pension funds	4,728,824	16,215	4,745,039
Balances at 31 December 2017	193,236,864	536,517	193,773,381
Contributions	9,662,260	-	9,662,260
Change in mathematical provisions	(2,295,035)	-	(2,295,035)
Pensions paid	(19,036,221)	(52,361)	(19,088,582)
(Payments)/ Receipts relating to other benefits	(154,117)	-	(154,117)
Net income of pension funds	320,202	(18,107)	302,095
Balances at 31 December 2018	181,733,953	466,049	182,200,002

At 31 December 2018 and 2017 the Group's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

At 31 December 2018 and 2017, the pension fund net assets were composed as follows, according to the respective valuation sources:

(amounts in euros)

	2018					
	Market value			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	13,836,592	59,618	13,896,211	13,836,592	59,618	13,896,211
Equity instruments	758,582	199	758,781	758,582	199	758,781
Debt instruments						
Public debt	19,128,613	24,993	19,153,606	19,128,613	24,993	19,153,606
Other entities	81,458,265	61,866	81,520,131	81,458,265	61,866	81,520,131
	100,586,878	86,858	100,673,737	100,586,878	86,858	100,673,737
Real Estate	12,157,600	9,924	12,167,524	12,157,600	9,924	12,167,524
Investment funds						
American shares	-	39,724	39,724	-	39,724	39,724
European shares	2,607,770	16,626	2,624,396	2,607,770	16,626	2,624,396
Real Estate	4,192,286	32,522	4,224,808	4,192,286	32,522	4,224,808
Debt instruments						
Public debt	244,909	63,483	308,392	244,909	63,483	308,392
Other issuers	1,349,657	126,155	1,475,812	1,349,657	126,155	1,475,812
Treasury	2,108,169	18,217	2,126,386	2,108,169	18,217	2,126,386
	10,502,791	296,727	10,799,518	10,502,791	296,727	10,799,518
Others	1,727,076	12,723	1,739,800	1,727,076	12,723	1,739,800
	139,569,520	466,049	140,035,569	139,569,520	466,049	140,035,569

(amounts in euros)

	2017					
	Market value			Portfolio value		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	16,817,556	18,754	16,836,310	16,817,556	18,754	16,836,310
Investment funds						
American shares	717,289	62,629	779,918	717,289	62,629	779,918
European shares	5,409,819	-	5,409,819	5,409,819	-	5,409,819
Real Estate	16,289,386	39,666	16,329,052	16,289,386	39,666	16,329,052
Debt instruments						
Public debt	16,791,265	53,709	16,844,974	16,791,265	53,709	16,844,974
Other issuers	91,899,098	201,049	92,100,147	91,899,098	201,049	92,100,147
Hedge funds	849,723	-	849,723	849,723	-	849,723
Treasury	-	7,678	7,678	-	7,678	7,678
	131,956,581	364,731	132,321,312	131,956,581	364,731	132,321,312
Others	3,259	153,032	156,291	3,259	153,032	156,291
	148,777,396	536,517	149,313,913	148,777,396	536,517	149,313,913

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

(amounts in euros)

	2018			2017		
	Fidelidade	Others	Total	Fidelidade	Others	Total
Cash and cash equivalents	6,591,633	59,618	6,651,251	8,616,998	18,754	8,635,752
Debt instruments	608,737	-	608,737	-	-	-
Investment funds						
National shares	-	-	-	710,956	-	710,956
European Shares	-	-	-	-	62,629	62,629
Real Estate	2,246,896	20,019	2,266,915	2,306,702	15,391	2,322,093
Debt instruments						
Public debt	-	10,304	10,304	-	-	-
Other issuers	1,550,928	126,155	1,677,083	6,796,324	128,548	6,924,872
Treasury	-	18,217	18,217	-	994	994
Others	-	1,262	1,262	-	-	-
	3,797,824	175,957	3,973,781	9,813,982	207,562	10,021,544
	10,998,194	235,575	11,233,769	18,430,980	226,316	18,657,296

The change in the difference between the Group's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2018 and 2017, can be demonstrated as follows:

(amounts in euros)

	Liabilities			Cover			Difference		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Position at 31									
December 2016	192,402,590	364,646	192,767,236	200,933,929	572,475	201,506,404	8,531,339	207,829	8,739,168
Current services expenses	269,286	1,265	270,551	-	-	-	(269,286)	(1,265)	(270,551)
Net defined									
benefit interest	2,441,973	6,613	2,448,586	2,595,537	3,737	2,599,274	153,564	(2,876)	150,688
Normal cost for the year	2,711,259	7,878	2,719,137	2,595,537	3,737	2,599,274	(115,722)	(4,141)	(119,863)
Increased liabilities									
for early retirements	9,751,552	(7,145)	9,744,407	-	-	-	(9,751,552)	7,145	(9,744,407)
Other changes in the									
income statement	-	-	-	(599,149)	-	(599,149)	(599,149)	-	(599,149)
Changes having an									
impact in the income									
statement (Note 34)	12,462,811	733	12,463,544	1,996,388	3,737	2,000,125	(10,466,423)	3,004	(10,463,419)
Actuarial gains and losses									
return on plan assets,									
not included in									
interest income	-	-	-	2,133,287	6,704	2,139,991	2,133,287	6,704	2,139,991
resulting from changes									
in financial assumptions	-	5,776	5,776	-	5,776	5,776	-	-	-
resulting from									
differences between									
assumptions and									
actual amounts	(1,843,460)	4,784	(1,838,676)	-	-	-	1,843,460	(4,784)	1,838,676
Changes with an impact									
on shareholders' equity	(1,843,460)	10,560	(1,832,900)	2,133,287	12,480	2,145,767	3,976,747	1,920	3,978,667
Contributions to the plan									
paid by entity	-	-	-	10,090,174	-	10,090,174	10,090,174	-	10,090,174
Change in mathematical									
provisions	(2,639,074)	-	(2,639,074)	(2,639,074)	-	(2,639,074)	-	-	-
Payments made									
by the plan									
pensions paid	(19,277,840)	(52,175)	(19,330,015)	(19,277,840)	(52,175)	(19,330,015)	-	-	-
Position at 31									
December 2017	181,105,027	323,765	181,428,792	193,236,864	536,517	193,773,381	12,131,837	212,752	12,344,589
Current services expenses	135,475	1,108	136,583	-	-	-	(135,475)	(1,108)	(136,583)
Net defined benefit									
interest	2,288,295	5,834	2,294,129	2,506,668	3,753	2,510,421	218,373	(2,080)	216,293
Normal cost for the year	2,423,770	6,942	2,430,712	2,506,668	3,753	2,510,421	82,898	(3,188)	79,710

(continuation)

(amounts in euros)

	Liabilities			Cover			Difference		
	Fidelidade	Others	Total	Fidelidade	Others	Total	Fidelidade	Others	Total
Increased liabilities for									
early retirements	14,359,652	(6,481)	14,353,171	-	-	-	(14,359,652)	6,481	(14,353,171)
Other changes in the									
income statement	-	-	-	(154,117)	-	(154,117)	(154,117)	-	(154,117)
Changes having an									
impact in the income									
statement (Note 34)	16,783,422	461	16,783,883	2,352,551	3,753	2,356,304	(14,430,871)	3,293	(14,427,578)
Actuarial gains and losses									
return on plan assets,									
not included in									
interest income	-	-	-	(2,186,467)	6,481	(2,179,986)	(2,186,467)	6,481	(2,179,986)
resulting from changes									
in financial assumptions	(1,451,214)	(23,037)	(1,474,251)	-	(28,341)	(28,341)	1,451,214	(5,304)	1,445,910
resulting from									
differences between									
assumptions and									
actual amounts	(483,718)	29,835	(453,883)	-	-	-	483,718	(29,835)	453,883
Changes with an impact									
on shareholders' equity	(1,934,932)	6,798	(1,928,134)	(2,186,467)	(21,860)	(2,208,327)	(251,535)	(28,658)	(280,193)
Contributions to the plan									
paid by entity	-	-	-	9,662,261	-	9,662,261	9,662,261	-	9,662,261
Change in mathematical									
provisions	(2,295,035)	-	(2,295,035)	(2,295,035)	-	(2,295,035)	-	-	-
Payments made									
by the plan									
pensions paid	(19,036,221)	(52,362)	(19,088,583)	(19,036,221)	(52,362)	(19,088,583)	-	-	-
Position at 31									
December 2018	174,622,261	278,662	174,900,923	181,733,953	466,049	182,200,002	7,111,692	187,387	7,299,079

Medical assistance

The Group contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2018 and 2017, these liabilities totalled EUR 21,053,229 and EUR 22,964,031, respectively, and were covered by provisions (Note 26). The actuarial deviations determined at 31 December 2018 and 2017 relating to this benefit amounted to EUR (754.482) and EUR (669.044), respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

Sensitivity analysis

At 31 December 2018, the sensitivity of the defined benefit liabilities assumed by Fidelidade, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios	2018	A	B	C
Financial Assumptions				
Discount Rate	2.00%	1.75%	2.25%	2.00%
Salary Growth Rate	2.10%	2.10%	2.10%	2.10%
Pre-retirement Salary Growth Rate	1.25%	1.25%	1.25%	1.25%
Pensions Growth Rate	0.75%	0.75%	0.75%	0.75%
Demographic Assumptions				
Mortality table				
> Women	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)
> Men	TV 73/77 (-2)	TV 73/77 (-2)	TV 73/77 (-2)	TV 88/90 (-2)
Age of Retirement	0	0	0	0

(amounts in euros)

Liabilities at 31 December 2018					
Scenarios		2018	A	B	C
Retirees	Old age	52,386,029	53,418,477	51,388,616	56,988,840
	Early retirement	13,723,863	14,019,081	13,438,740	14,799,188
	Disability	8,761,757	9,049,598	8,488,109	9,188,173
Pensioners	Widow/Widower	3,921,645	4,003,821	3,842,524	3,934,163
	Orphan	143,273	149,509	137,441	144,263
Pre-Retirees	Pension up to Retirement Age	37,794,649	38,074,479	37,518,798	37,935,467
	Costs up to Retirement Age	6,546,667	6,598,139	6,495,954	6,573,449
	Pension after Retirement Age				
	> CEA Plan	2,513,386	2,582,928	2,420,007	2,670,787
	> Complementary Plan	245,641	255,704	236,098	248,438
Active employees	CEA Plan	2,984,090	3,154,246	2,825,295	3,161,550
	Complementary Plan	3,436,828	3,671,430	3,219,455	3,616,263
Total		132,457,828	134,977,412	130,011,037	139,260,581

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 42,164,433.

36. INCOME

In 2018 and 2017, the investment income headings were composed as follows:

(amounts in euros)

	2018				2017			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for life insurance								
Properties	-	-	36,116	36,116	-	-	23,398	23,398
Financial assets held for trading	(3,526)	-	-	(3,526)	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	1,892,365	-	-	1,892,365	939,149	-	-	939,149
Available-for-sale investments	44,982,304	2,004,861	-	46,987,165	44,822,272	7,351,003	-	52,173,275
Loans and accounts receivable	2,113,922	-	-	2,113,922	1,028,030	-	-	1,028,030
Sight deposits	1,231	-	-	1,231	892	-	-	892
	48,986,296	2,004,861	36,116	51,027,273	46,790,343	7,351,003	23,398	54,164,744
Investments related to contracts considered for accounting purposes as investment contracts								
Financial assets held for trading	(1,478,510)	-	-	(1,478,510)	(1,534,347)	-	-	(1,534,347)
Financial assets initially recognised at fair value through profit or loss	7,557,133	151,914	-	7,709,047	16,776,034	147,393	-	16,923,427
Available-for-sale investments	166,282,520	22,879,454	-	189,161,974	146,129,543	17,614,675	-	163,744,218
Loans and accounts receivable	1,808,020	-	-	1,808,020	2,003,134	-	-	2,003,134
Sight deposits	15,723	-	-	15,723	246	-	-	246
	174,184,886	23,031,368	-	197,216,254	163,374,610	17,762,068	-	181,136,678
	223,171,182	25,036,229	36,116	248,243,527	210,164,953	25,113,071	23,398	235,301,422

(continuation)

(amounts in euros)

	2018				2017			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for non-life insurance								
Properties	-	-	11,021,131	11,021,131	-	-	18,090,691	18,090,691
Financial assets initially recognised								
at fair value through profit or loss	2,001,154	-	-	2,001,154	2,959,053	-	-	2,959,053
Available-for-sale investments	32,555,557	13,862,952	-	46,418,509	25,772,421	16,725,835	-	42,498,256
Loans and accounts receivable	3,191,256	-	-	3,191,256	3,201,410	-	-	3,201,410
Sight deposits	174,723	-	-	174,723	27,512	-	-	27,512
	37,922,690	13,862,952	11,021,131	62,806,773	31,960,396	16,725,835	18,090,691	66,776,922
Investments not allocated								
Properties	-	-	63,933,996	63,933,996	-	-	111,664,750	111,664,750
Financial assets held for trading	(114,866)	-	-	(114,866)	2,891	-	-	2,891
Financial assets initially recognised								
at fair value through profit or loss	10,605,202	9	-	10,605,211	2,456,044	-	-	2,456,044
Available-for-sale investments	2,362,522	721,779	-	3,084,301	1,798,521	684,756	-	2,483,277
Loans and accounts receivable	1,181,670	-	-	1,181,670	6,035,661	-	-	6,035,661
Sight deposits	1,755,146	-	-	1,755,146	298,203	-	-	298,203
	15,789,674	721,788	63,933,996	80,445,458	10,591,320	684,756	111,664,750	122,940,826
	276,883,546	39,620,969	74,991,243	391,495,758	252,716,669	42,523,662	129,778,839	425,019,170

37. FINANCIAL EXPENSES

In 2018 and 2017, the financial expenses headings were composed as follows:

(amounts in euros)

	2018				2017			
	Life technical account	Non-life technical account	Non-technical account	Total	Life technical account	Non-life technical account	Non-technical account	Total
Investment Expenses (Note 33)								
Costs allocated	10,144,090	8,570,712	37,621,825	56,336,627	9,467,890	7,702,524	34,094,405	51,264,819
Other Investment expenses	540,664	172,554	122,331	835,549	418,266	148,044	162,836	729,146
	10,684,754	8,743,266	37,744,156	57,172,176	9,886,156	7,850,568	34,257,241	51,993,965

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

In 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Available-for-sale investments	37,854,064	(15,411,080)	22,442,984	22,507,213	(2,010,414)	20,496,799
Loans and accounts receivable	11	-	11	-	-	-
	37,854,075	(15,411,080)	22,442,995	22,507,213	(2,010,414)	20,496,799
Investments related to contracts considered for accounting purposes as investment contracts						
Available-for-sale investments	343,921,748	(38,226,444)	305,695,304	205,785,259	(17,510,634)	188,274,625
Loans and accounts receivable	-	-	-	-	(45,710)	(45,710)
Financial liabilities at amortised cost	145	(75,038,534)	(75,038,389)	22,380	(94,839,890)	(94,817,510)
	343,921,893	(113,264,978)	230,656,915	205,807,639	(112,396,234)	93,411,405
	381,775,968	(128,676,058)	253,099,910	228,314,852	(114,406,648)	113,908,204
Investments allocated to technical provisions for non-life insurance						
Available-for-sale investments	38,284,258	(11,344,726)	26,939,532	78,864,646	(2,914,357)	75,950,289
Loans and accounts receivable	-	(30,115)	(30,115)	-	(37,086)	(37,086)
Held-to-maturity investments	-	-	-	-	(121,707)	(121,707)
	38,284,258	(11,374,841)	26,909,417	78,864,646	(3,073,150)	75,791,496
Investments not allocated						
Investments in subsidiaries, associates and joint ventures	3,385	-	3,385	139,531,769	(139,531,769)	-
Available-for-sale investments	1,762,824	(22,938)	1,739,886	1,350,776	(185,744)	1,165,032
Loans and accounts receivable	-	-	-	-	(287,056)	(287,056)
Others	-	-	-	-	(801,375)	(801,375)
	1,766,209	(22,938)	1,743,271	140,882,545	(140,805,944)	76,601
	421,826,435	(140,073,837)	281,752,598	448,062,043	(258,285,742)	189,776,301

39. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2018 and 2017, these headings were composed as follows:

(amounts in euros)

Realised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	-	-	-	-	(508,775)	(508,775)
Financial assets and liabilities initially recognised at fair value through profit or loss	1,366,410	(598,522)	767,888	1,072,269	(2,487,957)	(1,415,688)
	1,366,410	(598,522)	767,888	1,072,269	(2,996,732)	(1,924,463)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	65,077	(281,315)	(216,238)	135,354	(885,016)	(749,662)
Financial assets and liabilities initially recognised at fair value through profit or loss	9,097,957	(11,737,655)	(2,639,698)	11,077,266	(10,265,012)	812,254
Others	3,304	(4)	3,300	-	-	-
	9,166,338	(12,018,974)	(2,852,636)	11,212,620	(11,150,028)	62,592
	10,532,748	(12,617,496)	(2,084,748)	12,284,889	(14,146,760)	(1,861,871)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	-	-	-	-	(253,538)	(253,538)
Financial assets and liabilities initially recognised at fair value through profit or loss	713,810	(1,650,885)	(937,075)	2,685,393	(1,296,846)	1,388,547
Others	98	(61)	37	-	-	-
	713,908	(1,650,946)	(937,038)	2,685,393	(1,550,384)	1,135,009
Investments not allocated						
Financial assets and liabilities held for trading	136	(127,301)	(127,165)	3	(54,155)	(54,152)
Financial assets and liabilities initially recognised at fair value through profit or loss	1,496,369	(842,615)	653,754	-	(201,170)	(201,170)
	1,496,505	(969,916)	526,589	3	(255,325)	(255,322)
	12,743,161	(15,238,358)	(2,495,197)	14,970,285	(15,952,469)	(982,184)

(amounts in euros)

Unrealised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	5,748,187	(41,148,321)	(35,400,134)	59,656,422	(7,858,465)	51,797,957
Financial assets and liabilities initially recognised at fair value						
through profit or loss	287,316	(5,342,677)	(5,055,361)	3,762,152	(380,948)	3,381,204
Others	1,823,329	(3,206,415)	(1,383,086)	1,722,515	(1,476,631)	245,884
	7,858,832	(49,697,413)	(41,838,581)	65,141,089	(9,716,044)	55,425,045
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	46,669,671	(216,284,356)	(169,614,685)	147,104,772	(26,680,247)	120,424,525
Financial assets and liabilities initially recognised at fair value						
through profit or loss	7,047,794	(19,589,728)	(12,541,934)	13,755,089	(18,604,502)	(4,849,413)
Others	57,922,313	(73,782,928)	(15,860,615)	90,457,133	(103,348,682)	(12,891,549)
	111,639,778	(309,657,012)	(198,017,234)	251,316,994	(148,633,431)	102,683,563
	119,498,610	(359,354,425)	(239,855,815)	316,458,083	(158,349,475)	158,108,608
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	10,103,168	(50,964,016)	(40,860,848)	49,297,614	(7,478,185)	41,819,429
Financial assets and liabilities initially recognised at fair value						
through profit or loss	1,882,509	(4,846,885)	(2,964,376)	6,780,620	(1,232,777)	5,547,843
Others	21,579,230	(29,067,068)	(7,487,838)	39,164,935	(44,462,997)	(5,298,062)
	33,564,907	(84,877,969)	(51,313,062)	95,243,169	(53,173,959)	42,069,210
Investments not allocated						
Financial assets and liabilities held for trading	9,438,514	(23,046,917)	(13,608,403)	16,694,030	(11,135,421)	5,558,609
Financial assets and liabilities initially recognised at fair value						
through profit or loss	305,706	(12,922,490)	(12,616,784)	117,707	(1,980,195)	(1,862,488)
Others	-	-	-	2,957,267	-	2,957,267
	9,744,220	(35,969,407)	(26,225,187)	19,769,004	(13,115,616)	6,653,388
	162,807,737	(480,201,801)	(317,394,064)	431,470,256	(224,639,050)	206,831,206

(amounts in euros)

Total	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	5,748,187	(41,148,321)	(35,400,134)	59,656,422	(8,367,240)	51,289,182
Financial assets and liabilities initially recognised at fair value through profit or loss	1,653,726	(5,941,199)	(4,287,473)	4,834,421	(2,868,905)	1,965,516
Others	1,823,329	(3,206,415)	(1,383,086)	1,722,515	(1,476,631)	245,884
	9,225,242	(50,295,935)	(41,070,693)	66,213,358	(12,712,776)	53,500,582
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	46,734,748	(216,565,671)	(169,830,923)	147,240,126	(27,565,263)	119,674,863
Financial assets and liabilities initially recognised at fair value through profit or loss	16,145,751	(31,327,383)	(15,181,632)	24,832,355	(28,869,514)	(4,037,159)
Others	57,925,617	(73,782,932)	(15,857,315)	90,457,133	(103,348,682)	(12,891,549)
	120,806,116	(321,675,986)	(200,869,870)	262,529,614	(159,783,459)	102,746,155
	130,031,358	(371,971,921)	(241,940,563)	328,742,972	(172,496,235)	156,246,737
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	10,103,168	(50,964,016)	(40,860,848)	49,297,614	(7,731,723)	41,565,891
Financial assets and liabilities initially recognised at fair value through profit or loss	2,596,319	(6,497,770)	(3,901,451)	9,466,013	(2,529,623)	6,936,390
Others	21,579,328	(29,067,129)	(7,487,801)	39,164,935	(44,462,997)	(5,298,062)
	34,278,815	(86,528,915)	(52,250,100)	97,928,562	(54,724,343)	43,204,219
Investments not allocated						
Financial assets and liabilities held for trading	9,438,650	(23,174,218)	(13,735,568)	16,694,033	(11,189,576)	5,504,457
Financial assets and liabilities initially recognised at fair value through profit or loss	1,802,075	(13,765,105)	(11,963,030)	117,707	(2,181,365)	(2,063,658)
Others	-	-	-	2,957,267	-	2,957,267
	11,240,725	(36,939,323)	(25,698,598)	19,769,007	(13,370,941)	6,398,066
	175,550,898	(495,440,159)	(319,889,261)	446,440,541	(240,591,519)	205,849,022

40. EXCHANGE DIFFERENCES

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Investments allocated to technical provisions for life insurance		
Financial assets held for trading	(318,290)	(1,721,685)
Financial assets initially recognised at fair value through profit or loss	2,746,799	(2,665,476)
Available-for-sale investments	22,986,437	(56,797,985)
Loans and accounts receivable	4,557,691	(5,325,898)
Sight Deposits	(2,490,645)	495,999
Others	(20,566)	6,647
	27,461,426	(66,008,398)
Investments related to contracts considered for accounting purposes as investment contracts		
Financial assets held for trading	(2,934,565)	(3,974,818)
Financial assets initially recognised at fair value through profit or loss	11,193,660	(6,894,024)
Available-for-sale investments	110,075,907	(127,830,385)
Loans and accounts receivable	2,732,226	(4,071,592)
Sight Deposits	(1,657,339)	4,321,062
Others	(1,758,288)	(2,464,858)
	117,651,601	(140,914,615)
	145,113,027	(206,923,013)
Investments allocated to technical provisions for non-life insurance		
Financial assets held for trading	(909,919)	(1,362,854)
Financial assets initially recognised at fair value through profit or loss	1,151,080	(12,421,177)
Available-for-sale investments	27,808,955	(26,240,164)
Loans and accounts receivable	8,738,846	(1,725,979)
Sight Deposits	734,630	9,507,894
Others	(559,067)	(894,619)
	36,964,525	(33,136,899)
Investments not allocated		
Financial assets held for trading	134,401	(104,765)
Financial assets initially recognised at fair value through profit or loss	3,442,624	(64,457)
Available-for-sale investments	328,989	(3,619,465)
Loans and accounts receivable	9,299,145	(4,450,714)
Sight Deposits	(5,106,545)	(18,148,604)
Others	4	(13)
	8,098,618	(26,388,018)
	190,176,170	(266,447,930)

41. NET INCOME ON THE SALE OF NON-FINANCIAL ASSETS WHICH HAVE NOT BEEN RECOGNISED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

Realised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	-	-	-	4,265,200	-	4,265,200
Investment properties	429,722	-	429,722	21,023	-	21,023
	429,722	-	429,722	4,286,223	-	4,286,223
Investments not allocated						
Investment properties	268,598	(16,559)	252,039	4,590,363	(17,770)	4,572,593
Investments in associates and joint ventures	-	-	-	24,150	(5,984)	18,166
	268,598	(16,559)	252,039	4,614,513	(23,754)	4,590,759
	698,320	(16,559)	681,761	8,900,736	(23,754)	8,876,982

(amounts in euros)

Unrealised gains and losses	2018			2017		
	Gains	Losses	Net (Note 10)	Gains	Losses	Net (Note 10)
Investments allocated to technical provisions for life insurance						
Investment properties	1,395,244	-	1,395,244	-	(204,893)	(204,893)
	1,395,244	-	1,395,244	-	(204,893)	(204,893)
Investments allocated to technical provisions for non-life insurance						
Investment properties	9,683,366	(4,570,439)	5,112,927	38,167,817	(24,094,916)	14,072,901
	9,683,366	(4,570,439)	5,112,927	38,167,817	(24,094,916)	14,072,901
Investments not allocated						
Investment properties	31,401,048	(928,094)	30,472,954	40,819,089	(46,694,001)	(5,874,912)
	31,401,048	(928,094)	30,472,954	40,819,089	(46,694,001)	(5,874,912)
	42,479,658	(5,498,533)	36,981,125	78,986,906	(70,993,810)	7,993,096

(amounts in euros)

Total	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Investment properties	1,395,244	-	1,395,244	-	(204,893)	(204,893)
	1,395,244	-	1,395,244	-	(204,893)	(204,893)
Investments allocated to technical provisions for non-life insurance						
Properties for own use	-	-	-	4,265,200	-	4,265,200
Investment properties	10,113,088	(4,570,439)	5,542,649	38,188,840	(24,094,916)	14,093,924
	10,113,088	(4,570,439)	5,542,649	42,454,040	(24,094,916)	18,359,124
Investments not allocated						
Investment properties	31,669,646	(944,653)	30,724,993	45,409,452	(46,711,771)	(1,302,319)
Investments in associates and joint ventures	-	-	-	24,150	(5,984)	18,166
	31,669,646	(944,653)	30,724,993	45,433,602	(46,717,755)	(1,284,153)
	43,177,978	(5,515,092)	37,662,886	87,887,642	(71,017,564)	16,870,078

42. IMPAIRMENT LOSSES (NET OF REVERSALS)

Information on impairment losses movements in 2018 and 2017 is set out below:

(amounts in euros)

	2018					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	Others	
Impairment of available-for-sale investments (Note 8)						
Debt instruments	136,729,609	3,908,070	(3,468,889)	(82,389,996)	-	54,778,794
Equity instruments	313,913,215	242,088,440	-	(136,295,643)	-	419,706,012
Other instruments	37,993,236	3,099,229	-	(8,605,341)	-	32,487,124
Impairment of loans and accounts receivable (Note 9)	617,392	91,380	-	(12,993)	-	695,779
Impairment of property for own use (Note 10)	10,358,899	392,337	(1,533,046)	-	1,543,303	10,761,493
Impairment of goodwill (Note 14)	957,001	-	-	-	-	957,001
Adjustments to premiums pending collection (Note 17)	10,529,419	285,370	-	(1,015,438)	-	9,799,351
Value adjustments IFAP (Note 17)	99,856	37,552	-	-	-	137,408
Adjustments for doubtful debts (Note 17)	40,834,407	-	(4,143,385)	-	2,350,486	39,041,508
	552,033,034	249,902,378	(9,145,320)	(228,319,411)	3,893,789	568,364,470

(amounts in euros)

	2017					Closing balances
	Opening balances	Increases	Recoveries and cancellations	Use	Others	
Impairment of available-for-sale investments (Note 8)						
Debt instruments	156,661,009	23,156,286	(917,819)	(42,169,867)	-	136,729,609
Equity instruments	286,535,154	105,845,364	-	(78,467,303)	-	313,913,215
Other instruments	47,555,550	4,686,155	-	(14,248,469)	-	37,993,236
Impairment of loans and accounts receivable (Note 9)	1,238,964	145,811	(767,383)	-	-	617,392
Impairment of property for own use (Note 10)	11,237,416	2,080,972	(1,196,986)	(1,762,503)	-	10,358,899
Impairment of inventories (Note 13)	64,553	-	(79,479)	14,926	-	-
Impairment of goodwill (Note 14)	957,001	-	-	-	-	957,001
Adjustments to premiums pending collection (Note 17)	17,109,499	-	(7,029,138)	-	449,058	10,529,419
Value adjustments IFAP (Note 17)	484,133	-	(384,277)	-	-	99,856
Adjustments for doubtful debts (Note 17)	41,769,899	-	(3,243,100)	-	2,307,608	40,834,407
	563,613,178	135,914,588	(13,618,182)	(136,633,216)	2,756,666	552,033,034

In 2018 and 2017, the account heading "Impairment losses (net of reversals)" included uses of EUR 51,378,501 and allocations of EUR 88,288,859 of "Other provisions" (Note 26), respectively.

43. OTHER TECHNICAL INCOME/EXPENSES, NET OF REINSURANCE

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance						
Co-insurance management commissions	13,664	(31,372)	(17,708)	13,808	(16,752)	(2,944)
Pension fund management commissions	580,900	-	580,900	559,420	-	559,420
Others	5,339	-	5,339	53,034	(9,164)	43,870
	599,903	(31,372)	568,531	626,262	(25,916)	600,346
Related to non-life insurance						
Co-insurance management commissions	584,261	(497,663)	86,598	723,829	(468,895)	254,934
Others	4,132,914	(88,894)	4,044,020	3,707,723	(161,187)	3,546,536
	4,717,175	(586,557)	4,130,618	4,431,552	(630,082)	3,801,470
	5,317,078	(617,929)	4,699,149	5,057,814	(655,998)	4,401,816

44. OTHER INCOME/EXPENSES

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Non-current income and gains		
Tax rebates	7,075,818	3,778,309
Others	3,361,991	622,790
	10,437,809	4,401,099
Financial income and gains		
Interest obtained	361,405	995,585
Exchange rate gains	214,613,901	67,568,801
Cash discounts	977,819	1,083,305
Others	63,039	230,088
	216,016,164	69,877,779
Income from other assets		
Gains on other tangible assets	46,807	39,808
	46,807	39,808
Gains with pension plans		
Pension funds management fees (Macao Branch Life)	3,871	11,880
	3,871	11,880
Other non-technical income		
Adjustments to balances	2,016,178	177,626
Provisions of services	487,216,741	435,644,479
	489,232,919	435,822,105
Non-current expenses and losses		
Donations	(1,240,593)	(526,042)
Sponsorship	228,861	(755,285)
Gifts to clients	(117,520)	(129,135)
Fines and penalties	(12,808,570)	(41,234)
Miscellaneous contributions	(283,016)	(289,358)
Insufficient tax estimate	(1,364,149)	(631,230)
Corrections to previous years	(559,421)	(154,463)
Bad debts	(5,331,199)	(1,836,890)
Adjustments to balances	(375,594)	(301,424)
Others	(1,858,580)	(1,177,234)
	(23,709,781)	(5,842,295)

(continuation)

(amounts in euros)

	2018	2017
Financial expenses and losses		
Interest paid	(379,897)	(98,736)
Exchange rate losses	(221,562,134)	(12,805,225)
Banking services	(774,928)	(405,604)
Others	(2,057,437)	(1,242,543)
	(224,774,396)	(14,552,108)
Losses in other assets		
Losses in other intangible assets	(9,422)	(344,750)
Losses in other tangible assets	(431,050)	(426,947)
	(440,472)	(771,697)
Other non-technical expenses:		
Allocation of non-technical expenses (Note 33)		
Employee costs	(135,487,451)	(119,855,280)
External supplies and services	(305,455,935)	(267,352,372)
Depreciation for the year	(35,924,719)	(33,321,512)
Interest	(7,550,236)	(5,936,117)
Others	33,253,642	(2,476,744)
	(451,164,699)	(428,942,025)
Cost of goods sold	(2,750,954)	(2,770,038)
	12,897,268	57,274,508

45. GAINS AND LOSSES OF ASSOCIATES AND JOINT VENTURES (EQUITY METHOD)

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	441,524	235,524
Highgrove - Investimentos e Participações, SGPS, S.A.	266,148	(20,951)
Genomed - Diagnósticos de Medicina Molecular, S.A.	(16,109)	50,766
Madison 30 31 JV LLC	-	148,319
GK Kita Aoyoma Support 2	(15,319)	-
	676,244	413,658

46. SEGMENT REPORTING

The Group presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Group which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

For the purpose of business segment reporting, the Group has named two segments: "Health" and "Insurance". In the insurer sector it has chosen the following sub-segments:

Sub-segment:	Sub-segment areas:
Life	
Risk	Risk
Capitalisation with profit sharing	Capitalisation with profit sharing
Financial liabilities	Financial liabilities
Non-Life	
Workers' compensation	Workers' compensation
Health	Health
Property	Fire and other damage
	Credit
	Suretyship
	Miscellaneous pecuniary losses on property
Motor	Passengers
	Land vehicles
	Third party liability for land motor vehicles
	Miscellaneous pecuniary losses related to motor
	Legal protection for motor
	Motor assistance
Transported goods	Transported goods
	Marine and transport
	Aviation
Third party liability	Third party liability
Other	Personal accidents
	Legal protection - other
	Assistance - other
	Miscellaneous insurance

For reporting by geographical segment, the Group selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2018 and 2017 was as follows:

2018

(amounts in euros)

	Insurance segment			Health segment	Consolidation adjustments	Total
	Life	Non-life	Not allocated			
Gains and losses						
Earned premiums net of reinsurance	445,522,926	946,795,661	72,264	-	(49,106)	1,392,341,745
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,224,954	-	-	-	-	1,224,954
Claims costs, net of reinsurance	(265,673,817)	(710,300,547)	-	(48,678,357)	93,563,832	(931,088,889)
Other technical provisions, net of reinsurance	(17,011,278)	11,047,219	-	-	-	(5,964,059)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(138,103,136)	(201,455)	-	-	-	(138,304,591)
Operating costs and expenses, net	(101,316,911)	(289,926,589)	-	-	3,307,354	(387,936,146)
Financial income	309,288,375	68,350,840	102,644,023	(8,618)	(88,778,862)	391,495,758
Financial expenses and net income on financial assets and liabilities	164,265,786	14,369,570	(24,587,898)	9,909	(21,527,150)	132,530,217
Impairment losses (net of reversals)	(166,342,193)	(41,898,732)	(143,562,601)	(1,670,584)	152,845,553	(200,628,557)
Other income/expenses	403,892	30,875,493	11,384,488	60,976,706	(85,367,919)	18,272,660
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(11,400,760)	(7,424,370)	135,398,710	-	(3,498,380)	113,075,200
Current income tax	(31,092,783)	(21,230,042)	(53,649,095)	(1,679,087)	2,621,430	(105,029,577)
Non-controlling interests	-	-	-	(58,657)	(8,356,827)	(8,415,484)
	189,765,055	457,048	27,699,891	8,891,312	44,759,925	271,573,231
Assets						
Cash and cash equivalents and sight deposits	577,861,540	63,996,568	332,912,571	59,723,565	-	1,034,494,244
Investments in associates and joint ventures	1,217,666,334	304,854,829	1,209,626,715	952,090	(2,730,792,822)	2,307,146
Financial assets held for trading	11,796,723	1,813,233	10,889,449	-	(7,885,804)	16,613,601
Financial assets initially recognised at fair value through profit or loss	328,457,084	63,691,704	471,675,675	769,676	(1,969,282)	862,624,857
Hedge derivatives	2,267,528	1,855,423	261,418	-	-	4,384,369
Available-for-sale assets	8,816,278,840	1,307,307,891	492,048,979	59,863	(564,025,537)	10,051,670,036
Loans and accounts receivable	1,521,654,479	441,172,580	355,173,090	-	(223,852,837)	2,094,147,312
Properties	9,613,634	171,653,228	1,489,961,022	403,862,563	(124,127)	2,074,966,320
Other tangible and intangible assets	6,812,596	28,828,819	690,614	63,701,442	-	100,033,471
Goodwill	-	-	-	148,573,534	268,033,005	416,606,539
Technical provisions for reinsurance ceded	23,382,812	321,083,910	-	-	(34,791,283)	309,675,439
Asset for post-employment and other long-term benefits	-	-	7,299,079	-	-	7,299,079
Other debtors for insurance and other operations	49,939,200	170,997,933	221,635,541	91,516,567	184,254,190	718,343,431
Tax assets	175,425,916	94,235,481	30,028,051	13,370,585	1,860,815	314,920,848
Accruals and deferrals	13,253,520	4,053,012	9,546,878	57,732,717	1,502,299	86,088,426
Non-current assets held for sale	-	152,580	4,270,662	-	-	4,423,242
	12,754,410,206	2,975,697,191	4,636,019,745	840,262,602	(3,107,791,383)	18,098,598,360
Liabilities						
Provision for unearned premiums	1,634,440	291,352,998	(62,162)	-	(2,323,403)	290,601,873
Mathematical provision for life insurance	1,907,427,795	-	-	-	-	1,907,427,795
Claims provision	119,112,004	1,728,530,842	-	-	(45,381,990)	1,802,260,856
Provision for profit sharing	81,083,956	20,564	-	-	-	81,104,520
Provision for interest rate commitments	22,683,110	-	-	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	-	26,254,032
Equalisation provision	-	27,302,513	-	-	-	27,302,513
Provision for unexpired risks	-	36,514,181	-	-	-	36,514,181
Financial liabilities	9,288,350,690	130,715,509	369,965,038	357,390,355	(8,534,992)	10,137,886,600
Liabilities for post-employment and other long-term benefits	-	2,266	83,422	-	-	85,688
Other creditors for insurance and other operations	26,761,598	156,925,548	313,693,147	61,131,167	(22,594,765)	535,916,695
Tax liabilities	75,021,731	57,334,106	34,024,788	25,104,436	(8,869,786)	182,615,275
Accruals and deferrals	47,392,152	61,287,965	15,480,783	69,531,225	(264,242)	193,427,883
Other provisions	-	73,876,526	36,922,691	11,754,017	-	122,553,234
Liabilities from a group for disposal classified as held for sale	-	529,650	-	-	-	529,650
	11,595,721,508	2,564,392,668	770,107,707	524,911,200	(87,969,178)	15,367,163,906
Total segments						2,459,861,223
Shareholders' equity, reserves, retained earnings and non-controlling interests						2,459,861,223

2018

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	185,400,256	260,122,670	-	445,522,926
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,224,954	1,224,954
Claims costs, net of reinsurance	(91,672,200)	(174,001,617)	-	(265,673,817)
Other technical provisions, net of reinsurance	(1,848,968)	(15,162,310)	-	(17,011,278)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(11,937,557)	(126,165,579)	-	(138,103,136)
Operating costs and expenses, net	(27,187,862)	(11,100,931)	(63,028,118)	(101,316,911)
Financial income	14,238,983	42,037,253	253,012,139	309,288,375
Financial expenses and net income on financial assets and liabilities	10,386,723	(1,396,855)	155,275,918	164,265,786
Impairment losses (net of reversals)	(7,426,503)	(2,819,483)	(156,096,207)	(166,342,193)
Other income/expenses	560,988	(16,810)	(140,286)	403,892
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(2,753,056)	-	(8,647,704)	(11,400,760)
Current income tax	(8,235,211)	(219,344)	(22,638,228)	(31,092,783)
Non-controlling interests	-	-	-	-
	59,525,593	(28,723,006)	158,962,468	189,765,055
Assets				
Cash and cash equivalents and sight deposits	26,984,245	78,888,505	471,988,790	577,861,540
Investments in associates and joint ventures	40,745,483	-	1,176,920,851	1,217,666,334
Financial assets held for trading	107,435	1,776,488	9,912,800	11,796,723
Financial assets initially recognised at fair value through profit or loss	4,598,084	104,373,966	219,485,034	328,457,084
Hedge derivatives	12,997	11,695	2,242,836	2,267,528
Available-for-sale assets	281,409,313	1,550,026,557	6,984,842,970	8,816,278,840
Loans and accounts receivable	44,961,327	127,237,020	1,349,456,132	1,521,654,479
Properties	9,267,680	345,954	-	9,613,634
Other tangible and intangible assets	3,308,810	717,399	2,786,387	6,812,596
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,382,812	-	-	23,382,812
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	12,233,975	9,673,143	28,032,082	49,939,200
Tax assets	9,759,198	2,287,658	163,379,060	175,425,916
Accruals and deferrals	328,846	1,162,352	11,762,322	13,253,520
Non-current assets held for sale	-	-	-	-
	457,100,205	1,876,500,737	10,420,809,264	12,754,410,206
Liabilities				
Provision for unearned premiums	1,626,030	8,410	-	1,634,440
Mathematical provision for life insurance	216,812,557	1,690,615,238	-	1,907,427,795
Claims provision	99,447,975	19,664,029	-	119,112,004
Provision for profit sharing	35,092,023	45,991,933	-	81,083,956
Provision for interest rate commitments	-	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,821,647	1,300,907	9,283,228,136	9,288,350,690
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	8,257,985	2,530,703	15,972,910	26,761,598
Tax liabilities	5,373,621	3,337,050	66,311,060	75,021,731
Accruals and deferrals	6,124,605	5,409,039	35,858,508	47,392,152
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	402,810,475	1,791,540,419	9,401,370,614	11,595,721,508

2018

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	208,091,959	24,042,704	169,957,871	484,387,545	8,313,074	27,751,811	24,250,697	946,795,661
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(206,740,043)	(20,055,793)	(95,321,325)	(362,191,015)	(3,240,868)	(8,279,829)	(14,471,674)	(710,300,547)
Other technical provisions, net of reinsurance	4,781,941	(3,562,470)	2,558,049	7,665,007	(177,117)	(241,571)	23,380	11,047,219
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(197,937)	-	-	-	(3,518)	(201,455)
Operating costs and expenses, net	(41,865,161)	(16,301,078)	(67,278,052)	(138,994,324)	(2,569,138)	(12,895,605)	(10,023,231)	(289,926,589)
Financial income	24,502,196	4,130,045	12,504,987	21,499,557	609,445	3,983,475	1,121,135	68,350,840
Financial expenses and net income on financial assets and liabilities	(1,844,252)	2,214,743	4,865,511	7,391,331	308,397	1,026,559	407,281	14,369,570
Impairment losses (net of reversals)	(16,859,782)	(2,698,677)	(6,408,592)	(12,790,527)	(407,494)	(2,772,859)	39,199	(41,898,732)
Other income/expenses	281,189	167,744	3,749,555	26,717,498	(8,665)	2,482	(34,310)	30,875,493
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(57,725)	(175,396)	(2,151,380)	(3,956,408)	(111,010)	(623,878)	(348,573)	(7,424,370)
Current income tax	(260,204)	(521,148)	(6,220,432)	(11,102,516)	(296,535)	(1,817,612)	(1,011,595)	(21,230,042)
Non-controlling interests	-	-	-	-	-	-	-	-
	(29,969,882)	(12,759,326)	16,058,255	18,626,148	2,420,089	6,132,973	(51,209)	457,048
Assets								
Cash and cash equivalents and sight deposits	8,699,727	3,208,536	5,503,108	11,477,895	179,468	988,192	33,939,642	63,996,568
Investments in associates and joint ventures	277,023,792	2,491,457	5,991,110	15,921,889	351,851	2,462,039	612,691	304,854,829
Financial assets held for trading	485,937	103,889	385,443	669,126	14,730	126,699	27,409	1,813,233
Financial assets initially recognised at fair value through profit or loss	-	5,707,883	13,725,525	36,408,061	806,084	5,640,487	1,403,664	63,691,704
Hedge derivatives	443,466	126,559	304,332	807,005	17,873	125,065	31,123	1,855,423
Available-for-sale assets	537,093,402	57,367,204	187,422,532	425,308,902	7,968,826	61,799,565	30,347,460	1,307,307,891
Loans and accounts receivable	95,023,085	36,244,227	75,574,281	191,736,265	4,256,233	29,216,115	9,122,374	441,172,580
Properties	7,589,007	28,462,865	35,383,899	81,129,700	2,682,025	14,227,265	2,178,467	171,653,228
Other tangible and intangible assets	3,405,595	2,638,287	6,740,890	13,058,567	204,505	1,542,623	1,238,352	28,828,819
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	4,571,174	87,022,910	170,459,151	9,465,911	7,868,306	20,817,652	20,878,806	321,083,910
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	20,273,904	47,283,292	52,638,553	34,230,722	2,835,293	8,911,298	4,824,871	170,997,933
Tax assets	17,992,011	5,764,627	17,775,653	42,960,298	989,513	6,655,019	2,098,360	94,235,481
Accruals and deferrals	355,456	272,692	625,536	2,433,366	18,060	137,150	210,752	4,053,012
Non-current assets held for sale	-	13,677	32,886	87,205	1,931	13,514	3,367	152,580
	972,956,556	276,708,105	572,562,899	865,694,912	28,194,698	152,662,683	106,917,338	2,975,697,191

(continuation)

(amounts in euros)

	Non-life						Total	
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability		
Liabilities								
Provision for unearned premiums	13,632,859	30,392,916	79,680,107	150,579,489	1,696,010	8,599,241	291,352,998	
Mathematical provision for life insurance	-	-	-	-	-	-	-	
Claims provision	872,424,074	65,479,216	212,018,069	431,537,642	11,820,806	101,610,568	1,728,530,842	
Provision for profit sharing	-	-	16,905	-	-	-	20,564	
Provision for interest rate commitments	-	-	-	-	-	-	-	
Provision for portfolio stabilisation	-	-	-	-	-	-	-	
Equalisation provision	-	-	27,169,158	71,673	-	61,682	27,302,513	
Provision for unexpired risks	1,331,772	3,755,245	3,485,649	26,468,106	190,202	1,191,885	36,514,181	
Financial liabilities	1,589,987	79,457,143	27,054,787	3,253,278	560,892	1,975,488	130,715,509	
Liabilities for post-employment and other long-term benefits	-	-	-	2,266	-	-	2,266	
Other creditors for insurance and other operations	19,254,173	54,389,627	42,481,197	23,397,378	2,632,412	7,860,312	156,925,548	
Tax liabilities	15,120,773	3,323,669	11,857,733	23,021,457	502,607	1,989,510	57,334,106	
Accruals and deferrals	8,366,925	8,196,091	12,670,151	26,531,664	499,644	2,351,189	61,287,965	
Other provisions	73,785,011	-	-	91,515	-	-	73,876,526	
Liabilities from a group for disposal classified as held for sale	-	47,478	114,158	302,714	6,704	46,913	529,650	
	1,005,505,574	245,041,385	416,547,914	685,257,182	17,909,277	125,686,788	68,444,548	2,564,392,668

2017

(amounts in euros)

	Insurance segment			Health segment	Consolidation adjustments	Total
	Life	Non-life	Not allocated			
Gains and losses						
Earned premiums net of reinsurance	430,637,172	884,204,181	-	-	70,634	1,314,911,987
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,943,122	-	-	-	-	1,943,122
Claims costs, net of reinsurance	(293,309,453)	(706,550,724)	-	(42,842,329)	82,462,210	(960,240,296)
Other technical provisions, net of reinsurance	(3,149,741)	(1,598,685)	-	-	-	(4,748,426)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(78,268,910)	(205,279)	-	-	-	(78,474,189)
Operating costs and expenses, net	(79,766,391)	(261,025,161)	(116,963)	-	2,350,427	(338,558,088)
Financial income	245,424,403	70,294,699	201,770,495	44,468	(92,514,895)	425,019,170
Financial expenses and net income on financial assets and liabilities	53,117,629	116,039,363	(86,405,623)	10,306	11,291,831	94,053,506
Impairment losses (net of reversals)	(81,422,015)	1,950,077	(92,276,207)	(716,928)	(38,119,922)	(210,584,995)
Other income/expenses and negative goodwill	602,877	29,022,385	4,346,171	57,747,879	(29,629,330)	62,089,982
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	791,078	-	-	791,078
Current income tax	(25,848,723)	(32,302,239)	(9,447,611)	(2,881,161)	(16,208,370)	(86,688,104)
Non-controlling interests	-	-	-	(160,462)	(3,121,790)	(3,282,252)
	169,959,970	99,828,617	18,661,340	11,201,773	(83,419,205)	216,232,495
Assets						
Cash and cash equivalents and sight deposits	135,187,761	38,691,147	336,858,483	57,789,386	-	568,526,777
Investments in associates and joint ventures	1,713,213,998	200,329,472	1,237,396,436	356,403	(3,149,789,989)	1,506,320
Financial assets held for trading	37,070,438	9,676,130	20,548,386	-	(14,157,024)	53,137,930
Financial assets initially recognised at fair value through profit or loss	367,588,330	147,715,559	291,844,687	405,121	-	807,553,697
Hedge derivatives	10,668,392	4,254,200	13,255,785	-	-	28,178,377
Available-for-sale assets	9,068,104,938	1,677,178,670	558,183,656	24,150	(508,851,577)	10,794,639,837
Loans and accounts receivable	834,060,082	102,031,819	465,574,497	597,397	(219,590,342)	1,182,673,453
Properties	6,242,967	195,143,285	1,328,457,937	316,359,086	2,948,527	1,849,151,802
Other tangible and intangible assets	6,008,844	23,512,716	652,098	55,013,624	-	85,187,282
Goodwill	-	-	-	122,353,167	268,048,324	390,401,491
Technical provisions for reinsurance ceded	22,040,468	409,971,930	-	-	(74,087,410)	357,924,988
Asset for post-employment and other long-term benefits	-	-	12,344,589	-	-	12,344,589
Other debtors for insurance and other operations	56,173,277	223,560,328	205,035,273	121,257,547	176,479,677	782,506,102
Tax assets	139,078,407	100,477,406	23,810,208	9,593,911	(1,205,760)	271,754,172
Accruals and deferrals	14,880,626	2,699,821	6,152,045	47,704,448	780,901	72,217,841
Non-current assets held for sale	-	-	325,209,009	-	1,848,032	327,057,041
	12,410,318,528	3,135,242,483	4,825,323,088	731,454,240	(3,517,576,641)	17,584,761,698
Liabilities						
Provision for unearned premiums	1,542,378	291,423,650	-	-	(3,179,063)	289,786,965
Mathematical provision for life insurance	1,762,942,406	-	-	-	-	1,762,942,406
Claims provision	132,483,735	1,816,051,974	-	-	(83,545,023)	1,864,990,686
Provision for profit sharing	110,749,827	313	-	-	-	110,750,140
Provision for interest rate commitments	7,520,800	-	-	-	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	-	-	24,405,064
Equalisation provision	-	25,630,188	-	-	-	25,630,188
Provision for unexpired risks	-	49,222,515	-	-	-	49,222,515
Financial liabilities	8,593,120,341	129,598,798	326,749,761	299,541,758	(14,945,056)	9,334,065,602
Liabilities for post-employment and other long-term benefits	-	2,249	83,416	-	-	85,665
Other creditors for insurance and other operations	26,895,092	161,654,858	471,156,068	52,226,346	(26,477,274)	685,455,090
Tax liabilities	166,679,173	87,218,506	32,926,908	24,039,401	(5,660,227)	305,203,761
Accruals and deferrals	33,489,858	56,544,256	14,843,073	61,777,424	(465,483)	166,189,128
Other provisions	-	70,884,510	133,529,870	9,998,610	-	214,412,990
Liabilities from a group for disposal classified as held for sale	-	-	26,888,083	-	-	26,888,083
	10,859,828,674	2,688,231,817	1,006,177,179	447,583,539	(134,272,126)	14,867,549,083
Total segments						2,500,980,121
Shareholders' equity, reserves, retained earnings and non-controlling interests						2,500,980,121

2017

(amounts in euros)

	Life			
	Risk	Capitalisation with profit sharing	Financial liabilities	Total
Gains and losses				
Earned premiums net of reinsurance	175,764,791	254,872,381	-	430,637,172
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,943,122	1,943,122
Claims costs, net of reinsurance	(95,015,027)	(198,294,320)	(106)	(293,309,453)
Other technical provisions, net of reinsurance	(2,654,181)	(495,560)	-	(3,149,741)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(848,988)	(77,419,922)	-	(78,268,910)
Operating costs and expenses, net	(24,994,078)	(9,482,328)	(45,289,985)	(79,766,391)
Financial income	9,179,074	46,222,854	190,022,475	245,424,403
Financial expenses and net income on financial assets and liabilities	(622,654)	6,437,164	47,303,119	53,117,629
Impairment losses (net of reversals)	2,573,094	(177,498)	(83,817,611)	(81,422,015)
Other income/expenses and negative goodwill	595,434	255	7,188	602,877
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-
Current income tax	(8,426,139)	(3,045,992)	(14,376,592)	(25,848,723)
Non-controlling interests	-	-	-	-
	55,551,326	18,617,034	95,791,610	169,959,970
Assets				
Cash and cash equivalents and sight deposits	6,043,212	33,024,022	96,120,527	135,187,761
Investments in associates and joint ventures	88,305,834	-	1,624,908,164	1,713,213,998
Financial assets held for trading	1,295,932	5,721,352	30,053,154	37,070,438
Financial assets initially recognised at fair value through profit or loss	2,132,229	82,326,724	283,129,377	367,588,330
Hedge derivatives	83,774	251,956	10,332,662	10,668,392
Available-for-sale assets	283,780,824	1,314,712,978	7,469,611,136	9,068,104,938
Loans and accounts receivable	74,146,444	349,854,033	410,059,605	834,060,082
Properties	6,113,733	129,234	-	6,242,967
Other tangible and intangible assets	2,781,057	625,483	2,602,304	6,008,844
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	22,040,468	-	-	22,040,468
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	7,705,965	10,947,145	37,520,167	56,173,277
Tax assets	10,539,636	5,872,921	122,665,850	139,078,407
Accruals and deferrals	282,583	1,742,333	12,855,710	14,880,626
Non-current assets held for sale	-	-	-	-
	505,251,691	1,805,208,181	10,099,858,656	12,410,318,528
Liabilities				
Provision for unearned premiums	1,521,893	20,485	-	1,542,378
Mathematical provision for life insurance	210,342,988	1,552,599,418	-	1,762,942,406
Claims provision	111,028,598	21,455,137	-	132,483,735
Provision for profit sharing	34,346,573	76,403,254	-	110,749,827
Provision for interest rate commitments	-	7,520,800	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	24,405,064
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,823,879	21	8,589,296,441	8,593,120,341
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	7,466,033	3,334,754	16,094,305	26,895,092
Tax liabilities	4,501,822	2,945,647	159,231,704	166,679,173
Accruals and deferrals	5,109,463	3,649,819	24,730,576	33,489,858
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	402,546,313	1,667,929,335	8,789,353,026	10,859,828,674

2017

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	177,264,786	27,039,046	172,137,113	450,445,270	8,908,720	26,751,346	21,657,900	884,204,181
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(185,031,061)	(21,297,150)	(125,818,363)	(347,208,518)	(2,684,846)	(9,847,177)	(14,663,609)	(706,550,724)
Other technical provisions, net of reinsurance	10,169,540	(192,776)	(6,423,497)	(4,596,247)	(12,641)	(539,041)	(4,023)	(1,598,685)
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(190,792)	-	-	-	(14,487)	(205,279)
Operating costs and expenses, net	(38,571,223)	(13,943,973)	(58,940,443)	(128,501,235)	(3,012,360)	(9,919,528)	(8,136,399)	(261,025,161)
Financial income	27,091,481	4,268,752	11,116,022	22,557,971	489,342	3,847,330	923,801	70,294,699
Financial expenses and net income on financial assets and liabilities	38,727,123	5,229,810	19,228,372	43,063,355	984,914	7,823,756	982,033	116,039,363
Impairment losses (net of reversals)	(65,280)	1,300,324	(712,379)	2,707,072	(244,303)	(173,256)	(862,101)	1,950,077
Other income/expenses and negative goodwill	282,082	227,980	3,298,630	25,222,729	(3,429)	(71,641)	66,034	29,022,385
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-	-	-
Current income tax	(6,331,618)	(2,175,592)	(6,349,491)	(13,356,518)	(588,777)	(2,453,697)	(1,046,546)	(32,302,239)
Non-controlling interests	-	-	-	-	-	-	-	-
	23,535,830	456,421	7,345,172	50,333,879	3,836,620	15,418,092	(1,097,397)	99,828,617
Assets								
Cash and cash equivalents and sight deposits	4,744,056	750,659	7,036,219	3,354,806	36,739	153,543	22,615,125	38,691,147
Investments in associates and joint ventures	88,079,127	8,748,711	24,801,400	65,395,629	1,425,244	9,640,749	2,238,612	200,329,472
Financial assets held for trading	3,617,944	419,395	1,731,823	3,146,913	68,277	513,507	178,271	9,676,130
Financial assets initially recognised at fair value through profit or loss	37,405,613	8,389,162	25,425,834	63,551,810	1,367,328	9,424,975	2,150,837	147,715,559
Hedge derivatives	1,671,760	201,276	570,589	1,504,486	32,790	221,798	51,501	4,254,200
Available-for-sale assets	786,707,629	58,267,468	229,651,363	494,229,870	9,439,352	68,926,689	29,956,299	1,677,178,670
Loans and accounts receivable	21,450,676	6,835,455	31,763,564	34,103,995	395,765	3,367,739	4,114,625	102,031,819
Properties	7,191,849	18,467,015	52,992,696	96,273,398	2,364,733	15,772,685	2,080,909	195,143,285
Other tangible and intangible assets	2,804,695	2,831,677	5,200,170	10,747,065	199,882	737,111	992,116	23,512,716
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	4,700,166	80,958,040	267,356,908	13,553,434	8,240,914	17,022,343	18,140,125	409,971,930
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	23,439,303	74,404,828	66,406,273	43,229,585	3,397,838	8,484,277	4,198,224	223,560,328
Tax assets	17,946,462	6,619,365	18,957,044	46,077,020	1,335,705	7,322,421	2,219,389	100,477,406
Accruals and deferrals	280,095	540,650	488,842	1,117,920	17,700	81,599	173,015	2,699,821
Non-current assets held for sale	-	-	-	-	-	-	-	-
	1,000,039,375	267,433,701	732,382,725	876,285,931	28,322,267	141,669,436	89,109,048	3,135,242,483

(continuation)

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Liabilities								
Provision for unearned premiums	12,318,654	33,072,357	82,331,516	145,363,621	1,756,142	9,029,805	7,551,555	291,423,650
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	836,637,300	61,335,009	322,616,630	453,808,494	12,761,071	100,247,978	28,645,492	1,816,051,974
Provision for profit sharing	-	-	-	-	-	-	313	313
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	25,510,356	58,151	-	61,681	-	25,630,188
Provision for unexpired risks	6,113,713	192,776	7,696,953	34,142,713	13,085	950,506	112,769	49,222,515
Financial liabilities	804,403	73,161,077	30,606,070	5,793,388	625,555	1,760,763	16,847,542	129,598,798
Liabilities for post-employment and other long-term benefits	-	-	-	2,249	-	-	-	2,249
Other creditors for insurance and other operations	15,143,389	43,056,881	67,137,110	19,901,493	2,173,490	6,190,618	8,051,877	161,654,858
Tax liabilities	27,996,989	4,984,319	14,917,393	33,482,102	617,231	3,834,306	1,386,166	87,218,506
Accruals and deferrals	7,901,753	7,586,470	11,622,425	24,746,150	590,787	1,747,256	2,349,415	56,544,256
Other provisions	70,775,507	-	-	109,003	-	-	-	70,884,510
Liabilities from a group for disposal classified as held for sale	-	-	-	-	-	-	-	-
	977,691,708	223,388,889	562,438,453	717,407,364	18,537,361	123,822,913	64,945,129	2,688,231,817

Geographical markets

2018

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Gains and losses								
Earned premiums net of reinsurance	1,246,443,349	51,553,531	49,607,337	44,786,634	-	-	(49,106)	1,392,341,745
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,171,783	53,171	-	-	-	-	-	1,224,954
Claims costs, net of reinsurance	(955,357,574)	(33,532,659)	(25,999,221)	(9,763,267)	-	-	93,563,832	(931,088,889)
Other technical provisions, net of reinsurance	(6,283,280)	515,441	(121,675)	(74,545)	-	-	-	(5,964,059)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(96,755,976)	(7,583,044)	(1,331,763)	(32,633,808)	-	-	-	(138,304,591)
Operating costs and expenses, net	(347,870,998)	(20,361,044)	(19,559,679)	(3,451,779)	-	-	3,307,354	(387,936,146)
Financial income	403,256,808	43,724,246	3,402,597	29,707,116	-	183,853	(88,778,862)	391,495,758
Financial expenses and net income on financial assets and liabilities	142,051,745	(5,711,239)	14,932,352	3,505,656	(28,666)	(692,481)	(21,527,150)	132,530,217
Impairment losses (net of reversals)	(278,317,907)	(73,701,525)	(1,422,302)	(32,376)	-	-	152,845,553	(200,628,557)
Other income/expenses	119,949,726	(4,015,202)	(12,505,125)	550,437	248,201	(587,458)	(85,367,919)	18,272,660
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	116,573,580	-	-	-	-	-	(3,498,380)	113,075,200
Current income tax	(93,359,013)	(8,904,991)	(2,337,116)	(2,985,124)	(64,763)	-	2,621,430	(105,029,577)
Non-controlling interests	(58,657)	-	-	-	-	-	(8,356,827)	(8,415,484)
	251,443,586	(57,963,315)	4,665,405	29,608,944	154,772	(1,096,086)	44,759,925	271,573,231
Assets								
Cash and cash equivalents and sight deposits	845,593,349	70,432,440	8,294,949	78,613,482	30,951,169	608,855	-	1,034,494,244
Investments in associates and joint ventures	2,367,014,972	270,856,755	11,713	95,216,528	-	-	(2,730,792,822)	2,307,146
Financial assets held for trading	24,069,333	430,072	-	-	-	-	(7,885,804)	16,613,601
Financial assets initially recognised at fair value through profit or loss	580,678,755	267,763,568	-	16,151,816	-	-	(1,969,282)	862,624,857
Hedge derivatives	4,380,230	4,139	-	-	-	-	-	4,384,369
Available-for-sale assets	9,714,935,110	895,797,119	4,963,344	-	-	-	(564,025,537)	10,051,670,036
Loans and accounts receivable	2,081,620,510	36,284,423	30,386,070	77,899,594	91,809,553	-	(223,852,837)	2,094,147,313
Properties	879,526,766	706,589,589	42,705,062	446,269,030	-	-	(124,127)	2,074,966,320
Other tangible and intangible assets	95,828,404	522,959	3,364,062	318,046	-	-	-	100,033,471
Goodwill	148,573,534	-	-	-	-	-	268,033,005	416,606,539
Technical provisions for reinsurance ceded	239,564,994	65,717,970	10,997,957	28,185,801	-	-	(34,791,283)	309,675,439
Asset for post-employment and other long-term benefits	7,299,079	-	-	-	-	-	-	7,299,079
Other debtors for insurance and other operations	448,814,400	38,053,943	42,147,138	3,757,757	-	-	184,254,190	717,027,428
Tax assets	305,728,040	150,541	-	-	3,190	1,419	1,860,815	307,744,005
Accruals and deferrals	82,136,321	1,663,408	378,885	407,512	-	-	1,502,299	86,088,425
Non-current assets held for sale	4,352,579	-	70,662	-	-	-	-	4,423,241
	17,830,116,375	2,354,266,926	143,319,842	746,819,566	122,763,912	610,274	(3,107,791,383)	18,090,105,513

(continuation)

(amounts in euros)

	Geographical segment						Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	South America	Rest of World		
Liabilities								
Provision for unearned premiums	263,606,028	8,741,383	14,655,585	5,922,280	-	-	(2,323,403)	290,601,873
Mathematical provision for life insurance	1,503,873,432	345,196,390	3,515,387	54,842,586	-	-	-	1,907,427,795
Claims provision	1,719,195,145	71,876,331	22,740,825	33,830,545	-	-	(45,381,990)	1,802,260,856
Provision for profit sharing	77,597,702	3,455,664	2,096	49,058	-	-	-	81,104,520
Provision for interest rate commitments	22,613,798	69,312	-	-	-	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	-	-	-	26,254,032
Equalisation provision	27,258,672	35,727	-	8,114	-	-	-	27,302,513
Provision for unexpired risks	34,997,135	526,447	652,203	338,396	-	-	-	36,514,181
Financial liabilities	9,715,246,608	118,990,256	2,542,405	309,642,323	-	-	(8,534,992)	10,137,886,600
Liabilities for post-employment and other long-term benefits	85,688	-	-	-	-	-	-	85,688
Other creditors for insurance and other operations	223,701,100	248,784,933	53,996,011	30,711,037	-	2,376	(22,594,765)	534,600,692
Tax liabilities	157,521,637	5,522,137	5,982,491	15,217,660	64,293	-	(8,869,786)	175,438,432
Accruals and deferrals	182,481,072	5,770,976	3,336,406	2,091,865	-	11,806	(264,242)	193,427,883
Other provisions	121,296,600	448,299	808,335	-	-	-	-	122,553,234
Liabilities from a group for disposal classified as held for sale	529,650	-	-	-	-	-	-	529,650
	14,076,258,299	809,417,855	108,231,744	452,653,864	64,293	14,182	(87,969,178)	15,358,671,059
Total Segments								2,459,861,223
Shareholders' equity, reserves, retained earnings and non-controlling interests								2,459,861,223

2017

(amounts in euros)

	Geographical segment					Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	Rest of World		
Gains and losses							
Earned premiums net of reinsurance	1,189,789,794	53,060,509	57,097,208	14,893,842	-	70,634	1,314,911,987
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,898,555	44,567	-	-	-	-	1,943,122
Claims costs, net of reinsurance	(949,194,282)	(41,434,893)	(34,724,715)	(17,348,616)	-	82,462,210	(960,240,296)
Other technical provisions, net of reinsurance	(5,664,685)	505,751	381,505	29,003	-	-	(4,748,426)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(79,793,933)	(6,862,679)	(1,495,168)	9,677,591	-	-	(78,474,189)
Operating costs and expenses, net	(294,507,136)	(19,913,592)	(23,859,783)	(2,628,004)	-	2,350,427	(338,558,088)
Financial income	398,536,604	84,266,480	2,891,702	25,757,183	6,082,096	(92,514,895)	425,019,170
Financial expenses and net income on financial assets and liabilities	127,145,126	(35,618,717)	(955,249)	(12,587,029)	4,777,544	11,291,831	94,053,506
Impairment losses (net of reversals)	(142,148,004)	(34,109,475)	3,715,113	77,293	-	(38,119,922)	(210,584,995)
Other income/expenses and negative goodwill	96,410,549	(4,483,338)	(961,896)	422,392	331,605	(29,629,330)	62,089,982
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(1,454,211)	-	9,936	-	-	2,235,353	791,078
Current income tax	(87,332,036)	4,379,274	(871,217)	15,872,237	(2,527,992)	(16,208,370)	(86,688,104)
Non-controlling interests	(160,462)	-	-	-	-	(3,121,790)	(3,282,252)
	253,525,879	(166,113)	1,227,436	34,165,892	8,663,253	(81,183,852)	216,232,495
Assets							
Cash and cash equivalents and sight deposits	358,166,232	93,463,746	8,917,284	55,856,534	52,122,981	-	568,526,777
Investments in associates and joint ventures	2,790,522,857	271,962,149	716	88,756,388	54,198	(3,149,789,989)	1,506,319
Financial assets held for trading	65,341,175	1,953,779	-	-	-	(14,157,024)	53,137,930
Financial assets initially recognised at fair value through profit or loss	522,656,695	284,897,002	-	-	-	-	807,553,697
Hedge derivatives	26,845,487	1,332,890	-	-	-	-	28,178,377
Available-for-sale assets	10,250,871,907	1,048,878,235	3,741,272	-	-	(508,851,577)	10,794,639,837
Loans and accounts receivable	1,214,500,309	95,298,121	35,121,621	57,343,744	-	(219,590,342)	1,182,673,453
Properties	725,875,503	676,384,828	40,189,529	403,753,415	-	2,948,527	1,849,151,802
Other tangible and intangible assets	81,073,185	390,093	3,558,624	165,380	-	-	85,187,282
Goodwill	122,353,167	-	-	-	-	268,048,324	390,401,491
Technical provisions for reinsurance ceded	268,967,670	75,579,120	48,048,403	39,417,205	-	(74,087,410)	357,924,988
Asset for post-employment and other long-term benefits	12,344,589	-	-	-	-	-	12,344,589
Other debtors for insurance and other operations	356,723,220	156,178,509	89,775,545	2,001,982	9,226	176,479,677	781,168,159
Tax assets	274,425,963	(2,890,034)	57,331	-	-	(1,205,760)	270,387,500
Accruals and deferrals	69,136,386	1,643,843	497,336	159,375	-	780,901	72,217,841
Non-current assets held for sale	325,172,733	-	36,276	-	-	1,848,032	327,057,041
	17,464,977,078	2,705,072,281	229,943,937	647,454,023	52,186,405	(3,517,576,641)	17,582,057,083

(continuation)

(amounts in euros)

	Geographical segment					Consolidation adjustments	Total
	Portugal	Rest of European Union	Africa	Asia	Rest of World		
Liabilities							
Provision for unearned premiums	252,999,737	9,361,477	25,871,481	4,733,333	-	(3,179,063)	289,786,965
Mathematical provision for life insurance	1,401,724,831	335,317,345	3,311,176	22,589,054	-	-	1,762,942,406
Claims provision	1,755,321,068	85,684,786	61,055,170	46,474,685	-	(83,545,023)	1,864,990,686
Provision for profit sharing	106,225,541	4,488,054	4,599	31,946	-	-	110,750,140
Provision for interest rate commitments	7,451,488	69,312	-	-	-	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	-	-	-	24,405,064
Equalisation provision	25,588,287	34,137	-	7,764	-	-	25,630,188
Provision for unexpired risks	47,395,517	1,043,479	530,528	252,991	-	-	49,222,515
Financial liabilities	8,960,549,393	95,057,398	3,205,419	290,198,448	-	(14,945,056)	9,334,065,602
Liabilities for post-employment and other long-term benefits	85,665	-	-	-	-	-	85,665
Other creditors for insurance and other operations	239,390,840	340,543,566	102,171,522	27,517,607	970,887	(26,477,274)	684,117,148
Tax liabilities	279,749,013	12,185,670	987,042	11,165,507	5,410,083	(5,660,227)	303,837,088
Accruals and deferrals	155,013,321	7,761,245	3,479,228	377,488	23,329	(465,483)	166,189,128
Other provisions	211,391,789	1,063,334	1,957,867	-	-	-	214,412,990
Liabilities from a group for disposal classified as held for sale	26,888,083	-	-	-	-	-	26,888,083
	13,494,179,636	892,609,803	202,574,032	403,348,823	6,404,299	(134,272,126)	14,864,844,467
Total Segments							2,500,980,121
Shareholders' equity, reserves, retained earnings and non-controlling interests							2,500,980,121

The headings "Other debtors for insurance and other operations", "Tax assets", "Other creditors for insurance and other operations", "Tax liabilities", "Non-current assets held for sale" and "Liabilities from a group for disposal classified as held for sale" are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

47. RELATED PARTIES

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

At 31 December 2018 and 2017 the Group's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2018

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Multicare - Seguros de Saúde, S.A. (2)	Xingtao Assets Limited (5)	Tom Tailor, GmbH (5)
Assets					
Cash and cash equivalents	-	273,401,071	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	27,806	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	21,822,191	-	-	-
Available-for-sale investments	-	50,295,477	-	270,114,750	12,248,844
Loans and accounts receivable	-	307,807,457	-	-	-
Technical provisions on reinsurance ceded	185,744	-	86,332,811	-	-
Accounts receivable for direct insurance operations	-	838,578	1,031,968	-	-
Accounts receivable for other reinsurance operations	2,884,897	-	-	-	-
Accounts receivable for other operations	79,272	16,959,908	60,700	-	-
Accruals and deferrals	-	15,272	-	-	-
Liabilities					
Provision for unearned premiums	-	-	(789,469)	-	-
Claims provision	-	-	1,741,677	-	-
Financial liabilities held for trading	-	4,469,613	-	-	-
Other financial liabilities	-	31,600,000	79,537,498	-	-
Accounts payable for direct insurance operations	-	4,485,183	4,049,654	-	-
Accounts payable for other reinsurance operations	5,916,166	-	11,735,843	-	-
Accounts payable for other operations	2,269	97,457	374,422	-	-
Accruals and deferrals	22,519	26,853,140	50,712	-	-
Shareholders' Equity					
Other reserves	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	(4,888,788)	-	-
Reinsurance ceded premiums	(49,219,866)	-	(291,909,789)	-	-
Provision for unearned premiums (change)	-	-	789,740	-	-
Provision for unearned premiums, reinsurers' share (change)	84,089	-	2,483,105	-	-
Claims costs, net of reinsurance	11,967	(55,805)	224,710,519	-	-
Operating costs and expenses, net	3,580,391	(59,916,086)	40,470,276	-	-
Financial income	269,234	3,664,946	572,142	8,904,047	-
Financial expenses	(821)	(4,143,640)	(1,054,854)	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	11	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	14,918	-	-	-
Exchange differences	-	3,360,867	-	-	-
Impairment losses (net of reversals)	-	-	-	-	(4,578,676)
Other technical income/expenses, net of reinsurance	-	-	59,000	-	-
Other income/expenses	(650,560)	(105,797)	(1,768,405)	-	-
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	35,371	-	-	-

(amounts in euros)

	Cares - Assistências e Reparações, S.A. (2)	Peak Reinsurance Company (5)	Audatex Portugal - Peritagens Inf. Deriv. de Acidentes, S.A. (3)	Banco Comercial Português, S.A. (5)	FOSUN MANAGEMENT (PORTUGAL), LDA (5)	Hauck & Aufhäuser Privatbankiers AG (5)
Assets						
Cash and cash equivalents	-	-	-	90,818,569	-	13,562,870
Investments in associates and joint ventures	-	-	1,355,056	-	-	-
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	2,992,554	-	-
Loans and accounts receivable	-	-	-	20,880,327	-	-
Technical provisions on reinsurance ceded	-	1,773,798	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	355,544	-	-	-	-
Accounts receivable for other operations	359	-	-	-	474	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	46,827	55,972	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	2,084,856	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	5,058,056	-	-	-	-
Accounts payable for other operations	8,511	-	137,422	-	-	-
Accruals and deferrals	-	-	-	-	-	-
Shareholders' Equity						
Other reserves	-	-	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	(8,172,930)	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	(5,607)	-	-	-	-
Claims costs, net of reinsurance	(7,888,332)	4,865,764	(1,214,945)	-	-	-
Operating costs and expenses, net	-	1,643,935	(271)	-	-	-
Financial income	-	-	-	-	-	15,774
Financial expenses	-	(2,979)	-	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	227,124
Impairment losses (net of reversals)	-	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	559	(2,952)	(95,005)	-	261	(142,847)
Gains and losses from associated companies and joint ventures (equity method)	-	-	441,524	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(amounts in euros)

	Everest Healthcare Properties, LLC (5)	FOSUN INDUSTRIAL HOLDINGS (5)	Fosun International Limited (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets						
Cash and cash equivalents	-	-	-	-	-	377,782,510
Investments in associates and joint ventures	-	-	-	-	-	1,355,056
Financial assets held for trading	-	-	-	-	-	27,806
Financial assets initially recognised at fair value through profit or loss	15,620,087	-	-	-	-	37,442,278
Available-for-sale investments	-	-	-	-	-	335,651,625
Loans and accounts receivable	-	-	-	-	-	328,687,784
Technical provisions on reinsurance ceded	-	-	-	-	-	88,292,353
Accounts receivable for direct insurance operations	-	-	-	-	-	1,870,546
Accounts receivable for other reinsurance operations	-	-	-	-	-	3,240,441
Accounts receivable for other operations	-	113,822,820	-	61,255,229	38,187	192,216,949
Accruals and deferrals	-	-	-	-	-	15,272
Liabilities						
Provision for unearned premiums	-	-	-	-	-	(789,469)
Claims provision	-	-	-	-	53,933	1,898,409
Financial liabilities held for trading	-	-	-	-	-	4,469,613
Other financial liabilities	-	-	-	-	-	113,222,354
Accounts payable for direct insurance operations	-	-	-	-	-	8,534,837
Accounts payable for other reinsurance operations	-	-	-	-	-	22,710,065
Accounts payable for other operations	-	-	-	6,373,408	3,957	6,997,446
Accruals and deferrals	-	-	-	-	-	26,926,371
Shareholders' Equity						
Other reserves	-	-	(31,181,384)	-	-	(31,181,384)
Gains and Losses						
Gross premiums written	-	-	-	-	-	(4,888,788)
Reinsurance ceded premiums	-	-	-	-	-	(349,302,585)
Provision for unearned premiums (change)	-	-	-	-	-	789,740
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	2,561,587
Claims costs, net of reinsurance	-	-	-	-	(816,707)	219,612,461
Operating costs and expenses, net	-	-	-	-	(523,832)	(14,745,587)
Financial income	-	4,249,612	-	-	571,174	18,246,929
Financial expenses	-	-	-	-	-	(5,202,294)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	52,402,976	-	-	-	52,402,987
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	14,918
Exchange differences	(60,256)	-	-	-	-	3,527,735
Impairment losses (net of reversals)	-	-	-	-	-	(4,578,676)
Other technical income/expenses, net of reinsurance	-	-	-	-	-	59,000
Other income/expenses	-	-	-	8,000	888	(2,755,858)
Gains and losses from associated companies and joint ventures (equity method)	-	-	-	-	-	441,524
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	35,371

2017

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Multicare - Seguros de Saúde, S.A. (2)	Xingtiao Assets Limited (5)	Tom Tailor, GmbH (5)
Assets					
Cash and cash equivalents	-	272,438,963	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	16,546	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	23,094,445	-	-	-
Available-for-sale investments	-	-	-	270,317,250	60,936,040
Loans and accounts receivable	-	257,087,255	-	-	-
Technical provisions on reinsurance ceded	101,749	-	79,486,525	-	-
Accounts receivable for direct insurance operations	-	526	185,264	-	-
Accounts receivable for other reinsurance operations	21,854,651	-	1,865	-	-
Accounts receivable for other operations	189,756	15,296	195,049	-	-
Accruals and deferrals	-	18,597	-	-	-
Liabilities					
Claims provision	-	-	2,126	-	-
Financial liabilities held for trading	-	5,654,647	-	-	-
Other financial liabilities	-	21,450,000	73,221,213	-	-
Accounts payable for direct insurance operations	-	3,301,899	7,533,676	-	-
Accounts payable for other reinsurance operations	8,826,758	-	12,062,526	-	-
Accounts payable for other operations	93,582	597	757,519	-	-
Accruals and deferrals	22,270	15,704,253	48,274	-	-
Gains and Losses					
Gross premiums written	-	(37,535)	12,149	-	-
Reinsurance ceded premiums	(27,292,091)	-	(266,816,983)	-	-
Provision for unearned premiums (change)	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	(19,113,026)	-	1,891,416	-	-
Claims costs, net of reinsurance	(1,057)	(273,160)	203,616,444	-	-
Operating costs and expenses, net	4,044,019	(37,168,195)	38,410,742	-	-
Financial income	266,760	5,524,538	566,885	9,328,853	-
Financial expenses	(7,537)	(3,422,752)	(1,021,221)	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	247,551	-	3,795	336,940
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	3,228,574	-	-	-
Exchange differences	-	(3,163,553)	-	-	-
Impairment losses (net of reversals)	-	-	-	-	(407,798)
Other income/expenses	(162,890)	6,785,325	(549)	-	-

(amounts in euros)

	HOLDING GAILLON II (5)	Fidelidade - Serviços de Assistência, S.A. (3)	Peak Reinsurance Company (5)	Audatex Portugal - Peritagens Inf. Deriv. de Acidentes, S.A. (3)	Genomed - Diagnósticos de Medicina Molecular, S.A. (3)
Assets					
Cash and cash equivalents	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	1,149,918	356,402
Financial assets held for trading	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-
Available-for-sale investments	102,753,909	-	-	-	-
Loans and accounts receivable	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	757,519	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-
Accounts receivable for other operations	-	161	-	-	-
Accruals and deferrals	-	-	-	-	-
Liabilities					
Claims provision	-	101,626	55,972	-	-
Financial liabilities held for trading	-	-	-	-	-
Other financial liabilities	-	-	1,506,253	-	-
Accounts payable for direct insurance operations	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	2,149,198	-	-
Accounts payable for other operations	-	-	3,744	97,498	-
Accruals and deferrals	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	-	-	-
Reinsurance ceded premiums	-	-	(8,834,201)	-	-
Provision for unearned premiums (change)	-	-	192,065	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	140,288	-	-
Claims costs, net of reinsurance	-	(7,145,199)	1,991,894	(1,073,898)	-
Operating costs and expenses, net	-	(93)	1,928,063	(870)	-
Financial income	5,274,510	-	-	-	-
Financial expenses	-	-	(3,842)	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-
Exchange differences	-	-	-	-	-
Impairment losses (net of reversals)	(52,456,684)	-	-	-	-
Other income/expenses	-	(362)	4,172	-	-

(amounts in euros)

	HL- Sociedade Gestora do Edifício, S.A. (3)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets				
Cash and cash equivalents	-	-	-	272,438,963
Investments in associates and joint ventures	-	-	-	1,506,320
Financial assets held for trading	-	-	-	16,546
Financial assets initially recognised at fair value through profit or loss	-	-	-	23,094,445
Available-for-sale investments	14,400	-	-	434,021,599
Loans and accounts receivable	-	-	-	257,087,255
Technical provisions on reinsurance ceded	-	-	-	80,345,793
Accounts receivable for direct insurance operations	-	-	-	185,790
Accounts receivable for other reinsurance operations	-	-	-	21,856,516
Accounts receivable for other operations	-	5,103,617	71,502	5,575,381
Accruals and deferrals	-	-	-	18,597
Liabilities				
Claims provision	-	-	119,500	279,224
Financial liabilities held for trading	-	-	-	5,654,647
Other financial liabilities	-	-	-	96,177,466
Accounts payable for direct insurance operations	-	-	-	10,835,575
Accounts payable for other reinsurance operations	-	-	-	23,038,482
Accounts payable for other operations	-	35,155,310	22,427	36,130,677
Accruals and deferrals	-	-	-	15,774,797
Gains and Losses				
Gross premiums written	-	-	-	(25,386)
Reinsurance ceded premiums	-	-	-	(302,943,275)
Provision for unearned premiums (change)	-	-	-	192,065
Provision for unearned premiums, reinsurers' share (change)	-	-	-	(17,081,322)
Claims costs, net of reinsurance	-	-	(683,529)	196,431,495
Operating costs and expenses, net	-	-	(139,680)	7,073,986
Financial income	-	-	680,973	21,642,519
Financial expenses	-	-	-	(4,455,352)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	588,286
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	3,228,574
Exchange differences	-	-	-	(3,163,553)
Impairment losses (net of reversals)	-	-	-	(52,864,482)
Other income/expenses	-	1,563	609	6,627,868

The related parties are divided into the following categories:

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.

Payment of remuneration to statutory bodies

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

The remuneration and benefits paid to the members of the Corporate Bodies during 2018 were as follows:

(amounts in euros)

Board of Directors	Fixed Remuneration	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Executive members					
Chairman of executive board					
Jorge Manuel Baptista Magalhães Correia	420,000	767,695 (*)	2,640	1,111	181
Vice-charmain of executive board					
José Manuel Alvarez Quintero	354,000	559,225 (*)	2,630	2,429	181
Members of Executive Board					
Rogério Miguel Antunes Campos Henriques	333,000	550,528 (*)	2,640	1,550	181
António Manuel Marques de Sousa Noronha	333,000	550,528 (*)	2,640	1,550	181
Wai Lam William Mak	333,000	550,528 (*)	2,640	671	181
Jun Li	290,000	86,983 (**)	2,640	671	181
André Simões Cardoso	290,000	86,983 (**)	2,630	2,429	181

(amounts in euros)

Supervisory Board	Fixed Remuneration	Variable Remuneration	Meal allowance	Health insurance	Life insurance
Chairman					
Pedro Nunes de Almeida	42,000	-	-	-	-
Members					
João Filipe Gonçalves Pinto	30,800	-	-	-	-
Vasco Jorge Valdez Ferreira Matias	30,800	-	-	-	-

(*) Concerning the financial years 2017, 2016, 2015 and 2014

(**) Concerning the financial year 2017

The non-executive members of the Board of Directors do not receive remuneration.

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, and the companies in their network, related to 2018, are EUR 1,553,529, EUR 1,333,567 of which are related to the Statutory Audit and EUR 219,962 to compliance and assurance services.

Other assurance services basically include:

- Certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March (Fidelidade - Companhia de Seguros, S.A., Via Directa - Companhia de Seguros, S.A. and Companhia Portuguesa de Resseguros, S.A.);
- Production of the report on the Risk Management and Internal Control System at Garantia Companhia de Seguros de Cabo Verde, S.A.; and
- Checking of the programme to monitor and assess the assistance results of the subsidiary SGHL - Sociedade Gestora do Hospital de Loures S.A..

48. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018 and 2017 the financial instruments had the following balance sheet value:

(amounts in euros)

	2018		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	1,034,494,244	1,034,494,244
Investments in associates and joint ventures	-	2,307,146	2,307,146
Financial assets held for trading	16,613,601	-	16,613,601
Financial assets initially recognised at fair value through profit or loss	862,624,857	-	862,624,857
Hedge derivatives	4,384,369	-	4,384,369
Available-for-sale investments	10,049,863,182	1,806,854	10,051,670,036
Loans and accounts receivable	-	2,094,147,312	2,094,147,312
Other debtors	-	204,622,030	204,622,030
	10,933,486,009	3,337,377,586	14,270,863,595
Liabilities			
Mathematical provision for life insurance	-	1,636,293,796	1,636,293,796
Financial liabilities held for trading	22,170,498	-	22,170,498
Financial liabilities of the deposit component			
of insurance contracts and on insurance contracts			
and operations considered for accounting purposes			
as investment contracts	40,287,721	9,236,181,722	9,276,469,443
Hedge derivatives	11,154,763	-	11,154,763
Deposits received from reinsurers	-	132,825,003	132,825,003
Other financial liabilities	-	695,266,893	695,266,893
Other creditors	-	164,962,197	164,962,197
	73,612,982	11,865,529,611	11,939,142,593

(amounts in euros)

	2017		
	Recognised at fair value	Not recognised at fair value	Balance sheet value
Assets			
Cash and cash equivalents	-	568,526,777	568,526,777
Investments in associates and joint ventures	-	1,506,320	1,506,320
Financial assets held for trading	53,137,929	-	53,137,930
Financial assets initially recognised at fair value through profit or loss	807,553,697	-	807,553,697
Hedge derivatives	28,178,377	-	28,178,377
Available-for-sale investments	10,791,684,925	2,954,912	10,794,639,837
Loans and accounts receivable	-	1,182,673,453	1,182,673,453
Other debtors	-	250,490,041	250,490,041
	11,680,554,929	2,006,151,503	13,686,706,432
Liabilities			
Mathematical provision for life insurance	-	1,528,417,490	1,528,417,490
Financial liabilities held for trading	5,656,794	-	5,656,794
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	175,593,366	8,408,046,374	8,583,639,740
Hedge derivatives	4,011,186	-	4,011,186
Deposits received from reinsurers	-	132,600,318	132,600,318
Other financial liabilities	-	608,157,564	608,157,564
Other creditors	-	174,288,418	174,288,418
	185,261,346	10,851,510,164	11,036,771,510

The amount in the heading "Mathematical provision for life insurance" corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

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

GAINS AND LOSSES

In the years ended on 31 December 2018 and 2017, the net gains and losses on financial instruments had the following breakdown:

(amounts in euros)

	2018			2017		
	Income	As a charge to Shareholders' equity	Total	Income	As a charge to Shareholders' equity	Total
Earned premiums net of reinsurance	225,108,219	-	225,108,219	248,314,329	-	248,314,329
Claims costs, net of reinsurance	(166,265,178)	-	(166,265,178)	(185,012,922)	-	(185,012,922)
Mathematical provision for life insurance, net of reinsurance	(85,653,843)	-	(85,653,843)	(94,696,704)	-	(94,696,704)
Income from financial instruments						
Assets held for trading	(1,596,904)	-	(1,596,904)	(1,531,456)	-	(1,531,456)
Financial assets at fair value						
through profit or loss	22,207,777	-	22,207,777	23,277,673	-	23,277,673
Available-for-sale investments	285,651,952	-	285,651,952	260,899,026	-	260,899,026
Loans and accounts receivable	8,294,867	-	8,294,867	12,268,235	-	12,268,235
Sight deposits	1,946,822	-	1,946,822	326,853	-	326,853
Net gains from financial assets and liabilities not recognised at fair value through profit or loss						
Available-for-sale investments	356,817,706	(779,133,586)	(422,315,880)	285,886,745	658,697,962	944,584,707
Loans and accounts receivable	(30,104)	-	(30,104)	(369,852)	-	(369,852)
Held-to-maturity investments	-	-	-	(121,707)	-	(121,707)
Financial liabilities at amortised cost	(75,038,389)	-	(75,038,389)	(94,817,510)	-	(94,817,510)
Other	3,385	-	3,385	(801,375)	-	(801,375)
Net gains from financial assets and liabilities recognised at fair value through profit or loss						
Financial assets and liabilities held for trading	(259,827,473)	-	(259,827,473)	218,034,393	-	218,034,393
Financial assets and liabilities initially recognised at fair value through profit or loss						
Other	(35,333,586)	-	(35,333,586)	2,801,089	-	2,801,089
Other	(24,728,202)	-	(24,728,202)	(14,986,460)	-	(14,986,460)
Exchange differences	190,176,170	-	190,176,170	(266,447,930)	-	(266,447,930)
Impairment losses (net of reversals)						
Available-for-sale investments	(245,626,850)	-	(245,626,850)	(132,769,986)	-	(132,769,986)
Loans and accounts receivable at amortised cost	(91,380)	-	(91,380)	621,572	-	621,572
Interest from deposits received from reinsurers	(1,368,725)	-	(1,368,725)	(1,901,026)	-	(1,901,026)
	194,646,266	(779,133,586)	(584,487,320)	258,972,987	658,697,962	917,670,949

In the years ended on 31 December 2018 and 2017, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

(amounts in euros)

	2018	2017
Assets		
Available-for-sale investments	246,182,904	218,522,757
Loans and accounts receivable	8,294,867	12,268,235
Sight deposits	1,946,822	326,853
	256,424,594	231,117,845
Liabilities		
Mathematical provision for life insurance	(30,521,827)	(32,551,180)
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	(75,038,389)	(94,817,510)
Deposits received from reinsurers	(1,368,725)	(1,901,026)
	(106,928,941)	(129,269,716)

OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2018 and 2017, the method for assessing the fair value of the financial instruments reflected in the Group's financial statements can be summarised as follows:

(amounts in euros)

	2018			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	1,034,494,244	1,034,494,244
Investments in associates and joint ventures	-	-	-	2,307,146	2,307,146
Financial assets held for trading	16,492,997	120,604	-	-	16,613,601
Financial assets initially recognised					
at fair value through profit or loss	155,464,041	675,737,882	31,422,934	-	862,624,857
Hedge derivatives	4,384,369	-	-	-	4,384,369
Available-for-sale investments	9,084,112,408	527,051,691	438,699,083	1,806,854	10,051,670,036
Loans and accounts receivable	-	-	-	2,094,147,312	2,094,147,312
Other debtors	-	-	-	204,622,030	204,622,030
	9,260,453,815	1,202,910,177	470,122,017	3,337,377,586	14,270,863,595
Liabilities					
Mathematical provision for life insurance	-	-	-	1,636,293,796	1,636,293,796
Financial liabilities of the deposit component					
of insurance contracts and on insurance contracts					
and operations considered for accounting purposes					
as investment contracts	-	40,287,721	-	9,236,181,722	9,276,469,443
Financial liabilities held for trading	17,062,343	5,108,155	-	-	22,170,498
Hedge derivatives	156,900	10,997,863	-	-	11,154,763
Deposits received from reinsurers	-	-	-	132,825,003	132,825,003
Other financial liabilities	-	-	-	695,266,893	695,266,893
Other creditors	-	-	-	164,962,197	164,962,197
	17,219,243	56,393,739	-	11,865,529,611	11,939,142,593
	9,243,234,572	1,146,516,438	470,122,017	(8,528,152,026)	2,331,721,002

(amounts in euros)

	2017			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	568,526,777	568,526,777
Investments in associates and joint ventures	-	-	-	1,506,320	1,506,320
Financial assets held for trading	52,663,740	474,190	-	-	53,137,930
Financial assets initially recognised					
at fair value through profit or loss	225,593,302	581,861,000	99,395	-	807,553,697
Hedge derivatives	19,400,968	8,777,409	-	-	28,178,377
Available-for-sale investments	9,890,427,929	266,727,612	634,529,384	2,954,912	10,794,639,837
Loans and accounts receivable	-	-	-	1,182,673,453	1,182,673,453
Held-to-maturity investments	-	-	-	-	-
Other debtors	-	-	-	250,490,041	250,490,041
	10,188,085,939	857,840,211	634,628,779	2,006,151,503	13,686,706,432
Liabilities					
Mathematical provision for life insurance	-	-	-	1,528,417,490	1,528,417,490
Financial liabilities of the deposit component					
of insurance contracts and on insurance contracts					
and operations considered for accounting purposes					
as investment contracts	-	175,593,366	-	8,408,046,374	8,583,639,740
Financial liabilities held for trading	2,147	5,654,647	-	-	5,656,794
Hedge derivatives	769,417	3,241,769	-	-	4,011,186
Deposits received from reinsurers	-	-	-	132,600,318	132,600,318
Other financial liabilities	-	-	-	608,157,564	608,157,564
Other creditors	-	-	-	174,288,418	174,288,418
	771,564	184,489,782	-	10,851,510,164	11,036,771,510
	10,187,314,375	673,350,429	634,628,779	(8,845,358,661)	2,649,934,922

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – “Fair Value Measurement”, of the financial instruments held by the Group at 31 December 2018 and 2017 which are valued at fair value, in line with the following assumptions:

- Level 1 – Financial instruments valued on the basis of quoted prices in active markets to which the Group has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 – Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 – All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2018 and 2017 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

(amounts in euros)

	Available- for-sale investments	Financial assets initially recognised at fair value through profit or loss
Balances at 31 December 2016	834,073,787	70,389
Acquisitions	30,334,195	46,377
Revaluations		
as a charge to the income statement	(7,417,442)	2,107
as a charge to shareholders' equity	17,180,678	-
Increase / reversal of impairment in the year	(4,686,135)	-
Transfers from		
from level 3 to level 2	(91,513,356)	-
from level 2 to level 3	2,834,987	-
Disposals	(146,277,330)	(19,478)
Balances at 31 December 2017	634,529,384	99,395
Acquisitions	39,811,546	31,334,629
Revaluations		
as a charge to the income statement	(20,259,724)	63,128
as a charge to shareholders' equity	(12,964,817)	-
Increase / reversal of impairment in the year	(3,099,221)	-
Disposals	(199,318,085)	(74,218)
Balances at 31 December 2018	438,699,083	31,422,934

At 31 December 2018 and 2017, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

(amounts in euros)

	2018		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	1,034,494,244	1,034,494,244	-
Available-for-sale investments	1,806,854	1,806,854	-
Loans and accounts receivable	2,094,147,312	2,094,147,312	-
Other debtors	204,622,030	204,622,030	-
	3,335,070,440	3,335,070,440	-

(amounts in euros)

	2017		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	568,526,777	568,526,777	-
Available-for-sale investments	2,954,912	2,954,912	-
Loans and accounts receivable	1,182,673,453	1,182,673,453	-
Other debtors	250,490,041	250,490,041	-
	2,004,645,183	2,004,645,183	-

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

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

Policies on managing financial risks inherent to the Group’s activity

The Group’s objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company’s investment guidelines and/or risk profile. The Policy defines:

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

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

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

- an investment strategy designed to create value, yet in line with the Group’s business profile and risk appetite;

- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

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

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

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

1. Definition of the portfolio objective

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

2. Rules for investment in assets

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

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

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

3. Classes of assets

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

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

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

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

4. Exposure limits

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

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

5. Risk management and control process

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

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

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

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

Credit risk

At 31 December 2018 and 2017, the Group's exposure to credit risk was as follows:

(amounts in euros)

	2018			2017		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	1,001,742,949	-	1,001,742,949	556,864,094	-	556,864,094
Financial assets initially recognised						
at fair value through profit or loss	574,958,035	-	574,958,035	516,562,921	-	516,562,921
Available-for-sale investments	8,895,637,337	(54,778,793)	8,840,858,544	9,337,665,682	(136,729,609)	9,200,936,073
Loans and accounts receivable	2,094,843,092	(695,780)	2,094,147,312	1,183,290,845	(617,392)	1,182,673,453
Other debtors	225,095,456	(20,473,427)	204,622,030	250,490,041	-	250,490,041
Maximum exposure to credit risk	12,792,276,869	(75,948,000)	12,716,328,869	11,844,873,583	(137,347,001)	11,707,526,582

In 2018 and 2017, the net book value of the available-for-sale investments presented in the table includes shares with credit risk, of EUR 5,203 and EUR 21,823, respectively, which are recognised under the heading "Other Instruments" (Note 8).

Credit quality

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2018 and 2017, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Deposits in credit institutions					
AA- to AA+	-	-	-	608,855	608,855
A- to A+	124,903,474	881,141,676	1,789,324	177,477,389	1,185,311,863
BBB- to BBB+	355,248,097	584,592,212	-	92,061,427	1,031,901,736
BB- to BB+	672,598,201	10,434,805	-	5,727,027	688,760,033
B- to B+	-	-	-	20,131,210	20,131,210
Not rated	10,206,696	45,724,266	-	69,484,402	125,415,364
	1,162,956,468	1,521,892,959	1,789,324	365,490,310	3,052,129,061
Deposits in ceding companies					
Not rated	-	-	-	542,606	542,606
	-	-	-	542,606	542,606
Total	1,162,956,468	1,521,892,959	1,789,324	366,032,916	3,052,671,667

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Deposits in credit institutions					
AA- to AA+	-	-	-	52,122,981	52,122,981
A- to A+	25,628,892	237,393,377	15,978,302	153,821,699	432,822,270
BBB- to BBB+	299,059,151	206,678,628	-	-	505,737,779
BB- to BB+	544,667,190	24,821,477	-	5,828,700	575,317,367
B- to B+	-	-	-	57,343,745	57,343,745
Not rated	12,783,650	39,568,776	-	17,173,546	69,525,972
	882,138,883	508,462,258	15,978,302	286,290,671	1,692,870,114
Deposits in ceding companies					
Not rated	167,023	-	-	-	167,023
	167,023	-	-	-	167,023
Total	882,305,906	508,462,258	15,978,302	286,290,671	1,693,037,137

"Deposits in credit institutions" includes other deposits in the heading "Loans and accounts receivable" of EUR 2,050,386,112 and EUR 1,136,006,020, in 2018 and 2017, respectively.

At 31 December 2018 and 2017, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
Corporate					
AA- to AA+	-	25,880	-	-	25,880
A- to A+	-	301,051	49,413,738	-	49,714,789
BBB- to BBB+	99,479	20,725,432	76,127,735	2,502,626	99,455,272
BB- to BB+	-	-	71,462,651	702,319	72,164,970
Not rated	-	12,048,173	48,904,663	217,035,911	277,988,747
	99,479	33,100,536	245,908,787	220,240,856	499,349,658
Governments and other local authorities					
AAA	-	3,333,951	-	-	3,333,951
AA- to AA+	-	2,871,544	-	-	2,871,544
BBB- to BBB+	631,513	3,116,363	-	-	3,747,876
	631,513	9,321,858	-	-	9,953,371
Financial Institutions					
AA- to AA+	-	100,213	-	695,010	795,223
A- to A+	-	934,516	1,199,641	2,516,494	4,650,651
BBB- to BBB+	-	1,925,131	35,886,380	575,621	38,387,132
B- to B+	21,822,000	-	-	-	21,822,000
	21,822,000	2,959,860	37,086,021	3,787,125	65,655,006
Total Financial assets initially recognised at fair value through profit or loss	22,552,992	45,382,254	282,994,808	224,027,981	574,958,035

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	-	21,445,150	40,723,232	62,168,382
A- to A+	-	39,080,004	180,151,193	539,737,480	758,968,677
BBB- to BBB+	-	251,639,166	527,925,286	177,190,433	956,754,885
BB- to BB+	11,593,427	224,222,818	145,228,587	82,722,206	463,767,038
B- to B+	-	20,159,894	58,311,182	52,118,910	130,589,986
CCC- to CCC+	-	-	16,122,358	-	16,122,358
C	-	-	-	7,778,384	7,778,384
Not rated	37,073,605	-	-	299,199,620	336,273,225
	48,667,032	535,101,882	949,183,756	1,199,470,265	2,732,422,935
Governments and other local authorities					
AAA	-	1,184,840	26,839,377	-	28,024,217
AA- to AA+	-	3,703,336	-	-	3,703,336
A- to A+	-	14,246,844	-	-	14,246,844
BBB- to BBB+	2,584,004,833	2,213,876,966	-	-	4,797,881,799
D	-	-	-	1,497,739	1,497,739
Not rated	-	-	-	442,811	442,811
	2,584,004,833	2,233,011,986	26,839,377	1,940,550	4,845,796,746
Financial institutions					
AAA	-	-	-	1,125,851	1,125,851
AA- to AA+	-	9,811,442	-	9,795,502	19,606,944
A- to A+	-	76,686,008	104,256,941	425,607,419	606,550,368
BBB- to BBB+	10,281,318	45,889,365	309,657,748	59,870,782	425,699,213
BB- to BB+	43,006,712	37,043,051	-	-	80,049,763
B- to B+	-	-	-	15,093,280	15,093,280
Not rated	-	-	50,041,331	64,287,788	114,329,119
	53,288,030	169,429,866	463,956,020	575,780,622	1,262,454,538
Other issuers					
AAA	-	-	-	184,325	184,325
	-	-	-	184,325	184,325
Total Available-for-sale investments (net of impairment)	2,685,959,895	2,937,543,734	1,439,979,153	1,777,375,762	8,840,858,544

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
Corporate					
AA- to AA+	-	806,660	106,328	-	912,988
A- to A+	-	1,283,237	46,013,826	-	47,297,063
BBB- to BBB+	206,231	900,178	84,654,606	41,509,075	127,270,090
BB- to BB+	-	-	29,357,389	-	29,357,389
Not rated	-	63,096,948	50,981,767	3,668,807	117,747,522
	206,231	66,087,023	211,113,916	45,177,882	322,585,052
Governments and other local authorities					
AAA	-	2,466,718	-	-	2,466,718
AA- to AA+	-	3,310,451	-	-	3,310,451
BBB- to BBB+	-	2,665,930	-	-	2,665,930
BB- to BB+	89,467,753	-	-	-	89,467,753
	89,467,753	8,443,099	-	-	97,910,852
Financial Institutions					
AAA	-	199,430	-	-	199,430
AA- to AA+	-	150,842	-	-	150,842
A- to A+	103,388	33,847,817	303,200	-	34,254,405
BBB- to BBB+	102,855	969,023	37,344,034	55,028	38,470,940
CCC- to CCC+	22,991,400	-	-	-	22,991,400
	23,197,643	35,167,112	37,647,234	55,028	96,067,017
Total Financial assets initially recognised at fair value through profit or loss	112,871,627	109,697,234	248,761,150	45,232,910	516,562,921

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	68,070	16,302,572	36,144,355	52,514,997
A- to A+	-	39,207,457	197,340,888	404,451,195	640,999,540
BBB- to BBB+	-	105,348,953	525,133,763	111,402,447	741,885,163
BB- to BB+	11,854,982	212,401,326	170,528,424	97,470,835	492,255,567
B- to B+	-	-	22,867,424	2,267,255	25,134,679
CCC- to CCC+	-	3,389,259	-	-	3,389,259
CC- to CC+	-	-	-	5,139,798	5,139,798
D	-	15,846,246	-	-	15,846,246
Not rated	149,103,911	102,753,909	-	308,700,808	560,558,628
	160,958,893	479,015,220	932,173,071	965,576,693	2,537,723,877
Governments and other local authorities					
AAA	-	20,854,370	-	-	20,854,370
AA- to AA+	-	22,393,481	-	-	22,393,481
BBB- to BBB+	-	1,686,885,337	-	-	1,686,885,337
BB- to BB+	3,843,705,233	-	-	74,461,353	3,918,166,586
Not rated	-	-	-	719,252	719,252
	3,843,705,233	1,730,133,188	-	75,180,605	5,649,019,026
Financial institutions					
AAA	-	-	-	1,155,576	1,155,576
AA- to AA+	-	9,806,963	-	3,958,521	13,765,484
A- to A+	-	113,525,681	59,614,152	166,524,615	339,664,448
BBB- to BBB+	21,822	20,761,609	348,892,429	172,516,247	542,192,107
BB- to BB+	1,017,351	29,644,508	-	44,153,914	74,815,773
Not rated	-	-	42,407,988	-	42,407,988
	1,039,173	173,738,761	450,914,569	388,308,873	1,014,001,376
Other issuers					
AAA	-	-	-	191,794	191,794
	-	-	-	191,794	191,794
Total Available-for-sale investments (net of impairment)	4,005,703,299	2,382,887,169	1,383,087,640	1,429,257,965	9,200,936,073

The Group periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as "Adjustments for premiums pending collection" (Note 42). At 31 December 2018 and 2017, the balance sheet value of premiums from insured persons pending collection was as follows:

(amounts in euros)

	2018						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	7,060,652	1,621,011	5,703	9,497	38,826	(33,920)	8,701,769
Life risk products	1,836,183	355,563	1,010,254	307,204	433,030	(192,934)	3,749,300
Non-life insurance							
Motor	8,910,007	1,252,986	951,401	232,413	409,248	(1,790,455)	9,965,600
Workers' compensation	3,895,092	2,782,204	2,679,050	1,484,950	271,033	(3,140,698)	7,971,631
Domestic animals	121	-	-	-	-	-	121
Health	8,828,523	7,811,329	683,201	228,419	69,147	(973,585)	16,647,035
Fire and other damage	9,431,932	2,487,399	679,466	3,676,005	489,141	(1,252,972)	15,510,970
Transports	1,345,071	86,927	71,981	62,688	279,713	(350,102)	1,496,278
Third party liability	2,261,886	396,756	203,152	597,102	28,916	(529,555)	2,958,257
Other (includes personal accidents)	1,880,914	2,430,249	1,376,531	5,058,034	386,216	(1,535,130)	9,596,814
	45,450,380	19,224,423	7,660,740	11,656,313	2,405,269	(9,799,351)	76,597,774

(amounts in euros)

	2017						Net balance sheet value
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	
Life insurance							
Capitalisation products	8,552,338	287,739	374,282	35,751	33,996	(800)	9,283,306
Life risk products	252,562	23,804	25,811	59,330	146,941	(282,582)	225,866
Non-life insurance							
Motor	12,274,942	1,453,966	682,448	400,269	258,154	(3,100,171)	11,969,608
Workers' compensation	2,422,718	2,743,367	1,162,832	175,057	322,090	(2,250,676)	4,575,388
Health	5,866,528	11,862,816	1,444,586	631,894	100,613	(1,177,164)	18,729,273
Fire and other damage	11,131,490	6,107,222	2,311,291	2,705,347	283,739	(1,633,969)	20,905,120
Transports	1,888,868	156,651	153,434	65,278	12,603	(315,645)	1,961,189
Third party liability	2,232,572	447,322	265,946	630,112	71,067	(556,524)	3,090,495
Other (includes personal accidents)	3,431,999	6,108,756	776,445	428,403	1,079,453	(1,211,888)	10,613,168
	48,054,017	29,191,643	7,197,075	5,131,441	2,308,656	(10,529,419)	81,353,413

Liquidity risk

At 31 December 2018 and 2017, the estimated undiscounted cash flows of the financial instruments, according to the respective contractual maturity, were as follows:

(amounts in euros)

	2018									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	1,034,494,244	-	-	-	-	-	-	-	-	1,034,494,244
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	2,307,146	2,307,146
Financial assets held for trading	-	-	-	-	-	-	-	-	16,613,601	16,613,601
Financial assets initially recognised at fair value through profit or loss	2,307,163	23,810,635	20,626,299	69,530,079	172,031,816	181,542,784	145,498,037	14,515,146	17,073,413	646,935,371
Hedge derivatives	-	-	-	-	-	-	-	-	4,384,369	4,384,369
Available-for-sale investments	79,222,096	288,474,149	881,786,387	172,466,460	2,898,719,375	2,654,547,555	2,593,756,009	71,013,372	3,055,227,059	12,695,212,461
Loans and accounts receivable	724,169,911	375,825,773	432,474,318	288,093,053	18,826,991	1,094,470	313,892	164,087	-	1,840,962,494
Other debtors	204,622,030	-	-	-	-	-	-	-	-	204,622,030
	2,044,815,442	688,110,558	1,334,887,003	530,089,591	3,089,578,182	2,837,184,808	2,739,567,937	85,692,605	3,095,605,588	16,445,531,716
Liabilities										
Mathematical provision for life insurance	15,762,355	18,428,826	28,232,104	119,825,480	345,210,562	362,968,471	296,902,658	299,434,703	23,755,135	1,510,520,293
Financial liabilities held for trading	20,020	12,810,282	5,239,882	1,352,429	9,880,817	883,767	1,404,017	344,292	-	31,935,506
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	138,296,836	321,140,432	369,419,912	789,102,825	2,704,536,641	2,822,572,342	1,679,854,939	862,254,222	5,905,828	9,693,083,976
Hedge derivatives	-	-	-	-	-	-	-	-	11,154,763	11,154,763
Deposits received from reinsurers	138,359	276,719	415,078	133,655,159	-	-	-	-	-	134,485,315
Other financial liabilities	2,332,503	515,106	7,616,595	11,845,626	378,205,798	119,967,552	172,214,375	12,202,554	-	704,900,109
Other creditors	164,962,197	-	-	-	-	-	-	-	-	164,962,197
	321,512,270	353,171,364	410,923,571	1,055,781,520	3,437,833,818	3,306,392,132	2,150,375,988	1,174,235,772	40,815,725	12,251,042,160

(amounts in euros)

	2017									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	568,526,777	-	-	-	-	-	-	-	-	568,526,777
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	1,506,320	1,506,320
Financial assets held for trading	-	-	-	-	-	-	-	-	53,137,930	53,137,930
Financial assets initially recognised at fair value through profit or loss	3,163,674	4,030,843	98,414,525	65,649,384	181,257,098	117,776,052	52,156,160	79,763,472	-	602,211,207
Hedge derivatives	-	-	-	-	-	-	-	-	28,178,377	28,178,377
Available-for-sale investments	133,680,455	294,665,887	478,141,575	214,638,995	1,541,394,314	2,357,567,074	5,117,782,714	74,555,162	-	10,212,426,177
Loans and accounts receivable	303,605,511	498,763,253	99,220,544	100,122,575	51,942,251	1,138,060	320,263	168,679	2,737	1,055,283,873
Other debtors	250,490,042	-	-	-	-	-	-	-	-	250,490,042
	1,259,466,458	797,459,983	675,776,645	380,410,953	1,774,593,663	2,476,481,186	5,170,259,137	154,487,313	82,825,364	12,771,760,702
Liabilities										
Mathematical provision for life insurance	16,118,899	20,456,927	21,845,516	91,820,119	318,862,387	328,131,364	294,501,597	326,902,664	-	1,418,639,473
Financial liabilities held for trading	-	760,537	(7,769)	980,153	3,831,737	1,929,073	17,139	-	-	7,510,870
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	185,082,773	238,043,191	456,863,322	684,798,436	2,236,895,366	2,593,884,254	1,764,471,864	797,274,447	-	8,957,313,653
Hedge derivatives	-	-	-	-	-	-	-	-	4,011,186	4,011,186
Deposits received from reinsurers	138,125	276,251	414,376	133,429,070	-	-	-	-	-	134,257,822
Other financial liabilities	35	1,949,121	2,985,553	18,260,852	30,494,912	394,334,643	212,338,917	2,284,510	-	662,648,544
Other creditors	174,288,417	-	-	-	-	-	-	-	-	174,288,417
	375,628,250	261,486,027	482,100,998	929,288,630	2,590,084,402	3,318,279,334	2,271,329,517	1,126,461,621	4,011,186	11,358,669,965

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

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions the Group uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- Cash and cash equivalents were classified as payable on demand and included in the "up to 1 month" category;
- The amount of "Loans and accounts receivable" classified as being of "Indefinite" maturity relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in "Other debtors" and "Other creditors" are payable on demand, and classified with maturity of "Up to 1 month";
- Equity instruments were classified as being of "Indefinite" maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in "Deposits received from reinsurers" correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- "Hedge Derivatives" were classified as "Indefinite", since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of "Financial liabilities held for trading" the contracts' maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
 - Mortality was determined according to the Group's history of the last five years;
 - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
 - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
 - The expected costs were estimated based on the values recorded in year.

Market risk

At 31 December 2018 and 2017, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

(amounts in euros)

	2018			Total
	Exposure to Fixed rate	Variable rate	Not subject to interest rate risk	
Assets				
Cash and cash equivalents	-	1,001,742,950	32,751,294	1,034,494,244
Investments in associates and joint ventures	-	-	2,307,146	2,307,146
Financial assets held for trading	(61,016)	88,822	16,585,795	16,613,601
Financial assets initially recognised at fair value through profit or loss	550,571,698	280,638,229	31,414,930	862,624,857
Hedge derivatives	-	-	4,384,369	4,384,369
Available-for-sale investments	8,270,430,816	570,427,727	1,210,811,493	10,051,670,036
Loans and accounts receivable	-	2,094,147,312	-	2,094,147,312
Other debtors	-	-	204,622,030	204,622,030
	8,820,941,498	3,947,045,040	1,502,877,057	14,270,863,595
Liabilities				
Mathematical provision for life insurance	-	1,636,293,796	-	1,636,293,796
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	9,236,181,722	40,287,721	-	9,276,469,443
Other financial liabilities	26,426,806	(21,529,733)	17,273,425	22,170,498
Hedge derivatives	3,417,494	-	7,737,269	11,154,763
Deposits received from reinsurers	-	132,825,003	-	132,825,003
Other financial liabilities	-	695,266,893	-	695,266,893
Other creditors	-	-	164,962,197	164,962,197
	9,266,026,022	2,483,143,680	189,972,891	11,939,142,593

(amounts in euros)

	2017			
	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents	-	556,864,094	11,662,683	568,526,777
Investments in associates and joint ventures	-	-	1,506,320	1,506,320
Financial assets held for trading	(102,841)	119,387	53,121,384	53,137,930
Financial assets initially recognised				
at fair value through profit or loss	478,129,398	307,106,499	22,317,800	807,553,697
Hedge derivatives	-	-	28,178,377	28,178,377
Available-for-sale investments	8,628,782,128	562,231,489	1,603,626,220	10,794,639,837
Loans and accounts receivable	-	1,182,670,716	2,737	1,182,673,453
Other debtors	-	-	250,490,041	250,490,041
	9,106,808,685	2,608,992,185	1,970,905,562	13,686,706,432
Liabilities				
Mathematical provision for life insurance	-	1,528,417,490	-	1,528,417,490
Financial liabilities of the deposit component of insurance				
contracts and on insurance contracts and operations considered				
for accounting purposes as investment contracts	8,408,046,374	175,593,366	-	8,583,639,740
Financial liabilities held for trading	7,645,660	(1,991,013)	2,147	5,656,794
Hedge derivatives	3,109,947	-	901,239	4,011,186
Deposits received from reinsurers	-	132,600,318	-	132,600,318
Other financial liabilities	-	608,157,564	-	608,157,564
Other creditors	-	-	174,288,418	174,288,418
	8,418,801,981	2,442,777,725	175,191,804	11,036,771,510

At 31 December 2018 and 2017, the sensitivity of the fair value of the Group's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

(amounts in euros)

	2018					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(31,395,307)	(16,683,686)	(8,464,838)	8,721,544	17,711,154	35,285,358
Available-for-sale investments	(550,962,731)	(283,294,493)	(143,675,532)	147,893,646	300,175,487	618,622,520
Loans and accounts receivable	(12,689,657)	(6,341,242)	(3,193,319)	3,240,015	6,528,077	13,436,921
	(595,047,694)	(306,319,420)	(155,333,690)	159,855,205	324,414,718	667,344,798
Liabilities						
Financial liabilities held for trading	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)
	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)

(amounts in euros)

	2017					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised						
at fair value through profit or loss	(21,252,172)	(11,022,344)	(5,617,780)	5,848,237	11,946,170	24,979,779
Available-for-sale investments	(795,219,112)	(411,504,603)	(209,380,877)	216,969,678	441,879,042	917,025,811
Loans and accounts receivable	(5,371,210)	(2,709,941)	(1,361,153)	1,373,722	2,760,221	5,572,407
	(821,842,494)	(425,236,888)	(216,359,810)	224,191,637	456,585,433	947,577,997
Liabilities						
Financial liabilities held for trading	286,728	145,939	73,629	(74,980)	(151,346)	(308,370)
	286,728	145,939	73,629	(74,980)	(151,346)	(308,370)

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the respective YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2018 and 2017, the breakdown of financial instruments by currency was as follows:

(amounts in euros)

	2018				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	824,868,224	64,869,521	953,608	143,802,891	1,034,494,244
Investments in associates and joint ventures	2,307,146	-	-	-	2,307,146
Financial assets held for trading	(135,094)	16,271,014	-	477,681	16,613,601
Financial assets initially recognised					
at fair value through profit or loss	376,668,817	474,102,226	9,464,792	2,389,022	862,624,857
Hedge derivatives	261,418	4,015,724	-	107,227	4,384,369
Available-for-sale investments	6,539,384,169	2,896,307,429	439,905,979	176,072,459	10,051,670,036
Loans and accounts receivable	1,823,460,710	80,813,444	35,838,671	154,034,487	2,094,147,312
Other debtors	165,140,924	24,727,373	21,856	17,776,831	207,666,984
	9,731,956,314	3,561,106,731	486,184,906	494,660,598	14,273,908,549
Liabilities					
Mathematical provision for life insurance	1,327,751,731	-	-	308,542,065	1,636,293,796
Financial liabilities of the deposit component of insurance					
contracts and on insurance contracts and operations considered					
for accounting purposes as investment contracts	9,276,469,443	-	-	-	9,276,469,443
Financial liabilities held for trading	(5,712,960)	35,386,931	-	(7,503,473)	22,170,498
Hedge derivatives	3,461,510	86,614	-	7,606,639	11,154,763
Deposits received from reinsurers	130,665,934	564,586	-	1,594,483	132,825,003
Other financial liabilities	385,624,570	-	-	309,642,323	695,266,893
Other creditors	124,744,896	9,894,620	2,457,722	30,909,912	168,007,150
	11,243,005,124	45,932,751	2,457,722	650,791,949	11,942,187,546

(amounts in euros)

	2017				Total
	Euros	U.S. Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	421,388,257	-	16,242,053	130,896,467	568,526,777
Investments in associates and joint ventures	1,506,320	-	-	-	1,506,320
Financial assets held for trading	474,191	49,709,157	-	2,954,582	53,137,930
Financial assets initially recognised					
at fair value through profit or loss	519,076,305	288,033,869	-	443,523	807,553,697
Hedge derivatives	8,777,408	16,392,403	-	3,008,566	28,178,377
Available-for-sale investments	7,160,976,554	2,852,028,207	495,541,790	286,093,286	10,794,639,837
Loans and accounts receivable	1,009,458,254	77,154,916	26,452,790	69,607,493	1,182,673,453
Other debtors	196,522,234	40,308,536	69,486	16,927,923	253,828,179
	9,318,179,523	3,323,627,088	538,306,119	509,931,840	13,690,044,570
Liabilities					
Mathematical provision for life insurance	1,524,341,184	-	-	4,076,306	1,528,417,490
Financial liabilities of the deposit component of insurance					
contracts and on insurance contracts and operations considered					
for accounting purposes as investment contracts	8,583,639,740	-	-	-	8,583,639,740
Financial liabilities held for trading	5,654,647	2,147	-	-	5,656,794
Hedge derivatives	3,241,769	-	-	769,417	4,011,186
Deposits received from reinsurers	129,944,011	1,080,113	-	1,576,194	132,600,318
Other financial liabilities	317,959,116	-	-	290,198,448	608,157,564
Other creditors	119,825,606	13,385,067	2,374,856	42,041,027	177,626,556
	10,684,606,073	14,467,327	2,374,856	338,661,392	11,040,109,648

The headings "Other debtors" and "Other creditors" are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

49. DISCLOSURES RELATING TO INSURANCE CONTRACT RISKS

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

49.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

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

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

49.2. Technical management

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

49.3. Risk control management instruments

Internal risks of the organisation

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

Portfolio profile studies

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

Portfolio selection and reorganisation

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

Insurance risk concentrations

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Group's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

Behaviour of the non-life portfolio - Direct insurance

Direct insurance

(amounts in euros)

	2018			2017		
	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio
Accidents	238,911,485	1.13	1.12	200,240,801	1.17	1.15
Health	296,416,272	0.96	0.95	266,855,030	0.93	0.91
Fire and Other Damage	238,153,125	0.83	0.82	236,074,982	1.09	1.07
Motor	415,736,264	0.98	0.96	387,006,789	1.04	1.03
Marine	3,800,291	0.61	0.60	4,440,089	0.43	0.42
Aviation	6,991,016	0.12	0.11	6,852,250	0.80	0.79
Transported Goods	6,765,225	0.56	0.55	6,729,878	0.75	0.74
Third Party Liability	36,068,260	0.74	0.73	34,140,311	0.78	0.76
Other Lines of Business						
(Credit and Suretyship + Others)	75,885,798	0.62	0.61	71,128,143	0.70	0.68

Note: Ratios for the years of occurrence 2018 and 2017.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Marine and Health saw an increase in the ratio of 43.8% and 4.0% respectively.

The ratio tended to decrease in Accidents, Fire and Other Damage, Motor, Aviation, Transported Goods, Third Party Liability, and Other Lines of Business.

An analysis of the above table reveals that in the last 12 months premiums in the Accidents, Fire and Other Damage and Motor lines of business were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2018, reaching over EUR 11.8 million.

Premiums sufficiency and creation of a provision for unexpired risks

Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 12.1% in the costs would be needed to eliminate the premiums shortfall in this lines of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

Net of reinsurance

With the exception of the Aviation lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2018, to meet the costs associated with the operation of most of the lines of business.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2017.

Provision for unearned premiums

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

Equalisation provision

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The insurance company follows the criteria listed there.

Claims provision

The claims provision is calculated as described in the accounting policies.

Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

Risk concentration and mitigation

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 90.2% of the Gross Premiums Earned and 95.8% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.

In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2018, and which remained the same as in 2017.

Distribution of Reinsurers by Rating

Rating	% Reinsurers	
	2018	2017
A -	18.5%	18.5%
A	25.9%	25.9%
A +	22.2%	22.2%
AA -	26.0%	26.0%
AA+	3.7%	3.7%
No rated	3.7%	3.7%

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 100,000,000 and a capacity of EUR 420,000,000.

At Fidelidade 60.51% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

Comparison between estimated and actual claims

Fidelidade's claims provision at 31 December 2018 totalled EUR 1,664 million. During 2018, EUR 388,034,364 were paid for claims which occurred in 2016 and previous years.

In December 2018, natural consumption would lead to a provision of EUR 1,275,712,567. However, there was a negative readjustment of over EUR 21 million, and the provision at the end of December 2018 was EUR 1,254,707,290.

There were negative readjustments for all lines of business except Accidents, Health and Other Lines of Business. The most significant, in absolute terms, was in Motor, which was greater than EUR 41 million.

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

(amounts in euros)

Headings	Claims Provision at 31 December 2017 (1)	Claims Paid in the Year * (2)	Claims Provision at 31 December 2018 * (3)	Readjustments (3)+(2)-(1)
Accidents and Health	906,160,181	148,553,734	789,993,150	32,386,703
Fire and Other Damage	217,173,443	105,012,641	98,407,733	(13,753,069)
Motor	415,878,613	115,025,009	259,585,742	(41,267,862)
Marine and Transport	2,740,621	305,296	1,919,710	(515,615)
Aviation	5,920,918	265,297	5,545,378	(110,243)
Transported Goods	4,056,143	2,099,374	1,911,640	(45,129)
Third Party Liability	98,999,696	8,412,914	87,771,007	(2,815,775)
Credit and Suretyship	445,958	6,991	398,591	(40,376)
Legal Protection	23,563	453	992	(22,118)
Assistance	152,225	0	10,782	(141,443)
Other	12,195,570	8,352,655	9,162,565	5,319,650
Total	1,663,746,931	388,034,364	1,254,707,290	(21,005,277)

* Claims occurred in the year N-1 and previous years

Insurance Risks

The Insurer underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the insurer's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The insurer carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Insurer also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

Risk Assessment Assumptions

Non-life lines of business, except annuities

The main assumption for estimating the insurer's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

Annuities and whole life assistance in the Workers' Compensation line of business

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

Assumption	Factor	Increase in Liability
Longevity	+ 20%	5.29%
Expense	+ 10%	0.63%
Revision	4%	2.08%
Interest Rate	-1%	12.08%

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Number of claims	+10%	81,874,223	(81,874,223)	(56,083,843)
Average claims cost	+10%	70,705,681	(70,705,681)	(48,433,391)
Average claims reserve	+10%	75,815,781	(75,815,781)	(51,933,810)
Longevity	+10%	18,012,174	(18,012,174)	(12,338,339)
Longevity	-10%	(17,938,952)	17,938,952	12,288,182
Discount rate	+1%	(81,522,189)	81,522,189	55,842,699
Discount rate	-1%	115,398,233	(115,398,233)	(79,047,789)

49.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

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

The Group has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Group works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Group's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Group's financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Group's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Group's financial capacity.

Motor, Workers' Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Group's financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody's) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is "A-".

49.5. Life Insurance

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk products

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

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

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

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

Annuity products

The greatest risk factor for these products is longevity.

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

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

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

Capitalisation products

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

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

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

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

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

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

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	147,936,587	101,558,576	-	15,318,861	22,169,506	188,525,117
2020	125,648,398	84,968,631	-	14,388,464	19,952,979	183,461,788
2021	116,048,111	78,231,333	-	13,568,369	18,057,236	177,728,740

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

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	144,426,957	99,521,341	-	15,318,861	21,607,785	247,680,195
2020	115,908,527	79,496,867	-	14,388,464	18,459,403	223,532,409
2021	101,254,301	69,973,174	-	13,568,369	15,857,826	200,815,632

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality	+10%	(6,080,206)	6,080,206	4,164,941
Mortality	-10%	6,870,896	(6,870,896)	(4,706,564)
Expected income rate	+0.5%	(15,267,720)	15,267,720	10,458,388
Expected income rate	-0.5%	23,047,425	(23,047,425)	(15,787,486)
Incurred but not reported claims	+10%	2,355,824	(2,355,824)	(1,613,739)

50. CAPITAL MANAGEMENT

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

The Solvency II rules are divided into three pillars.

Pillar I (quantitative requirements)

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

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

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

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

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

Pillar II (qualitative requirements and supervision)

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

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

Pillar III (prudential reporting and public disclosures)

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

Within this context, the Group's capital management objectives meet the following general principles:

- Complying with the legal requirements by which the Group is bound;

- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that the Group is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

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

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

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

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

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

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

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

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

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

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

To ensure compliance with the policies and processes, the Group has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Office, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, and the Life and Non-Life Products Committees

51. PUBLIC SERVICE CONCESSIONS

Main risks identified are operational and financial

Luz Saúde manages Hospital Beatriz Ângelo through its subsidiary Sociedade Gestora do Hospital de Loures, SA ("SGHL") under a Public-Private Partnership agreement with the Portuguese State ("PPP Agreement"). HL – Sociedade Gestora do Edifício, S.A., in which the Company has a 10% shareholding, is also a party to the PPP agreement and is responsible for the (now completed) construction and the management of Hospital Beatriz Ângelo's building and facilities.

Under the PPP Agreement, SGHL has undertaken to provide healthcare services within the National Health Service, through Hospital Beatriz Ângelo, for a 10-year period as of the Hospital's opening date (19 January 2012). The term of the PPP agreement may be renewed for successive periods by mutual agreement and each period cannot exceed 10 years. Notwithstanding, the total duration of the PPP Agreement, including the initial period and any additional periods, cannot exceed 30 years, as of the PPP agreement's effective date (31 December 2009).

With respect to the Hospital's management, the PPP Agreement governs the relationship between the State and SGHL, sets prices and payment methods, establishes quality standards, notice and information duties, compliance levels (clinical and non-clinical), hospital operating rules (e.g. human resources) and other duties and undertakings for each party, as well as consequences for default on the contractual obligations.

In addition, the PPP Agreement establishes that annual volumes of patient treatment at Hospital Beatriz Ângelo (defined with reference to doctor consultations, emergency room visits and inpatient and outpatient surgical and non-surgical services) shall be agreed by annual negotiation between the Public Awarding Entity (in this case Administração Regional de Saúde de Lisboa e Vale do Tejo, I.P.) and the hospital's management, based on historical data for public healthcare demands by the population in the Hospital's catchment area. However, it should be noted that the aforementioned production level is determined based on historical data regarding the demand for public healthcare by the population living in the Hospital's catchment area.

On the other hand, the prices charged by the hospital to the National Health Service have been contractually defined and are adjusted annually according to the growth of the inflation rate.

The PPP Agreement further provides that, at the end of each month, the State must pay 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency room visits and hospitalisation) must be calculated by the end of the first semester of the following year, and payment must be made during that same period.

52. MANAGED PENSION FUNDS

At 31 December 2018 and 2017, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

	2018							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	27,089,273	33,776,952	56,546,406	217,832	256,595	250,721	172,651	5,773,769
Debt instruments	117,512,922	498,097,940	-	7,859,347	5,054,746	7,792,139	3,594,498	-
Equity instruments	19,366,321	205,042,881	-	2,310,756	6,771,898	10,966,830	6,384,569	-
Others	33	-	(99,051)	(45,294)	(54,685)	(87,819)	(48,241)	(9,474)
	163,968,548	736,917,773	56,447,355	10,342,641	12,028,554	18,921,871	10,103,478	5,764,295
Amounts in Euros								
Cash and deposits	2,932,850	3,656,899	6,122,060	23,584	27,781	27,145	18,692	625,104
Debt instruments	12,722,668	53,927,130	-	850,901	547,258	843,625	389,162	-
Equity instruments	2,096,716	22,199,197	-	250,177	733,167	1,187,336	691,233	-
Others	4	-	(10,724)	(4,904)	(5,921)	(9,508)	(5,223)	(1,026)
	17,752,238	79,783,226	6,111,336	1,119,758	1,302,285	2,048,598	1,093,864	624,078

Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 9,23650 MOP.

	2017							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	28,003,144	24,326,810	42,484,019	188,291	226,478	329,492	263,753	827,907
Debt instruments	114,934,707	469,029,419	-	5,193,808	3,372,269	6,533,339	3,476,160	-
Equity instruments	23,576,635	219,047,187	-	1,754,443	5,165,134	9,355,561	6,233,622	-
Others	(24,973)	(373,816)	(306,523)	(60,646)	(73,298)	(134,426)	(88,625)	(136)
	166,489,513	712,029,601	42,177,496	7,075,896	8,690,584	16,083,966	9,884,909	827,771
Amounts in Euros								
Cash and deposits	2,900,918	2,520,077	4,401,030	19,506	23,461	34,133	27,323	85,765
Debt instruments	11,906,384	48,587,973	-	538,040	349,342	676,806	360,104	-
Equity instruments	2,442,365	22,691,666	-	181,747	535,070	969,167	645,757	-
Others	(2,587)	(38,725)	(31,754)	(6,282)	(7,593)	(13,926)	(9,181)	(14)
	17,247,080	73,760,991	4,369,276	733,011	900,280	1,666,180	1,024,003	85,751

Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9,65320 MOP.

53. SUBSEQUENT EVENTS

On 7 January 2019, Fidelidade purchased 194,224,590 shares, for the amount of 349,604,262 Peruvian Soles (corresponding to around EUR 92 millions), representing 51% of the Share Capital of the company La Positiva Seguros y Reaseguros.

At the purchase date there is difference between the purchase value and the accounting value of the Equity of 115 million Peruvian Soles, corresponding to around EUR 30 million. This difference will be allocated by assessing the assets and liabilities at fair value, as defined in IFRS 3 – Business Combinations:

	Peruvian Sol	Euro
Purchase Value	349,604,262	92,146,616
Equity (unaudited)	459,784,421	121,187,248
- Minority Interests	(225,294,982)	(59,381,914)
Difference	115,114,823	30,341,282

Given that the transaction was performed near to the time the accounts were approved by the Board, the Company is still calculating the fair value of the assets and liabilities, and the difference mentioned above may not therefore represent the Goodwill expected from the transaction. The (unaudited) Equity is in line with the Peruvian accounting method and needs to be adjusted to the accounting method used by the Company. The Goodwill will be calculated during 2019.

REPORT AND OPINIONS ON THE CONSOLIDATED ACCOUNTS

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Fidelidade – Companhia de Seguros, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2018 (which establishes a total of 17,841,068,195 euros and total equity and non-controlling interests of 2,731,434,455 euros, including a net profit for the year of 271,573,231 euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Fidelidade – Companhia de Seguros, S.A. as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal ("Autoridade de Supervisão de Seguros e Fundos de Pensões").

Basis for opinion

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

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

Key audit matters

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

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

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in notes 21 and 22 of consolidated financial statements, as at December 31, 2018, the technical provisions for life insurance and the financial liabilities of the deposit component	Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts amounted to 2,158 m and 9,276 million euros ("m"), respectively, representing approximately 76% of the total liabilities.</p> <p>These matters were considered to be as a key audit matter based on materiality to the financial statements and the fact that it is an area with a significant degree of judgement about uncertain future results, namely the timing and total value of liabilities to policyholders, as well as estimating the future income of the assets portfolio underlying these obligations. As described in note 2.20, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p>	<ul style="list-style-type: none"> • Understanding of the Group's internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities; • Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates; • With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Company's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and • Review the completeness and consistency of the disclosures in the consolidated financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

2. Measurement of Claims Provisions (non-life)

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As described in note 21 to the consolidated financial statements as at December 31, 2018, the claims provisions arising from non-life insurance contracts amounted to 1,683 m (11% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Group's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based</p>	<p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> • Understanding of the internal control procedures of the Company and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life); • Analytical review procedures on the financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>on judgments, in particular the discount rate, mortality tables and estimation of expenses to be incurred (see details in subparagraph (d)) 2.17 note).</p> <p>In view of the materiality of these liabilities to the consolidated financial statements and that the process for their measurement incorporates estimation based on assumptions and actuarial techniques applied to information currently available, and that the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p>	<ul style="list-style-type: none"> • With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Company and its subsidiaries (when applicable) for the measurement of the claims liabilities (non-life), including analysis of consistency with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Company's products and its subsidiaries regulatory requirements and practices in the insurance sector; • Recalculation of claims provisions by our actuarial specialists for the segments representing the most significant share of the liabilities of the Company (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations; • Review the completeness and consistency of disclosures in the consolidated financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

3. Valuation of financial instruments at fair value

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As detailed in note 48, the consolidated assets and liabilities include financial instruments valued at fair value amounting to 10,933 m and 74 m, respectively, which represent about 61% of the total consolidated assets and 0.5% of the total consolidated liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates. The total value of instruments with reduced liquidity, recognised in the consolidated assets and liabilities of the Company, amounting to about 1,673 m (19% of the asset) and 56 m (0.4% of the liabilities),</p>	<p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> • Understanding of the internal control procedures of the Company and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value; • Analytical review of the consolidated financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company and its subsidiaries (when relevant) with those observed in external sources of information; • Analysis of the methodologies and assumptions used by the Company and its subsidiaries in determining fair value, using

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>respectively, which were classified under the fair value hierarchy defined in the accounting framework as "level 2" and "level 3" (Note 48).</p> <p>The consideration of this matter as significant to the audit was based on their materiality to the financial statements and the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of the fair value of financial instruments.</p>	<p>as reference the details of its investment policy, regulatory requirements and sector practices; and</p> <ul style="list-style-type: none"> Review the completeness and consistency of disclosures of financial instruments at fair value in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

4. Impairment tests of Goodwill

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consolidated financial statements of the Company as at December 31, 2018 include in the statement of financial position as more fully disclosed in note 14, Goodwill arising from investments in subsidiaries of 417m , representing approximately 2% of the consolidated assets.</p> <p>In accordance with the accounting principles and as disclosed in note 2.20, Goodwill should be tested annually for eventual impairment. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information).</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of impairment losses.</p>	<p>Our approach to the risk of material misstatements in the valuation of Goodwill included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of Goodwill; Review of the assumptions used in the valuation models approved by the management, in particular the future cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts; Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; Review of the completeness and consistency of disclosures of Goodwill in the consolidated financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.

5. Recognition and measurement of impairment losses on financial assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consolidated income statement of the Company as at December 31, 2018, includes impairment losses from financial instruments held, classified as "available-for-sale financial assets", of 246 m (details disclosed in note 42).</p> <p>In accordance with the accounting principles and the defined investment policy, which is described in note 2.6 (d), the Company and its subsidiaries recognise impairment losses on available-for-sale financial assets based on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on assumptions taking into account impairment indicators observable at a given time, based on information currently available, and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.</p>	<p>Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> • Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Company and its subsidiaries (when relevant); • Analytical review tests on the consolidated financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; • Analysis of the policies/methodology for the recognition of impairment losses of the Company and its subsidiaries, based on the adopted accounting principles and market practices; • Review the completeness and consistency of disclosures in the consolidated financial statements on recognition of impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.

6. Valuation of real estate investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consolidated financial statements of the Company as at December 31, 2018 include real estate assets as disclosed in notes 10 and 20 to the financial statements, recorded at fair value, classified as investment and own use properties (net of depreciations), amounting a net of 1,556 m and 523 m, respectively, which represent a total of about 12% of the consolidated assets of the Company.</p> <p>The real estate appraisals were based on the methods disclosed in note 10 to the consolidated financial statements and</p>	<p>Our approach to the risk of material misstatements included a specific strategy consisting of a combination of evaluation of controls and substantive procedures, namely:</p> <ul style="list-style-type: none"> • Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of real estate investments; • Analytical review tests on real estate items included in the consolidated financial statements;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>assumptions for which the effects of the economic and the ability of the market to absorb the available supply is crucial.</p> <p>The consideration of this matter as a key audit matter was based on their materiality to the consolidated financial statements and the inherent risk on the assumptions used in appraisals performed by external experts.</p>	<ul style="list-style-type: none"> • Analysis of the valuation reports prepared by experts, testing the appropriateness of the valuation methods used and reasonableness of the assumptions made; • Comparative analysis of value and assumptions of the appraisals made in the year with those of previous years and price comparison with available market information; • Verification of the completeness and consistency of disclosures of real estate in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and we remain solely responsible for our audit opinion;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

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

On additional items set out in article 10º of Regulation (EU) nº 537/2014

Pursuant to article 10º of Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade – Companhia de Seguros, S.A. (Group's Parent Entity) for the first time in the shareholders' general meeting held on May 15, 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on March 31, 2015 for the period between 2015 and 2017. On March 29, 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on March 31 for the mandate between 2017 and 2019;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group; and
- ▶ We declare that we have not provided any prohibited services as described in article 77 nr. 8 of the Statute of the Institute of Statutory Auditors and we have remained independent of the Group in conducting the audit.

Lisbon, March 13, 2019

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

(signed)

Ricardo Nuno Lopes Pinto - ROC nº 1579
Registered with the Portuguese Securities Market Commission under license nr. 20161189

Fidelidade – Companhia de Seguros, S.A.

Report and Opinion of the Supervisory Board

2018

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

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

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

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

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

OPINION

- That the Report of the Board of Directors and other consolidated accounting documents for the year, as submitted by the Board of Directors, should be approved;

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

Lisbon, 13 March 2019

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2018

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the consolidated accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Report of the Board of Directors provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 13 March 2019.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

**REPORT OF
THE BOARD
OF DIRECTORS
SEPARATE
ACCOUNTS**

1.

CORPORATE BODIES

FIDELIDADE – COMPANHIA DE SEGUROS, S.A.

Presiding Board of the General Meeting

President

Nuno Azevedo Neves

Secretary

Paula Rodrigues Morais

Board of Directors

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairmen

José Manuel Alvarez Quintero

Lingjiang XU

Members

José João Guilherme

Francisco Ravara Cary

João Eduardo de Noronha Gamito de Faria

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William MAK

Jun LI

André Simões Cardoso

Tao LI

Yu PEI

Executive Committee

Chairman

Jorge Manuel Baptista Magalhães Correia

Vice-Chairman

Rogério Miguel Antunes Campos Henriques

Members

José Manuel Alvarez Quintero

António Manuel Marques de Sousa Noronha

Wai Lam William Mak

Jun LI

André Simões Cardoso

Supervisory Board

Chairman

Pedro Antunes de Almeida

Members

Vasco Jorge Valdez Ferreira Matias

João Filipe Gonçalves Pinto

Alternate

Isabel Gomes de Novais Paiva

Statutory Auditors

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

2.

FIDELIDADE

A. KEY INDICATORS

**€4,646
million**

Total Premiums Written
(includes amounts relating to
investment contracts)

Life: € 3,302 million
Non-Life: € 1,344 million

**€16.3
billion**

Net Assets

34.3%

Market Share (PT)

Life: 39.1%
Non-Life: 26.3%

**€278.2
million**

Net Profits

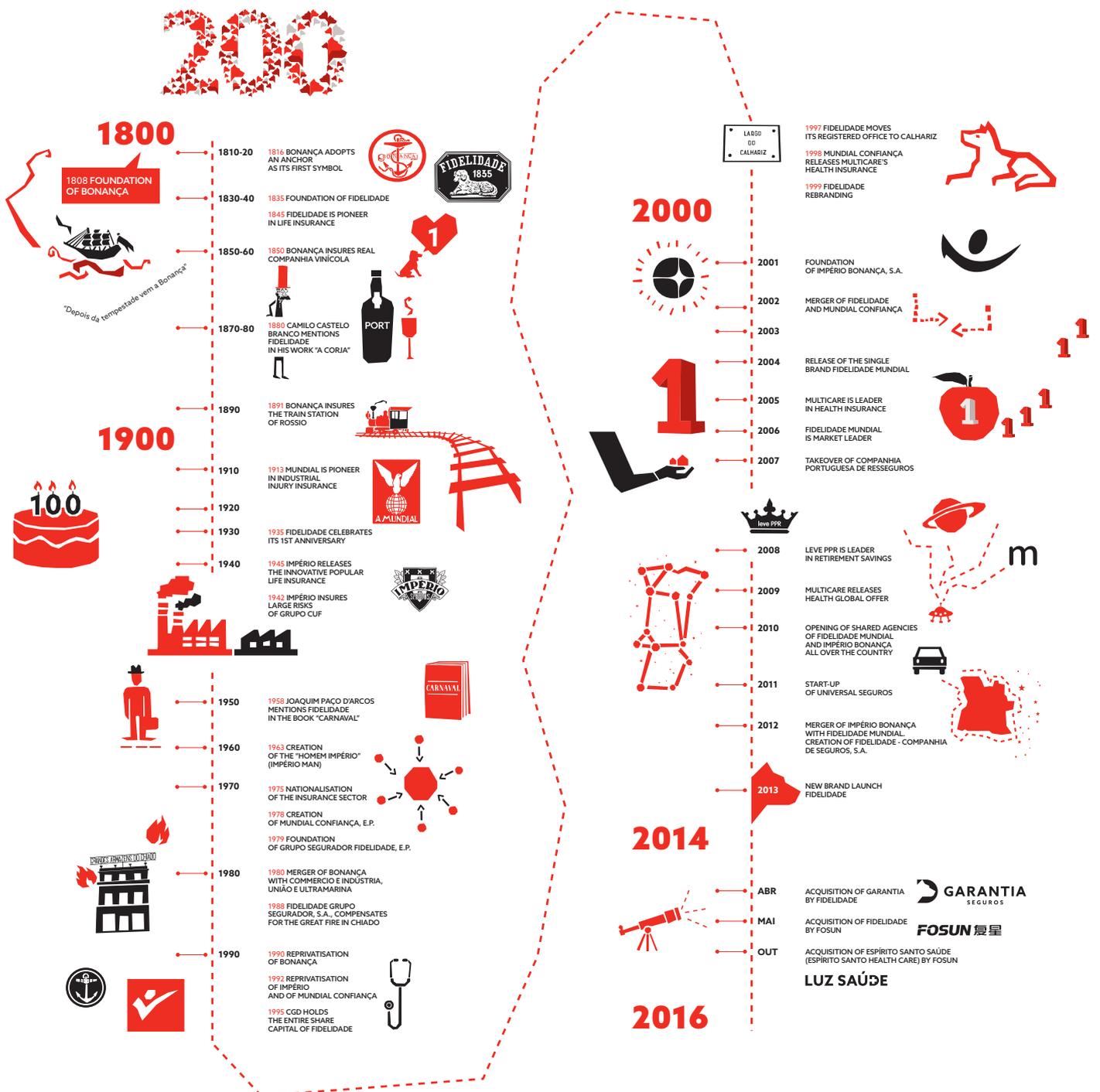
2,615

Employees

98.8%

**Non-Life
Combined Ratio**

B. OUR HISTORY



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

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

More recently, after 2000, the Portuguese market began a new phase of consolidation, which gave rise to two major players in the sector: Fidelidade Mundial (FM) and Império Bonança (IB), held by two of the largest Portuguese financial groups (CGD and BCP, respectively).

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

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

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



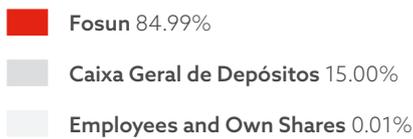
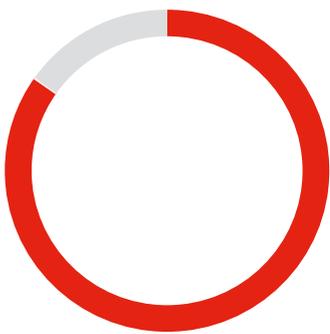
From 2014 on, Fidelidade entered a new phase of development, bolstered by support from the shareholders and focused on two priorities: consolidation of its leadership in the Portuguese market and international expansion.

C. ABOUT FIDELIDADE

i. Shareholder Structure

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

Shareholder Structure



Description of the Major Shareholders

Fosun

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

Caixa Geral de Depósitos

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

ii. Mission and Values

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

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

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

It is sharing our values that makes us Fidelidade!

Be proud of our past, inspire our future.

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

Be innovative, chase the progress.

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

Be outstanding, overcome your limits.

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

Be people driven, be there.

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

iii. Positioning

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

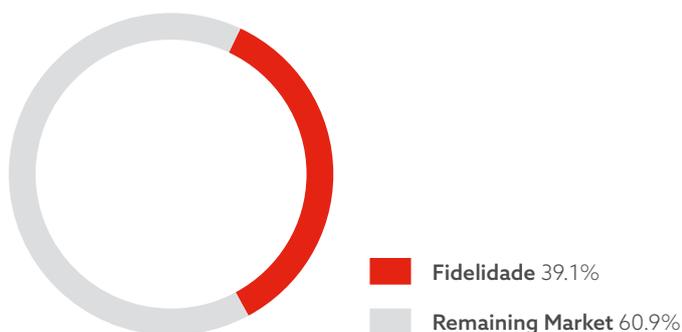
In 2018, Fidelidade held its leadership across both the Life and Non-Life segments, recording an overall market share of 34.3%, which corresponds to an increase of 4.1 pp over the previous year.

In the Life Segment, Fidelidade strengthened its market share in financial products (capitalisation and retirement savings plans) and risk products.

In the case of retirement products, and as a result of continued emphasis in this area, Fidelidade holds a considerable share of the market, reflecting our clients' great confidence in the Fidelidade's robustness.

The growth in risk products reflects not only the recent evolution in mortgages, but also the success of the Protecção Vital da Família product, an innovative life insurance that accompanies families throughout their lifecycle and also includes a funeral cover, contributing decisively to the development of funeral insurance in Portugal.

Life Segment - Market Shares

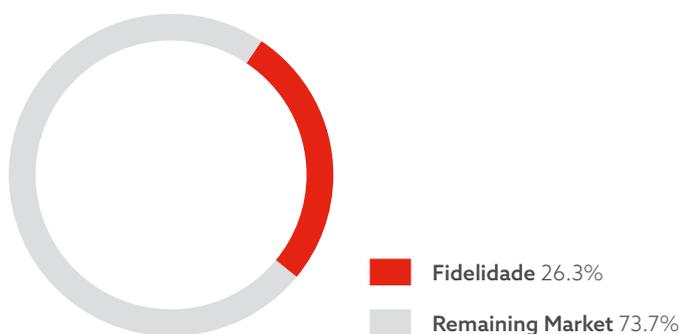


Fidelidade

Life Risk **18.2%**
 Annuities **26.7%**
 Life Capitalisation **31.0%**
 Pension Plans **53.2%**

In the Non-Life Segment, Fidelidade grew more than most of its competitors, increasing its market share by 0.3 pp to 26.3%. Particularly significant was the increase in share in highly competitive lines of business, in particular Workers' Compensation (1.7 pp), Health (0.5 pp) and Motor (0.3 pp).

Non-Life Segment - Market Shares



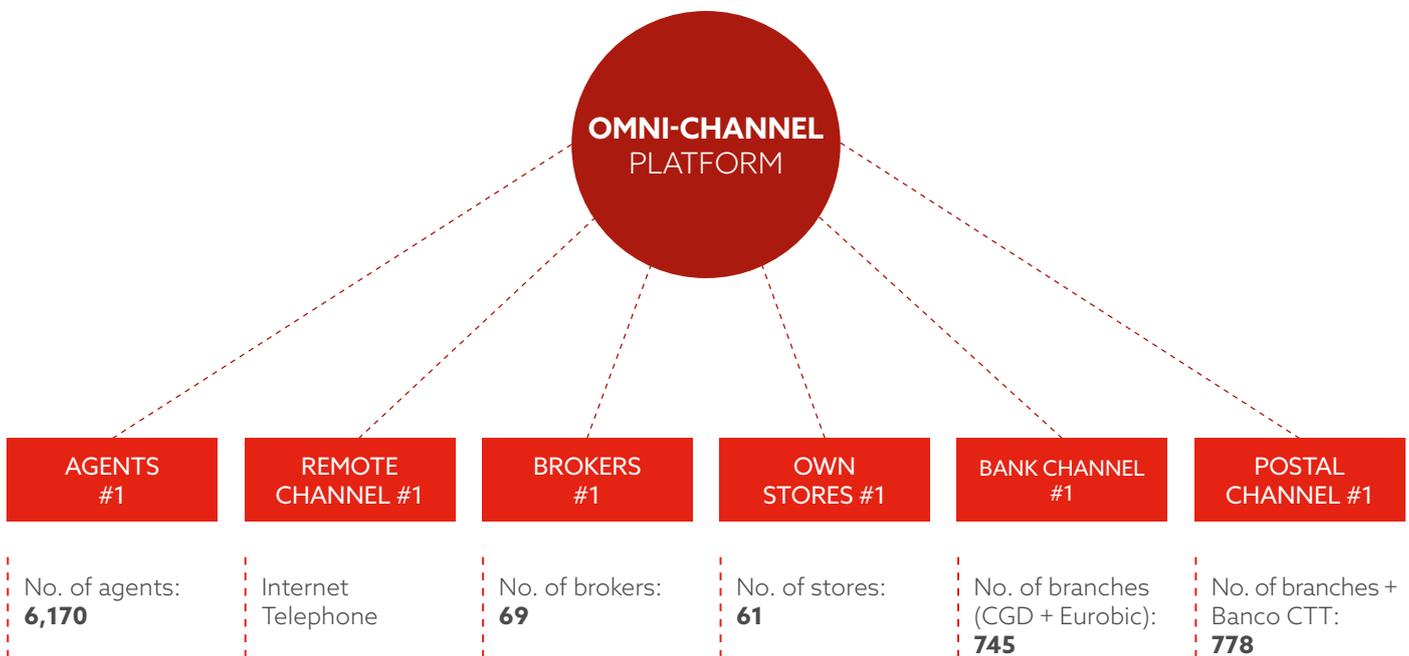
Fidelidade

Motor **25.4%**
 Workers' Compensation **26.1%**
 Personal Accidents **13.4%**
 Health **36.0%**
 Home Insurance **22.6%**
 Commercial and Industrial Property **30.2%**
 Other Fire and Other Damage **34.7%**
 Third Party Liability **25.4%**
 Transport **33.1%**

iv. Distribution Network

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

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



Fidelidade has always sought to affirm its presence in all channels where the consumer is or could be, and to add value to those channels through a broad range of products and an appropriate service level for each of them.

Capitalising on its strong presence in the various distribution channels, Fidelidade has been developing an Omni-Channel strategy, ensuring a coherent range of products and a perception of integration by the consumer, regardless of the channel being used.

v. Fidelidade's offer of products and brands

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

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

Fidelidade has also been developing a number of new products to offer more wide-ranging and innovative solutions. These include Fidelidade Pets, covering household pets, that reflects an effort to diversify Fidelidade's product range with a focus on the Family and on providing services in addition to cover for risks, and Multicare 60+, insurance with covers designed specifically for the over 60s. The offer and service of the Proteção Vital Família product has also been improved, with a series of personal covers that can be adapted to suit the Client's needs.

Also of note is the launch of new functions in the Fidelidade Drive telematics application, which enables users to better understand the risks linked to their driving style and to be rewarded for safe driving.



vi. Focus on Operational Excellence and Service Quality

A focus on operational excellence and service quality has long been a priority for Fidelidade, and has a strong impact in terms of client satisfaction. Fidelidade's skill in these areas has been identified and recognised by clients.

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



BANCA E SEGUROS EXAME 2018

Best Large Non-Life Insurer, in the Banking and Insurance category



BANCA E SEGUROS EXAME 2018

Best Large Life Insurer, in the Banking and Insurance category



MARCA MAIS REPUTADA 2018

Insurer with the best reputation in the Insurance category (Fidelidade)



ESCOLHA DO CONSUMIDOR 2018

Consumers choice in Insurance category (Fidelidade) and in Health system category (Multicare)



ESCOLHA DO CONSUMIDOR EXCELLENTIA 2018

Fidelidade was considered by consumers an "Excellentia 2018 Brand", which distinguishes the best customer centric companies



MARCA DE CONFIANÇA 2018

Fidelidade and Multicare were distinguished as Portuguese Trusted Brand in the Insurance category



PORTUGAL DIGITAL AWARDS 2018

Multicare was distinguished in the "Best Digital Product & Experience" category for its telemedicine service, a pioneering and innovative project in Portugal



INNOVATION AWARD WINNER

Fidelidade was distinguished with the international "Business Transformation Award", which distinguishes clients with the best solutions built on the OutSystems platform

vii. International Presence

Fidelidade’s international insurance business is an important means of sustained growth and pursuit of its medium and long-term goals. The company currently operates in three continents (Europe, Africa and Asia).

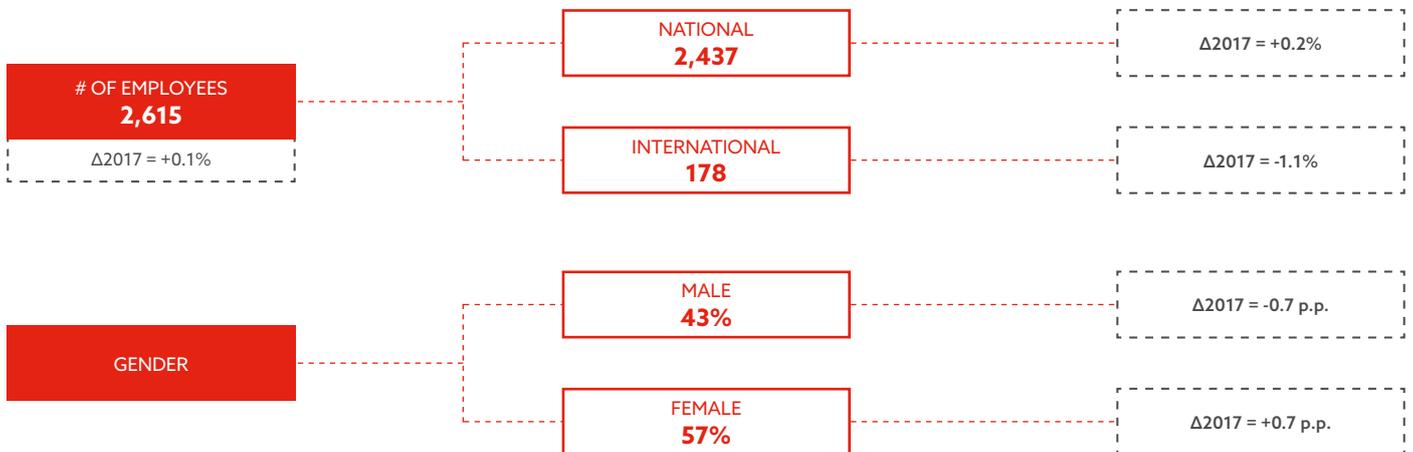
Initially, Fidelidade’s process of internationalisation sought, in particular, to take advantage of markets with which Portugal has greater economic, cultural and language ties. From 2014, with the change in the shareholder structure, the Chinese community also became a priority in terms of developing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

Currently, with new growth horizons and a renewed focus on value creation, Fidelidade regards international expansion as a priority and an opportunity to grow and diversify its business, with emphasis on new locations and on accompanying its clients in new markets, and always remaining aware that each operation must be financially and operationally sustainable.

viii. Fidelidade’s Team

At the end of 2018, Fidelidade had 2,615 employees, 93% based in Portugal and the remaining 7% in international operations, that Fidelidade carries on through its overseas branches.

In comparison with 2017, the number of employees rose by 0.1%, reflecting the evolution of the workforce in Portugal (+0.2%), due to the increase in turnover.



In 2018, the main goal was to rejuvenate and adapt the organisation in order to keep pace with new market challenges. This focus, aimed at developing new skills, also led to a reduction in the average age from 46.1 in 2017 to 46.0 in 2018 (based on the various employees in Portugal), thereby counteracting the natural ageing of the workforce by one more year.

The length of service of employees at Fidelidade continues to reflect the trend towards rejuvenation mentioned above. In 2018 27% of the employees had been at the company for less than 10 years, compared to 23% in 2017.

Reflecting the ongoing transformation of the business, 2018 was a year to continue the adjustments to the organisation begun in 2014, thanks to the significant involvement of all our People.

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

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

D. FIDELIDADE'S STRATEGY

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

- Clear market leader, with a client base of over 2.1 million, served by an omni-channel network with a high level of regional penetration;
- Brand leader in value, reputation and client recognition, resulting from the continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, banks, post offices and online channels;
- Technical skills which are unique in the market, having a broad range of insurance products and recognised claims management capability, thereby guaranteeing a high level of client satisfaction;
- Prudent risk management policies and above average provision levels.

In this context, starting from a particularly strong position in Portugal, Fidelidade is seeking to both strengthen its leadership of the Portuguese market and expand internationally to become a recognised international player.

Accordingly, Fidelidade has the following fundamental strategic objectives:

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

FIDELIDADE STARTING POINT

- Leadership in the Portuguese market, with a client base of 2.1 million
- Unique brand in the market due to its value and recognition with clients
- Benchmark technical skills, broad product range
- Quality in claims management, recognised for its efficiency

STRATEGIC AREAS

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

Throughout 2018, these strategic directions provided the guiding principles for activity within Fidelidade, giving rise to a wide range of initiatives that were implemented by the different teams within the company.

Consolidation of the position in the Portuguese market

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

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

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

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

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

Expansion of the International business

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

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

In Africa, in a more recent development, Fidelidade expanded directly, through two branches, in Mozambique, a market where, for historical and cultural reasons, ties with Portugal are more evident.

Currently, international expansion is a strategic priority for Fidelidade, as a means of diversifying its activity and guaranteeing new paths for growth. Fidelidade's goal is to enter new markets where it can use its skills base to offer competitive advantages.

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

Optimisation of investment management

Fidelidade's aim in this area is to achieve the right fit for the market and regulatory context in which it operates, not only seeking optimisation of return and risk, but also safeguarding the level of prudence that has always characterised the company's activity.

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

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

Naturally, this investment policy requires constant monitoring, to ensure control over the exposures incurred and appropriate alignment between assets and liabilities. Implementation of this policy is also based on the assumption that the company's capital needs are properly safeguarded, taking into account the criteria included in the European Solvency II regulations, in force since January 2016.

Digital Transformation and Analytics

Fidelidade has also remained focused on the digitalisation, with various initiatives that respond to the potential disruptive impact of new business models based on the new technologies.

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

- Development of MyFidelidade and new Apps, which allow clients to use the internet to take out new products, follow their insurance portfolio, report claims, etc.;
- New products linked to the use of new technologies, particularly in the Motor and Home Insurance lines of business;
- Digital transformation of business processes and client relations.

3.

OUR

PERFORMANCE

A. EVENTS SUMMARY 2018

JANUARY	Health - New digital functions with impact in transforming policy acceptance processes (example: Individual Health Questionnaire completed by telephone for Multicare 3 insurance and e-mails/text messages sent to clients with the acceptance conditions of their insurance)
FEBRUARY	Single Insurance Document (SID) - Introduction of the SID in the Motor line of business, a digital tool that combines the insurance proposal and specific conditions in a single document, simplifying content for both the Client and the commercial network
MARCH	Digital Desk by Fidelidade - new commercial, relational and analytical solution that introduces new content and functions to improve the client's experience in own stores using tablets
APRIL	New Commercial Platform - Following Fidelidade's Omnichannel strategy, a new Commercial Platform was launched. This simpler and more intuitive tool enables the agents' channel to accompany and advise clients and be pay greater attention to their needs Risk Scoring Platform - development began on a Risk Analysis and Scoring digital platform to provide support to all risk assessment and prevention activity at Fidelidade
MAY	Fidelidade Drive App - introduction of new functions enabling clients to win prizes, regardless of the points they have, and new products (for example, tablets) and strategic partnerships developed by Fidelidade (for example: Car Wash) National Award for Urban Rehabilitation 2018 - the new Head Office of Abreu Advogados, a Fidelidade Property project, won the main annual awards in the real estate sector Multicare - Action Freemium - Marketing action to Fidelidade clients without health insurance, based on offering the "Programa põe-te em forma" [Get-in-shape programme] (included in the Online Medicine cover). Clients were invited to use the nutritional advice service and a personalised exercise plan free of charge
JUNE	Launch of the 2nd edition of the Fidelidade Comunidade Award - As part of its social responsibility programme, Fidelidade launched the 2018 edition of this award totalling €500,000, which sought to support projects in the areas of social inclusion, health prevention and ageing Fidelidade Medical Congress - The first Fidelidade Medical Congress was held, with the participation of several recognised professionals in different areas of Health, Law and Management, and different institutions, aiming to find solutions that best meet the needs of accident victims
JULY	NOS Alive 2018 - Fidelidade was the official insurer of the summer festival NOS Alive'18, held in Lisbon. Several brand activation initiatives were carried out to create opportunities for public involvement
AUGUST	New partnership agreement with Millennium bim in Mozambique - Fidelidade and Millennium bim signed a new long-term strategic partnership agreement
OCTOBER	Multicare 60+ - Launch of Multicare 60 +, an innovative health insurance designed specifically for the over-60s, with differentiating advantages
NOVEMBER	Fidelidade Pets - Launch of the new Fidelidade Pets on the digital platform, a Health and Civil Liability insurance for pets Proteção Vital da Família - Improvements in the products and service, with increased covers and the launch of new products designed for specific needs
DECEMBER	Protechting - Protechting, the startups attraction and acceleration programme promoted by Fosun and Fidelidade, won the "Sustainable Development 2018 Enterprise Best Practice" award for the UNGC China Network

B. MACROECONOMIC ENVIRONMENT

In 2018, the Portuguese economy continued to display economic growth, following the positive trend that began in 2014.

In fact, economic activity in Portugal has grown since 2014 due to a favourable external climate in financial markets, and increased exports, as well as high levels of confidence of economic agents and positive improvements in the labour market.

Most recent estimates for 2018 suggest GDP growth of 2.1%, which, despite being lower than the figure for 2017 (2.8%), is above the euro area average (1.9%). The slowdown in Gross Fixed Capital Formation and Exports, both of which recorded high levels of growth in previous years, is the main reason for this downturn in relation to 2017.

In 2018, private consumption continued the previous year's trend (with an increase of 2.3%), reflecting real growth in families' disposable income and historically high levels of consumer confidence.

Public consumption also increased from 2017 to 2018, reflecting the impact of one-off expenses related to the forest fires of 2017, and an increase in the number of State employees.

Accordingly, the Portuguese economy should maintain a positive financing capacity, despite a slight fall compared to the previous year (1.3% of GDP in 2018 compared to 1.4% in 2017).

In terms of inflation, the estimate for 2018 is 1.4%, which is lower than the figure for 2017 (1.6%). However, a slight increase in inflation is forecast for the next years, reflecting general salary increases, in a climate of lower unemployment and updating of the national minimum wage above the level of inflation.

Forecasts for the labour market suggest an increase in employment levels (+2.2%) and, consequently, a fall in the unemployment rate to around 7% at the end of 2018.

The growth rate of the Portuguese economy is expected to fall again in 2019 to 1.8%. Although the forecasts suggest an increase in GFCF (6.6%), a fall in private consumption and a greater increase in imports compared to exports will have a negative impact on GDP growth.

C. INSURANCE MARKET ENVIRONMENT

i. Evolution of the Portuguese Insurance Market

The Portuguese insurance sector recorded total premiums of EUR 12,942 million, corresponding to an increase of 11.8% compared to 2017, reflecting the positive performance of both the Life and Non-Life segments.

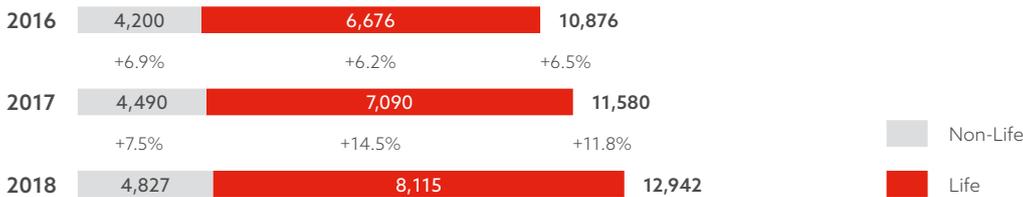
In the Life segment, there was a 14.5% increase in premiums to EUR 8,115 million, approximately three times the growth seen in 2017, reflecting the performance of financial products.

In the Non-Life segment, premiums continued the upward trend that began in 2015, recording an increase of around 7.5% compared to the previous year, totalling EUR 4,827 million.

Portuguese Insurance Market

Source: APS "Direct Insurance Production 2018"

(million euros)



ii. Evolution of the Life insurance market in Portugal

In 2018 the Life segment recorded total premiums of EUR 8,115 million, an increase of 14.5% compared to the previous year. The main catalyst for this increase was the evolution of financial products.

Life Insurance Premiums

Source: APS "Direct Insurance Production 2018"

(million euros)



Of particular note is the evolution of Retirement Savings Plans (PPR), which recorded growth of over 50%. In the current context of low interest rates and a further fall in savings rates, this situation demonstrates the growing concern regarding retirement income and the attractiveness of these products.

Global rate of savings from families' disposable income

Source: INE



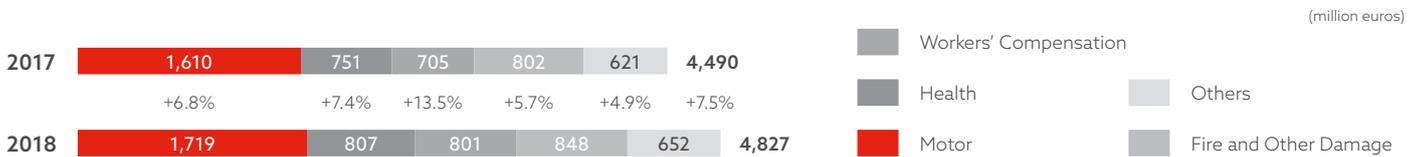
It is also important to mention the consolidation in the growth of Life Risk Products, which have benefited from greater dynamism in the real estate market and an increase in new mortgages.

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

The Non-Life segment displayed positive performance across all lines of business, as a result of improvements in the Portuguese economy. Growth in Workers' Compensation (+13.5%) and in Health (+7.4%) was particularly significant.

Non-Life Insurance Premiums

Source: APS "Direct Insurance Production 2018"



Driven by tariff adjustments and improvements in economic activity, reflected in the increase in wage bill and in the decrease in unemployment, the Workers' Compensation line of business began its recovery in 2014 and has since been consolidating its position. In 2018, it was the line of business that grew the most in the Non-Life segment, with an increase of 13.5% compared to the previous year (total premiums of EUR 801 million).

Following the same trend, the Health line of business also recorded a positive performance (+7.4%), recording total premiums of EUR 807 million, in 2018. These results are due to several factors, among them employers' increasing inclusion of health insurance in employees' benefits plans, and the greater awareness of the population regarding the importance of complementing the National Health Service with assistance offered by Health insurance.

The Motor insurance line of business benefited from the increase in vehicle ownership associated with improvements in motor vehicle quality, leading to positive performance in this line of business, with growth of 6.8% compared to the previous year. This performance meant that the Motor line of business as a percentage of the total Non-Life premiums remained largely unaltered, continuing to be by far the most important line of business.

The Fire and Other Damage line of business, which also includes Home Insurance products, grew by 5.7%, with total premiums of EUR 848 million in 2018. This line of business was influenced positively by the dynamism in the Portuguese real estate market and by an increase in business investments.

The other less significant lines of business in the Non-Life segment also grew when compared to the previous year. Their aggregate increased 4.9%, totalling EUR 652 million.

D. FIDELIDADE'S ACTIVITY

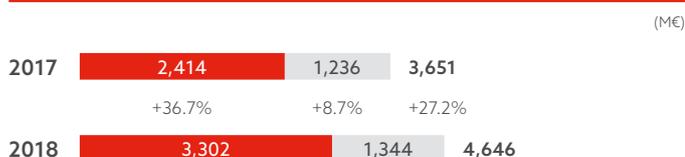
i. Key activity indicators

In 2018, a year marked by the trends previously referred to, Fidelidade had positive performance, recording total premiums written of EUR 4,646 million (+27.2% compared to the previous year), as a result of increased premiums in Portugal and abroad.

Regarding the activity in Portugal, the Fidelidade Group registered EUR 4,451 million, which represented an increase of 26.8% compared to 2017, enabling it to strengthen its leadership position, with a total market share of 34.3% (an increase of 4.1 pp compared to the same period due to the performance of the Life and Non-Life segments).

International premiums also increased in 2018, by 39%, totalling EUR 195 million, and reflecting efforts made with existing international operations.

Total Premiums Written – Life and Non-Life



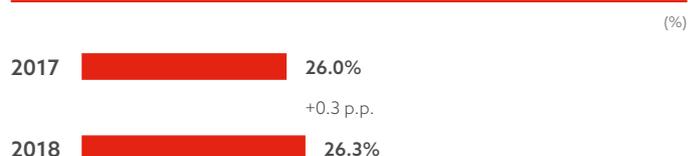
Total Market Share in Portugal



Life Market Share in Portugal



Non-Life Market Share in Portugal



ii. Fidelidade's main areas of activity

Fidelidade's robust performance throughout 2018 was based on various actions that can be split into three key areas:

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

I. Products and Services

The constant effort to innovate in its range of products and services is a feature of Fidelidade, which seeks to increasingly position itself in the market as a company with integrated service solutions associated with people protection, rather than simply an insurer.

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

Accordingly, the range of products and services has been clearly developed in recent years, with significant emphasis on differentiation and innovation and the creation of integrated solutions in the various lines of business, together with a greater level of vertical integration within Fidelidade, as a response to market needs.

In the Motor line of business, Fidelidade prepared itself for the launch of telematics products, which record driving behaviour in real time with the aim of contributing to better and safer driving. The client can assess different aspects of his/her driving, such as the number of breaks during a long journey, speed, or abrupt acceleration or braking, and these are automatically recorded in an application which informs the driver of possibilities for improvement, encouraging safe driving and reducing the risk of accidents. This new service also provides economic benefits for the client: on one hand, it tends to reduce the motor insurance premium and, on the other, it encourages savings by offering several discount options. Following the launch of the **Fidelidade Drive** App in 2017, 2018 saw consolidation of its growth, with the introduction of new functions such as the possibility of clients' winning prizes, regardless of the points they have, and new products and strategic partnerships (for example, Car Wash) with advantages for the client.

Regarding roadside assistance, the Fidelidade Assistance application, available since 2016, has simplified how requests can be made. The application enables clients to manage not only vehicle assistance but also roadside assistance, medical assistance, home assistance or IT assistance.

The Health line of business has also been one of the main growth areas within Fidelidade. Multicare launched "**Orientação Médica Online**", an innovative service in the Portuguese market, which operates 24 hours a day, 7 days a week. Clients can choose the service they require, making their request online or by telephone, and are guaranteed support and advice to improve their state of health. After identifying the clients' complaints and symptoms, specialists suggest the most appropriate course of action in the circumstances, including the potential need to visit a doctor in person or other protective measures. The reply can be given by telephone or email, according to the client's option. In 2018, **Multicare 60+** was launched. This innovative health insurance is designed specifically for the over-60s with differentiating advantages.

In the Home Insurance line of business, in 2018 Fidelidade consolidated the new product - "**Fidelidade Casa**", which features a more wide-ranging offer, providing a portfolio of covers capable of satisfying clients' needs according to their perception of the risk and their financial capacity. The product is therefore backed up by a multi-purpose simulator with a recommendation process which is adjusted to the clients' profile.

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

In the Personal Accidents line of business, Fidelidade launched "**Fidelidade GO**", which was designed to meet the needs of students studying abroad. This product guarantees assistance and capital payments and/or indemnities for property damage or bodily injury as a result of an accident which occurs during the stay abroad.

Another new product also launched in the Non-Life segment in 2018 was "**Fidelidade Pets**". Pets are increasingly regarded as members of the family. There are many reasons for this linked to demographic and social trends, such as changes in nuclear families and proof that pets contribute to the physical and psychological well-being of family members. Given the new market needs, the insurance for pets was launched in 2018 with clear emphasis on diversifying Fidelidade's product range and focusing on the family and on providing services that go beyond mere risk coverage.

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

In the Life Financial area, which has been heavily affected by the environment of low interest rates and a low rate of savings by private individuals, Fidelidade has been consolidating its offer of products with guaranteed capital and yield.

In Life Risk, Fidelidade launched the "**Proteção Vital da Família**" product. This is an innovative and wide-ranging life insurance policy aimed at families. Included in its basic covers, besides funeral services, are new Health, Assistance and Accident covers, which are combined in a single contract. These covers are adjusted throughout the lifecycle of the various members of the family. In 2018 efforts were made to improve the experience of Proteção Vital da Família clients and to develop closer ties with them, to promote and boost the use of the services, guaranteeing their loyalty. One example of the changes is the possibility of, in conjunction with Proteção Vital da Família, taking out the Poupança Jovem - Proteção Família insurance. This is a life capitalisation product, with guaranteed income, that enables savings to be built up gradually.

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

Lastly, in terms of service to the client, the mobile application "MyFidelidade" was launched. Using this App, clients can manage their Motor, Home and Health insurance on a single site, intuitively and with easy access. In addition, they can request motor assistance and follow claims procedures and requests for medical expense reimbursements in real time, as well as search Multicare's network of healthcare providers and Fidelidade's network of repair shops. From 2018 on, it is also possible to submit a request for reimbursement using a smartphone, simply by taking a photo of the invoice to be submitted. This new function is a result of the constant work to develop the App and derives from feedback from our clients.

II. Distribution

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

Recent years have also seen consolidation of the activity in the various distribution channels – agents, own stores, brokers, bank, post office and online channels.

Emphasis has also been placed on enhancing the network of exclusive agents with the opening of new Fidelidade branded agencies all over the country, and on creating closer ties with the brokers' channel, with good results in terms of commercial performance being achieved in both cases. At the same time, a range of initiatives have been implemented in the banking and postal networks to boost sales of Non-Life products, in an effort to take greater advantage of the sales potential of these two outlets.

III. People and Organisation

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

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

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

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

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

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

iii. Life Segment

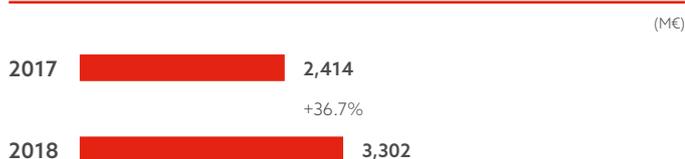
Key activity indicators – Life Segment

In 2018, Fidelidade recorded highly significant growth in premiums in the Life segment, largely as a result of the market conditions for financial products and the appetite that Clients continue to show for products with guaranteed capital and/or rates.

Overall, Fidelidade attained premiums of EUR 3,302 million, an increase of 36.7% compared to 2017, coming both from Portugal and from the international business.

The premiums increase in Portugal was considerably above the market average, enabling Fidelidade to strengthen its position as market leader and increase its market share to 39.1%, an increase of 6.2pp compared to 2017.

Premiums Written – Life



Life Market Share in Portugal



Evolution of the Life segment by line of business

The Life segment is composed of Life Risk and Annuities products and Life Financial products, with the latter being responsible for the great majority of premiums, representing over 90% of the total.

In 2018, growth in the Life Financial segment was undoubtedly the main catalyst for overall growth in the Life segment.

In an environment dominated by low interest rates and a low rate of savings by families, Fidelidade was able to enhance its product range in line with market needs, leverage its distribution network and take advantage of its high levels of trust, reputation and client satisfaction in order to strengthen its position in financial products. In fact, in 2018, premiums in this segment increased 39.3% compared to 2017, from EUR 2.2 billion to EUR 3.1 billion.

Also of note this year is the highly positive performance in Life Risk and Annuities products, which was above the market average. These products saw growth of 6.1% to a total of EUR 198 million.

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

The Life Risk segment has also built on the success of the launch of Protecção Vital da Família in the middle of 2017.

Life Segment Premiums – Fidelidade

(million euros)



Evolution of the Life segment by distribution channel

The banking and postal channels continue to be the most significant for Life segment products. Together, they represented around 80% of Life premiums. Compared to the previous year, these channels recorded substantial growth of 43%, mainly influenced by the banking channel.

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

There was also consolidated growth in the traditional channels (agents, own stores and brokers), also with positive performance compared to the previous year, and notable growth in the international business (approximately 60%).

Life Segment

(million euros)

Distribution Channel	2018	2017	Change
Traditional	378	375	0.6%
Bank and Postal	2,792	1,957	42.6%
Fidelidade in Portugal	3,169	2,332	35.9%
International	132	82	61.3%
Fidelidade	3,302	2,414	36.7%
Portuguese Market	8,115	7,090	14.5%

iv. Non-Life Segment

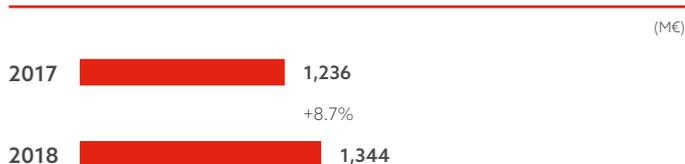
Key activity indicators – Non-Life Segment

In 2018, Fidelidade's performance was notable in the Non-Life segment, with growth of 8.7% compared to the previous year, totalling EUR 1,344 million in premiums written.

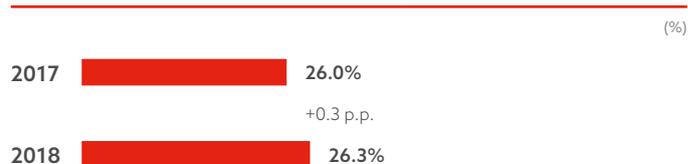
Fidelidade's commercial performance in Portugal exceeded the positive trend of most of the market, with the company recording growth above the market average. These results enabled Fidelidade to strengthen its leadership position, increasing its market share to 26.3%, which represents a 0.3 pp increase over 2017.

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

Premiums Written – Non-Life



Non-Life Market Share in Portugal



Evolution of the Non-Life segment by line of business

The Non-Life segment comprises a wide range of lines of business, although the four main lines – Workers' Compensation, Health, Motor and Fire and Other Damage – represent approximately 90% of the total premiums written.

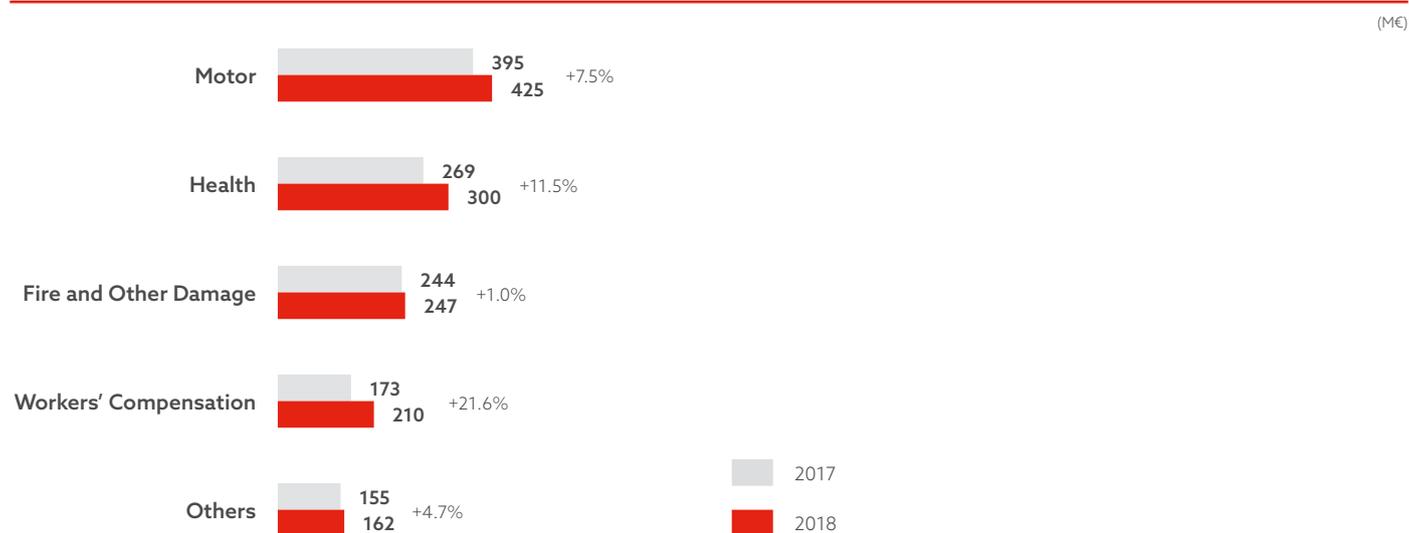
Most of the Non-Life lines of business displayed positive performance throughout 2018, but particularly significant was the performance of Workers' Compensation, which grew by 21.6%.

With total premiums of EUR 210 million, Workers' Compensation displayed double-digit growth for the fourth year in a row, reflecting tariff adjustments aimed at rebalancing the technical results and also Fidelidade's competitive position regarding capacity to respond, service levels, product quality and reputation.

The Motor line of business continues to be, clearly, the most significant activity in the Non-Life segment, representing over 30% of the segment total. Performance in this highly competitive line of business was particularly positive, with Fidelidade growing 7.5%. This is explained both by the improved structure of vehicle ownership, based on the increase in vehicle numbers and their improved quality, and by Fidelidade's capacity to capitalise on the product and service innovations introduced in recent years, for example, the launch of the "Proteção Vital do Condutor" and the "Auto Estima" own damage insurance.

Health premiums also continued to rise, consolidating the position of this line of business as the second most important in the Non-Life segment. The emphasis on the differentiation and innovation of products and services made available in this line of business, such as the introduction of the new Multicare 60+ and the continual inclusion of services in existing products (for example, telephone and online medical advice) contributed to this growth.

Premiums Written – Non-Life – By Line of Business



Evolution of the Non-Life segment by distribution channel

All the distribution channels in the Non-Life segment in Portugal performed positively from 2017 to 2018 in terms of product sales.

It is of particular note that the traditional channels (agents, own stores and brokers) continued to present the greatest share of product sales in the segment, representing around 80% of the total sales. These distribution channels had considerable growth compared to the previous year (9%), thereby contributing greatly to the segment's performance.

Non-Life Segment

(million euros)

Distribution Channel	2018	2017	Change
Traditional	1,171	1,075	9.0%
Bank and Postal	109	104	5.5%
Fidelidade in Portugal	1,281	1,179	8.7%
International	63	58	9.7%
Fidelidade	1,344	1,236	8.7%
Portuguese Market	4,827	4,490	7.5%

v. International Activity

Fidelidade operates internationally through branches in Spain, France, Luxembourg, Macao and Mozambique.

In 2018, the total direct insurance premiums of the Fidelidade branches reached EUR 194.6 million, up 39.3% compared to the previous year. This evolution reflects the growth across most of the branches, but the Macao branch did particularly well, recording growth in Life premiums of around 400%. Spain also benefited from good performance in Life Financial, which made up for the fall in Non-Life premiums.

In addition, there was strong growth in Life and Non-Life premiums at the Mozambique branch.

International Activity - Direct Insurance Premiums

(million euros)

INTERNATIONAL ACTIVITY (Direct Insurance Premiums)	2018		2017	
	Value (M€)	Change (%)	Value (M€)	Change (%)
SPAIN				
Life (Insurance and Investment Contracts)	71.4	49.9%	47.6	39.6%
Non-Life	12.3	-22.1%	15.7	-14.3%
Total	83.6	32.0%	63.3	20.8%
FRANCE				
Life (Insurance and Investment Contracts)	22.4	-15.2%	26.5	-24.5%
Non-Life	44.1	12.7%	39.1	1.6%
Total	66.6	1.5%	65.6	-10.9%
LUXEMBOURG				
Life (Insurance and Investment Contracts)	0.1	-13.8%	0.2	-71.1%
Non-Life				
Total	0.1	-13.8%	0.2	-71.1%
MACAO				
Life (Insurance and Investment Contracts)	37.7	390.7%	7.7	-26.7%
Non-Life				
Total	37.7	390.7%	7.7	-26.7%
MOZAMBIQUE				
Life (Insurance and Investment Contracts)	0.3	56.1%	0.2	279.0%
Non-Life	6.4	128.5%	2.8	103.7%
Total	6.6	124.4%	3.0	109.1%
INTERNATIONAL ACTIVITY - TOTAL				
Life (Insurance and Investment Contracts)	131.9	60.7%	82.1	2.3%
Non-Life	62.7	8.8%	57.7	-1.0%
Total	194.6	39.3%	139.7	0.9%

During 2018, a consolidated effort was made to review Fidelidade's international governance model. Emphasis was placed on developing an agile corporate platform which can take advantage of existing knowledge and experience within Fidelidade, by means of a corporate model focused on supporting international operations. This model naturally involves both technical and functional areas, and ensures greater proximity, but above all greater alignment between the activity in the branches and the strategy defined by Fidelidade.

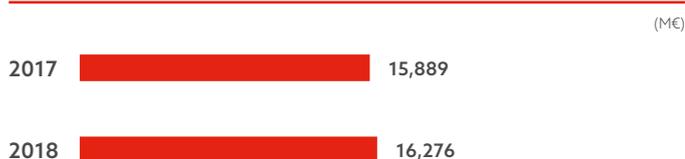
E. OPERATIONAL AND FINANCIAL PERFORMANCE

Key indicators of the operational and financial performance

In 2018, Fidelidade reported a net profit of EUR 278.2 million, which represented an increase of 48.2% when compared to 2017. This positive result was influenced by the significant improvement in the combined ratio and the solid performance in investment management, thus demonstrating the consistency and solidity of the company's investment management.

The combined ratio was 98.8% in 2018, 2.9 pp lower than in the previous year, influenced by positive development of the claims ratio, reflecting cautious claims management together with a strict underwriting policy.

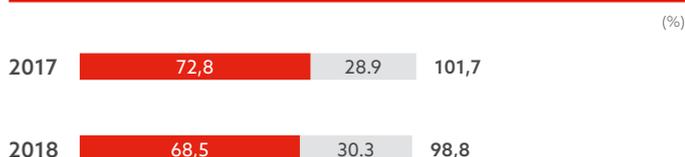
Net Assets



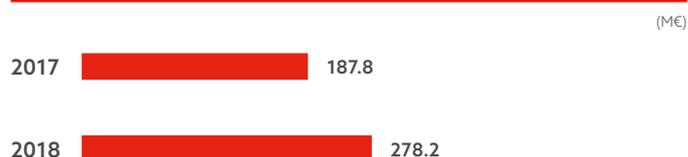
Shareholders' Equity



Detailed Combined Ratio *



Net Profits



Expense Ratio
Loss Ratio

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

i. Operational Performance

Operational performance improved substantially during 2018, with the combined ratio falling from 101.7% to 98.8%, a decrease of 2.9 pp.

The claims ratio improved by 4.3 pp, from 72.8% in 2017 to 68.5% in 2018, benefiting from several factors. Firstly, the 2017 ratio was heavily impacted by the extraordinary effects of the forest fires in Portugal in June and October. Secondly, the positive development also reflects the significant improvement in the yield of some lines of business that had traditionally made a loss, namely Workers' Compensation, largely as a result of the measures introduced to adjust tariffs and improvements to the underwriting policy and claims management.

The expense ratio increased slightly (1.4 pp), from 28.9% to 30.3%, in 2018, also reflecting non-recurrent factors that had a positive impact on this indicator in 2017.

ii. Financial Performance

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

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

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

F. OTHERS

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

4. OUTLOOK

A. FIDELIDADE'S FUTURE POSITIONING

Forecasts for the Portuguese economy in 2019 suggest consolidation of economic growth. The Portuguese economy is forecast to grow 1.8%, representing a growth rate lower than that of the previous years. Although the forecasts suggest an increase in GFCF (6.6%), a fall in private consumption and a greater increase in imports compared to exports will have a negative impact on GDP growth.

Therefore, in line with the growth forecast for the Portuguese economy, the growth trend in the Non-Life segment can be expected to continue, benefiting from the contribution of some of the more dynamic lines of business, namely Health and Personal Accidents. In the Life segment, growth is expected due to an increase in savings and investment insurance in the light of the environment of low interest rates.

In recent years, Fidelidade has pursued its strategy with highly positive results. It has been able to successfully overcome the challenges of the Portuguese market, despite the difficult environment in which it is working. In 2014 Fidelidade began a programme of strategic actions with the key pillars being a focus on innovation and improved service quality, strengthening of the multi-channel distribution, digitalisation of the business and enhancement of the organisation's capabilities. These options and the results that have already been achieved allow us to face future challenges with determination and confidence.

For Fidelidade, 2019 will be a year of evolution and transformation, supported by projects that seek to adapt the business to an increasingly digital and global economy. Initiatives to transform the business, which are critical for consolidating its position in Portugal, international expansion and strengthening of the capital position, will remain key areas of action to ensure Fidelidade's sustainable development.

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

The new digital capabilities will enable the development of an offer capable of responding to the changes which are already being seen in terms of client profile, and that will certainly intensify in the future. Nevertheless, the focus will remain on the clients and their needs, maintaining proximity to people that sometimes is only possible through physical channels involving human contact.

Additionally, international expansion will continue to be a priority. Anchored on the considerable skills it has in Portugal, Fidelidade intends to position itself as a leading player in the international markets in which it operates and to build a clear growth path outside the domestic market, analysing opportunities to enter attractive markets where it can gain a competitive advantage.

The coming years will certainly be decisive for sustained growth in an insurance business that is undergoing significant transformation. Based on the support of its shareholders, its strong operational capabilities and the motivation of its team, Fidelidade is confident of success.

5.

**FIDELIDADE
BRANCHES**

Below we present a summary of the activity of the Fidelidade branches, including key events in 2018 and next steps.

SPAIN

Fidelidade took its first step towards internationalisation in 1995, when it opened the Spain Branch. Over the last twenty or so years the branch has served not only the Portuguese community but also Spanish clients, with its products in the Life and Non-Life segments sold across various channels, and always with particular emphasis on the strategic bancassurance partnership with Banco Caixa Geral.

Fidelidade Spain closed 2018 with total premiums written of EUR 83.6 million, an increase of 32% compared to the previous year, influenced by the positive behaviour of the Life segment. This was the best result ever for the Spain branch. During the year the branch continued implementing the restructuring projects begun in the previous year, based on the following areas, which will continue to be pursued in 2019:

- Strategic refocusing on the bancassurance channel, on the bilateral business with Portugal and on the Chinese community resident in Spain;
- Restructuring of the Agents and Brokers channel;
- Redefinition of the risk acceptance criteria, seeking greater alignment with Head Office and with retention capacity;
- Organisational adjustment in line with the previous points.

Total Premiums = 83.6 M€

Number of Employees = 69

FRANCE

Fidelidade's branch in France has been open since 1997. Since it began its activity, it has been one of the operations with the greatest weight in the international turnover. With its diversified range of products in the Life and Non-Life segments and a solid distribution network through bancassurance and brokers, the branch has been the main insurer of the Portuguese community in France. In 2018, the total premiums of the France Branch reached EUR 66.6 million, with the positive evolution of the Non-Life segment (+2% compared to 2017) being particularly of note.

In 2018 the brand was strengthened with the Portuguese community and their descendants, among individuals and especially companies, and cooperation continued with partners in the Chinese community to enable Fidelidade France products to be distributed among this important community. 2018 also saw consolidation of some projects to transform and restructure the branch that had begun in 2017. 2019 will continue to solidify existence partnerships and the branch's position within the target communities.

Total Premiums = 66.6 M€
Number of Employees = 56

MACAO – LIFE BRANCH

Fidelidade has been carrying on the insurance business in the Macao Special Administrative Region of the People's Republic of China since 1999, operating in two market segments, Life and Pension Fund management. The branch's commercial strategy is mainly related to the partnership with Banco Nacional Ultramarino (BNU), a financial institution with 115 years of activity in Macao.

In 2018, the total premiums of the Life Branch in Macao reached EUR 37.7 million, representing an increase of around 400% compared to the previous year. The positive commercial performance in 2018 was due, on one hand, to BNU's remarkable sales capacity and, on the other, the creation of new competitive products with interesting yields for clients.

The partnership with BNU is expected to be strengthened in 2019, with a renewed strategy of boosting sales in this channel, and focusing on a broader range of financial products, thereby consolidating the strategy defined and begun in previous years. On the other hand, improving operational efficiency will also continue to be one of the focal points for the coming year.

Total Premiums = 37.7 M€
Number of Employees = 5

MOZAMBIQUE

Fidelidade's Life and Non-Life branches in Mozambique began their commercial activity in 2015. In 2018 the total premiums were EUR 6.6 million, which represents an increase of around 124% compared to 2017.

2018 was a year of accentuated growth in the business, including a significant increase in market share, enabling Fidelidade to become one of Mozambique's medium-sized insurers. The following aspects can be highlighted:

- Increase in awareness of the Fidelidade brand, resulting from an effort to publicise the brand, particularly by means of the Company's presence in events related to health and well-being, music and also as the sponsor of Moztech;
- Accentuated growth in health insurance, which became the company's main line of business;
- Inclusion of India in the Medical Providers' Network associated with Health Insurance, so that the network now covers Mozambique, South Africa, Portugal and India;
- Increase in and strengthening of commercial partnerships in Bancassurance with the following banks: Único, Mais and Terra;
- Emphasis on Social Networks as a distinctive and innovator factor in publicising and marketing products, with particular focus on the use of Chatboat, WhatsApp, Youtube and Facebook, attracting around 20,000 fans in the first year;

In 2019, efforts will be continued regarding the consolidation, recognition and awareness of the Fidelidade brand, and growth in the total premiums and profitability will be the main goal.

Total Premiums = 6.6 M€
Number of Employees = 41

LUXEMBOURG

In 2018, the total premiums of the Luxembourg branch reached EUR 0.1 million, arising from the Life segment, and in particular from financial products.

Fidelidade has maintained its presence in Luxembourg, which is home to a significant community of Portuguese descendants.

Total Premiums = 0.1 M€
Number of Employees = 2

6.

COMPANY

ORGANISATION

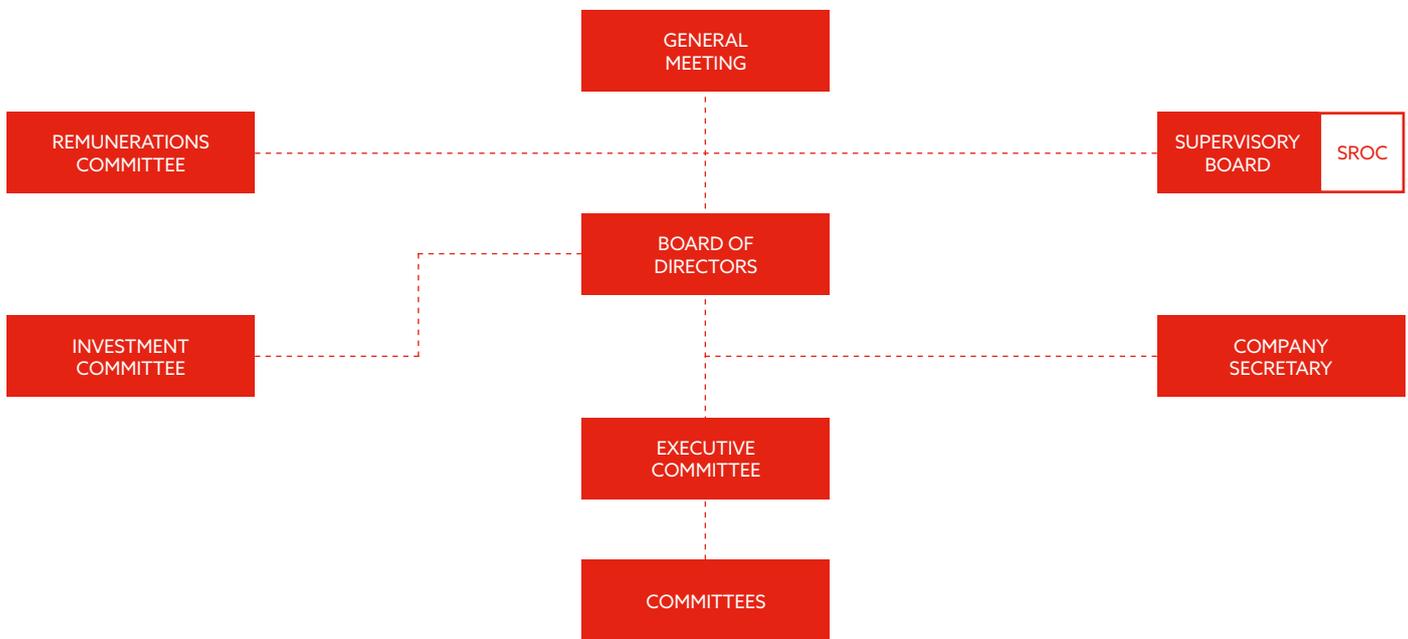
AND GOVERNANCE

This chapter provides a brief summary of the Company’s governance, which is addressed in more detail in the Corporate Governance Report.

i. Summary

CORPORATE BODIES AND COMMITTEES

The following table represents Fidelidade’s Corporate Governance structure, encompassing the General Meeting, Management Bodies and Supervisory Bodies:



The General Meeting is the body through which the shareholders express their vision for the company, by means of its resolutions. It also has exclusive competence to appoint the Board of Directors.

The Board of Directors, as a governing body of the Company, has the broadest of powers to manage and represent the company, and has delegated the day-to-day management of the company to the Executive Committee, pursuant to the law.

Accordingly, the Executive Committee is responsible for taking all decisions relating to the company’s day-to-day business, except for those decisions which remain the exclusive competence of the Board of Directors. Among the Executive Committee’s responsibilities are decisions relating to all insurance and reinsurance operations, representation of the company and human resources management.

The Investment Committee, the members of which are also appointed by the Board of Directors, is responsible for supervising all of Fidelidade’s investment decisions, and defining the investment guidelines and the decisions which require its prior approval. Company supervision is the responsibility of the Supervisory Board and the Statutory Auditors, with the powers set out in law.

ii. Executive Committee

**JORGE MAGALHÃES
CORREIA**
(Chairman of the
Executive Committee)

- Jorge Magalhães Correia holds a degree in Law from Universidade de Lisboa, where he also taught Law for 9 years.
- He worked at the Ministry of Finance, as part of the management team of the General Inspectorate for Finance and was later a member of the team which founded the CMVM (the Portuguese Securities Market Commission)
- He has extensive experience in the insurance sector: he joined Fidelidade in 1994 and has held executive positions on the Boards of the different group companies since 1998
- He currently holds the positions of Vice-Chairman of the Board of Directors and Chairman of the Executive Committee
- He is also Vice-Chairman of APS (the Portuguese Insurers Association) and a member of the Geneva Association

**ROGÉRIO CAMPOS
HENRIQUES**
(IT and Operational
Support)

- Rogério Henriques holds a degree in Economics from Universidade Católica Portuguesa and has a MBA from INSEAD
- Before joining Fidelidade in 2008, he was Chief Marketing Officer at PT Investimentos Internacionais and Africatel Holdings BV, Head of Business Development Director at PT SGPS and Senior Manager at the Boston Consulting Group
- Prior to his appointment as a member of the Executive Committee, he was Head of IT at Fidelidade Mundial/Império Bonança and a member of the Executive Committee of Multicare between 2008 and 2012. He is currently responsible for IT, People, Planning, Procurement and other support areas
- He is also Chairman of the Segurnet Technical Committee at APS

**JOSÉ ALVAREZ
QUINTERO**
(Underwriting, Marketing
and Operations)

- José Alvarez Quintero holds a degree in Economics from Universidade de Santiago de Compostela
- He has over 30 years of experience in the insurance sector. Before joining Fidelidade in 1996, he held positions in key companies in the insurance sector, such as Catalana Occidente, Companhia Vitalício Seguros and Seguros Universal Asistencia
- He is currently responsible for marketing and for all of the Company's technical areas
- He is also Chairman of the Motor and Accidents Technical Committee at APS

**ANTÓNIO DE
SOUSA NORONHA**
(Commercial Areas)

- António Noronha holds a degree in Business Organisation and Management from Universidade Livre de Lisboa and has a postgraduate qualification in Management from Universidade Nova de Lisboa
- He has over 20 years of experience in the insurance sector. Before joining the Executive Committee, he was Head of the Branch Networks at Mundial Confiança and later of the Branch Networks at Fidelidade Mundial
- Before joining Fidelidade, he held positions at companies such as Chase Manhattan Bank and PWC. He was a Board Member of the Grupo Totta/Valores Ibéricos Investment Fund and of the TottaPensões
- He is currently responsible for all of Fidelidade's commercial areas

WILLIAM MAK
(Financial Areas and
Risk Management)

- William Mak holds a Masters in Professional Accounting from the Hong Kong Polytechnic University and is a Public Accountant certified by the Hong Kong Institute of Certified Public Accountants
- He has over 25 years of experience in finance, treasury, IT and operations in the banking and insurance sectors
- Before joining Fidelidade he held the position of IT Director at Sun Life Financial Ltd., Hong Kong, from 2001 to 2003, and was a consultant at New York Life International LLC, from 2003 and 2005, where he was responsible for project management in finance, reinsurance and actuarial. Between 2005 and 2014, he held the position of Director of Finance at Ping An Insurance (Group) Company of China, Ltd. and at Ping An Life Company Ltd.
- He joined Fidelidade in 2014 to take up the position of CFO and member of the Executive Committee. He is currently responsible for accounting and financial reporting, risk management and real estate investments

JUN LI
(Investment
Areas)

- Jun Li holds a degree in Languages and Literature from the University of Tsinghua and has a Masters in Computer Science from Rutgers University
- Before joining Fidelidade in 2017, he was an investment portfolio manager at Fore Research & Management, LP; he was a senior analyst at Crédit Suisse and an investment manager at Fullgoal Fund Management
- He joined Fidelidade in 2017 to take up the position of Board Member and member of the Executive Committee. He is currently responsible for financial investments

ANDRÉ CARDOSO
(International and
Business Development
Areas)

- André Cardoso holds a degree in Industrial Engineering from Instituto Superior Técnico and has an MBA from INSEAD
- Before joining Fidelidade in 2014, he was Project Leader at the Boston Consulting Group
- Prior to his appointment as a member of the Executive Committee in 2017, he was Head of Business Development at Fidelidade
- He is currently responsible for Fidelidade's International and Business Development Areas

iii. Remuneration Policy

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

The members of the Remunerations Committee are persons who, due to their professional experience and curriculum vitae, have the appropriate knowledge and profile regarding the subject matter of the Remuneration Policy, which is based on the following principles:

- The remuneration of the members of the management and supervisory bodies is established by the Remunerations Committee applying the Remuneration Policy with reference to the applicable laws and regulations;
- To ensure alignment with the interests of the company and of shareholders, the remuneration of the executive members of the management body is composed of a fixed component and a variable component;
- The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity;
- The variable component is determined according to performance, assessed on the basis of a series of defined financial, operational, risk and strategic objectives, and is granted on an individual and annual basis;
- The members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable;
- The members of the Supervisory Board only received fixed remuneration;
- There are no share allocation or stock option plans for members of the Company's management and supervisory bodies.

7.

RISK MANAGEMENT

I. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

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

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

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

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

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

Regarding the reporting requirements, the Company prepared and disseminated, on its Internet site, the "Solvency and Financial Condition Report", with reference to 31/12/2017, which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management.

The reported solvency capital requirement (SCR) coverage ratio and the minimum capital requirement (MCR) coverage ratio were 152.34% and 609.38%, respectively, representing a considerable increase when compared to the figures for 31/12/2016.

Given the time lag between the disclosure of these financial statements and the prudential information in the "Solvency and Financial Condition Report" for the year 2018, it is important to mention that the Company, based on preliminary quarterly data reported to the ASF and on information currently available, continues to comply comfortably with the capital requirements.

II. MANAGEMENT OF FINANCIAL RISKS AND HEDGE ACCOUNTING

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

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

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

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

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

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

Fidelidade began using hedge accounting in 2015.

8.

SOCIAL

RESPONSIBILITY

Fidelidade's priority areas in terms of corporate social responsibility are ageing, health prevention and inclusion of persons with disabilities. Insurers have always been sensitive to these areas and the Fidelidade Group has always earmarked a significant amount of its budget to support social causes, among many others.

Together with its employees, Fidelidade has developed a policy of community involvement focused on areas related to the concerns of the business – prevention and promotion of people's health and quality of life – and it has assumed as an absolute priority the commitment to carry on its business responsibly by providing better service to clients and injured persons, partners and suppliers.

In 2018 the company launched the 2nd edition of the Fidelidade Comunidade Award, which sets out the way the company structures its response to problems in society and gives form to Fidelidade's commitment to sustainable development by strengthening entities that respond directly to the needs of society.

The Fidelidade Comunidade Award has a global value of EUR 500,000 and is aimed at strengthening the social sector, by supporting institutions that act in the field of social inclusion of persons with disabilities or permanent incapacity, health prevention and ageing, these being areas that include the key impacts of the insurance business: the protection of people, property and economic activity, now and in the future.

In terms of accompanying serious accidents, Fidelidade wants to play an important role, going far beyond simply paying the indemnity, to promote better quality of life, in particular in relation to reintegration in the world of work, financial advice, assistance for health and social integration. That is why Fidelidade created the Wecare Commitment, which has become an attitude that has been adopted right across the company.

We carry out numerous actions with Fidelidade's employees, with the aim of contributing so that they have a better and more knowledge-filled life. In addition to this, we have created a programme called NOS – Social Support: based on People and for People, the programme's mission is to provide personalised support to employees in situations of clear need or deficiency, for example, indebtedness, family problems, serious illness, among others. This social support is not merely a handout – NOS is on the "ground", close to those who most need it, and from the moment a request for help is received, each situation is accompanied in an individualised manner. By reason of its nature, this support is strictly confidential.

All of this constitutes the Fidelidade's Social Responsibility Programme, "Fidelidade Comunidade", the action strategy of which is based on implementing solutions that, besides being important for developing the business, also allow the company to respond to situations of social inequality.

Fidelidade's performance is shared with stakeholders by means of a Sustainability Report which is published annually. The report is certified by an external entity.

9.

**PROPOSAL FOR
THE APPLICATION
OF INCOME**

The individual net income for the 2018 financial year totalled € 278,236,439.09.

In accordance with that stipulated in the Code of Commercial Companies, the Board of Directors proposes the following application:

Legal Reserve	€ 27,823,644.91
Remaining amount at the disposal of the General Meeting	€ 250,412,795.18
	€ 278,236,439.09

10.

FINAL REMARKS

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

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

Lisbon, 22 February 2019

THE BOARD OF DIRECTORS

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

ANNEX TO THE MANAGEMENT REPORT REFERRED TO IN ARTICLE 448(4) OF THE CODE OF COMMERCIAL COMPANIES

On the date of closing of the 2018 financial year, the following entities were in the situation provided for in Article 448(4) of the Code of Commercial Companies:

- Longrun Portugal, SGPS, S.A., holder of 123,403,140 shares representing 84.9884% of the share capital and voting rights;
- Caixa Geral de Depósitos, S.A., holder of 21,780,000 shares representing 15% of the share capital and voting rights.

THE BOARD OF DIRECTORS

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

ASSETS	Notes	2018			2017
		Gross amount	Impairment, depreciation / amortisation and adjustments	Net amount	
Cash and cash equivalents	3 and 10	661,741,958	-	661,741,958	199,378,975
Investments in subsidiaries, associates and joint ventures	4 and 10	1,778,402,252	-	1,778,402,252	1,964,534,956
Financial assets held for trading	5 and 10	24,406,607	-	24,406,607	67,050,687
Financial assets initially recognised at fair value through profit or loss	5 and 10	589,429,181	-	589,429,181	534,023,121
Hedge derivatives	6 and 10	4,122,951	-	4,122,951	14,922,592
Available-for-sale investments	7 and 10	10,108,576,225	-	10,108,576,225	10,691,961,590
Loans and accounts receivable	8 and 10	1,967,616,270	-	1,967,616,270	1,118,972,443
Deposits in ceding companies	8	884,593	-	884,593	672,542
Other deposits	8	1,934,867,931	-	1,934,867,931	1,085,958,568
Loans made	8	31,863,746	-	31,863,746	32,341,333
Properties	9 and 10	198,188,762	(35,472,592)	162,716,170	183,616,344
Properties for own use	9	119,677,898	(35,472,592)	84,205,306	86,280,423
Investment properties	9	78,510,864	-	78,510,864	97,335,921
Other tangible assets	10 and 11	70,737,903	(57,577,457)	13,160,446	9,391,677
Inventories	11	144,124	-	144,124	169,132
Other intangible assets	12	67,942,916	(49,856,790)	18,086,126	16,541,346
Technical provisions on reinsurance ceded		289,323,355	-	289,323,355	324,915,982
Provision for unearned premiums	13	52,916,393	-	52,916,393	52,728,070
Mathematical provision for life insurance	13	13,014,309	-	13,014,309	11,119,820
Claims provision	13	223,392,653	-	223,392,653	261,067,020
Profit sharing provision	13	-	-	-	1,072
Assets for post-employment and long-term benefits	30	7,111,692	-	7,111,692	12,131,837
Other debtors for insurance and other operations		369,433,850	(26,360,693)	343,073,157	235,976,775
Accounts receivable for direct insurance operations	14	159,135,863	(12,250,760)	146,885,103	162,204,779
Accounts receivable for other reinsurance operations	14	30,795,290	(5,740,637)	25,054,653	49,226,237
Accounts receivable for other operations	14	179,502,697	(8,369,296)	171,133,401	24,545,759
Tax assets		281,152,854	-	281,152,854	250,893,330
Recoverable tax assets	15	1,674,356	-	1,674,356	10,928,637
Deferred tax assets	15	279,478,498	-	279,478,498	239,964,693
Accruals and deferrals	16	22,199,015	-	22,199,015	21,364,568
Non-current assets held for sale	17	4,352,579	-	4,352,579	243,194,741
TOTAL ASSETS		16,444,882,494	(169,267,532)	16,275,614,962	15,889,040,096

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2018	2017
LIABILITIES			
Technical provisions		4,105,432,669	4,019,870,163
Provision for unearned premiums	18	257,892,834	248,176,082
Mathematical provision for life insurance	18	1,904,143,381	1,759,742,499
Claims provision		1,750,809,506	1,796,134,524
Life	18	118,841,538	132,387,593
Workers' compensation	18	862,642,520	823,718,810
Other	18	769,325,448	840,028,121
Provision for profit sharing	18	81,102,423	110,745,541
Provision for interest rate commitments	18	22,683,110	7,520,800
Provision for portfolio stabilisation	18	26,254,032	24,405,064
Equalisation provision	18	27,222,726	25,564,273
Provision for unexpired risks	18	35,324,657	47,581,380
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	19	9,276,469,443	8,583,639,740
Financial liabilities held for trading	6 and 20	30,056,302	19,813,818
Other financial liabilities		130,891,826	130,052,666
Hedge Derivatives	20	112,884	-
Deposits received from reinsurers	20	130,778,942	130,052,666
Liabilities for post-employment and other long-term benefits	31	83,422	83,416
Other creditors for insurance and other operations		161,914,668	166,879,052
Accounts payable for direct insurance operations	21	70,031,470	76,710,782
Accounts payable for other reinsurance operations	21	52,720,950	40,246,325
Accounts payable for other operations	21	39,162,248	49,921,945
Tax liabilities		133,360,288	257,990,260
Tax payable liabilities	15	32,723,717	30,641,450
Deferred tax liabilities	15	100,636,571	227,348,810
Accruals and deferrals	22	105,672,918	88,180,613
Other provisions	23	98,598,845	152,128,762
Liabilities from a group for disposal classified as held for sale	17	529,650	23,428,483
TOTAL LIABILITIES		14,043,010,031	13,442,066,973

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

(continuation)

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2018	2017
SHAREHOLDERS' EQUITY			
Paid-in Capital	24	457,380,000	381,150,000
(Treasury shares)	24	(148,960)	(148,960)
Other Capital Instruments	24	378,019,900	521,530,514
Revaluation reserves	25	25,241,623	742,793,023
Adjustments in fair value of financial assets	25	(18,900,608)	685,234,986
Revaluation of properties for own use	25	23,433,180	29,832,023
Exchange differences	25	20,709,051	27,726,014
Deferred tax reserve	25	30,267,795	(187,059,036)
Other reserves	25	896,234,376	658,224,914
Retained earnings	25	167,373,758	142,693,311
Net income for the year	25	278,236,439	187,789,357
TOTAL SHAREHOLDERS' EQUITY		2,232,604,931	2,446,973,123
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,275,614,962	15,889,040,096

Lisbon, 26 February 2019

Chief Accounting Officer
Ana Paula Bailão Rodrigues

Certified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
Chairman

Wai Lam William MAK
Member

SEPARATE INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

INCOME STATEMENT	Notes	2018				2017
		Technical - life	Technical - non-life	Non-Technical	Total	
Earned premiums net of reinsurance		442,730,694	852,884,284	-	1,295,614,978	1,211,543,669
Gross premiums written	26	457,496,529	1,343,875,434	-	1,801,371,963	1,677,299,142
Reinsurance ceded premiums	26	(15,362,675)	(475,279,979)	-	(490,642,654)	(440,474,599)
Provision for unearned premiums (change)	18 and 26	(92,063)	(14,580,914)	-	(14,672,977)	(12,153,463)
Provision for unearned premiums, reinsurers' share (change)	13 and 26	688,903	(1,130,257)	-	(441,354)	(13,127,411)
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	27	1,224,954	-	-	1,224,954	1,943,122
Claims costs, net of reinsurance		(265,059,772)	(626,140,984)	-	(891,200,756)	(905,506,139)
Amounts paid		(276,925,901)	(620,924,616)	-	(897,850,517)	(864,037,571)
Gross amounts	28 and 29	(285,216,603)	(950,119,407)	-	(1,235,336,010)	(1,139,613,202)
Reinsurers' share	28	8,290,702	329,194,791	-	337,485,493	275,575,631
Claims Provision (change)		11,866,129	(5,216,368)	-	6,649,761	(41,468,568)
Gross amount	28	13,078,061	31,696,337	-	44,774,398	(133,035,893)
Reinsurers' share	28	(1,211,932)	(36,912,705)	-	(38,124,637)	91,567,325
Other technical provisions, net of reinsurance	28	(17,011,278)	10,598,270	-	(6,413,008)	(6,082,956)
Mathematical provision for life insurance, net of reinsurance		(120,459,764)	-	-	(120,459,764)	(82,643,051)
Gross amount	18 and 28	(122,357,075)	-	-	(122,357,075)	(82,839,677)
Reinsurers' share	28	1,897,311	-	-	1,897,311	196,626
Profit sharing, net of reinsurance	18 and 28	(16,426,939)	(201,455)	-	(16,628,394)	5,569,375
Operating costs and expenses, net		(100,631,498)	(258,486,775)	-	(359,118,273)	(305,101,764)
Acquisition expenses	29	(86,567,054)	(258,394,710)	-	(344,961,764)	(299,225,357)
Deferred cost acquisition (change)	18	375,887	4,956,225	-	5,332,112	12,966,114
Administrative expenses	29	(20,210,511)	(66,605,284)	-	(86,815,795)	(86,265,957)
Commissions and reinsurance profit sharing	29	5,770,180	61,556,994	-	67,327,174	67,423,436
Financial income		308,840,250	63,844,967	9,541,033	382,226,250	330,503,190
From Interest on financial assets not recognised at fair value through profit or loss	32	239,676,027	45,392,419	5,267,976	290,336,422	264,419,756
Other	32	69,164,223	18,452,548	4,273,057	91,889,828	66,083,434
Financial expenses		(10,589,314)	(7,691,087)	(14,083,849)	(32,364,250)	(23,727,337)
Other	29 and 33	(10,589,314)	(7,691,087)	(14,083,849)	(32,364,250)	(23,727,337)
Net income on financial assets and liabilities not recognised at fair value through profit or loss		270,346,418	36,619,986	4,607,043	311,573,447	189,487,563
Available-for-sale investments	34	328,138,288	25,645,837	1,646,316	355,430,441	284,637,839
Loans and accounts receivable	34	11	-	-	11	(332,766)
Financial liabilities recognised at amortised cost	19 and 34	(75,038,389)	-	-	(75,038,389)	(94,817,510)
Other	34	17,246,508	10,974,149	2,960,727	31,181,384	-
Net income on financial assets and liabilities recognised at fair value through profit or loss		(241,940,563)	(52,215,945)	(21,496,963)	(315,653,471)	204,639,877
Net income on financial assets and liabilities held for trading	35	(205,231,057)	(40,860,848)	(13,735,568)	(259,827,473)	217,790,127
Net income on financial assets and liabilities initially recognised at fair value through profit or loss	35	(19,469,105)	(3,867,296)	(7,761,395)	(31,097,796)	4,793,477
Other	6 and 35	(17,240,401)	(7,487,801)	-	(24,728,202)	(17,943,727)

SEPARATE INCOME STATEMENT

FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

(continuation)

(amounts in euros)

INCOME STATEMENT	Notes	2018				2017
		Technical - life	Technical - non-life	Non-Technical	Total	
Exchange differences	36	143,579,542	28,766,565	8,584,070	180,930,177	(266,767,996)
Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations	37	-	546,881	1,077,575	1,624,456	17,833,948
Impairment losses (net of reversals)		(166,458,151)	(40,942,345)	42,482,632	(164,917,864)	(110,416,486)
Available-for-sale investments	38	(134,892,131)	(37,788,685)	(355,552)	(173,036,368)	(99,415,713)
Loans and accounts receivable at amortised cost	38	-	(4,748)	-	(4,748)	749,433
Other	38	(31,566,020)	(3,148,912)	42,838,184	8,123,252	(11,750,206)
Other technical income/expenses, net of reinsurance	39	568,531	4,298,398	-	4,866,929	4,688,726
Other income/expenses	40	-	-	(11,861,355)	(11,861,355)	(2,380,557)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	17	-	-	99,958,658	99,958,658	434,840
NET INCOME BEFORE TAX		228,713,110	11,880,760	118,808,844	359,402,714	264,018,024
Current income tax - current taxes	15	-	-	(26,467,131)	(26,467,131)	(62,239,254)
Current income tax - deferred taxes	15	-	-	(54,699,144)	(54,699,144)	(13,989,413)
NET INCOME FOR THE YEAR		228,713,110	11,880,760	37,642,569	278,236,439	187,789,357

Lisbon, 26 February 2019

Chief Accounting Officer
Ana Paula Bailão RodriguesCertified Public Accountant
Filipa Jesus Martins Pires

On Behalf of the Board of Directors

Jorge Manuel Baptista Magalhães Correia
ChairmanWai Lam William MAK
Member

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2018 AND 2017 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	Paid-in capital and other capital instruments	Revaluation reserves	Deferred tax reserves	Legal reserve
Balance at 31 December 2016	902,531,554	155,280,487	(11,689,711)	134,128,970
Appropriation of net income	-	-	-	9,842,748
Net gains through adjustments of fair value				
for available-for-sale investments	-	583,408,020	(174,907,054)	-
Revaluations of properties for own use	-	6,532,343	560,987	-
Disposals of properties for own use	-	(2,427,827)	-	-
Actuarial gains and losses	-	-	60,592	-
Others	-	-	(1,083,850)	-
Net income for the year	-	-	-	-
Balance at 31 December 2017	902,531,554	742,793,023	(187,059,036)	143,971,718
Appropriation of net income	-	-	-	25,001,922
Capital increase	76,230,000	-	-	-
Redemption of capital supplementary contributions	(143,510,614)	-	-	-
Net gains through adjustments of fair value				
for available-for-sale investments	-	(711,152,557)	217,836,433	-
Revaluations of properties for own use	-	(714,162)	891,896	-
Disposals of properties for own use	-	(5,684,681)	(1,153,925)	-
Actuarial gains and losses	-	-	(247,573)	-
Net income for the year	-	-	-	-
Balance at 31 December 2018	835,250,940	25,241,623	30,267,795	168,973,640

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2018 AND 2017 FINANCIAL YEARS

(continuation)

(amounts in euros)

	Other reserves			Retained earnings	Net income for year	Total
	Share premiums	Merger reserves	Other reserves			
Balance at 31 December 2016	115,103,280	91,335,345	214,584,051	138,272,457	100,420,503	1,839,966,936
Appropriation of net income	-	-	88,584,728	1,993,027	(100,420,503)	-
Net gains through adjustments of fair value						
for available-for-sale investments	-	-	-	-	-	408,500,966
Revaluations of properties for own use	-	-	-	-	-	7,093,330
Disposals of properties for own use	-	-	-	2,427,827	-	-
Actuarial gains and losses	-	-	4,645,792	-	-	4,706,384
Others	-	-	-	-	-	(1,083,850)
Net income for the year	-	-	-	-	187,789,357	187,789,357
Balance at 31 December 2017	115,103,280	91,335,345	307,814,571	142,693,311	187,789,357	2,446,973,123
Appropriation of net income	-	-	144,945,594	17,841,841	(187,789,357)	-
Capital increase	67,276,000	-	-	-	-	143,506,000
Redemption of capital supplementary contributions	-	-	-	-	-	(143,510,614)
Net gains through adjustments of fair value						
for available-for-sale investments	-	-	-	-	-	(493,316,124)
Revaluations of properties for own use	-	-	-	-	-	177,734
Disposals of properties for own use	-	-	-	6,838,606	-	-
Actuarial gains and losses	-	-	785,946	-	-	538,373
Net income for the year	-	-	-	-	278,236,439	278,236,439
Balance at 31 December 2018	182,379,280	91,335,345	453,546,111	167,373,758	278,236,439	2,232,604,931

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2018 AND 2017

Tax no: 500 918 880

(amounts in euros)

	2018	2017
NET INCOME FOR THE YEAR	278,236,439	187,789,357
Items that may be reclassified subsequently to gains and losses		
Change in potential gains on financial investments		
Gross amount		
Appreciation	(609,490,820)	863,857,577
Impairment	104,976,243	23,331,705
Disposal	(229,957,815)	(223,253,882)
Life insurance contracts with profit sharing	30,336,798	(59,428,581)
Exchange differences		
Gross amount	(6,820,289)	(21,295,473)
Life insurance contracts with profit sharing	(196,674)	196,674
Deferred tax	215,129,256	(167,215,755)
Current tax - Life insurance contracts with profit sharing	2,707,177	(7,691,299)
Items that maybe not be reclassified subsequently to gains and losses		
Change in potential gains on properties for own use		
Gross amount	(714,162)	6,532,343
Deferred tax	891,896	560,987
Actuarial deviations		
Post-employment benefits	(408,550)	4,514,074
Health benefits	1,194,496	131,718
Current tax	79,233	124,014
Deferred tax	(326,806)	(63,422)
INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	(492,600,017)	420,300,680
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR	(214,363,578)	608,090,037

SEPARATE STATEMENTS OF CASH FLOWS FOR THE 2018 AND 2017 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

	2018	2017
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Operating cash flows prior to changes in assets and liabilities		
Premiums received, net of reinsurance	1,310,729,309	1,236,824,542
Claims paid, net of reinsurance	(835,270,271)	(747,116,370)
Commissions on insurance, investment and services contracts, net	(167,635,298)	(121,435,016)
Profit-sharing payments, net of reinsurance	(28,841,564)	(2,838,611)
Payments to suppliers	(117,402,273)	(112,911,235)
Payments to employees	(141,914,251)	(135,930,973)
Contributions to pension funds	(9,662,254)	(10,079,032)
Others	(33,215,534)	(17,682,451)
	(23,212,136)	88,830,854
(Increases) / decreases in operating assets		
Debtors - direct insurance and reinsurance operations	53,879,964	(44,677,827)
Debtors - other operations	(141,571,461)	151,489,618
Other assets	9,254,281	63,083,593
	(78,437,216)	169,895,384
(Increases) / decreases in operating liabilities		
Financial liabilities on investment contracts	626,473,025	217,189,367
Deposits received from reinsurers	(933,692)	13,157,449
Creditors - direct insurance and reinsurance operations	5,795,313	14,863,257
Creditors - other operations	32,195,395	(13,853,311)
Other liabilities	1,812,333	226,886
	665,342,374	231,583,648
Net cash from operating activities before tax	563,693,022	490,309,886
Payments of income tax	(65,286,824)	(115,888,186)
Net cash from operating activities	498,406,198	374,421,700
CASH FLOWS GENERATED BY INVESTING ACTIVITIES		
Receipts on the sale or redemption of		
Financial assets recognised at fair value through profit or loss	274,691,825	486,628,969
Available-for-sale investments	5,087,683,412	4,369,289,333
Loans and accounts receivable	1,757,795,263	3,884,491,228
Investment properties	20,449,513	2,068,737
Tangible and intangible assets	11,232,030	11,606,362
Non-current assets (or groups for disposal) classified as held for sale	316,148,853	-
Net income from financial assets	327,596,016	561,098,391
Other receipts	1,173,320	434,840
	7,796,770,232	9,315,617,860
Payments on the acquisition or origination of		
Financial assets recognised at fair value through profit or loss	(349,692,212)	(378,955,228)
Available-for-sale investments	(5,116,564,679)	(5,257,627,001)
Loans and accounts receivable	(2,522,062,051)	(3,900,948,754)
Investment properties	-	(1,764,644)
Tangible and intangible assets	(23,076,666)	(12,366,919)
Others	(777,229)	(360,755,232)
	(8,012,172,837)	(9,912,417,778)

SEPARATE STATEMENTS OF CASH FLOWS FOR THE 2018 AND 2017 FINANCIAL YEARS

(continuation)

(amounts in euros)

	2018	2017
Business combinations		
Disposal of subsidiaries, associates and joint ventures	367,317,671	-
Acquisition of subsidiaries, associates and joint ventures	(190,380,397)	(209,915,853)
Net cash from investing activities	(38,465,331)	(806,715,771)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Loans made	477,587	1,564,243
Interest received	1,949,143	1,945,086
Capital increase	143,506,000	-
Supplementary contributions	(143,510,614)	-
Net cash from financing activities	2,422,116	3,509,329
Increase (decrease) net of cash and equivalents	462,362,983	(428,784,742)
Cash and equivalents at start of the year	199,378,975	628,163,717
Cash and equivalents at end of the year	661,741,958	199,378,975

NOTES TO THE SEPARATED FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office at Largo do Calhariz, 30, is a public limited liability company, resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. in Companhia de Seguros Fidelidade-Mundial, S.A., in accordance with the public deed dated 31 May 2012, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or "ASF") by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Company became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A..

The Company's corporate purpose is the performance of insurance and reinsurance activities in all technical lines of business. Traditionally, life insurance, including investment contracts, is the most important in terms of the technical liabilities being managed. Regarding the non-life technical lines of business, those with the greatest expression in volume of premiums are motor, fire and other damage, health and workers' compensation, representing approximately 87.9% and 87.5% of total non-life premiums written during 2018 and 2017, respectively.

In order to perform its activity, Fidelidade has a nationwide branch network, agent centres and client branches. Overseas, the Company operates in Spain, France, Luxembourg, Macao and Mozambique.

Fidelidade's financial statements at 31 December 2018 were approved by the Board of Directors on 26 February 2019. On the date of issue of the financial statements, these were pending approval by the General Meeting.

2. ACCOUNTING POLICIES

2.1. Basis of presentation

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

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

In 2018 Fidelidade adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2018. These standards are listed in Note 2.19. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

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

The accounting policies used by the Company in the preparation of its financial statements relating to 31 December 2018 are consistent with those used in the preparation of the financial statements for the years presented. The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, available-for-sale investments and real estate, both for own use and for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

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

2.2. Investments in subsidiaries, associates and joint ventures

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

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

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

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

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

2.3. Conversion of foreign currency balances and transactions

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

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

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

2.4. Financial instruments

a) Financial assets

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

i) Financial assets at fair value through profit or loss

This category includes:

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

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

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

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

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

ii) Held-to-maturity investments

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

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

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

iii) Loans and accounts receivable

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

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

iv) Available-for-sale investments

Available-for-sale investments include:

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

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

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

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

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

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

Fair value

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

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

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

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

- Bid prices published by financial information services, namely Bloomberg and Reuters, including market prices available for recent transactions;
- Bid prices obtained from financial institutions which operate as market-makers;
- Internal valuation models, which take into account the market data which would be used to define a price for the financial instrument, reflecting the market interest rates and volatility, and the liquidity and credit risk associated with the instrument.

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

v) Derecognition

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

vi) Transfers between categories of financial assets

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

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

The Company has not adopted this possibility to date.

b) Financial liabilities

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

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

i) Financial liabilities at fair value through profit or loss

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

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

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

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

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

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

Embedded derivatives

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

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

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

Hedge derivatives

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

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

- Risk management objectives and strategy associated with the performance of the hedging operation, in line with the defined hedging policies;
- Description of the hedged risk(s);
- Identification and description of the hedged and hedging financial instruments;
- Method for assessing the hedge's effectiveness and the frequency of assessment.

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

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

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

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

The Company began using hedge accounting in 2015.

Trading derivatives

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

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

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

d) Impairment of financial assets

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

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

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

Financial assets at amortised cost

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

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

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

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

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

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

Available-for-sale investments

As stated in Note 2.4. a), available-for-sale investments are recognised at fair value, and changes in the fair value are reflected in shareholders' equity, in "Revaluation reserves for adjustments in fair value of financial assets".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.6. Investment properties

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

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

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

2.7. Properties for own use

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

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

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

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

2.8. Other tangible assets

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

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

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

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

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

2.9. Inventories

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

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

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

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

2.10. Leases

Operating Leases

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

Finance Leases

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

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

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

2.11. Intangible assets

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

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

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

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

2.12. Income tax

The Company is subject to taxation under the Corporate Income Tax Code (CIT Code) and to Municipal Surcharge, the aggregate rate of which, in 2017 and 2018, is 22.5%. Additionally, there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

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

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

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

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

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

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

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

Deferred taxes are calculated at the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the tax rules that have been enacted, or substantially enacted, at the balance sheet date. At 31 December 2018, the deferred tax assets and liabilities recognised by the Company were determined pursuant to Law No. 71-A/2018, of 31 December.

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

2.13. Provisions and contingent liabilities

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

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

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

2.14. Employee benefits

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

Defined benefit plan - Liabilities with pensions and healthcare

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

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

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 30). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

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

The cost in the year for retirement and survivors' pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions" (Note 23).

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

Defined contribution plan

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

The provisions of the previous defined benefit plan apply to employees of working age employed as permanent staff, with employment contracts of indefinite term, who are not covered by the 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

Liabilities regarding the seniority bonus, deriving from Clause 42 of the Collective Employment Agreement for the Insurance Activity in force, are calculated annually using generally accepted actuarial methods.

Short-term benefits

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

2.15. Insurance and investment contracts

a) Classification of contracts

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

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

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

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

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

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

b) Recognition of income and costs

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

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

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

c) Provision for unearned premiums and deferred acquisition costs

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

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

d) Claims provision

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

Claims provision for workers' compensation

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

The mathematical provision for workers' compensation relates to:

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

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

	Mandatorily Redeemable	Non-Redeemable
Mortality table	TD 88/90	INE 2010_2012 by gender
Discount rate	5.25%	3.56%
Management costs	2.40%	3%

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

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

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

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

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

This provision is calculated according to the following technical bases:

Mortality table	INE 2010_2012 by gender
Discount rate	3.56%
Rate of inflation	2%
Management costs	2%

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

Claims provision for motor insurance

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

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

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

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

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

Claims provision for other types of insurance

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

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

Analysis of sufficiency of the claims provisions

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

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

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

e) Mathematical provision for life insurance

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

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

f) Profit-sharing provision

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

Provision for profit sharing to be allocated

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

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

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

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

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

Provision for allocated profit sharing

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

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

g) Provision for interest rate commitments

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

h) Provision for portfolio stabilising

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

i) Equalisation provision

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

j) Provision for unexpired risks

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

k) Technical provisions for reinsurance ceded

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

l) Liabilities to subscribers of Unit-linked products

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

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

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

m) Liabilities to subscribers of other investment contracts

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

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

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

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

2.16. Fees

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

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

2.17. Cash and cash equivalents

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

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

When applying the accounting principles described above, estimates must be made by the Company's Board of Directors. The estimates with the greatest impact on the financial statements include those presented below.

Determination of impairment losses on financial assets

Impairment losses on financial assets are determined in line with the methodology defined in Note 2.4. d). Accordingly, the determination of impairment takes into account the conclusions of the specific evaluation conducted by Fidelidade on the basis of knowledge regarding the situation of the issuers of the financial instruments in question.

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

Valuation of financial instruments not traded in active markets

In line with IAS 39, the Company recognises all financial instruments at fair value, with the exception of those recognised at amortised cost. Valuation models and techniques such as those described in Note 2.4. a) are used to value financial instruments not traded in liquid markets. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date. To guarantee adequate separation between functions, such financial instruments are valued by a body that is independent from the trading function.

Employee benefits

As stated in Note 2.14., the Company's liabilities for post-employment and other long term benefits granted to its employees are determined on the basis of actuarial assessments. These assessments incorporate, in particular, financial and actuarial assumptions on mortality, disability, wage and pensions growth, assets returns and discount rates. The assumptions adopted correspond to the best estimate of the Company and its actuaries regarding the future performance of the respective variables.

Determination of liabilities on insurance and reinsurance contracts

The Company's liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.15. These liabilities reflect a quantified estimate of the impact of future events on the Company's accounts, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

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

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

Determination of income tax

The Company determines income tax (both current and deferred) based on the rules defined by the tax framework in force. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised result from the best understanding of the Company's responsible bodies with regard to the correct presentation of its operations, which may, however, be questioned by the Tax Authorities.

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

2.19.1. Adopted Standards (New or Revised)

During the course of 2018 Fidelidade adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2018. The relevant changes for Fidelidade were as follows:

Standards / Interpretations	Date of Issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 15 – Revenue from Contracts with Customers	28-05-2014	2016/1905	01-01-2018
IFRS 15 – Revenue from Contracts with Customers (Amendment)	11-09-2015	2016/1905	01-01-2018
IFRS 4 – Insurance Contracts (Applying IFRS 9 Financial Instruments with IFRS 4)	12-09-2016	2017/1988	01-01-2018
IAS 28 – Investments in Associates and Joint Ventures (Annual Improvements to IFRS Standards 2014-2016 Cycle)	08-12-2016	2018/182	01-01-2018
IFRS 2 – Classification and Measurement of Share-based Payment Transactions (Amendment)	20-06-2016	2018/289	01-01-2018
IAS 40 – Transfers of Investment Property (Amendment)	08-12-2016	2018/400	01-01-2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	08-12-2016	2018/519	01-01-2018

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

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

Standards / Interpretations	Date of Issue	E.U. Regulation	Applicable to accounting periods beginning on or after
IFRS 16 – Leases	13-01-2016	2017/1986	01-01-2019
IFRS 9 – Financial Instruments	24-07-2014	2016/2067	01-01-2022
IFRS 9 – Prepayment Features with Negative Compensation (Amendment)	12-10-2017	2018/498	01-01-2019
IFRIC 23 – Uncertainty over Income Tax Treatments	07-06-2017	2018/1595	01-01-2019
IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendment)	12-10-2017	2019/239	01-01-2019

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

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

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

IFRS 16 – Leases changes and redefines the principles for recognising, measuring, presenting and disclosing leases and requires lessees to present accounts in line with a model similar to financial lease accounting in accordance with IAS 17. This standard is of mandatory application for reporting periods beginning on or after 1 January 2019.

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

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 to use the underlying asset for the lease term. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-to-use asset.

The Company plans to apply the simplified approach in the transition, not re-expressing comparative information. The Company will opt to apply the standard to contracts previously identified as leases in line with IAS 17 and IFRIC 4. The Company will not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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

During 2018, the Company performed a detailed assessment of the impact of IFRS 16.

Regarding current commitments with operating leases, the Company estimates that the following amounts will be recognised for rights to use and lease liabilities as at 1 January 2019:

(amounts in euros)

Asset	
Right to use	34,209,440
	34,209,440
Liability	
Payment obligation	34,209,440
	34,209,440

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

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

Standards / Interpretations	Date of Issue	Applicable to accounting periods beginning on or after
IFRS 17 – Insurance Contracts	18-05-2017	01-01-2022
IFRS 3 – Business Combinations. Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IFRS 11 – Joint Arrangements . Previously held interests in joint operation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 12 – Income Tax consequences on dividends of equity instruments. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 23 – Borrowing Costs eligible for capitalisation. (Annual Improvements to IFRS Standards 2015-2017 Cycle)	12-12-2017	01-01-2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendment)	07-02-2018	01-01-2019
IFRS 3 – Business Combinations (Amendment)	22-10-2018	01-01-2020
IAS 1 – Definition of Material (Amendment)	31-10-2018	01-01-2020
IAS 8 – Definition of Material (Amendment)	31-10-2018	01-01-2020

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 2018.

3. CASH AND CASH EQUIVALENTS

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Cash and cash equivalents		
Headquarters	678,665	3,225,985
Branch offices	502,795	2,147,573
	1,181,460	5,373,558
Sight deposits		
Domestic currency	576,757,445	174,512,715
Foreign currency	83,803,053	19,492,702
	660,560,498	194,005,417
	661,741,958	199,378,975

4. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			
	Effective share %	Gross amount	Impairment (Note 38)	Balance sheet value
Valued at acquisition cost				
Subsidiaries				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	-	41,000,000
Fidelidade - Property Europe, S.A.	100.00%	771,104,925	-	771,104,925
Fidelidade - Property International, S.A.	100.00%	323,664,012	(32,664,012)	291,000,000
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(1,413,333)	12,902,595
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,717,053	-	2,717,053
Luz Saúde, S.A.	50.36%	243,490,980	-	243,490,980
FCM Beteiligungs GmbH	100.00%	14,093,818	(10,705,023)	3,388,795
FID I (HK) LIMITED	100.00%	-	-	-
FID III (HK) LIMITED	100.00%	-	-	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.	55.89%	6,260,184	(122,785)	6,137,399
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	100,000	-	100,000
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	49,880	-	49,880
Fidelidade Angola - Companhia de Seguros, S.A.	68.70%	10,967,358	-	10,967,358
Fidelidade Macau - Companhia de Seguros, S.A.	99.99%	17,889,052	-	17,889,052
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	335	(120)	215
Fidelidade - Assistência e Serviços, Lda.	80.00%	335	(322)	13
FID Loans 1 (Ireland) Limited	100.00%	250,000,000	-	250,000,000
FID Loans 2 (Ireland) Limited	100.00%	1	-	1
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,500,000	-	1,500,000
FID LatAm SGPS, S.A.	100.00%	244,283	-	244,283
FID Perú, S.A.	99.80%	125,292,307	-	125,292,307
FID Chile, SpA.	100.00%	1,305	-	1,305
		1,822,691,756	(44,905,595)	1,777,786,161
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	33.67%	616,091	-	616,091
		616,091	-	616,091
		1,823,307,847	(44,905,595)	1,778,402,252

(amounts in euros)

	2017			
	Effective share %	Gross amount	Impairment (Note 38)	Balance sheet value
Valued at acquisition cost				
Subsidiaries				
Via Directa - Companhia de Seguros, S.A.	100.00%	41,000,000	(1,199,880)	39,800,120
Fidelidade - Property Europe, S.A.	100.00%	771,104,925	-	771,104,925
Fidelidade - Property International, S.A.	100.00%	423,664,012	-	423,664,012
Companhia Portuguesa de Resseguros, S.A.	100.00%	14,315,928	(3,215,928)	11,100,000
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	2,717,053	-	2,717,053
Luz Saúde, S.A.	98.79%	476,517,395	-	476,517,395
FCM Beteiligungs GmbH	100.00%	14,093,818	(86)	14,093,732
FID I (HK) LIMITED	100.00%	-	-	-
FID III (HK) LIMITED	100.00%	-	-	-
Garantia - Companhia de Seguros de Cabo Verde, S.A.	55.89%	6,260,184	(345,074)	5,915,110
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	100,000	-	100,000
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	49,880	-	49,880
Fidelidade Angola - Companhia de Seguros, S.A.	68.70%	10,967,358	-	10,967,358
Fidelidade Macau - Companhia de Seguros, S.A.	99.99%	17,889,052	-	17,889,052
Fidelidade - Consultoria e Gestão de Risco, Lda.	80.00%	335	(335)	-
Fidelidade - Assistência e Serviços, Lda.	80.00%	335	(108)	227
FID Loans 1 (Ireland) Limited	100.00%	190,000,000	-	190,000,000
FID Loans 2 (Ireland) Limited	100.00%	1	-	1
		1,968,680,276	(4,761,411)	1,963,918,865
Associates				
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.	33.67%	616,091	-	616,091
Highgrove - Investimentos e Participações SGPS, S.A.	25.00%	2,568,693	(2,568,693)	-
		3,184,784	(2,568,693)	616,091
		1,971,865,060	(7,330,104)	1,964,534,956

The following changes occurred during 2018:

In January 2018 the Company increased the share capital of FID Loans 1 (Ireland) Limited by EUR 60,000,000.

In January Fidelidade sold 49% of the share capital of Luz Saúde, S.A., corresponding to 46,815,704 totalling EUR 236,136,286. In the last quarter of 2018 the Company acquired 544,636 shares in Luz Saúde, S.A., totalling EUR 3,109,872, increasing its shareholding from 49.79% to 50.36%.

On 8 February 2018 the company Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. was set up, with share capital of EUR 500,000, with the Company holding 100% of its shares. In October, supplementary contributions were granted to it totalling EUR 1,000,000.

On 19 February 2018 the company FID LatAm, SGPS, S.A. was set up, with share capital of EUR 50,000, with the Company holding 100% of its shares. In November, supplementary contributions were granted to it totalling EUR 194,283.

In April the Company acquired 100% of FF Investment Luxembourg 1 S. à r.l., with share capital of EUR 113,822,820. In October, an operation was performed for the alienation/sale of the entirety of the capital held by the Company.

On 9 July 2018 the company FID Perú, S.A. was set up, with share capital of EUR 135 Euros and with the Company holding 99.8% of its shares. By the end of the year capital increases of EUR 125,292,172 had been made, so that the share capital totalled EUR 125,292,307 at 31 December 2018.

In July 2018, an operation was performed for the alienation/sale of the entirety of the capital held by the Company in Highgrove - Investimentos e Participações, SGPS, S.A.

In October 2018 the company FID Chile, SpA was set up, with share capital of EUR 1,305, with the Company holding 100% of its shares.

At the end of 2018 there was a reduction in the supplementary contribution of Fidelidade - Property International, S.A., of EUR 100,000,000.

The financial data of the subsidiaries and associates at 31 December 2018 and 2017 was as follows:

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	73,856,266	49,275,375	24,580,891	1,066,797	47,791,709
Companhia Portuguesa de Resseguros, S.A.	100.00%	29,484,321	16,581,726	12,902,595	1,111,217	1,338,940
Fidelidade Angola - Companhia de Seguros, S.A. (b)	68.70%	107,129,922	86,528,728	20,601,194	1,375,653	181,321,768
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	27,050,226	16,069,089	10,981,137	1,322,766	10,639,328
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	66,762,850	43,133,814	23,629,036	2,313,653	9,958,057
Property						
Fidelidade - Property Europe, S.A.	100.00%	849,584,306	23,501,287	826,083,019	57,932,543	80,926,676
Fidelidade - Property International, S.A.	100.00%	226,578,642	5,701,558	220,877,084	(104,650,065)	23,195,529
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	98.85%	178,377,912	33,063,479	145,314,433	10,851,951	12,901,416
Fundo de Investimento Imobiliário Fechado IMOFID (e)	68.17%	55,587,126	246,430	55,340,696	351,447	861,080
Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.	100.00%	1,217,982	510,104	707,878	(792,122)	146,521
Healthcare						
Luz Saúde, S.A.	50.36%	754,263,063	505,756,239	248,506,824	14,209,885	545,076,376

(continuation)

(amounts in euros)

Operating sector/entity	2018					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Other sectors						
Audatex Portugal - Peritagens Informatizadas						
Derivadas de Acidentes, S.A. (f)	33.67%	5,839,258	1,814,709	4,024,549	1,311,328	6,737,996
Cetra - Centro Técnico de Reparação						
Automóvel, S.A.	100.00%	6,297,884	1,127,554	5,170,330	306,853	7,940,852
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	978,794	878,702	100,092	(88,265)	2,797,438
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,542,006	3,046,107	495,899	150,593	24,322,514
FCM Beteiligungs GmbH	100.00%	3,656,525	267,728	3,388,797	(32,063)	-
FID I (HK) LIMITED (g)	100.00%	-	-	-	-	-
FID III (HK) LIMITED (g)	100.00%	815	18,307	(17,492)	(4,966)	-
Fidelidade - Consultoria e Gestão						
de Risco, Lda. (h)	80.00%	19,182	18,810	372	2,659	71,721
Fidelidade - Assistência e Serviços, Lda. (h)	80.00%	13,977	10,773	3,204	2,910	99,589
FID Loans 1 (Ireland) Limited	100.00%	265,270,697	13,018,072	252,252,625	2,166,001	8,841,979
FID Loans 2 (Ireland) Limited	100.00%	1	-	1	-	-
FID LatAm SGPS, S.A.	100.00%	298,166	59,695	238,471	(5,812)	4,040
FF Investment Luxembourg 1 S. a r.l.	0.00%	-	-	-	-	-
FID Perú, S.A. (i)	99.80%	122,763,912	64,293	122,699,619	154,773	250,099
FID Chile, SpA. (j)	100.00%	1,258	-	1,258	-	-

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

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

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

(d) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 9.2365 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.1678 MOP for the profit and loss headings.

(e) Amounts recorded as in available-for-sale investments.

(f) Values at March 2018 (accounting period March 2018 to March 2017).

(g) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 8.9675 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/8.9026 HKD for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 70.2400 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 71.29333 MZN for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 3.86670 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.83865 PEN for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 794.6300 CLP for balance sheet headings and profit and loss headings.

(amounts in euros)

Operating sector/entity	2017					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Insurance						
Via Directa - Companhia de Seguros, S.A.	100.00%	69,883,287	44,699,127	25,184,160	630,609	45,724,033
Companhia Portuguesa de Resseguros, S.A.	100.00%	33,973,281	22,043,180	11,930,101	444,652	1,231,960
Fidelidade Angola - Companhia de Seguros, S.A. (b)	68.70%	197,287,953	184,175,510	13,112,443	2,120,405	56,176,390
Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)	55.89%	26,339,506	15,756,946	10,582,560	1,105,911	10,184,963
Fidelidade Macau - Companhia de Seguros, S.A. (d)	99.99%	75,507,159	55,095,432	20,411,727	1,608,097	9,915,228
Property						
Fidelidade - Property Europe, S.A.	100.00%	835,534,189	67,247,384	768,286,805	(33,194,737)	32,215,227
Fidelidade - Property International, S.A.	100.00%	493,115,610	21,311,835	471,803,775	95,943,971	131,348,853
Fundo de Investimento Imobiliário Fechado Saudeinvest (e)	98.85%	157,218,112	22,755,631	134,462,481	15,281,046	19,898,791
Fundo de Investimento Imobiliário Fechado IMOFID (e)	100.00%	12,435,567	85,802	12,349,765	965,531	1,420,442
Healthcare						
Luz Saúde, S.A.	98.79%	660,178,348	424,999,730	235,178,618	16,994,860	483,895,179
Other sectors						
Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (f)	33.67%	4,912,866	1,497,509	3,415,357	699,506	4,647,330
Cetra - Centro Técnico de Reparação Automóvel, S.A.	100.00%	6,161,813	1,066,684	5,095,129	222,736	7,218,276
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	100.00%	1,519,906	1,262,549	257,357	72,453	2,929,556
GEP - Gestão de Peritagens Automóveis, S.A.	100.00%	3,538,968	3,107,663	431,305	93,420	22,462,636
Highgrove - Investimentos e Participações. SGPS, S.A.	25.00%	280,258	492,181	(211,923)	(84,444)	1,515
FCM Beteiligungs GmbH	100.00%	17,299,917	346,309	16,953,608	(91,928)	376,940
FID I (HK) LIMITED (g)	100.00%	-	-	-	-	-
FID III (HK) LIMITED (g)	100.00%	844	12,863	(12,019)	(3,850)	-

(continuation)

(amounts in euros)

Operating sector/entity	2017					
	Effective share %	Assets	Liabilities	Shareholders' equity (a)	Net income	Total revenue
Fidelidade - Consultoria e Gestão						
de Risco, Lda. (h)	80.00%	2,269	4,585	(2,316)	(1,330)	113
Fidelidade - Assistência e Serviços, Lda. (h)	80.00%	9,344	7,086	2,258	2,513	121,080
FID Loans 1 (Ireland) Limited	100.00%	319,415,380	129,295,749	190,119,631	119,631	2,701,985
FID Loans 2 (Ireland) Limited	100.00%	1	-	1	-	-

(a) The shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 185.400 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 184.86617 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.6532 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.0653 MOP for the profit and loss headings.

(e) Amounts recorded as in available-for-sale investments.

(f) Values at March 2017 (accounting period June 2016 to March 2017).

(g) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.3720 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.8045 HKD for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 70.5700 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 71.51167 MZN for the profit and loss headings.

The financial data at 31 December 2018 was taken from the provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Company's financial statements are expected.

The subsidiaries and associates, grouped according to the nature of their main business, are the following:

INSURANCE

Via Directa - Companhia de Seguros, S.A. (OK Teleseguros), with its head office in Lisbon, at Avenida José Malhoa, n.º 13 - 4.º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance.

Companhia Portuguesa de Resseguros, S.A., with its head office in Lisbon, at Largo do Calhariz n.º 30, was set up on 22 September 1979 with the corporate purpose of performing any operations regarding reinsurance of non-life lines of business, both in Portugal and abroad, in addition to participating in the redistribution in the market of certain risks of a specific type or dimension.

Fidelidade Angola - Companhia de Seguros, S.A., (previously Universal Seguros, S.A.), with its head office in Luanda, at Rua 1.º Congresso MPLA, n.º 11, 1.º A, Ingombota, was set up on 2 June 2009 with the corporate purpose of performing insurance activities in the life and non-life lines of business in the national territory of the Republic of Angola.

Garantia - Companhia de Seguros de Cabo Verde, S.A. resulted from the split of the former Instituto de Seguros e Providência Social, EP which occurred on 30 October 1991, pursuant to Decree-Law No. 136/91, of 2 October, with all the assets and liabilities related to the insurance business being transferred to it. The Company has its head office in Chã de Areia, C.P. 138, Cidade da Praia, in the Republic of Cape Verde, and branches in the Sal, São Vicente, Boavista, São Nicolau, Fogo and Santo Antão islands. In order to attract clients to purchase insurance policies, the company also has a network of agents. The Company is engaged in the activity of direct insurance and reinsurance in all lines of business and operations, and may also perform related and complementary activities.

Fidelidade Macau – Companhia de Seguros, S.A., with its head office in Macao at Avenida da Praia Grande, n° 567, BNU Building, 14°, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

PROPERTY

Fidelidade – Property Europe, S.A., using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A..

Fidelidade – Property International, S.A. with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

Fundo de Investimento Imobiliário Fechado Saudeinveste was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

Fundo de Investimento Imobiliário Fechado IMOFID (previously Bonança I) was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A..

Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. with its head office in Lisbon, at Largo do Chiado, n° 8, 1° andar, was set up on 8 February 2018 with the corporate purpose of managing, on behalf of the participants and in their exclusive interest, one or more public or private, closed or open real estate investment undertakings, and managing the property included in the applications portfolios or collective interest bodies managed by it.

HEALTHCARE

Luz Saúde, S.A., with its head office in Lisbon, at Rua Carlos Alberto da Mota Pinto, 17 - 9°, was set up on 6 July 2000 with the legal character of a "Holding Company", pursuant to Decree-Law No. 495/88, of 30 December, and is one of the largest healthcare groups in terms of revenues in this expanding market in Portugal. The Group provides services via 18 units in the North, Centre and South of the country, and has a strong presence in Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal, and in Oporto, where it operates the Hospital da Arrábida.

OTHER SECTORS

Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A., with its head office in Lisbon, at Rua Basílio Teles, n° 24 - 3°, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to insurance companies, loss adjusters, repair workshops or other interested parties.

Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service), with its head office in Lisbon, at Rua Cidade de Bolama, n° 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode), with its head office in Lisbon, at Rua Nova da Trindade, n° 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

GEP - Gestão de Peritagens Automóveis, S.A., with its head office in Lisbon, at Avenida 5 de Outubro n.º 35 8º Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

Highgrove - Investimentos e Participações, SGPS, S.A., with its head office at Lugar de Meladas, n° 380, Mozelos, was set up on 21 September 1999 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities. The participation in this company arose following a partnership with the Chamartin Group to rebuild the closed condominium of Convento dos Inglesinhos, located in a historical area in the Bairro Alto district, which is currently selling its last units.

FCM Beteiligungs GmbH, with its head office in Garstedter Weg 14, 22453 Hamburg, Germany, was set up on 6 May 2014 with the corporate purpose of acquiring, alienating, holding or managing its own investments in other companies in Germany and abroad, and is active in the import, export, wholesale and retail of textiles and all types of fashion items, including related complementary businesses, in particular, with the management of Tom Tailor GmbH, in Hamburg. The company may act in its own name in these activities.

The companies **FID I (HK) LIMITED** and **FID III (HK) LIMITED** are special purpose vehicles with their head office at Level 54 Hopewell Centre 183, Queen's Road East, Hong Kong, and were set up on 4 November 2014.

Fidelidade - Assistência e Serviços, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

Fidelidade - Consultoria e Gestão de Risco, Lda., with its head office at Rua 1393, n° 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

FID Loans 1 (Ireland) Limited and **FID Loans 2 (Ireland) Limited** are special purpose vehicles, with their head office at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland, and were set up on 13 June 2017.

FID LatAm SGPS, S.A., with its head office in Lisbon, at Largo do Calhariz, n° 30, was set up on 19 February 2018 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

FF Investment Luxembourg 1 S. a r.l., with its head office in the Grand Duchy of Luxembourg, at 6, rue Eugène Ruppert, L-2453 Luxembourg, was set up on 23 December 2013.

FID Perú, S.A., with its head office in Lima, Peru, at Av. Victor Andrés Belaunde 147, San Isidro District, Province and Department of Lima, was set up on 9 July 2018 with the corporate purpose of investments and the holding of securities, including, but not limited to, shares in other companies, either national or foreign, in any form.

FID Chile, SpA., with its head office in Santiago, Chile, was set up on 16 October 2018 with the corporate purpose of making all kinds of investments, in tangible and intangible assets, all kinds of securities and property, and setting up and participating in other companies and/or legal persons of any kind, regardless of their purpose, managing those investments and assessing their results, and carrying on any other type of investment that the partners agree.

5. FINANCIAL ASSETS HELD FOR TRADING AND FINANCIAL ASSETS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Held for trading (Note 6)	At fair value through profit or loss	Total	Held for trading (Note 6)	At fair value through profit or loss	Total
Investments related to Unit-linked contracts	27,806	29,207,461	29,235,267	11,752	124,182,665	124,194,417
Other investments						
Debt instruments						
Public Issuers						
Public Debt						
Domestic issuers	-	10,236	10,236	-	-	-
	-	10,236	10,236	-	-	-
Other entities						
Bonds and other securities						
Domestic issuers	-	21,822,000	21,822,000	-	22,991,400	22,991,400
Foreign issuers	-	522,654,065	522,654,065	-	386,783,586	386,783,586
	-	544,476,065	544,476,065	-	409,774,986	409,774,986
	-	544,486,301	544,486,301	-	409,774,986	409,774,986
Other financial instruments						
Investment units						
Domestic issuers	-	115,332	115,332	-	65,470	65,470
Foreign issuers	-	-	-	-	-	-
	-	115,332	115,332	-	65,470	65,470
Credit and other receivables		15,620,087	15,620,087			-
Derivatives instruments with positive fair value						
Interest rate swaps	-	-	-	4,794	-	4,794
Exchange rate futures	16,798,433	-	16,798,433	57,911,533	-	57,911,533
Exchange rate forwards	7,580,368	-	7,580,368	9,122,608	-	9,122,608
	24,378,801	-	24,378,801	67,038,935	-	67,038,935
	24,406,607	589,429,181	613,835,788	67,050,687	534,023,121	601,073,808

Investments in Unit-linked contracts are assets managed by the Company in which the risk is borne by the policyholder. Accordingly, the assets are recognised at fair value, and the liability to the insured is recognised in the "Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts" accounting heading.

At 31 December 2018 and 2017, the heading "Financial assets initially recognised at fair value through profit or loss" includes fixed-income securities with embedded derivatives of EUR 544,476,065 and EUR 409,774,986, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

In 2018, the Company recognised net losses with the valuation of these investments of EUR 28,847,777. In 2017, the Company recognised net gains with the valuation of these investments of EUR 12,113,384.

At 31 December 2018 and 2017, investments allocated to Unit-linked contracts were composed as follows:

(amounts in euros)

	2018	2017
Financial assets initially recognised at fair value through profit or loss		
Debt instruments		
Group companies	-	102,855
Public debt		
Domestic issuers	621,277	89,467,752
Foreign issuers	9,321,857	8,443,100
Other issuers		
Domestic issuers	99,479	309,615
Foreign issuers	4,277,131	7,694,157
Equity instruments		
Domestic issuers	7,585,794	11,139,207
Foreign issuers	7,506,801	7,564,290
Accounts receivable	190	189
Transactions to be settled	(205,068)	(538,500)
	29,207,461	124,182,665
Financial assets held for trading		
Derivative instruments	27,806	11,752
Other assets		
Current deposits	10,752,353	42,440,826
Term deposits	300,100	9,040,139
	11,052,453	51,480,965
Total (Note 19)	40,287,720	175,675,382

The total of investment allocated to Unit-linked contracts reveals, at 31 December 2017, a difference of EUR 82,015 in relation to the total financial liabilities recognised at fair value (Note 19), which corresponds to the negative fair value of the swaps recognised in "Financial liabilities held for trading" (Note 20) and that are allocated to Unit-linked contracts.

6. DERIVATIVES

The Company performs operations with derivative products as part of its activity, with the aim of reducing its exposure to fluctuations in exchange and interest rates.

The Company controls the risks of its derivative activities by approval procedures for operations, definition of exposure limits per product and counterparty, and monitoring of the evolution of the respective income.

At 31 December 2018 and 2017, these operations were valued in line with the criteria in Note 2.4.c). On these dates, the notional amount and the book value had the following breakdown:

(amounts in euros)

	2018							
	Notional Amount			Book Value				Total
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		
			Assets (Note 5)	Liabilities (Note 20)	Assets	Liabilities (Note 20)		
Fair value hedge								
Interest rate swaps	59,959,631	-	59,959,631	27,806	(4,897,075)	-	-	(4,869,269)
Currency Futures	3,272,625,000	740,250,000	4,012,875,000	16,792,713	(8,116,076)	4,122,951	(112,884)	12,686,704
Interest rate futures	813,200,000	-	813,200,000	5,720	(9,251,700)	-	-	(9,245,980)
Exchange rate forwards	530,689,289	-	530,689,289	7,580,368	(7,791,451)	-	-	(211,083)
	4,676,473,920	740,250,000	5,416,723,920	24,406,607	(30,056,302)	4,122,951	(112,884)	(1,639,628)

(amounts in euros)

	2017							
	Notional Amount			Book Value				Total
	Trading Derivatives	Hedge Derivatives	Total	Trading Derivatives		Hedge Derivatives		
			Assets (Note 5)	Liabilities (Note 20)	Assets	Liabilities (Note 20)		
Fair value hedge								
Interest rate swaps	40,668,155	-	40,668,155	16,546	(5,654,647)	-	-	(5,638,101)
Exchange rate futures	3,340,750,000	940,500,000	4,281,250,000	57,911,533	(5,249,941)	14,922,592	-	67,584,184
Exchange rate forwards	181,510,271	-	181,510,271	9,122,607	(8,909,230)	-	-	213,377
	3,562,928,426	940,500,000	4,503,428,426	67,050,686	(19,813,818)	14,922,592	-	62,159,460

The interest rate swaps contracted by the Company and classified as derivatives held for trading are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 20).

To mitigate the risk of exchange fluctuations of financial instruments, EUR/USD and EUR/GBP futures listed on the Chicago Mercantile Exchange (CME) were contracted, in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities. In the case of EUR/JPY, EUR/USD, EUR/GBP EUR/AUD risks, the instruments contracted are over-the-counter forwards.

The distribution of Fidelidade's derivative financial instrument operations at 31 December 2018 and 2017, by period to maturity, was as follows:

(amounts in euros)

	2018					Total
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	49,437,008	10,522,623	59,959,631
Exchange rate futures	3,262,875,000	750,000,000	-	-	-	4,012,875,000
Interest rate Futures	813,200,000	-	-	-	-	813,200,000
Exchange rate forwards	103,049,129	393,290,210	34,349,950	-	-	530,689,289
	4,179,124,129	1,143,290,210	34,349,950	49,437,008	10,522,623	5,416,723,920

(amounts in euros)

	2017					Total
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 5 years	More than 5 years	
Fair value hedge						
Interest rate swaps	-	-	-	40,000,000	668,155	40,668,155
Exchange rate futures	2,359,125,000	1,922,125,000	-	-	-	4,281,250,000
Exchange rate forwards	48,125,386	133,384,885	-	-	-	181,510,271
	2,407,250,386	2,055,509,885	-	40,000,000	668,155	4,503,428,426

The distribution of the Company's derivative financial operations at 31 December 2018 and 2017, by counterparty type, was as follows:

(amounts in euros)

	2018		2017	
	Notional Amount	Book Value	Notional Amount	Book Value
Swaps				
Interest rate swaps				
Financial institutions				
Caixa Geral Depósitos Group	59,959,631	(4,869,269)	40,668,155	(5,638,101)
Futures				
Interest Rate Futures	813,200,000	(9,245,980)	-	-
Exchange rate futures				
On a stock exchange				
Chicago	4,012,875,000	12,686,704	4,281,250,000	67,584,184
Exchange rate forwards				
Financial institutions	530,689,289	(211,083)	181,510,271	213,377
	5,416,723,920	(1,639,628)	4,503,428,426	62,159,460

In 2018 and 2017 the following gains and losses related to fair value hedge accounting were generated:

(amounts in euros)

	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Derivatives	23,106,727	(103,972,663)	(80,865,936)	129,641,807	(13,270,447)	116,371,360
Hedged assets	58,221,547	(2,083,813)	56,137,734	1,702,775	(136,017,862)	(134,315,087)
	81,328,274	(106,056,476)	(24,728,202)	131,344,582	(149,288,309)	(17,943,727)

On 30 June 2016, the Company entered into a trustee contract with its subsidiaries Fidelidade – Property Europe, S.A., Fidelidade – Property International, S.A. and FPE (Lux) Holding S.à r.l..

This contract grants Fidelidade powers to, on behalf of its subsidiaries, identify, negotiate and enter into any agreements and mechanisms considered appropriate to hedge exchange risk to which it is subject. This option derives from the specificities and complexities of the hedging operations which require technical competences which the subsidiaries do not possess. With this option Fidelidade protects exchange risks in the subsidiaries and the economic effects of this hedging are passed on to these entities.

At 31 December 2018 and 2017, the Company had the following traded derivatives in its portfolio within the scope of the trustee contract:

(amounts in euros)

	2018		2017	
	Notional Amount	Book Value	Notional Amount	Book Value
Exchange rate futures	42,875,000	217,400	578,750,000	3,708,960
Exchange rate forwards	504,787,027	(7,580,368)	161,602,465	8,645,587
	547,662,027	(7,362,968)	740,352,465	12,354,547

Due to the contract entered into, Fidelidade passed the following results to its subsidiaries:

(amounts in euros)

	2018		2017	
	Profit or losses	Commissions	Profit or losses	Commissions
Exchange rate futures	(7,513,479)	58,321	29,270,402	(124,984)
Exchange rate forwards	10,880,065	-	14,975,135	-
	3,366,586	58,321	44,245,537	(124,984)

7. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018					
	Amount before impairment	Accumulated impairment (Note 38)	Net amount	Exchange differences	Fair value reserve (Note 25)	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	2,390,685,543	-	2,390,685,543	(583,762)	153,585,030	2,543,686,811
Foreign issuers	2,248,614,021	-	2,248,614,021	-	(8,774,007)	2,239,840,014
Other public issuers						
Foreign issuers	3,171,798	-	3,171,798	-	112,319	3,284,117
International financial organisations	126,857	-	126,857	-	57,466	184,323
Other issuers						
Domestic issuers	101,449,120	(49,979,822)	51,469,298	-	190,287	51,659,585
Foreign issuers	3,746,157,746	(4,798,972)	3,741,358,774	(10,228,300)	(120,197,619)	3,610,932,855
Group companies	321,967,381	-	321,967,381	-	(1,557,154)	320,410,227
	8,812,172,466	(54,778,794)	8,757,393,672	(10,812,062)	23,416,322	8,769,997,932
Equity instruments						
Recognised at fair value						
Domestic issuers	106,990,683	(12,353,449)	94,637,234	-	(1,258,598)	93,378,636
Foreign issuers	1,259,288,273	(290,017,146)	969,271,127	29,411,512	(97,587,578)	901,095,061
	1,366,278,956	(302,370,595)	1,063,908,361	29,411,512	(98,846,176)	994,473,697
Other instruments						
Investment units						
Residents	250,250,076	(34,688,139)	215,561,937	-	89,988,789	305,550,726
Non-residents	36,290,655	(816,577)	35,474,078	-	3,265,748	38,739,826
Others	(185,956)	-	(185,956)	-	-	(185,956)
	286,354,775	(35,504,716)	250,850,059	-	93,254,537	344,104,596
	10,464,806,197	(392,654,105)	10,072,152,092	18,599,450	17,824,683	10,108,576,225

(amounts in euros)

	2017					
	Amount before impairment	Accumulated impairment (Note 38)	Net amount	Exchange differences	Fair value reserve (Note 25)	Balance Sheet Value
Debt instruments						
Public debt						
Domestic issuers	3,518,775,549	-	3,518,775,549	(1,096,495)	276,733,100	3,794,412,154
Foreign issuers	1,779,829,204	-	1,779,829,204	(8,471,665)	19,725,965	1,791,083,504
Other public issuers						
Foreign issuers	3,170,935	-	3,170,935	-	246,679	3,417,614
International financial organisations	126,854	-	126,854	-	64,935	191,789
Other issuers						
Domestic issuers	208,599,496	(49,979,822)	158,619,674	-	3,356,570	161,976,244
Foreign issuers	3,238,792,252	(84,412,309)	3,154,379,943	(178,049,987)	31,594,091	3,007,924,047
Group companies	374,780,269	-	374,780,269	-	(1,709,110)	373,071,159
	9,124,074,559	(134,392,131)	8,989,682,428	(187,618,147)	330,012,230	9,132,076,511
Equity instruments						
Recognised at fair value						
Domestic issuers	107,027,808	(11,683,229)	95,344,579	-	276,121	95,620,700
Foreign issuers	1,082,553,003	(257,703,164)	824,849,839	(24,695,762)	328,411,270	1,128,565,347
	1,189,580,811	(269,386,393)	920,194,418	(24,695,762)	328,687,391	1,224,186,047
Other instruments						
Participation bonds						
Residents	27,434	-	27,434	-	(5,611)	21,823
Investment units						
Residents	272,432,669	(36,042,504)	236,390,165	-	89,647,747	326,037,912
Non-residents	10,417,597	(4,612,771)	5,804,826	(67)	3,955,318	9,760,077
Others	(120,780)	-	(120,780)	-	-	(120,780)
	282,756,920	(40,655,275)	242,101,645	(67)	93,597,454	335,699,032
	10,596,412,290	(444,433,799)	10,151,978,491	(212,313,976)	752,297,075	10,691,961,590

8. LOANS AND ACCOUNTS RECEIVABLE

At 31 December 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Gross amount	Impairment loss (Note 38)	Net amount	Gross amount	Impairment loss (Note 38)	Net amount
Deposits in ceding companies	884,593	-	884,593	672,542	-	672,542
Other deposits						
Term deposits	1,856,943,647	-	1,856,943,647	1,022,799,889	-	1,022,799,889
Margin accounts	77,924,284	-	77,924,284	63,158,679	-	63,158,679
	1,934,867,931	-	1,934,867,931	1,085,958,568	-	1,085,958,568
Loans made						
Mortgage loans	21,671,183	-	21,671,183	21,720,685	-	21,720,685
Loans over policies	1,164,138	(10,597)	1,153,541	1,592,222	(10,597)	1,581,625
Others	9,400,983	(361,961)	9,039,022	9,409,228	(370,205)	9,039,023
	32,236,304	(372,558)	31,863,746	32,722,135	(380,802)	32,341,333
	1,967,988,828	(372,558)	1,967,616,270	1,119,353,245	(380,802)	1,118,972,443

9. PROPERTIES

In 2018 and 2017, the "Properties" headings saw the following movements:

(amounts in euros)

	Properties for own use	Investment Properties	Total
Balances at 31 December 2016			
Gross amount	124,784,510	293,878,666	418,663,176
Accumulated depreciation and impairment	(33,935,500)	-	(33,935,500)
	90,849,010	293,878,666	384,727,676
Additions			
Subsequent expenditure	-	1,656,942	1,656,942
Revaluations			
As a credit to the income statement (Note 37)	-	13,547,726	13,547,726
As a credit to shareholders' equity	3,996,814	107,702	4,104,517
Additions/reversals of impairment in the year (Note 38)	697,719		697,719
Depreciation for the year	(1,970,835)		(1,970,835)
Transfers to non-current assets held for sale	(1,889,500)	(212,183,101)	(214,072,601)
Transfers	(411,962)	411,962	-
Disposals and write-offs (net)	(4,990,824)	(83,977)	(5,074,801)
Balances at 31 December 2017			
Gross amount	120,716,037	97,335,921	218,051,957
Accumulated depreciation and impairment	(34,435,614)	-	(34,435,614)
	86,280,423	97,335,921	183,616,343
Additions			
Subsequent expenditure	-	11,141	11,141
Revaluations			
As a credit to the income statement (Note 37)	-	1,194,734	1,194,734
As a credit to shareholders' equity	(714,162)	-	(714,162)
Additions/reversals of impairment in the year (Note 38)	878,130		878,130
Depreciation for the year	(1,955,438)		(1,955,438)
Transfers to non-current assets held for sale	135,500	2,440,200	2,575,700
Transfers	(419,146)	419,146	-
Disposals and write-offs (net)	-	(22,890,278)	(22,890,278)
Balances at 31 December 2018			
Gross amount	119,677,898	78,510,864	198,188,762
Accumulated depreciation and impairment	(35,472,592)	-	(35,472,592)
	84,205,306	78,510,864	162,716,170

As stated in Note 2.7. above, properties for own use are valued at fair value, in line with the option set out in IAS 16.

If the Group had opted to value land for own use using the cost model, its balance sheet value would be EUR 60,772,127.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.6.

Properties are valued in line with the treatment mentioned in Notes 2.6 and 2.7, by experts who are qualified for the purpose. The Company considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 – “Fair Value Measurement”.

In the case of properties for own use, the respective gains and losses are accounted for in the equity heading “Revaluation reserves – Revaluation of properties for own use”, provided that:

- The accumulated value of the revaluation reserves after the adjustment is positive; or
- The revaluation is positive and exceeds the value of any negative revaluations which may have been recognised in past periods as a charge to profit or loss.

Gains and losses resulting from revaluation of investment properties are recognised in profit and loss.

Valuation methods

Properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value), i.e., the price at which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, where the property is put up for sale on the market, the conditions of sale permit a regular and ordered sale, and the period for negotiating the sale is normal, taking into account the nature of the property. If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration.

The valuation techniques which are normally used are:

- a) Market method: consists of valuing the property by comparison, based on transactions and/or real purchase offers for land and buildings which have identical physical and functional characteristics, and which are located in the same area of the real estate market;
- b) Cost method: consists of determining the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of conservation and estimated useful life, plus the required profit margins. Alternatively this method may be based on the fair value of the property in its current state, subtracting from that value, after conclusion of works, all the associated costs and margins which have not yet been made;
- c) Income method: consists of calculating the value of the property based on the ratio between the annual effective rent and an appropriate capitalisation rate.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Company's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

Properties for own use

Buildings for own use are depreciated throughout the respective useful life defined in each valuation.

At 31 December 2018 and 2017, the fair value reserves associated with properties for own use were EUR 23,433,180 and EUR 29,832,023, respectively (Note 25).

At 31 December 2018 and 2017, the breakdown of the properties for own use according to their respective valuation date, was as follows:

(amounts in euros)

	2018	2017
2018	63,547,755	-
2017	20,657,550	65,342,988
2016	-	20,937,435
	84,205,305	86,280,423

10. ALLOCATION OF INVESTMENTS AND OTHER ASSETS

At 31 December 2018 and 2017, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

(amounts in euros)

	2018					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	73,807,050	19,312,290	442,092,146	9,568,066	116,962,406	661,741,958
Investments in subsidiaries, associates and joint ventures	-	40,745,483	1,176,920,851	304,819,702	255,916,216	1,778,402,252
Financial assets held for trading	1,821,998	61,925	9,912,800	1,813,234	10,796,650	24,406,607
Financial assets initially recognised at fair value through profit or loss	104,373,966	4,598,084	219,485,034	63,679,928	197,292,169	589,429,181
Hedge Derivatives	11,695	12,997	2,242,836	1,855,423	-	4,122,951
Available-for-sale investments	1,650,540,455	180,505,362	6,984,842,970	1,235,179,604	57,507,834	10,108,576,225
Loans and accounts receivable	163,082,526	3,386,796	1,349,456,132	403,684,469	48,006,347	1,967,616,270
Properties	-	-	-	137,657,335	25,058,835	162,716,170
Other tangible assets	-	-	-	-	13,160,446	13,160,446
	1,993,637,690	248,622,937	10,184,952,769	2,158,257,761	724,700,903	15,310,172,060

(amounts in euros)

	2017					Total
	Life insurance with profit sharing	Life insurance without profit sharing	Life insurance and operations classified as investment contracts	Non-life insurance	Not allocated	
Cash and cash equivalents	15,187,550	1,459,203	61,009,337	(4,858,312)	126,581,197	199,378,975
Investments in subsidiaries, associates and joint ventures	-	88,305,834	1,624,908,164	200,328,353	50,992,605	1,964,534,956
Financial assets held for trading	5,977,151	1,040,133	30,053,154	9,676,131	20,304,118	67,050,687
Financial assets initially recognised at fair value through profit or loss	83,168,405	1,290,547	283,129,377	146,951,617	19,483,175	534,023,121
Hedge Derivatives	251,956	83,774	10,332,662	4,254,200	-	14,922,592
Available-for-sale investments	1,398,842,619	199,426,144	7,469,611,136	1,609,856,995	14,224,696	10,691,961,590
Loans and accounts receivable	411,299,802	9,644,618	410,059,605	36,618,665	251,349,753	1,118,972,443
Properties	-	-	-	159,456,789	24,159,555	183,616,344
Other tangible assets	-	-	-	-	9,391,677	9,391,677
	1,914,727,483	301,250,253	9,889,103,435	2,162,284,438	516,486,776	14,783,852,385

11. OTHER TANGIBLE ASSETS AND INVENTORIES

In 2018 and 2017, the other tangible assets and inventories headings saw the following movements:

(amounts in euros)

	2018								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Equipment									
Administrative	18,018,771	(17,859,347)	663,995	-	(626,395)	-	18,532,198	(18,335,174)	197,024
Machinery and tools	6,232,307	(5,560,259)	2,562,145	-	(511,048)	-	8,752,666	(6,029,521)	2,723,145
IT equipment	10,006,706	(8,708,313)	1,756,462	1,105,219	(1,560,458)	-	12,580,080	(9,980,463)	2,599,617
Interior installations	23,047,623	(18,950,897)	656,347	-	(883,767)	-	23,527,096	(19,657,790)	3,869,306
Transport material	338,945	(245,654)	157,603	-	(91,376)	(27,539)	382,115	(250,137)	131,978
Hospital equipment	15,964	(8,690)	-	-	(3,141)	-	15,964	(11,831)	4,133
Other equipment	4,042,939	(2,990,047)	79,945	-	(289,220)	-	4,122,884	(3,279,267)	843,616
Artistic assets	1,933,755	-	26,550	-	-	-	1,960,305	-	1,960,305
Leased equipment	33,275	(33,274)	-	(1)	-	-	33,274	(33,274)	-
Other assets	77,873	-	783,118	(4,193)	-	(25,476)	831,321	-	831,321
	63,748,158	(54,356,481)	6,686,164	1,101,026	(3,965,404)	(53,016)	70,737,903	(57,577,457)	13,160,446
Inventories	169,132	-	262,571	-	-	(287,578)	144,124	-	144,124
	63,917,290	(54,356,481)	6,948,734	1,101,026	(3,965,404)	(340,594)	70,882,027	(57,577,457)	13,304,571

(amounts in euros)

	2017								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Equipment									
Administrative	18,068,441	(18,009,400)	513,070	-	(412,687)	-	18,018,771	(17,859,347)	159,424
Machinery and tools	6,750,877	(6,081,784)	238,086	-	(232,379)	(2,752)	6,232,307	(5,560,259)	672,048
IT equipment	9,406,708	(7,739,777)	569,274	173,332	(1,111,144)	-	10,006,706	(8,708,313)	1,298,393
Interior installations	21,560,253	(18,031,170)	1,283,032	204,338	(919,727)	-	23,047,623	(18,950,897)	4,096,726
Transport material	338,945	(161,538)	-	-	(84,116)	-	338,945	(245,654)	93,291
Hospital equipment	6,542	(6,542)	9,422	-	(2,148)	-	15,964	(8,690)	7,274
Other equipment	4,543,723	(2,950,033)	57,567	-	(357,427)	(240,938)	4,042,939	(2,990,047)	1,052,892
Artistic assets	1,926,254	-	7,501	-	-	-	1,933,755	-	1,933,755
Leased equipment	114,043	(114,042)	-	-	-	-	33,275	(33,274)	1
Other assets	149,783	-	305,760	(377,670)	-	-	77,873	-	77,873
	62,865,569	(53,094,286)	2,983,712	-	(3,119,628)	(243,690)	63,748,158	(54,356,481)	9,391,677
Inventories	159,770	-	9,362	-	-	-	169,132	-	169,132
	63,025,339	(53,094,286)	2,993,074	-	(3,119,628)	(243,690)	63,917,290	(54,356,481)	9,560,809

At 31 December 2018 and 2017, the heading "Tangible assets" includes fully amortised assets still in use of EUR 48,340,312 and EUR 46,115,632 respectively.

12. OTHER INTANGIBLE ASSETS

In 2018 and 2017, the other intangible assets headings saw the following movements:

(amounts in euros)

	2018								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Disposals and write-offs (net)	Closing balances		
	Gross amount	Accumulated depreciation and impairment					Gross amount	Accumulated depreciation and impairment	Net amount
Automatic data processing systems (software)	51,404,940	(46,820,126)	853,200	718,701	(3,225,864)	(4,920)	52,782,721	(49,856,790)	2,925,931
Intangible assets in progress	11,956,532	-	5,047,412	(1,820,122)	-	(23,627)	15,160,196	-	15,160,196
	63,361,472	(46,820,126)	5,900,612	(1,101,421)	(3,225,864)	(28,547)	67,942,916	(49,856,790)	18,086,127

(amounts in euros)

	2017								
	Opening balances		Additions	Transfers and adjustments	Depreciation for the year	Closing balances			
	Gross amount	Accumulated depreciation and impairment				Gross amount	Accumulated depreciation and impairment	Net amount	
Automatic data processing systems (software)	47,593,701	(42,172,558)	2,075,053	2,060,878	(4,667,193)	-	51,404,940	(46,820,126)	4,584,814
Intangible assets in progress	9,720,615	-	4,296,795	(2,060,878)	-	-	11,956,532	-	11,956,532
	57,314,316	(42,172,558)	6,371,848	-	(4,667,193)	-	63,361,472	(46,820,126)	16,541,346

At 31 December 2018 and 2017, the values recognised in "Intangible assets in progress" refer to costs incurred with the development of new IT applications (software).

In 2018 and 2017, the Company recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 15,656,906 and EUR 19,952,553, respectively.

13. TECHNICAL PROVISIONS FOR REINSURANCE CEDED

At 31 December 2018 and 2017, technical provisions for reinsurance ceded were composed as follows:

(amounts in euros)

	2018			2017		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	818,263	52,098,130	52,916,393	129,360	52,598,710	52,728,070
Mathematical provision	13,014,309	-	13,014,309	11,119,820	-	11,119,820
Claims provision						
Reported claims	6,823,732	192,810,893	199,634,625	8,085,106	232,955,621	241,040,727
Claims incurred but not reported (IBNR)	2,659,117	21,098,911	23,758,028	2,638,421	17,387,872	20,026,293
	9,482,849	213,909,804	223,392,653	10,723,527	250,343,493	261,067,020
Provision for profit sharing	-	-	-	-	1,072	1,072
	23,315,421	266,007,934	289,323,355	21,972,707	302,943,275	324,915,982

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2018 and 2017, is set out in the following table:

(amounts in euros)

	2018			2017		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	818,263	-	818,263	129,360	-	129,360
Non-life insurance						
Workers' compensation	35,778	(8,050)	27,728	27,594	(5,519)	22,075
Personal accidents and passengers	2,483,270	(1,145,052)	1,338,218	3,058,095	(1,412,136)	1,645,959
Health	27,545,640	-	27,545,640	25,059,533	(54)	25,059,479
Fire and other damage	21,530,261	(3,342,777)	18,187,484	23,507,920	(3,371,739)	20,136,181
Motor	235,260	(44,273)	190,987	247,809	(43,335)	204,474
Marine, aviation and transport	228,077	(16,809)	211,268	87,303	(13,566)	73,737
Third party liability	2,035,850	(122,003)	1,913,847	2,073,328	(118,477)	1,954,851
Credit and suretyship	60,475	(2,859)	57,616	57,772	(3,024)	54,748
Legal protection	1,486	(117)	1,369	1,132	(117)	1,015
Assistance	46,418	(2,077)	44,341	39,477	(2,077)	37,400
Others	4,251,899	(1,672,267)	2,579,632	5,424,708	(2,015,917)	3,408,791
	58,454,414	(6,356,284)	52,098,130	59,584,671	(6,985,961)	52,598,710
	59,272,677	(6,356,284)	52,916,393	59,714,031	(6,985,961)	52,728,070

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2018 and 2017:

(amounts in euros)

	2018		
	Opening balance	Liabilities originated in the year	Closing balance
Life insurance			
Provision for unearned premiums	129,360	688,903	818,263
Non-life insurance			
Provision for unearned premiums			
Workers' compensation	27,594	8,184	35,778
Personal accidents and passengers	3,058,095	(574,825)	2,483,270
Health	25,059,533	2,486,107	27,545,640
Fire and other damage	23,507,920	(1,977,659)	21,530,261
Motor	247,809	(12,549)	235,260
Marine, aviation and transport	87,303	140,774	228,077
Third party liability	2,073,328	(37,478)	2,035,850
Credit and suretyship	57,772	2,703	60,475
Legal protection	1,132	354	1,486
Assistance	39,477	6,941	46,418
Others	5,424,708	(1,172,809)	4,251,899
	59,584,671	(1,130,257)	58,454,414
Deferred acquisition costs			
Workers' compensation	(5,519)	(2,531)	(8,050)
Personal accidents and passengers	(1,412,136)	267,084	(1,145,052)
Health	(54)	54	-
Fire and other damage	(3,371,739)	28,962	(3,342,777)
Motor	(43,335)	(938)	(44,273)
Marine, aviation and transport	(13,566)	(3,243)	(16,809)
Third party liability	(118,477)	(3,526)	(122,003)
Credit and suretyship	(3,024)	165	(2,859)
Legal protection	(117)	-	(117)
Assistance	(2,077)	-	(2,077)
Others	(2,015,917)	343,650	(1,672,267)
	(6,985,961)	629,677	(6,356,284)
	52,598,710	(500,580)	52,098,130
	52,728,070	188,323	52,916,393

(amounts in euros)

	2017		
	Opening balance	Liabilities originated in the year	Closing balance
Life insurance			
Provision for unearned premiums	136,594	(7,234)	129,360
Non-life insurance			
Provision for unearned premiums			
Workers' compensation	143,103	(115,509)	27,594
Personal accidents and passengers	3,462,298	(404,203)	3,058,095
Health	23,172,251	1,887,282	25,059,533
Fire and other damage	21,931,410	1,576,510	23,507,920
Motor	393,268	(145,459)	247,809
Marine, aviation and transport	227,412	(140,109)	87,303
Third party liability	1,822,029	251,299	2,073,328
Credit and suretyship	67,356	(9,584)	57,772
Legal protection	1,734,966	(1,733,834)	1,132
Assistance	13,866,260	(13,826,783)	39,477
Others	5,884,495	(459,787)	5,424,708
	72,704,848	(13,120,177)	59,584,671
Deferred acquisition costs			
Workers' compensation	(5,678)	159	(5,519)
Personal accidents and passengers	(1,537,108)	124,972	(1,412,136)
Health	(148)	94	(54)
Fire and other damage	(3,578,390)	206,651	(3,371,739)
Motor	(31,364)	(11,971)	(43,335)
Marine, aviation and transport	(17,138)	3,572	(13,566)
Third party liability	(98,915)	(19,562)	(118,477)
Credit and suretyship	(1,604)	(1,420)	(3,024)
Legal protection	(84)	(33)	(117)
Assistance	(1,604)	(473)	(2,077)
Others	(1,939,638)	(76,279)	(2,015,917)
	(7,211,671)	225,710	(6,985,961)
	65,493,177	(12,894,467)	52,598,710
	65,629,771	(12,901,701)	52,728,070

Information on the claims provision for reinsurance ceded, at 31 December 2018 and 2017, is set out below:

(amounts in euros)

	2018			2017		
	Reported	Not Reported	Total	Reported	Not Reported	Total
Life Insurance	6,823,732	2,659,117	9,482,849	8,085,106	2,638,421	10,723,527
Non-life insurance						
Workers' compensation	2,106,968	1,315,789	3,422,757	1,916,549	1,143,742	3,060,291
Personal accidents and passengers	17,190,171	1,595,341	18,785,512	15,199,398	938,372	16,137,770
Health	52,845,097	6,007,543	58,852,640	49,631,073	4,644,001	54,275,074
Fire and other damage	88,400,575	5,439,680	93,840,255	130,474,553	6,001,501	136,476,054
Motor	2,877,131	1,799,536	4,676,667	7,695,990	2,061,293	9,757,283
Marine, aviation and transport	6,928,049	632,129	7,560,178	7,763,278	293,643	8,056,921
Third party liability	13,591,267	3,824,280	17,415,547	12,212,090	1,750,603	13,962,693
Credit and suretyship	1,396	10,510	11,906	396	10,510	10,906
Others	8,870,239	474,103	9,344,342	8,062,294	544,207	8,606,501
	192,810,893	21,098,911	213,909,804	232,955,621	17,387,872	250,343,493
	199,634,625	23,758,028	223,392,653	241,040,727	20,026,293	261,067,020

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2018 and 2017:

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	10,723,527	7,245,391	(8,486,069)	9,482,849
Non-life insurance				
Workers' compensation	3,060,291	1,686,751	(1,324,285)	3,422,757
Personal accidents and passengers	16,137,770	3,836,117	(1,188,375)	18,785,512
Health	54,275,074	237,559,967	(232,982,401)	58,852,640
Fire and other damage	136,476,054	46,276,503	(88,912,302)	93,840,255
Motor	9,757,283	14,621,060	(19,701,676)	4,676,667
Marine, aviation and transport	8,056,921	1,032,005	(1,528,748)	7,560,178
Third party liability	13,962,693	6,720,670	(3,267,816)	17,415,547
Credit and suretyship	10,906	1,000	-	11,906
Assistance	-	1,575	(1,575)	-
Others	8,606,501	9,869,121	(9,131,280)	9,344,342
	250,343,493	321,604,769	(358,038,458)	213,909,804
	261,067,020	328,850,160	(366,524,527)	223,392,653

(amounts in euros)

	2017			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	9,999,081	7,134,266	(6,409,820)	10,723,527
Non-life insurance				
Workers' compensation	633,706	2,739,259	(312,674)	3,060,291
Personal accidents and passengers	13,690,469	4,286,375	(1,839,074)	16,137,770
Health	47,115,101	216,155,386	(208,995,413)	54,275,074
Fire and other damage	57,317,099	123,297,852	(44,138,897)	136,476,054
Motor	7,746,096	10,234,932	(8,223,745)	9,757,283
Marine, aviation and transport	3,949,471	6,908,239	(2,800,789)	8,056,921
Third party liability	16,443,094	642,766	(3,123,167)	13,962,693
Credit and suretyship	17,820	(6,914)	-	10,906
Others	7,121,110	16,772,971	(15,287,580)	8,606,501
	154,033,966	381,030,866	(284,721,339)	250,343,493
	164,033,047	388,165,132	(291,131,159)	261,067,020

Liabilities originated in the year and the claims paid are not deducted from the reinsurers' portion of the processed reimbursements.

14. OTHER DEBTORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accounts receivable for direct insurance operations		
Premiums pending collection	68,892,451	68,919,435
Claims reimbursements	23,335,848	23,394,130
Brokers	49,053,614	57,593,008
Co-insurers	14,977,735	20,322,368
Funding Institute of Agriculture and Fisheries (IFAP)	456,485	3,483,966
Workers' compensation fund	2,156,558	2,043,999
Others	263,172	631,247
	159,135,863	176,388,153
(Adjustments to premiums pending collection - Note 38)	(7,179,914)	(7,595,592)
(IFAP adjustments - Note 38)	(137,408)	(99,856)
(Adjustments for doubtful debts - Note 38)	(4,933,438)	(6,487,926)
	(12,250,760)	(14,183,374)
	146,885,103	162,204,779
Accounts receivable for other reinsurance operations		
Reinsurers' current accounts	24,848,680	44,000,339
Reinsureds' current accounts	5,946,610	11,616,141
	30,795,290	55,616,480
(Adjustments for doubtful debts - Note 38)	(5,740,637)	(6,390,243)
	25,054,653	49,226,237
Accounts receivable for other operations:		
Group companies	37,033,826	1,567,513
Employees	370,872	297,845
Pension fund	37,195	68,750
Clients - current accounts	8,440,229	7,262,813
Funding Institute of Agriculture and Fisheries (IFAP)	9,473,942	7,944,013
Debtors - items held under custody	410,460	304,385
Property rentals	2,375,308	2,232,266
Transactions to be settled	113,822,820	5,034,475
Other suppliers and services provided	393,179	519,795
Others	7,144,866	12,699,381
	179,502,697	37,931,236
(Adjustments for doubtful debts - Note 38)	(8,369,296)	(13,385,477)
	171,133,401	24,545,759
	343,073,157	235,976,775

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. Fidelidade recorded EUR 113,822,820 as an amount receivable from Fosun Industrial Holdings, Limited resulting from the exercise, on 15 October 2018, of a put option on the wholly owned subsidiary FF Investment Luxembourg 1 S.à r.l. This amount was calculated in accordance with the contract conditions and is linked to a participation in the Folli Follie Group, held by FF Investment Luxembourg 1 S.à r.l.. Payment of this amount is guaranteed by Fosun International Limited and was made on 23 January 2019.

Balances receivable from IFAP correspond essentially to bonuses and compensation for excess claims regarding crop insurance campaigns from 2013 to 2018.

15. TAX ASSETS AND LIABILITIES

The balances for tax assets and liabilities at 31 December 2018 and 2017 were as follows:

(amounts in euros)

	2018	2017
Current tax assets		
Income tax recoverable	1,514,558	10,652,994
Others	159,798	275,643
	1,674,356	10,928,637
Current tax liabilities		
Stamp duty	(8,144,475)	(8,069,006)
Motor insurance guarantee fund	(1,896,896)	(1,810,080)
Workers' compensation fund	(4,205,551)	(4,265,702)
National civil protection authority tax	(1,553,290)	(1,714,606)
Insurance and pension funds supervisory authority tax	(1,978,232)	(2,083,963)
National Medical Emergency Institute Tax	(2,789,928)	(2,503,211)
Social security	(2,324,316)	(2,274,131)
Withholdings	(5,809,542)	(5,430,377)
Others	(4,021,487)	(2,490,374)
	(32,723,717)	(30,641,450)
Deferred tax assets	279,478,498	239,964,693
Deferred tax liabilities	(100,636,571)	(227,348,810)
	178,841,927	12,615,883
Total	147,792,566	(7,096,930)

At 31 December 2018 and 2017, the balances relating to current income tax assets and liabilities break down as follows:

(amounts in euros)

	2018	2017
Income tax estimate recognised as a charge to the income statement	(26,467,132)	(62,239,254)
Income tax estimate recognised as a charge to reserves	3,626,298	(6,994,028)
Withholding tax	342,952	9,872,781
Payments on account	-	108,161
Others	645,112	672,052
	(21,852,770)	(58,580,288)

At 31 December 2018 and 2017 the heading "Income tax estimate recognised as a charge to the income statement" corresponds to the amount of the estimate of CIT plus Municipal and State Surcharge and the autonomous taxation.

In 2018 and 2017, the income tax registered in reserves is the result of the change in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Movements of deferred taxes during 2018 and 2017 were:

(amounts in euros)

	2018			Closing balance
	Opening balance	Change in		
		Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	12,474,472	72,630,059	-	85,104,531
Properties				
For own use	8,245,583	(301,700)	772,686	8,716,569
Investment properties	31,801,335	-	(5,675,950)	26,125,385
Provisions and impairment temporarily not allowed for fiscal purposes	172,103,239	(326,804)	(27,504,117)	144,272,318
Employee benefits	15,340,064	(839,889)	759,520	15,259,695
	239,964,693	71,161,666	(31,647,861)	279,478,498
Liabilities				
Devaluation of available-for-sale investments	(217,717,104)	142,499,196	(17,523,603)	(92,741,511)
Properties				
For own use	(4,434,149)	1,515,661	(1,121,147)	(4,039,635)
Investment properties	(5,197,557)	1	1,342,131	(3,855,425)
	(227,348,810)	144,014,858	(17,302,619)	(100,636,571)
	12,615,883	215,176,524	(48,950,480)	178,841,927

(amounts in euros)

	2017			Closing balance
	Opening balance	Change in		
		Shareholders' equity	Income statement	
Assets				
Valuation of available-for-sale investments	50,692,779	(38,218,307)	-	12,474,472
Properties				
For own use	40,228,619	(22,913,499)	(9,069,537)	8,245,583
Investment properties	122,958,383	-	(91,157,048)	31,801,335
Provisions and impairment temporarily not allowed for fiscal purposes	175,795,807	(63,421)	(3,629,147)	172,103,239
Employee benefits	14,194,965	(573,257)	1,718,356	15,340,064
	403,870,553	(61,768,484)	(102,137,376)	239,964,693
Liabilities				
Devaluation of available-for-sale investments	(88,719,655)	(128,997,449)	-	(217,717,104)
Properties				
For own use	(26,270,850)	22,171,642	(334,941)	(4,434,149)
Investment properties	(89,289,647)	(4,390,814)	88,482,904	(5,197,557)
	(204,280,152)	(111,216,621)	88,147,963	(227,348,810)
	199,590,401	(172,985,105)	(13,989,413)	12,615,883

In 2018 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between the income tax and the profit in the year before tax, may be represented as follows:

(amounts in euros)

	2018	2017
Current tax		
Estimated tax for the year	23,809,648	45,820,028
State and municipal surcharge	1,403,441	15,434,626
Autonomous taxation	727,573	1,227,496
	25,940,662	62,482,150
Others (Branches)	526,469	242,896
	26,467,131	62,239,254
Deferred tax	54,699,144	13,989,413
Total tax in income statement	81,166,275	76,228,667
Income before tax	359,402,714	264,018,024
Tax burden	22.58%	28.87%

Reconciliation between the nominal tax rate and the effective tax rate in 2018 and 2017 was as follows:

(amounts in euros)

	2018		2017	
	Rate	Tax	Rate	Tax
Income before tax		359,402,714		264,018,024
Income tax calculated at nominal rate	29.46%	105,908,333	29.16%	76,990,317
Permanent differences to be deducted				
Dividends from equity instruments	(6.21%)	(22,302,672)	(0.63%)	(1,666,619)
Capital losses included in the net profit	(14.54%)	(52,262,469)	(28.12%)	(74,249,309)
Provision not relevant for tax purposes	(1.64%)	(5,881,308)	0.00%	-
Post-employment benefits and other				
long term benefits to employees	(0.08%)	(269,831)	0.00%	-
Adjustments in respect of previous periods	(0.16%)	(572,926)	(0.05%)	(138,312)
Others	(0.03%)	(95,008)	(0.08%)	(215,412)

(continuation)

(amounts in euros)

	2018		2017	
	Rate	Tax	Rate	Tax
Permanent differences to be added				
Provision not relevant for tax purposes	0.00%	-	3.30%	8,700,632
Impairment losses non-deductible	15.01%	53,956,167	4.37%	11,544,301
Real estate fair value adjustments	0.00%	-	5.51%	14,541,186
Capital gains (computed in fiscal terms)	0.00%	-	17.40%	45,940,707
Under estimation of CIT	0.08%	280,587	0.02%	49,548
Other penalties	1.05%	3,760,129	0.00%	-
Post-employment benefits and other				
long term benefits to employees	0.00%	-	0.02%	64,097
Tax benefits				
Net job creation	(0.09%)	(312,703)	(0.23%)	(606,375)
International double taxation	(0.43%)	(1,542,318)	0.00%	-
Others	(0.06%)	(227,276)	0.00%	-
Autonomous taxation	0.20%	727,571	0.19%	513,028
Deferred taxes assets and liabilities - Effect of tax rate change	0.00%	-	(1.98%)	(5,239,122)
	22.58%	81,166,275	28.87%	76,228,667

The tax authorities have the option of inspecting the four prior years in Portugal (six years for years in which losses have been reported). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Company's Board of Directors, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

16. ACCRUALS AND DEFERRALS (ASSETS)

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accrued income	4,903,727	3,629,933
Deferred expenses		
Commission on the issue of financial products	12,415,896	14,000,665
Insurance	229,107	678,636
Rents and leases	476,356	568,671
Assistance for IT equipment	461,891	631,013
Advertising	-	288,503
Portuguese Insurance Association subscriptions	548,248	282,665
Software licences	2,262,922	834,525
Others	900,868	449,957
	22,199,015	21,364,568

At 31 December 2018 and 2017, the heading "Accrued income" includes estimates of the profit commissions receivable from life reinsurers, of EUR 4,706,500 and EUR 3,580,000, respectively.

The heading "Deferred expenses - Commissions on the issue of financial products" corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

17. NON-CURRENT ASSETS HELD FOR SALE

Fidelidade is reorganising its real estate profile in Portugal. As part of this, some essentially residential and non-strategic assets were selected, given their occupation status and scattered location, together with their high operating costs. These properties do not fit within the Company's current investment strategy, which aims to place greater emphasis on more emblematic projects, which are larger in size and more profitable, in an effort to renew and optimise Fidelidade's real estate portfolio.

The sales process began in November 2017 with several real estate assets being placed on the market, for sale to national or international investors. By the end of the year, it was possible to undertake a preliminary assessment of the portfolios and the non-binding purchase offers received from investors. Following this, based on the non-binding offers, a smaller group of investors was selected, and these were given access to more detailed information on the assets, and the option to undertake technical visits of the various properties, in order to present their final offers. Once this phase was ended, they presented their final binding offers.

After analysing the various offers and following clarification meetings with the various candidates, on 16 June 2018 Fidelidade entered into a Promissory Sale and Purchase Agreement with a group of companies controlled by Apollo Management, in which all the transaction conditions were defined.

At the end of August of the same year and as provided for in the contract, the first deeds for the sale and purchase of assets were signed, and the transaction was completed successfully on 21 December 2018.

At 31 December 2018 and 2017, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

(amounts in euros)

	2018	2017
Non-current assets held for sale		
Properties for own use	-	1,889,500
Investment properties	4,200,000	212,183,100
Deferred tax assets	152,579	29,122,141
	4,352,579	243,194,741
Liabilities of a group for sale classified as held for sale		
Deferred tax liabilities	529,650	23,428,483
	529,650	23,428,483
Gains and losses on non-current assets classified as held for sale		
Gains		
Rents	5,307,419	659,789
Gains made	111,414,436	-
	116,721,855	659,789
Losses		
Realized Losses	(14,128,893)	-
Other Losses	(2,634,303)	(224,949)
	(16,763,197)	(224,949)
	99,958,658	434,840

18. TECHNICAL PROVISIONS

At 31 December 2018 and 2017, technical provisions for direct insurance and reinsurance accepted were composed as follows:

(amounts in euros)

	2018			2017		
	Life	Non-Life	Total	Life	Non-Life	Total
Provision for unearned premiums	1,634,440	256,258,394	257,892,834	1,542,377	246,633,705	248,176,082
Mathematical provision for life insurance	1,904,143,381	-	1,904,143,381	1,759,742,499	-	1,759,742,499
Claims provision						
Reported claims	95,058,405	1,554,181,866	1,649,240,271	108,677,162	1,593,696,164	1,702,373,326
Claims incurred but not reported (IBNR)	23,783,133	77,786,102	101,569,235	23,710,431	70,050,767	93,761,198
	118,841,538	1,631,967,968	1,750,809,506	132,387,593	1,663,746,931	1,796,134,524
Provision for profit sharing	81,081,860	20,563	81,102,423	110,745,227	314	110,745,541
Provision for interest rate commitments	22,683,110	-	22,683,110	7,520,800	-	7,520,800
Provision for portfolio stabilisation	26,254,032	-	26,254,032	24,405,064	-	24,405,064
Equalisation provision	-	27,222,726	27,222,726	-	25,564,273	25,564,273
Provision for unexpired risks	-	35,324,657	35,324,657	-	47,581,380	47,581,380
	2,154,638,361	1,950,794,308	4,105,432,669	2,036,343,560	1,983,526,603	4,019,870,163

At 31 December 2018 and 2017, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

(amounts in euros)

	2018			2017		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Life insurance	1,634,440	-	1,634,440	1,542,377	-	1,542,377
Non-life insurance						
Workers' compensation	14,842,442	(2,709,406)	12,133,036	13,622,416	(2,535,093)	11,087,323
Personal accidents and passengers	8,627,521	(2,253,134)	6,374,387	9,279,052	(2,081,726)	7,197,326
Health	28,446,297	(3,898,256)	24,548,041	25,335,709	(3,167,902)	22,167,807
Fire and other damage	88,852,139	(21,630,939)	67,221,200	86,989,647	(20,829,354)	66,160,293
Motor	149,629,119	(32,196,806)	117,432,313	141,954,205	(29,475,306)	112,478,899
Marine, aviation and transport	1,666,303	(245,890)	1,420,413	1,619,086	(305,430)	1,313,656
Third party liability	10,802,175	(3,110,419)	7,691,756	10,333,352	(2,771,054)	7,562,298
Credit and suretyship	134,858	(9,863)	124,995	139,131	(11,164)	127,967
Legal protection	2,021,234	(925,570)	1,095,664	1,892,769	(838,442)	1,054,327
Assistance	13,983,395	(3,191,044)	10,792,351	12,031,003	(2,642,687)	9,388,316
Others	10,857,178	(3,432,940)	7,424,238	12,085,377	(3,989,884)	8,095,493
	329,862,661	(73,604,267)	256,258,394	315,281,747	(68,648,042)	246,633,705
	331,497,101	(73,604,267)	257,892,834	316,824,124	(68,648,042)	248,176,082

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2018 and 2017 were as follows:

(amounts in euros)

	2018		
	Opening balance	Liabilities originated in the year	Closing balance
Life insurance			
Provision for unearned premiums	1,542,377	92,063	1,634,440
Non-life insurance			
Provision for unearned premiums			
Workers' compensation	13,622,416	1,220,026	14,842,442
Personal accidents and passengers	9,279,052	(651,531)	8,627,521
Health	25,335,709	3,110,588	28,446,297
Fire and other damage	86,989,647	1,862,492	88,852,139
Motor	141,954,205	7,674,914	149,629,119
Marine, aviation and transport	1,619,086	47,217	1,666,303
Third party liability	10,333,352	468,823	10,802,175
Credit and suretyship	139,131	(4,273)	134,858
Legal protection	1,892,769	128,465	2,021,234
Assistance	12,031,003	1,952,392	13,983,395
Others	12,085,377	(1,228,199)	10,857,178
	315,281,747	14,580,914	329,862,661
Deferred acquisition costs			
Workers' compensation	(2,535,093)	(174,313)	(2,709,406)
Personal accidents and passengers	(2,081,726)	(171,408)	(2,253,134)
Health	(3,167,902)	(730,354)	(3,898,256)
Fire and other damage	(20,829,354)	(801,585)	(21,630,939)
Motor	(29,475,306)	(2,721,500)	(32,196,806)
Marine, aviation and transport	(305,430)	59,540	(245,890)
Third party liability	(2,771,054)	(339,365)	(3,110,419)
Credit and suretyship	(11,164)	1,301	(9,863)
Legal protection	(838,442)	(87,128)	(925,570)
Assistance	(2,642,687)	(548,357)	(3,191,044)
Others	(3,989,884)	556,944	(3,432,940)
	(68,648,042)	(4,956,225)	(73,604,267)
	246,633,705	9,624,689	256,258,394
	248,176,082	9,716,752	257,892,834

(amounts in euros)

	2017		
	Opening balance	Liabilities originated in the year	Closing balance
Life insurance			
Provision for unearned premiums	1,567,236	(24,859)	1,542,377
Non-life insurance			
Provision for unearned premiums			
Workers' compensation	12,576,577	1,045,839	13,622,416
Personal accidents and passengers	8,950,472	328,580	9,279,052
Health	23,172,778	2,162,931	25,335,709
Fire and other damage	86,238,030	751,617	86,989,647
Motor	135,244,707	6,709,498	141,954,205
Marine, aviation and transport	1,690,049	(70,963)	1,619,086
Third party liability	9,683,268	650,084	10,333,352
Credit and suretyship	143,458	(4,327)	139,131
Legal protection	2,110,552	(217,783)	1,892,769
Assistance	11,207,505	823,498	12,031,003
Others	12,086,029	(652)	12,085,377
	303,103,425	12,178,322	315,281,747
Deferred acquisition costs			
Workers' compensation	(2,062,019)	(473,074)	(2,535,093)
Personal accidents and passengers	(1,593,165)	(488,561)	(2,081,726)
Health	(2,778,612)	(389,290)	(3,167,902)
Fire and other damage	(15,373,098)	(5,456,256)	(20,829,354)
Motor	(26,927,652)	(2,547,654)	(29,475,306)
Marine, aviation and transport	(264,925)	(40,505)	(305,430)
Third party liability	(1,779,605)	(991,449)	(2,771,054)
Credit and suretyship	(12,030)	866	(11,164)
Legal protection	(422,004)	(416,438)	(838,442)
Assistance	(2,232,727)	(409,960)	(2,642,687)
Others	(2,310,449)	(1,679,435)	(3,989,884)
	(55,756,286)	(12,891,756)	(68,648,042)
	247,347,139	(713,434)	246,633,705
	248,914,375	(738,293)	248,176,082

At 31 December 2018 and 2017, the claims provisions on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018			2017		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance	95,058,405	23,783,133	118,841,538	108,677,162	23,710,431	132,387,593
Non-life insurance						
Workers' compensation						
Mathematical provision	625,918,018	1,223,214	627,141,232	597,850,268	1,076,149	598,926,417
Provision for whole life assistance	175,405,716	7,962,649	183,368,365	169,605,546	7,948,876	177,554,422
Provision for temporary assistance	49,244,029	2,888,894	52,132,923	44,718,392	2,519,579	47,237,971
	850,567,763	12,074,757	862,642,520	812,174,206	11,544,604	823,718,810
Others						
Personal accidents and passengers	28,859,074	3,411,458	32,270,532	25,429,664	2,360,242	27,789,906
Health	53,848,267	6,396,355	60,244,622	49,748,732	4,902,733	54,651,465
Fire and other damage	141,898,660	16,377,606	158,276,266	201,202,274	15,971,169	217,173,443
Motor	376,276,303	17,225,663	393,501,966	400,039,426	15,839,187	415,878,613
Marine, aviation and transport	9,539,528	2,030,907	11,570,435	11,007,820	1,709,862	12,717,682
Third party liability	80,480,506	19,084,275	99,564,781	82,545,122	16,454,574	98,999,696
Credit and suretyship	329,883	78,874	408,757	368,296	77,662	445,958
Legal protection	15,504	7,417	22,921	15,110	8,453	23,563
Assistance	119,474	55,958	175,432	98,046	54,179	152,225
Others	12,246,904	1,042,832	13,289,736	11,067,468	1,128,102	12,195,570
	703,614,103	65,711,345	769,325,448	781,521,958	58,506,163	840,028,121
	1,554,181,866	77,786,102	1,631,967,968	1,593,696,164	70,050,767	1,663,746,931
	1,649,240,271	101,569,235	1,750,809,506	1,702,373,326	93,761,198	1,796,134,524

The movement in the claims provisions on direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	2018			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	132,387,593	265,810,072	(279,356,127)	118,841,538
Non-life insurance				
Workers' compensation	823,718,810	202,312,508	(163,388,798)	862,642,520
Personal accidents and passengers	27,789,906	15,975,984	(11,495,358)	32,270,532
Health	54,651,465	242,916,617	(237,323,460)	60,244,622
Fire and other damage	217,173,443	121,950,089	(180,847,266)	158,276,266
Motor	415,878,613	331,912,842	(354,289,489)	393,501,966
Marine, aviation and transport	12,717,682	3,689,516	(4,836,763)	11,570,435
Third party liability	98,999,696	13,919,862	(13,354,777)	99,564,781
Credit and suretyship	445,958	335,324	(372,525)	408,757
Legal protection	23,563	(189)	(453)	22,921
Assistance	152,225	27,757	(4,550)	175,432
Others	12,195,570	18,634,547	(17,540,381)	13,289,736
	1,663,746,931	951,674,857	(983,453,820)	1,631,967,968
	1,796,134,524	1,217,484,929	(1,262,809,947)	1,750,809,506

(amounts in euros)

	2017			
	Opening balance	Liabilities originated in the year	Claims paid	Closing balance
Life insurance	120,970,140	295,738,385	(284,320,932)	132,387,593
Non-life insurance				
Workers' compensation	792,128,013	176,328,271	(144,737,474)	823,718,810
Personal accidents and passengers	21,790,422	15,967,109	(9,967,625)	27,789,906
Health	47,302,965	218,038,969	(210,690,469)	54,651,465
Fire and other damage	120,793,836	228,654,981	(132,275,374)	217,173,443
Motor	437,622,477	317,174,664	(338,918,528)	415,878,613
Marine, aviation and transport	9,524,500	9,467,498	(6,274,316)	12,717,682
Third party liability	101,770,550	10,502,647	(13,273,501)	98,999,696
Credit and suretyship	495,342	(43,122)	(6,262)	445,958
Legal protection	18,981	4,836	(254)	23,563
Assistance	98,616	54,101	(492)	152,225
Others	9,704,694	24,723,232	(22,232,356)	12,195,570
	1,541,250,396	1,000,873,186	(878,376,651)	1,663,746,931
	1,662,220,536	1,296,611,571	(1,162,697,583)	1,796,134,524

Liabilities originated in the year and the claims paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Company.

At 31 December 2018 and 2017, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018	2017
Non-life insurance		
Workers' compensation	1,328,197	6,113,713
Personal accidents and passengers	99,674	191,581
Health	3,755,245	192,776
Fire and other damage	3,235,259	7,487,753
Motor	20,988,612	27,887,196
Marine, aviation and transport	190,199	12,672
Third party liability	1,154,727	950,506
Credit and suretyship	64,500	61,889
Legal protection	67,471	384
Assistance	4,440,773	4,682,786
Others	-	124
	35,324,657	47,581,380

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	2018		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	6,113,713	(4,785,516)	1,328,197
Personal accidents and passengers	191,581	(91,907)	99,674
Health	192,776	3,562,469	3,755,245
Fire and other damage	7,487,753	(4,252,494)	3,235,259
Motor	27,887,196	(6,898,584)	20,988,612
Marine, aviation and transport	12,672	177,527	190,199
Third party liability	950,506	204,221	1,154,727
Credit and suretyship	61,889	2,611	64,500
Legal protection	384	67,087	67,471
Assistance	4,682,786	(242,013)	4,440,773
Others	124	(124)	-
	47,581,380	(12,256,723)	35,324,657

(amounts in euros)

	2017		
	Opening balance	Appropriations for the year	Closing balance
Non-life insurance			
Workers' compensation	16,279,028	(10,165,315)	6,113,713
Personal accidents and passengers	223,197	(31,616)	191,581
Health	-	192,776	192,776
Fire and other damage	2,748,136	4,739,617	7,487,753
Motor	21,024,402	6,862,794	27,887,196
Marine, aviation and transport	416	12,256	12,672
Third party liability	411,465	539,041	950,506
Credit and suretyship	15,823	46,066	61,889
Legal protection	-	384	384
Assistance	5,467,544	(784,758)	4,682,786
Others	40,738	(40,614)	124
	46,210,749	1,370,631	47,581,380

At 31 December 2018 and 2017, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

(amounts in euros)

	2018				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	78,806,353	(454,754)	78,351,599	17,840,152	96,191,751
Life group risk	136,511,159	-	136,511,159	17,251,872	153,763,031
Life individual capitalisation	51,336,426	(136,574)	51,199,852	116,715	51,316,567
Life group capitalisation	3,121,591	-	3,121,591	-	3,121,591
	269,775,529	(591,328)	269,184,201	35,208,739	304,392,940
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	185,319,880	(7,465)	185,312,415	11,636,533	196,948,948
Life group capitalisation	320,985,476	-	320,985,476	4,438,363	325,423,839
Life individual PPR	1,128,680,785	(19,496)	1,128,661,289	29,798,225	1,158,459,514
	1,634,986,141	(26,961)	1,634,959,180	45,873,121	1,680,832,301
	1,904,761,670	(618,289)	1,904,143,381	81,081,860	1,985,225,241

(amounts in euros)

	2017				
	Mathematical provision	Deferred acquisition costs	Total mathematical provision	Provision for profit sharing	Total
Insurance contracts					
Life individual risk	68,227,093	(194,702)	68,032,391	17,623,212	85,655,603
Life group risk	140,031,819	-	140,031,819	16,723,361	156,755,180
Life individual capitalisation	21,137,628	(14,794)	21,122,834	145,172	21,268,006
Life group capitalisation	3,059,094	-	3,059,094	-	3,059,094
	232,455,634	(209,496)	232,246,138	34,491,745	266,737,883
Investment contracts with a discretionary profit sharing component					
Life individual capitalisation	211,509,978	(9,151)	211,500,827	20,562,261	232,063,088
Life group capitalisation	312,340,437	-	312,340,437	5,990,684	318,331,121
Life individual PPR	1,003,678,850	(23,753)	1,003,655,097	49,700,537	1,053,355,634
	1,527,529,265	(32,904)	1,527,496,361	76,253,482	1,603,749,843
	1,759,984,899	(242,400)	1,759,742,499	110,745,227	1,870,487,726

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2018 and 2017 was as follows:

(amounts in euros)

	2018						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	232,246,138	37,116,716	-	(381,831)	-	203,178	269,184,201
Investment contracts with a discretionary profit sharing component	1,527,496,361	85,240,359	-	5,944	8,681,711	13,534,805	1,634,959,180
	1,759,742,499	122,357,075	-	(375,887)	8,681,711	13,737,983	1,904,143,381
Profit sharing provision							
Insurance contracts	34,491,745	6,191,340	(3,058,972)	-	-	(2,415,374)	35,208,739
Investment contracts with a discretionary profit sharing component	76,253,482	10,235,599	(27,081,152)	-	-	(13,534,808)	45,873,121
	110,745,227	16,426,939	(30,140,124)	-	-	(15,950,182)	81,081,860
	1,870,487,726	138,784,014	(30,140,124)	(375,887)	8,681,711	(2,212,199)	1,985,225,241

(amounts in euros)

	2017						
	Opening balance	Liabilities originated in the year and interest attributed	Amount attributable to insured persons from equity	Change in deferred acquisition costs	Other	Income distributed	Closing balance
Direct insurance and reinsurance accepted							
Mathematical provision							
Insurance contracts	242,588,508	(11,465,724)	-	(81,972)	-	1,205,326	232,246,138
Investment contracts with a discretionary profit sharing component	1,404,104,974	94,305,401	-	7,614	21,557,472	7,520,900	1,527,496,361
	1,646,693,482	82,839,677	-	(74,358)	21,557,472	8,726,226	1,759,742,499
Profit sharing provision							
Insurance contracts	32,205,285	1,935,342	4,253,758	-	-	(3,902,640)	34,491,745
Investment contracts with a discretionary profit sharing component	36,506,226	(7,709,996)	54,978,149	-	-	(7,520,897)	76,253,482
	68,711,511	(5,774,654)	59,231,907	-	-	(11,423,537)	110,745,227
	1,715,404,993	77,065,023	59,231,907	(74,358)	21,557,472	(2,697,311)	1,870,487,726

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in note 2.15. f).

19. FINANCIAL LIABILITIES OF THE DEPOSIT COMPONENT OF INSURANCE CONTRACTS AND ON INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS

Information on movements in this account heading for 2018 and 2017 is set out below:

(amounts in euros)

	2018					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Others	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	149,201,723	1,765,933	(125,571,892)	(470,744)	-	24,925,020
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	25,670,399	194,679	(10,351,801)	(830,777)	(41,045)	14,641,455
	175,593,367	1,960,612	(135,923,693)	(1,301,521)	(41,045)	40,287,720
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	5,113,993,681	1,660,140,798	(538,942,736)	34,259,229	(8,640,666)	6,260,810,306
Life individual fixed rate	3,288,976,314	1,182,053,183	(1,541,087,287)	40,760,803	-	2,970,703,013
Capitalisation OP. Individual fixed rate	5,076,378	-	(426,331)	18,357	-	4,668,404
	8,408,046,373	2,842,193,981	(2,080,456,354)	75,038,389	(8,640,666)	9,236,181,723
	8,583,639,740	2,844,154,593	(2,216,380,047)	73,736,868	(8,681,711)	9,276,469,443

(amounts in euros)

	2017					Closing balance
	Opening balance	Issues	Redemptions	Income and expenditure	Others	
Valued at fair value						
Unit-linked contracts						
Unit-linked individual capitalisation	485,306,767	1,970,476	(341,853,652)	3,778,132	-	149,201,723
Unit-linked group capitalisation	721,245	-	-	-	-	721,245
Unit-linked PPR	26,949,181	208,501	(1,622,669)	192,428	(57,042)	25,670,399
	512,977,193	2,178,977	(343,476,321)	3,970,560	(57,042)	175,593,367
Valued at amortised cost						
Other investment contracts						
PPR Life individual fixed rate	4,869,587,183	909,190,396	(686,292,227)	43,008,759	(21,500,430)	5,113,993,681
Life individual fixed rate	2,905,250,224	1,062,185,291	(730,237,269)	51,778,068	-	3,288,976,314
Capitalisation OP. Individual fixed rate	5,375,735	-	(330,040)	30,683	-	5,076,378
	7,780,213,142	1,971,375,687	(1,416,859,536)	94,817,510	(21,500,430)	8,408,046,373
	8,293,190,335	1,973,554,664	(1,760,335,857)	98,788,070	(21,557,472)	8,583,639,740

"Other investment contracts" corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

20. FINANCIAL LIABILITIES HELD FOR TRADING AND OTHER FINANCIAL LIABILITIES

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Financial liabilities held for trading		
Fair Value Hedge (Note 6)	30,056,302	19,813,818
Other financial liabilities		
Hedge Derivatives		
Fair Value Hedge (Note 6)	112,884	-
Deposits received from reinsurers		
Life	3,460,629	3,823,879
Non-life	127,318,313	126,228,787
	130,891,826	130,052,666
	160,948,128	149,866,484

21. OTHER CREDITORS FOR INSURANCE AND OTHER OPERATIONS

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Accounts payable for direct insurance operations		
Brokers	29,083,165	33,798,300
Policyholders	31,247,206	29,143,747
Co-insurers	9,701,099	13,768,735
	70,031,470	76,710,782
Accounts payable for other reinsurance operations		
Reinsurers' current accounts	51,074,275	38,726,995
Insured's current accounts	1,646,675	1,519,330
	52,720,950	40,246,325
Accounts payable for other operations		
Group companies	3,187,840	2,395,331
Aggregate tax	-	7,374,967
Suppliers of tangible assets	312,238	498,027
Suppliers' current accounts	12,617,275	11,066,769
Employees	11,275	-
Pension funds	393,656	384,785
Other internal regularisation accounts	824,103	7,024,058
Miscellaneous creditors	21,815,861	21,178,008
	39,162,248	49,921,945
	161,914,668	166,879,052

At 31 December 2017, the balance of the heading "Aggregate tax" corresponds to the amount of tax payable by the Company to Longrun Portugal, SGPS, S.A., as a result of applying the Special Rules for the Taxation of Corporate Groups (SRTCG).

The heading "Other internal regularisation accounts" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

22. ACCRUALS AND DEFERRALS (LIABILITIES)

At 31 December 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018	2017
Deferred income		
Rents and leases	433,377	1,030,259
	433,377	1,030,259
Accrued expenses		
Interest payable	-	260,000
Holiday and holiday subsidies payable	14,071,785	14,146,920
Insurance	2,900,550	2,883,380
Variable remuneration payable to employees	529,312	1,448,017
Performance bonus	12,890,288	10,011,835
Seniority bonus	696,824	691,532
Other employee costs	211,650	287,639
Commissions payable	57,420,373	40,701,919
Deferred payments - marketing	6,763,764	5,083,669
Municipal tax on real estate	331,366	791,600
Audit	19,536	527,239
Advertising	74,313	134,399
Invoices pending conferral	4,894,011	5,462,884
Others	4,435,769	4,719,321
	105,239,541	87,150,354
	105,672,918	88,180,613

23. OTHER PROVISIONS

Information on the above account heading movements for 2018 and 2017 is set out below:

(amounts in euros)

	2018					
	Opening balances	Increases	Recoveries and cancellations	Others	Actuarial gains and losses from equity	Closing balances
Provisions for tax	48,203	-	(48,203)	-	-	-
Provisions for the cost of employee benefits (Note 31)						
Health benefits	22,964,030	-	(716,306)	-	(1,194,496)	21,053,228
Pension costs	2,582,444	-	(61,119)	-	157,016	2,678,341
Provision for Workers' compensation fund	50,036,302	1,500,000	-	-	-	51,536,302
Provision for restructuring	21,177,446	10,762,278	(18,559,651)	-	-	13,380,073
Others	55,320,337	-	(45,622,212)	252,776	-	9,950,901
	152,128,762	12,262,278	(65,007,491)	252,776	(1,037,480)	98,598,845

(amounts in euros)

	2017					
	Opening balances	Increases	Recoveries and cancellations	Others	Actuarial gains and losses from equity	Closing balances
Provisions for tax	3,850,000	-	(3,801,797)	-	-	48,203
Provisions for the cost of employee benefits (Note 31)						
Health benefits	23,637,281	-	(541,533)	-	(131,718)	22,964,030
Pension costs	3,304,903	-	(185,133)	-	(537,326)	2,582,444
Provision for Workers' compensation fund	48,536,302	1,500,000	-	-	-	50,036,302
Provision for restructuring	35,424,918	-	(14,247,472)	-	-	21,177,446
Others	15,401,291	39,907,267	-	11,779	-	55,320,337
	130,154,695	41,407,267	(18,775,935)	11,779	(669,044)	152,128,762

Fidelidade set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

Following the plan, 194 employees left in 2017, which led to EUR 14,247,472 being used. 247 employees were hired during the same period.

In carrying out the plan, 214 employees left in 2018, which led to EUR 18,559,651 being used. 231 employees were hired during the same period. At 31 December 2018 EUR 10,762,278 was recognised in the provision for restructuring, considering the actual cost of the recently negotiated redundancies of employees, based on the statutory retirement age of 66 years and 4 months.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2018 and 2017, the "Other Provisions" headings include the use of EUR 40,151,958 in 2018 and the constitution of EUR 38,214,363 in 2017, which are registered under the heading "Impairment Losses (net of reversals)".

The heading "Provisions for costs of employee benefits - Health benefits" represents the liabilities assumed by the Company in relation to employees' health benefits. The heading "Provisions for costs of employee benefits - Pension costs" represents the liabilities assumed by the Company resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Company to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 31).

24. PAID-IN CAPITAL

The share capital of EUR 457,380,000 is composed of 145.2 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade's equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614 Euros, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

The Company's shareholder structure at 31 December 2018 and 2017 was as follows:

(amounts in euros)

Shareholders	2018		2017	
	Number of Shares	% Share	Number of Shares	% Share
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	102,833,140	84.9861%
Caixa Geral de Depósitos, S.A.	21,780,000	15.0000%	18,150,000	15.0000%
Employees and former employees of Fidelidade - Companhia de Seguros, S.A.	3,560	0.0025%	3,560	0.0029%
Own Shares	13,300	0.0092%	13,300	0.0110%
	145,200,000	100%	121,000,000	100%

The Company became a part of the Fosun Group as of 15 May 2014 when Longrun Portugal, SGPS, S.A. acquired 80% of Fidelidade's share capital.

The income of 2017 and 2016 was applied as indicated below:

(amounts in euros)

	2017	2016
Application of income for the year		
Legal Reserve	25,001,922	9,842,748
Free Reserves	144,945,594	88,584,728
Retained earnings	17,841,841	1,993,027
	187,789,357	100,420,503

The income per share at 31 December 2018 and 2017 was as follows:

(amounts in euros)

	2018	2017
Net Income for the year	278,236,439	187,789,357
Number of shares (at the end of the year)	145,200,000	121,000,000
Income per Share (in Euros)	1.92	1.55

25. RESERVES, RETAINED EARNINGS AND INCOME FOR THE YEAR

At 31 December 2018 and 2017, reserves and retained earnings were composed as follows:

(amounts in euros)

	2018	2017
Revaluation reserves		
Fair value adjustments		
Available-for-sale investments		
Gross gains (Note 7)	17,824,683	752,297,075
Amount attributable to policyholders	(36,725,291)	(67,062,089)
	(18,900,608)	685,234,986
Revaluations of properties for own use (Note 9)	23,433,180	29,832,023
	4,532,572	715,067,009
Exchange differences		
Gross gains	20,709,051	27,529,340
Amount attributable to policyholders	-	196,674
	20,709,051	27,726,014
	25,241,623	742,793,023
Deferred tax reserve		
Available-for-sale investments	9,886,625	(205,242,631)
Properties for own use	5,808,460	6,070,489
Actuarial gains and losses		
Post-employment benefits	24,850,037	24,721,343
Health benefits	1,603,220	1,979,487
Tax (paid)/deducted from potential capital gains or losses	(11,880,547)	(14,587,724)
	30,267,795	(187,059,036)

(continuation)

(amounts in euros)

	2018	2017
Revaluation Reserves, net of deferred taxes	55,509,418	555,733,987
Other reserves		
Legal reserve	168,973,640	143,971,718
Share premiums	182,379,280	115,103,280
Actuarial gains and losses		
Post-employment benefits	(51,190,605)	(50,782,055)
Health benefits	(5,089,589)	(6,284,085)
Other reserves	601,161,650	456,216,056
	896,234,376	658,224,914
Retained earnings	167,373,758	142,693,311
Income for the year	278,236,439	187,789,357
	1,397,353,991	1,544,441,569

In accordance with the legislation in force, a percentage of not less than 10% of the net profits for each year must be transferred to the legal reserve, until it totals the amount of share capital. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

“Revaluation reserves” reflects potential capital gains and losses on available-for-sale investments and properties for own use.

The change in “Other reserves” corresponds to the application of the previous year’s distributable income recognised in Free Reserves.

26. EARNED PREMIUMS, NET OF REINSURANCE

In 2018 and 2017 this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written						
Life insurance						
Insurance contracts without profit sharing	178,065,834	(14,349,561)	163,716,273	159,360,987	(12,058,192)	147,302,795
Insurance contracts with profit sharing	54,910,091	(1,013,114)	53,896,977	33,753,886	(1,119,595)	32,634,291
Investment contracts with a discretionary profit sharing component	224,520,604	-	224,520,604	247,888,173	-	247,888,173
	457,496,529	(15,362,675)	442,133,854	441,003,046	(13,177,787)	427,825,259
Non-life insurance						
Workers' compensation	209,909,501	(8,222,472)	201,687,029	172,666,008	(5,269,801)	167,396,207
Personal accidents and passengers	30,293,676	(7,618,064)	22,675,612	29,682,429	(8,589,369)	21,093,060
Health	300,059,488	(293,380,444)	6,679,044	269,024,231	(266,756,565)	2,267,666
Fire and other damage	246,557,182	(94,993,989)	151,563,193	244,201,069	(93,916,784)	150,284,285
Motor	425,208,852	(2,319,475)	422,889,377	395,485,640	(3,060,824)	392,424,816
Marine, aviation and transport	17,871,236	(10,939,514)	6,931,722	18,270,972	(10,387,866)	7,883,106
Third party liability	37,217,862	(9,871,706)	27,346,156	35,218,761	(9,532,524)	25,686,237
Credit and suretyship	571,060	(423,928)	147,132	652,801	(432,633)	220,168
Legal protection	5,013,452	(3,710,147)	1,303,305	4,916,427	(1,797,517)	3,118,910
Assistance	36,995,417	(31,385,415)	5,610,002	31,949,180	(15,747,085)	16,202,095
Others	34,177,708	(12,414,825)	21,762,883	34,228,578	(11,805,844)	22,422,734
	1,343,875,434	(475,279,979)	868,595,455	1,236,296,096	(427,296,812)	808,999,284
	1,801,371,963	(490,642,654)	1,310,729,309	1,677,299,142	(440,474,599)	1,236,824,543
Change in provision for unearned premiums						
Life insurance						
Insurance contracts without profit sharing	(77,299)	703,890	626,591	(34,046)	7,150	(26,896)
Insurance contracts with profit sharing	(26,839)	(14,987)	(41,826)	61,272	(14,384)	46,888
Investment contracts with a discretionary profit sharing component	12,075	-	12,075	(2,367)	-	(2,367)
	(92,063)	688,903	596,840	24,859	(7,234)	17,625

(continuation)

(amounts in euros)

	2018			2017		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Non-life insurance						
Workers' compensation	(1,220,026)	8,184	(1,211,842)	(1,045,839)	(115,509)	(1,161,348)
Personal accidents and passengers	651,531	(574,825)	76,706	(328,580)	(404,203)	(732,783)
Health	(3,110,588)	2,486,107	(624,481)	(2,162,931)	1,887,282	(275,649)
Fire and other damage	(1,862,492)	(1,977,659)	(3,840,151)	(751,617)	1,576,510	824,893
Motor	(7,674,914)	(12,549)	(7,687,463)	(6,709,498)	(145,459)	(6,854,957)
Marine, aviation and transport	(47,217)	140,774	93,557	70,963	(140,109)	(69,146)
Third party liability	(468,823)	(37,478)	(506,301)	(650,084)	251,299	(398,785)
Credit and suretyship	4,273	2,703	6,976	4,327	(9,584)	(5,257)
Legal protection	(128,465)	354	(128,111)	217,783	(1,733,834)	(1,516,051)
Assistance	(1,952,392)	6,941	(1,945,451)	(823,498)	(13,826,783)	(14,650,281)
Others	1,228,199	(1,172,809)	55,390	652	(459,787)	(459,135)
	(14,580,914)	(1,130,257)	(15,711,171)	(12,178,322)	(13,120,177)	(25,298,499)
	(14,672,977)	(441,354)	(15,114,331)	(12,153,463)	(13,127,411)	(25,280,874)
Earned premiums						
Life insurance						
Insurance contracts without profit sharing	177,988,535	(13,645,671)	164,342,864	159,326,941	(12,051,042)	147,275,899
Insurance contracts with profit sharing	54,883,252	(1,028,101)	53,855,151	33,815,158	(1,133,979)	32,681,179
Investment contracts with a discretionary profit sharing component	224,532,679	-	224,532,679	247,885,806	-	247,885,806
	457,404,466	(14,673,772)	442,730,694	441,027,905	(13,185,021)	427,842,884
Non-life insurance						
Workers' compensation	208,689,475	(8,214,288)	200,475,187	171,620,169	(5,385,310)	166,234,859
Personal accidents and passengers	30,945,207	(8,192,889)	22,752,318	29,353,849	(8,993,572)	20,360,277
Health	296,948,900	(290,894,337)	6,054,563	266,861,300	(264,869,283)	1,992,017
Fire and other damage	244,694,690	(96,971,648)	147,723,042	243,449,452	(92,340,274)	151,109,178
Motor	417,533,938	(2,332,024)	415,201,914	388,776,142	(3,206,283)	385,569,859
Marine, aviation and transport	17,824,019	(10,798,740)	7,025,279	18,341,935	(10,527,975)	7,813,960
Third party liability	36,749,039	(9,909,184)	26,839,855	34,568,677	(9,281,225)	25,287,452
Credit and suretyship	575,333	(421,225)	154,108	657,128	(442,217)	214,911
Legal protection	4,884,987	(3,709,793)	1,175,194	5,134,210	(3,531,351)	1,602,859
Assistance	35,043,025	(31,378,474)	3,664,551	31,125,682	(29,573,868)	1,551,814
Others	35,405,907	(13,587,634)	21,818,273	34,229,230	(12,265,631)	21,963,599
	1,329,294,520	(476,410,236)	852,884,284	1,224,117,774	(440,416,989)	783,700,785
	1,786,698,986	(491,084,008)	1,295,614,978	1,665,145,679	(453,602,010)	1,211,543,669

In 2018 and 2017, premiums for life insurance contracts may be broken down as follows:

(amounts in euros)

	2018	2017
Direct insurance gross premiums written	456,905,616	440,932,317
Individual contracts	272,789,087	259,615,916
Group contracts	184,116,529	181,316,401
	456,905,616	440,932,317
Periodic	218,117,775	211,577,182
Non-periodic	238,787,841	229,355,135
	456,905,616	440,932,317
Contracts without profit sharing	177,428,566	159,415,122
Contracts with profit sharing	279,477,050	281,517,195
	456,905,616	440,932,317
Reinsurance accepted gross premiums written	590,913	70,729
Gross premiums written from direct insurance and reinsurance accepted	457,496,529	441,003,046
Reinsurance balance	72,489	1,498,365

27. FEES FROM INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS OR SERVICE CONTRACTS

In 2018 and 2017, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 1,224,954 and EUR 1,943,122 respectively.

28. CLAIMS COSTS, NET OF REINSURANCE

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Claims paid	Changes in claims provision	Total	Claims paid	Changes in claims provision	Total
Life insurance						
Direct insurance and reinsurance accepted	285,216,603	(13,078,061)	272,138,542	288,470,322	11,439,077	299,909,399
Reinsurance ceded	(8,290,702)	1,211,932	(7,078,770)	(6,284,535)	(724,446)	(7,008,981)
	276,925,901	(11,866,129)	265,059,772	282,185,787	10,714,631	292,900,418
Non-life insurance						
Direct insurance and reinsurance accepted						
Workers' compensation	164,976,474	40,684,262	205,660,736	148,182,469	32,370,282	180,552,751
Personal accidents and passengers	13,442,789	4,486,706	17,929,495	11,918,419	5,998,740	17,917,159
Health	226,107,516	5,062,179	231,169,695	203,766,281	1,938,933	205,705,214
Fire and other damage	188,496,166	(59,677,369)	128,818,797	137,350,067	97,450,190	234,800,257
Motor	320,226,544	(22,737,234)	297,489,310	307,176,098	(19,108,157)	288,067,941
Marine, aviation and transport	5,044,924	(1,147,247)	3,897,677	6,207,829	3,197,390	9,405,219
Third party liability	13,092,473	553,318	13,645,791	12,348,211	(2,754,640)	9,593,571
Credit and suretyship	393,603	(37,200)	356,403	480,862	(49,385)	431,477
Legal protection	99,384	(642)	98,742	110,096	4,581	114,677
Assistance	742,774	23,208	765,982	708,468	53,609	762,077
Others	17,496,760	1,093,682	18,590,442	22,894,080	2,495,273	25,389,353
	950,119,407	(31,696,337)	918,423,070	851,142,880	121,596,816	972,739,696
Reinsurance ceded						
Workers' compensation	(1,295,038)	(362,467)	(1,657,505)	(236,071)	(2,426,585)	(2,662,656)
Personal accidents and passengers	(1,151,919)	(2,647,742)	(3,799,661)	(1,768,691)	(2,447,300)	(4,215,991)
Health	(221,374,502)	(4,056,081)	(225,430,583)	(201,894,563)	(1,752,213)	(203,646,776)
Fire and other damage	(81,159,369)	42,635,539	(38,523,830)	(39,124,325)	(79,116,574)	(118,240,899)
Motor	(11,541,126)	5,080,636	(6,460,490)	(6,699,028)	(2,011,341)	(8,710,369)
Marine, aviation and transport	(1,442,164)	496,743	(945,421)	(2,734,173)	(4,107,450)	(6,841,623)
Third party liability	(2,414,694)	(3,495,083)	(5,909,777)	(2,601,471)	2,497,062	(104,409)
Credit and suretyship	-	(1,000)	(1,000)	1,846	6,914	8,760
Assistance	(1,575)	2	(1,573)	-	(2)	(2)
Others	(8,814,404)	(737,842)	(9,552,246)	(14,234,620)	(1,485,390)	(15,720,010)
	(329,194,791)	36,912,705	(292,282,086)	(269,291,096)	(90,842,879)	(360,133,975)
	620,924,616	5,216,368	626,140,984	581,851,784	30,753,937	612,605,721
	897,850,517	(6,649,761)	891,200,756	864,037,571	41,468,568	905,506,139

"Claims paid" includes costs with claims management and refunds processed by the Company.

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2018 and 2017:

(amounts in euros)

	2018						
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	117,886,850	(11,842,871)	106,043,979	1,848,968	37,116,716	6,191,340	151,201,003
Investment contracts with a discretionary profit sharing component	167,329,753	(1,235,190)	166,094,563	15,162,310	85,240,359	10,235,599	276,732,831
	285,216,603	(13,078,061)	272,138,542	17,011,278	122,357,075	16,426,939	427,933,834
Reinsurance ceded							
Insurance contracts	(8,290,702)	1,211,932	(7,078,770)	-	(1,897,311)	-	(8,976,081)
	(8,290,702)	1,211,932	(7,078,770)	-	(1,897,311)	-	(8,976,081)
Net							
Insurance contracts	109,596,148	(10,630,939)	98,965,209	1,848,968	35,219,405	6,191,340	142,224,922
Investment contracts with a discretionary profit sharing component	167,329,753	(1,235,190)	166,094,563	15,162,310	85,240,359	10,235,599	276,732,831
	276,925,901	(11,866,129)	265,059,772	17,011,278	120,459,764	16,426,939	418,957,753

(amounts in euros)

	2017						
	Claims paid	Changes in claims provision	Sub-total	Changes in other technical provisions	Changes in mathematical provisions	Profit sharing	Total
Direct insurance and reinsurance accepted							
Insurance contracts	105,183,117	9,763,384	114,946,501	2,654,182	(11,465,724)	1,935,342	108,070,301
Investment contracts with a discretionary profit sharing component	183,287,205	1,675,693	184,962,898	495,560	94,305,401	(7,709,996)	272,053,863
	288,470,322	11,439,077	299,909,399	3,149,742	82,839,677	(5,774,654)	380,124,164
Reinsurance ceded							
Insurance contracts	(6,284,535)	(724,446)	(7,008,981)	-	(196,626)	-	(7,205,607)
	(6,284,535)	(724,446)	(7,008,981)	-	(196,626)	-	(7,205,607)
Net							
Insurance contracts	98,898,582	9,038,938	107,937,520	2,654,182	(11,662,350)	1,935,342	100,864,694
Investment contracts with a discretionary profit sharing component	183,287,205	1,675,693	184,962,898	495,560	94,305,401	(7,709,996)	272,053,863
	282,185,787	10,714,631	292,900,418	3,149,742	82,643,051	(5,774,654)	372,918,557

In 2018 and 2017, changes in other technical provisions include the allocation of the provision to stabilise the portfolio of EUR 1,848,968 and of EUR 2,654,182, respectively. In 2018 and 2017, this heading also includes the allocation of EUR 15,162,310 and EUR 495,560 respectively, to the provision for interest rate commitments.

29. NET OPERATING COSTS, BY TYPE AND FUNCTION

In 2018 and 2017, Fidelidade's operating costs, by type, were as follows:

(amounts in euros)

	2018	2017
Employee costs (Note 30)	158,176,209	148,930,230
External supplies and services		
Electricity	1,816,599	1,668,983
Fuel	657,091	550,562
Water	181,389	205,965
Printed Material	328,921	327,948
Office supplies	208,303	208,944
Conservation and repair	4,892,111	5,908,802
Rents and leases	16,585,595	16,216,416
Representation expenses	1,474,845	1,385,709
Communication	6,533,322	6,571,129
Travel and accommodation	4,057,215	4,069,874
Insurance	462,078	606,861
Expenditure with self-employed workers	518,037	584,694
Advertising and publicity	12,673,229	11,912,683
Litigation and notary expenses	147,332	191,797
Security and surveillance	1,136,610	1,307,377
Specialist work	50,864,829	49,350,573
Contributions	1,123,447	2,158,471
Cleanliness, hygiene and comfort	1,378,858	1,520,748
Expenses with premium collections	1,670,166	1,648,927
Software licences	6,682,808	5,838,042
Others	3,984,459	3,415,041
	117,377,244	115,649,546
Taxes and charges	11,471,139	12,104,839
Depreciation and amortisation for the year (Notes 9, 11 and 12)	9,146,707	9,757,656
Other provisions	(12,593,255)	(15,583,031)
Commissions	7,476,535	7,245,052
Interest paid	1,027,952	1,858,537
	292,082,531	279,962,829

In 2018 and 2017, the balance of reinsurance commissions and profit sharing is as follows:

(amounts in euros)

	2018		
	Comissions	Reinsurance profit sharing	Total
Relativos aos ramos vida	1,290,702	4,479,478	5,770,180
Relativos aos ramos não vida	57,797,914	3,759,080	61,556,994
	59,088,616	8,238,558	67,327,174

(amounts in euros)

	2017		
	Comissions	Reinsurance profit sharing	Total
Related to life insurance	1,210,416	6,267,363	7,477,779
Related to non-life insurance	56,899,740	3,045,917	59,945,657
	58,110,156	9,313,280	67,423,436

In the 2018 and 2017 profit and loss statement, these costs were as follows:

(amounts in euros)

	2018			Total
	Life technical account	Non-life technical account	Non technical account	
Claims costs - amounts paid				
Cost allocations	8,026,156	52,516,425	-	60,542,581
Technical costs	277,190,447	897,602,982	-	1,174,793,429
	285,216,603	950,119,407	-	1,235,336,010
Acquisition costs				
Cost allocations	29,501,215	92,549,470	-	122,050,685
Brokerage commissions	57,010,490	164,752,834	-	221,763,324
Others	55,349	1,092,406	-	1,147,755
	86,567,054	258,394,710	-	344,961,764
Administrative expenses				
Cost allocations	20,135,770	57,766,473	-	77,902,243
Brokerage remuneration	74,476	7,370,594	-	7,445,070
Others	265	1,468,217	-	1,468,482
	20,210,511	66,605,284	-	86,815,795

(continuation)

(amounts in euros)

	2018			Total
	Life technical account	Non-life technical account	Non technical account	
Financial expenses (Note 33)				
Cost allocations	10,048,650	7,518,533	14,019,839	31,587,022
Others	540,664	172,554	64,010	777,228
	10,589,314	7,691,087	14,083,849	32,364,250
Total operating costs allocations	67,711,791	210,350,901	14,019,839	292,082,531

(amounts in euros)

	2017			Total
	Life technical account	Non-life technical account	Non technical account	
Claims costs - amounts paid				
Cost allocations	7,719,008	51,187,094	-	58,906,102
Technical costs	280,751,314	799,955,786	-	1,080,707,100
	288,470,322	851,142,880	-	1,139,613,202
Acquisition costs				
Cost allocations	29,529,009	88,857,418	-	118,386,427
Brokerage commissions	35,953,766	143,442,970	-	179,396,736
Others	60,174	1,382,020	-	1,442,194
	65,542,949	233,682,408	-	299,225,357
Administrative expenses				
Cost allocations	20,911,784	58,635,339	-	79,547,123
Brokerage remuneration	63,872	6,641,489	-	6,705,361
Others	115	13,358	-	13,473
	20,975,771	65,290,186	-	86,265,957
Financial expenses (Note 33)				
Cost allocations	9,446,930	6,762,534	6,913,713	23,123,177
Others	418,265	148,044	37,851	604,160
	9,865,195	6,910,578	6,951,564	23,727,337
Total operating costs allocations	67,606,731	205,442,385	6,913,713	279,962,829

30. EMPLOYEE COSTS

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Remuneration		
Statutory bodies	6,175,472	4,277,406
Employees	94,170,759	90,659,613
Remuneration expenses	21,383,297	21,304,642
Post-employment benefits	16,435,453	12,363,662
Termination of employment benefits	4,224,155	4,506,608
Mandatory insurance	1,699,496	1,748,847
Social action costs	10,845,504	10,719,669
Other employee costs	3,242,073	3,349,783
	158,176,209	148,930,230

The existence of structures which are transversal to some of the companies in the Group creates the need to allocate common costs between several companies, based on breakdown keys subordinated to the cost-benefit principle. Consequently, in 2018 and 2017, employee costs included the impact resulting from the following movements with related entities:

(amounts in euros)

	2018	2017
Expenses with Company employees performing functions for		
Multicare - Seguros de Saúde, S.A.	(3,247,339)	(2,856,336)
Sogrup - Sistemas de Informação, S.A.	541,386	748,393
Fidelidade - Property Europe, S.A.	-	(590,662)
Fidelidade Angola - Companhia de Seguros, S.A.	(1,028,699)	(575,052)
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	59,980	144,813
Others	(669,452)	(519,824)
	(4,344,124)	(3,648,668)

In 2018 and 2017, the costs of post-employment benefits were as follows:

(amounts in euros)

	2018	2017
Post-employment benefits		
Defined benefit plan (Note 31)	14,430,872	10,466,423
Individual retirement plan	1,205,673	1,178,871
Employee transfer	(64,059)	(43,107)
Other costs	862,967	761,475
	16,435,453	12,363,662

In 2018 and 2017, the heading "Post-employment benefits – Employee transfer" corresponds to the cost of post-employment benefits for employees of the Company who were assigned to other entities in the Group.

In 2018 and 2017, the number of employees working for the Company, by category, was as follows:

	2018	2017
Senior management	40	41
Line management	222	227
Technical	1,070	882
Administrative	1,100	1,277
Ancillary	5	5
	2,437	2,432

In 2018 and 2017, the Company recorded a reversal in the estimate for seniority bonuses of EUR 164,939 and EUR 234,959 respectively. The heading "Accruals and deferred income" includes EUR 696,824 for seniority bonuses.

31. RETIREMENT PENSIONS AND OTHER LONG-TERM BENEFITS

At 31 December 2018 and 2017, the headings "Assets for post-employment benefits and other long-term benefits" and "Liabilities for post-employment benefits and other long-term benefits" were as follows:

(amounts in euros)

	2018	2017
Assets		
Defined benefit plan	7,111,692	12,131,837
Liabilities		
Defined contribution plan	(83,422)	(83,416)
	7,028,270	12,048,421

Regarding 2018, in the "Defined contribution plan" the Company recorded a cost of EUR 1,182,482, with the payment of EUR 83,422 still pending, which corresponds to December 2018 contributions that were paid in January 2019.

Defined Contribution Plan

Within the scope of the new collective employment agreements for the insurance sector, published on 15 January 2012 and 29 January 2016, all employees of working age employed as permanent staff, with employment contracts of indefinite term, covered by these CEAs, are entitled to an individual retirement plan ("IRP"), a defined contribution plan which replaces the system of retirement pensions set out in the former CEAs.

The provisions of the previous defined benefit plan apply to employees of working age employed as permanent staff, with employment contracts of indefinite term, who are not covered by the CEAs.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Company and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Company's contributions to the individual retirement plan are made in line with the provisions of Annex V to the CEAs, and correspond to the amount which results from applying the percentages indicated in the following table to the employee's basic annual salary:

Civil year	IRP Contribution
2012	1.00%
2013	2.25%
2014	2.50%
2015	2.75%
2016	3.00%
2017 and after	3.25%

Furthermore, in line with the provisions set out in Chapter IX of the Pre-retirement and Savings Plan of the aforementioned CEAs, the first annual contribution by the Company to the IRP will be:

- In 2015, for current employees admitted to the insurance activity prior to 22 June 1995;
- In 2012, for current employees admitted to the insurance activity between 22 June 1995 and 31 December 2009;
- In the year following the completion of two years of service within the Company, for employees admitted after 1 January 2010.

At 31 December 2018 and 2017, the liabilities and assets of Fidelidade's Individual Retirement Plan were:

(amounts in euros)

Liabilities at 31 December 2017	23,936,452
Expenses for the year	1,182,482
Liabilities at 31 December 2018	25,118,934
Assets at 31 December 2017	23,853,035
Contributions	1,182,476
Assets at 31 December 2018	25,035,511
Difference	1.00
Funding level	99.67%

Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity, Fidelidade granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millenniumbcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2018 and 2017, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

	2018	2017
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
Men	TV 73/77 (-2)	TV 73/77 (-2)
Women	TV 88/90 (-2)	TV 88/90 (-2)
Discount rate	2.00%	1.80%
Salary growth rate	2.10%	2.00%
Pensions growth rate	0.75%	0.75%
Pre-retirement growth rates	1.25%	1.25%
Exclusions table	n/a	n/a

The following table provides a comparison between the actuarial and financial assumptions used to determine Fidelidade's pension costs for 2018 and 2017 and the actual amounts:

	2018		2017	
	Assumptions	Real	Assumptions	Real
Salary growth rate	2.10%	0.88%	2.00%	1.53%
Pensions growth rate	0.75%	0.24%	0.75%	0.28%

At 31 December 2018 and 2017, Fidelidade's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

(amounts in euros)

	2018	2017
Liabilities for past services		
Active employees	6,420,919	7,218,484
Retired and pre-retired	168,201,342	173,886,543
	174,622,261	181,105,027
Autonomous pension funds	139,569,520	148,777,396
Mathematical provisions	42,164,433	44,459,468
	181,733,953	193,236,864
Difference	7,111,692	12,131,837
Funding level	104.07%	106.70%

Pursuant to Standard No. 5/2007-R, of 27 April, of the ASF, insurance companies must ensure at the end of each year:

- the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and
- the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2018 and 2017, Fidelidade's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Company's pension fund.

Fidelidade's defined benefit pension funds have the following average durations:

Fidelidade - Companhia de Seguros, S.A.:	
Fidelidade Pension Fund	7.64 years
Mundial Confiança Pension Fund	6.56 years
Império Bonança Pension Fund	9.46 years

At 31 December 2018 and 2017, the number of beneficiaries was as follows:

	2018	2017
Active employees	945	1,007
Retired and pre-retired	2,089	2,100
Annuity holders	466	508
	3,500	3,615

The movements in the pension fund and in the mathematical provisions during 2018 and 2017 were as follows:

(amounts in euros)

Balances at 31 December 2016	200,933,929
Contributions	10,090,175
Change in mathematical provisions	(2,639,075)
Pensions paid	(19,277,840)
(Payments)/ Receipts relating to other benefits	(599,149)
Net income of pension funds	4,728,824
Balances at 31 December 2017	193,236,864
Contributions	9,662,260
Change in mathematical provisions	(2,295,035)
Pensions paid	(19,036,221)
(Payments)/ Receipts relating to other benefits	(154,117)
Net income of pension funds	320,202
Balances at 31 December 2018	181,733,953

At 31 December 2018 and 2017, Fidelidade's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

At 31 December 2018 and 2017, the pension fund assets were composed as follows, according to the respective valuation sources:

(amounts in euros)

	2018			2017		
	Market value	Other	Portfolio value	Market value	Other	Portfolio value
Cash and cash equivalents	13,836,592	-	13,836,592	16,817,556	-	16,817,556
Equity instruments	758,582	-	758,582	-	-	-
Debt instruments						
Public debt	19,128,613	-	19,128,613	-	-	-
Other issuers	81,458,265	-	81,458,265	-	-	-
	100,586,878	-	100,586,878	-	-	-
Real Estate	12,157,600	-	12,157,600	-	-	-
Investment funds						
National shares	-	-	-	717,289	-	717,289
European shares	2,607,770	-	2,607,770	5,409,819	-	5,409,819
Real Estate	4,192,286	-	4,192,286	16,289,386	-	16,289,386
Bonds						
Public debt	244,909	-	244,909	16,791,265	-	16,791,265
Other issuers	1,349,657	-	1,349,657	91,899,098	-	91,899,098
Hedge funds	-	-	-	849,723	-	849,723
Treasury	2,108,169	-	2,108,169	-	-	-
	10,502,791	-	10,502,791	131,956,580	-	131,956,580
Others	1,727,077	-	1,727,077	3,260	-	3,260
	139,569,520	-	139,569,520	148,777,396	-	148,777,396

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

(amounts in euros)

	2018	2017
Cash and cash equivalents	6,591,633	8,616,998
Debt instruments	608,737	-
Investment funds		
National shares	-	710,956
Real estate	2,246,896	2,306,702
Bonds		
Other issuers	1,550,928	6,796,324
	3,797,824	9,813,982
	10,998,194	18,430,980

The change in the difference between the Company's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2018 and 2017, can be demonstrated as follows:

(amounts in euros)

	Liabilities	Cover	Difference
Position at 31 December 2017	192,402,590	200,933,929	8,531,339
Current services expenses	269,286	-	(269,286)
Net defined benefit interest	2,441,973	2,595,537	153,564
Normal cost for the year	2,711,259	2,595,537	(115,722)
Increased liabilities for early retirements	9,751,552	-	(9,751,552)
Other changes in the income statement	-	(599,149)	(599,149)
Changes having an impact in the income statement (Note 30)	12,462,811	1,996,388	(10,466,423)
Actuarial gains and losses			
return on plan assets, not included in interest income	-	2,133,288	2,133,288
resulting from differences between assumptions and actual amounts	(1,843,460)	-	1,843,460
Changes with an impact on shareholders' equity	(1,843,460)	2,133,288	3,976,748
Contributions to the plan			
paid by entity	-	10,090,173	10,090,173
Change in mathematical provisions	(2,639,074)	(2,639,074)	-
Payment made by the plan			
pensions paid	(19,277,840)	(19,277,840)	-
Position at 31 December 2017	181,105,027	193,236,864	12,131,837
Current services expenses	135,475	-	(135,475)
Net defined benefit interest	2,288,295	2,506,668	218,373
Normal cost for the year	2,423,770	2,506,668	82,898
Increased liabilities for early retirements	14,359,653	-	(14,359,653)
Other changes in the income statement	-	(154,117)	(154,117)
Changes having an impact in the income statement (Note 30)	16,783,423	2,352,551	(14,430,872)
Actuarial gains and losses			
return on plan assets, not included in interest income	-	(2,186,465)	(2,186,465)
resulting from changes in financial assumptions	(1,451,213)	-	1,451,213
resulting from differences between assumptions and actual amounts	(483,718)	-	483,718
Changes with an impact on shareholders' equity	(1,934,931)	(2,186,465)	(251,534)
Contributions to the plan			
paid by entity	-	9,662,261	9,662,261
Change in mathematical provisions	(2,295,035)	(2,295,035)	-
Payment made by the plan			
pensions paid	(19,036,223)	(19,036,223)	-
Position at 31 December 2018	174,622,261	181,733,953	7,111,692

Medical assistance

The Company contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2018 and 2017, these liabilities totalled EUR 21,053,229 and EUR 22,964,031, respectively, and were covered by provisions (Note 23). The actuarial deviations determined at 31 December 2018 and 2017 relating to this benefit amounted to EUR (1,037,480) and EUR (669,044), respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

Sensitivity analysis

At 31 December 2018, the sensitivity of the defined benefit liabilities assumed by the Company, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

Scenarios	2018	A	B	C
Financial Assumptions				
Discount Rate	2.00%	1.75%	2.25%	2.00%
Salary Growth Rate	2.10%	2.10%	2.10%	2.10%
Pre-retirement Salary Growth Rate	1.25%	1.25%	1.25%	1.25%
Pensions Growth Rate	0.75%	0.75%	0.75%	0.75%
Demographic Assumptions				
Mortality table				
> Women	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)	TV 88/90 (-2)
> Men	TV 73/77 (-2)	TV 73/77 (-2)	TV 73/77 (-2)	TV 88/90 (-2)
Age of Retirement	0	0	0	0

(amounts in euros)

Liabilities at 31 December 2018					
Scenarios		2018	A	B	C
Retirees	Old age	52,386,029	53,418,479	51,388,616	56,988,839
	Early retirement	13,723,863	14,019,081	13,438,740	14,799,188
	Disability	8,761,757	9,049,598	8,488,110	9,188,173
Pensioners	Widow/Widower	3,921,645	4,003,821	3,842,524	3,934,163
	Orphan	143,273	149,509	137,441	144,263
Pre-retirees	Pension up to Retirement Age	37,794,649	38,074,477	37,518,797	37,935,468
	Costs up to Retirement Age	6,546,667	6,598,139	6,495,954	6,573,449
	Pension after Retirement Age				
	> CEA Plan	2,513,386	2,582,928	2,420,007	2,670,787
	> Complementary Plan	245,641	255,704	236,098	248,438
Active employees	CEA Plan	2,984,090	3,154,246	2,825,295	3,161,550
	Complementary Plan	3,436,828	3,671,430	3,219,458	3,616,264
Totals		132,457,828	134,977,412	130,011,040	139,260,582

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 42,164,433.

32. INCOME

In 2018 and 2017, the investment income headings were composed as follows:

(amounts in euros)

	2018				2017			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for life insurance								
Investments in subsidiaries,								
associates and joint ventures	-	5,248,965	-	5,248,965	-	1,237,186	-	1,237,186
Financial assets held for trading	(3,526)	-	-	(3,526)	-	-	-	-
Financial assets initially recognised								
at fair value through profit or loss	1,892,365	-	-	1,892,365	939,149	-	-	939,149
Available-for-sale investments	44,976,064	1,988,654	-	46,964,718	44,822,272	7,334,074	-	52,156,346
Loans and accounts receivable	1,724,359	-	-	1,724,359	886,521	-	-	886,521
Sight deposits	1,231	-	-	1,231	892	-	-	892
	48,590,493	7,237,619	-	55,828,112	46,648,834	8,571,260	-	55,220,094
Investments related to contracts considered for accounting purposes as investment contracts								
Investments in subsidiaries,								
associates and joint ventures	-	55,795,882	-	55,795,882	-	8,885,797	-	8,885,797
Financial assets held for trading	(1,478,510)	-	-	(1,478,510)	(1,534,347)	-	-	(1,534,347)
Financial assets initially recognised								
at fair value through profit or loss	7,557,133	151,914	-	7,709,047	16,776,034	147,393	-	16,923,427
Available-for-sale investments	166,282,520	22,879,456	-	189,161,976	146,129,543	17,614,675	-	163,744,218
Loans and accounts receivable	1,808,020	-	-	1,808,020	2,003,133	-	-	2,003,133
Sight deposits	15,723	-	-	15,723	246	-	-	246
	174,184,886	78,827,252	-	253,012,138	163,374,609	26,647,865	-	190,022,474
	222,775,379	86,064,871	-	308,840,250	210,023,443	35,219,125	-	245,242,568

(continuation)

(amounts in euros)

	2018				2017			
	Interest	Dividends	Rents	Total	Interest	Dividends	Rents	Total
Investments allocated to technical provisions for non-life insurance								
Properties	-	-	10,993,727	10,993,727	-	-	18,061,367	18,061,367
Investments in subsidiaries, associates and joint ventures	-	5,467,862	-	5,467,862	-	3,464,120	-	3,464,120
Financial assets initially recognised at fair value through profit or loss	1,990,960	-	-	1,990,960	2,947,591	-	-	2,947,591
Available-for-sale investments	31,303,043	13,631,904	-	44,934,947	24,464,300	16,552,572	-	41,016,872
Loans and accounts receivable	453,713	-	-	453,713	546,206	-	-	546,206
Sight deposits	3,758	-	-	3,758	1,739	-	-	1,739
	33,751,474	19,099,766	10,993,727	63,844,967	27,959,836	20,016,692	18,061,367	66,037,895
Investments not allocated								
Properties	-	-	2,455,778	2,455,778	-	-	2,676,119	2,676,119
Investments in subsidiaries, associates and joint ventures	-	169,000	-	169,000	-	12,440,856	-	12,440,856
Financial assets held for trading	(114,866)	-	-	(114,866)	2,891	-	-	2,891
Financial assets initially recognised at fair value through profit or loss	1,763,145	-	-	1,763,145	39,280	-	-	39,280
Available-for-sale investments	2,189,478	(27,164)	-	2,162,314	1,613,861	49,903	-	1,663,764
Loans and accounts receivable	1,529,519	-	-	1,529,519	2,224,340	-	-	2,224,340
Sight deposits	1,576,143	-	-	1,576,143	175,477	-	-	175,477
	6,943,419	141,836	2,455,778	9,541,033	4,055,849	12,490,759	2,676,119	19,222,727
	263,470,272	105,306,473	13,449,505	382,226,250	242,039,128	67,726,576	20,737,486	330,503,190

33. FINANCIAL EXPENSES

In 2018 and 2017, the financial expenses headings were composed as follows:

(amounts in euros)

	2018				2017			
	Life technical account	Non-life technical account	Non technical account	Total	Life technical account	Non-life technical account	Non technical account	Total
Investment Expenses (Note 29)								
Costs allocated	10,048,650	7,518,533	14,019,839	31,587,022	9,446,930	6,762,534	6,913,713	23,123,177
Other Investment expenses	540,664	172,554	64,010	777,228	418,265	148,044	37,851	604,160
	10,589,314	7,691,087	14,083,849	32,364,250	9,865,195	6,910,578	6,951,564	23,727,337

34. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES NOT RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2018 and 2017, these headings were composed as follows:

(amounts in euros)

	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Investments in subsidiaries, associates and joint ventures	902,794	-	902,794	-	-	-
Available-for-sale investments	37,854,064	(15,411,080)	22,442,984	22,507,213	(2,010,414)	20,496,799
Loans and accounts receivable	11	-	11	-	-	-
	38,756,869	(15,411,080)	23,345,789	22,507,213	(2,010,414)	20,496,799
Investments related to contracts considered for accounting purposes as investment contracts						
Investments in subsidiaries, associates and joint ventures	16,343,714	-	16,343,714	-	-	-
Available-for-sale investments	343,921,748	(38,226,444)	305,695,304	205,785,259	(17,510,634)	188,274,625
Loans and accounts receivable	-	-	-	-	(45,710)	(45,710)
Financial liabilities at amortised cost	145	(75,038,534)	(75,038,389)	22,380	(94,839,890)	(94,817,510)
	360,265,607	(113,264,978)	247,000,629	205,807,639	(112,396,234)	93,411,405
	399,022,476	(128,676,058)	270,346,418	228,314,852	(114,406,648)	113,908,204
Investments allocated to technical provisions for non-life insurance						
Investments in subsidiaries, associates and joint ventures	10,974,149	-	10,974,149	-	-	-
Available-for-sale investments	36,887,950	(11,242,113)	25,645,837	78,105,280	(2,912,927)	75,192,353
	47,862,099	(11,242,113)	36,619,986	78,105,280	(2,912,927)	75,192,353
Investments not allocated						
Investments in subsidiaries, associates and joint ventures	2,960,727	-	2,960,727	-	-	-
Available-for-sale investments	1,646,425	(109)	1,646,316	859,762	(185,700)	674,062
Loans and accounts receivable	-	-	-	-	(287,056)	(287,056)
	4,607,152	(109)	4,607,043	859,762	(472,756)	387,006
	451,491,727	(139,918,280)	311,573,447	307,279,894	(117,792,331)	189,487,563

35. NET INCOME ON FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2018 and 2017, these headings were composed as follows:

(amounts in euros)

Realised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	-	-	-	-	(508,775)	(508,775)
Financial assets and liabilities initially recognised at fair value through profit or loss	1,366,410	(598,522)	767,888	1,072,269	(2,487,957)	(1,415,688)
	1,366,410	(598,522)	767,888	1,072,269	(2,996,732)	(1,924,463)
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	65,077	(281,315)	(216,238)	135,354	(885,016)	(749,662)
Financial assets and liabilities initially recognised at fair value through profit or loss	9,097,957	(11,737,655)	(2,639,698)	11,077,266	(10,265,012)	812,254
Others	3,304	(4)	3,300	1,463,241	(2,121,802)	(658,561)
	9,166,338	(12,018,974)	(2,852,636)	12,675,861	(13,271,830)	(595,969)
	10,532,748	(12,617,496)	(2,084,748)	13,748,130	(16,268,562)	(2,520,432)
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	-	-	-	-	(253,538)	(253,538)
Financial assets and liabilities initially recognised at fair value through profit or loss	712,971	(1,606,210)	(893,239)	2,685,393	(1,294,229)	1,391,164
Others	98	(61)	37	5,041	(49,257)	(44,216)
	713,069	(1,606,271)	(893,202)	2,690,434	(1,597,024)	1,093,410
Investments not allocated						
Financial assets and liabilities held for trading	24,453,353	(15,867,884)	8,585,469	29,772,313	(51,247,425)	(21,475,112)
Financial assets and liabilities initially recognised at fair value through profit or loss	1,496,362	(613,419)	882,943	-	(2,614)	(2,614)
	25,949,715	(16,481,303)	9,468,412	29,772,313	(51,250,039)	(21,477,726)
	37,195,532	(30,705,070)	6,490,462	46,210,877	(69,115,625)	(22,904,748)

(amounts in euros)

Unrealised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	5,748,187	(41,148,321)	(35,400,134)	59,656,422	(7,858,465)	51,797,957
Financial assets and liabilities initially recognised at fair value through profit or loss	287,316	(5,342,677)	(5,055,361)	3,762,152	(380,948)	3,381,204
Others	1,823,329	(3,206,415)	(1,383,086)	1,722,515	(1,476,631)	245,884
	7,858,832	(49,697,413)	(41,838,581)	65,141,089	(9,716,044)	55,425,045
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	46,669,671	(216,284,356)	(169,614,685)	147,104,772	(26,680,247)	120,424,525
Financial assets and liabilities initially recognised at fair value through profit or loss	7,047,794	(19,589,728)	(12,541,934)	13,755,089	(18,604,502)	(4,849,413)
Others	57,922,313	(73,782,928)	(15,860,615)	88,993,892	(101,226,880)	(12,232,988)
	111,639,778	(309,657,012)	(198,017,234)	249,853,753	(146,511,629)	103,342,124
	119,498,610	(359,354,425)	(239,855,815)	314,994,842	(156,227,673)	158,767,169
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	10,103,168	(50,964,016)	(40,860,848)	49,297,614	(7,478,185)	41,819,429
Financial assets and liabilities initially recognised at fair value through profit or loss	1,872,828	(4,846,885)	(2,974,057)	6,758,071	(1,229,859)	5,528,212
Others	21,579,230	(29,067,068)	(7,487,838)	39,159,894	(44,413,740)	(5,253,846)
	33,555,226	(84,877,969)	(51,322,743)	95,215,579	(53,121,784)	42,093,795
Investments not allocated						
Financial assets and liabilities held for trading	24,366,874	(46,687,911)	(22,321,037)	52,667,891	(25,932,588)	26,735,303
Financial assets and liabilities initially recognised at fair value through profit or loss	288,803	(8,933,141)	(8,644,338)	112,479	(164,121)	(51,642)
	24,655,677	(55,621,052)	(30,965,375)	52,780,370	(26,096,709)	26,683,661
	177,709,513	(499,853,446)	(322,143,933)	462,990,791	(235,446,166)	227,544,625

(amounts in euros)

Total	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for life insurance						
Financial assets and liabilities held for trading	5,748,187	(41,148,321)	(35,400,134)	59,656,422	(8,367,240)	51,289,182
Financial assets and liabilities initially recognised at fair value through profit or loss	1,653,726	(5,941,199)	(4,287,473)	4,834,421	(2,868,905)	1,965,516
Others	1,823,329	(3,206,415)	(1,383,086)	1,722,515	(1,476,631)	245,884
	9,225,242	(50,295,935)	(41,070,693)	66,213,358	(12,712,776)	53,500,582
Investments related to contracts considered for accounting purposes as investment contracts						
Financial assets and liabilities held for trading	46,734,748	(216,565,671)	(169,830,923)	147,240,126	(27,565,263)	119,674,863
Financial assets and liabilities initially recognised at fair value through profit or loss	16,145,751	(31,327,383)	(15,181,632)	24,832,355	(28,869,514)	(4,037,159)
Others	57,925,617	(73,782,932)	(15,857,315)	90,457,133	(103,348,682)	(12,891,549)
	120,806,116	(321,675,986)	(200,869,870)	262,529,614	(159,783,459)	102,746,155
	130,031,358	(371,971,921)	(241,940,563)	328,742,972	(172,496,235)	156,246,737
Investments allocated to technical provisions for non-life insurance						
Financial assets and liabilities held for trading	10,103,168	(50,964,016)	(40,860,848)	49,297,614	(7,731,723)	41,565,891
Financial assets and liabilities initially recognised at fair value through profit or loss	2,585,799	(6,453,095)	(3,867,296)	9,443,464	(2,524,088)	6,919,376
Others	21,579,328	(29,067,129)	(7,487,801)	39,164,935	(44,462,997)	(5,298,062)
	34,268,295	(86,484,240)	(52,215,945)	97,906,013	(54,718,808)	43,187,205
Investments not allocated						
Financial assets and liabilities held for trading	48,820,227	(62,555,795)	(13,735,568)	82,440,204	(77,180,013)	5,260,191
Financial assets and liabilities initially recognised at fair value through profit or loss	1,785,165	(9,546,560)	(7,761,395)	112,479	(166,735)	(54,256)
	50,605,392	(72,102,355)	(21,496,963)	82,552,683	(77,346,748)	5,205,935
	214,905,045	(530,558,516)	(315,653,471)	509,201,668	(304,561,791)	204,639,877

36. EXCHANGE DIFFERENCES

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Investments allocated to technical provisions for life insurance		
Financial assets held for trading	(318,290)	(1,721,685)
Financial assets initially recognised at fair value through profit or loss	2,746,799	(2,665,476)
Available-for-sale investments	22,986,437	(56,797,985)
Loans and accounts receivable	3,024,205	(5,325,997)
Sight Deposits	(2,490,645)	495,999
Others	(20,566)	6,647
	25,927,940	(66,008,497)
Investments related to contracts considered for accounting purposes as investment contracts		
Financial assets held for trading	(2,934,565)	(3,974,818)
Financial assets initially recognised at fair value through profit or loss	11,193,660	(6,894,025)
Available-for-sale investments	110,075,908	(127,830,385)
Loans and accounts receivable	2,732,226	(4,071,592)
Sight Deposits	(1,657,339)	4,321,062
Others	(1,758,288)	(2,464,857)
	117,651,602	(140,914,615)
	143,579,542	(206,923,112)
Investments allocated to technical provisions for non-life insurance		
Financial assets held for trading	(909,919)	(1,362,854)
Financial assets initially recognised at fair value through profit or loss	1,094,587	(12,363,989)
Available-for-sale investments	27,816,762	(26,207,079)
Loans and accounts receivable	714,072	(1,792,450)
Sight Deposits	610,136	9,598,939
Others	(559,073)	(894,518)
	28,766,565	(33,021,951)
Investments not allocated		
Financial assets held for trading	155,592	418,292
Financial assets initially recognised at fair value through profit or loss	3,442,624	(64,457)
Available-for-sale investments	325,681	(3,611,272)
Loans and accounts receivable	9,299,146	(4,450,713)
Sight Deposits	(4,638,977)	(19,114,770)
Others	4	(13)
	8,584,070	(26,822,933)
	180,930,177	(266,767,996)

37. NET INCOME ON THE SALE OF NON-FINANCIAL ASSETS WHICH HAVE NOT BEEN RECOGNISED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

Realised gains and losses	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	-	-	-	4,265,200	-	4,265,200
Investment properties	429,722	-	429,722	21,023	-	21,023
	429,722	-	429,722	4,286,223	-	4,286,223

(amounts in euros)

Unrealised gains and losses	2018			2017		
	Gains	Losses	Net (Note 9)	Gains	Losses	Net (Nota 9)
Investments allocated to technical provisions for non-life insurance						
Investment properties	4,687,598	(4,570,439)	117,159	37,853,267	(23,911,154)	13,942,113
	4,687,598	(4,570,439)	117,159	37,853,267	(23,911,154)	13,942,113
Investments not allocated						
Investment properties	1,630,396	(552,821)	1,077,575	1,208,786	(1,603,174)	(394,388)
	1,630,396	(552,821)	1,077,575	1,208,786	(1,603,174)	(394,388)
	6,317,994	(5,123,260)	1,194,734	39,062,053	(25,514,328)	13,547,725

(amounts in euros)

Total	2018			2017		
	Gains	Losses	Net	Gains	Losses	Net
Investments allocated to technical provisions for non-life insurance						
Properties for own use	-	-	-	4,265,200	-	4,265,200
Investment properties	5,117,320	(4,570,439)	546,881	37,874,290	(23,911,154)	13,963,136
	5,117,320	(4,570,439)	546,881	42,139,490	(23,911,154)	18,228,336
Investments not allocated						
Investment properties	1,630,396	(552,821)	1,077,575	1,208,786	(1,603,174)	(394,388)
	1,630,396	(552,821)	1,077,575	1,208,786	(1,603,174)	(394,388)
	6,747,716	(5,123,260)	1,624,456	43,348,276	(25,514,328)	17,833,948

38. IMPAIRMENT LOSSES (NET OF REVERSALS)

Information on impairment losses movements in 2018 and 2017 is set out below:

(amounts in euros)

	2018				
	Opening balances	Increases	Recoveries and cancellations	Use	Closing balance
Impairment on investments in subsidiaries (Note 4)	4,761,411	43,369,164	(3,224,980)	-	44,905,595
Impairment on investments in associates (Note 4)	2,568,693	-	-	(2,568,693)	-
Impairment of available-for-sale investments (Note 7)					
Debt instruments	134,392,131	3,908,070	(3,468,888)	(80,052,519)	54,778,794
Equity instruments	269,386,393	169,142,406	-	(136,158,204)	302,370,595
Other instruments	40,655,275	3,454,780	-	(8,605,339)	35,504,716
Impairment of loans and accounts receivable (Note 8)	380,802	4,748	-	(12,992)	372,558
Impairment of property for own use (Note 9)	7,756,387	333,820	(1,211,950)	(74,504)	6,803,753
Adjustments to premiums pending collection (Note 14)	7,595,592	-	(415,678)	-	7,179,914
Value adjustments - IFAP (Note 14)	99,856	37,552	-	-	137,408
Adjustments for doubtful debts (Note 14)	26,263,646	-	(6,859,222)	(361,053)	19,043,371
	493,860,186	220,250,540	(15,180,718)	(227,833,304)	471,096,704

(amounts in euros)

	2017				
	Opening balances	Increases	Recoveries and cancellations	Use	Closing balance
Impairment on investments in subsidiaries (Note 4)	23,670,952	345,074	(19,254,615)	-	4,761,411
Impairment on investments in associates (Note 4)	2,526,943	41,750	-	-	2,568,693
Impairment of available-for-sale investments (Note 7)					
Debt instruments	154,065,703	23,046,204	(914,070)	(41,805,706)	134,392,131
Equity instruments	274,932,738	72,458,867	-	(78,005,212)	269,386,393
Other instruments	50,079,033	4,824,712	-	(14,248,470)	40,655,275
Impairment of loans and accounts receivable (Note 8)	1,130,235	17,950	(767,383)	-	380,802
Impairment of property for own use (Note 9)	8,639,580	454,641	(1,152,360)	(185,474)	7,756,387
Adjustments to premiums pending collection (Note 14)	10,148,605	-	(2,553,013)	-	7,595,592
Value adjustments - IFAP (Note 14)	484,133	-	(384,277)	-	99,856
Adjustments for doubtful debts (Note 14)	30,271,975	-	(3,961,357)	(46,972)	26,263,646
	555,949,897	101,189,198	(28,987,075)	(134,291,834)	493,860,186

In 2018, the account heading "Impairment losses (net of reversals)" included uses of "Other provisions" (Note 23), of EUR 40,151,958. In 2017, the account heading "Impairment losses (net of reversals)" included allocations of "Other provisions" (Note 23), of EUR 38,214,363.

39. OTHER TECHNICAL INCOME/EXPENSES, NET OF REINSURANCE

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018			2017		
	Income	Expenses	Net	Income	Expenses	Net
Related to life insurance						
Co-insurance management commissions	13,664	(31,372)	(17,708)	13,808	(16,752)	(2,944)
Pension fund management commissions	580,900	-	580,900	559,421	-	559,421
Others	5,339	-	5,339	53,034	(9,162)	43,872
	599,903	(31,372)	568,531	626,263	(25,914)	600,349
Related to non-life insurance						
Co-insurance management commissions	579,835	(321,235)	258,600	722,930	(176,948)	545,982
Others	4,128,286	(88,488)	4,039,798	3,701,077	(158,682)	3,542,395
	4,708,121	(409,723)	4,298,398	4,424,007	(335,630)	4,088,377
	5,308,024	(441,095)	4,866,929	5,050,270	(361,544)	4,688,726

40. OTHER INCOME/EXPENSES

In 2018 and 2017, this heading was composed as follows:

(amounts in euros)

	2018	2017
Non-current income and gains		
Tax rebates	2,522,531	1,927,254
Others	1,461,649	512,874
	3,984,180	2,440,128
Financial income and gains		
Interest obtained	157,314	893,818
Exchange rate gains	13,447,059	3,774,423
Cash discounts	2,193	2,344
Others	62,397	229,490
	13,668,963	4,900,075
Income from other assets		
Gains on other tangible assets	212	-
	212	-
Gains with pension plans		
Pension funds management fees (Macao Branch Life)	3,871	11,880
	3,871	11,880
Other non-technical income		
Adjustments to balances	1,204,775	172,738
Provisions of services	354,982	334,802
	1,559,757	507,540
Non-current expenses and losses		
Donations	(1,050,242)	(316,583)
Sponsorship	281,391	(681,967)
Gifts to clients	(87,462)	(63,120)
Fines and penalties	(11,935,678)	(29,190)
Miscellaneous contributions	(52,853)	(85,344)
Insufficient tax estimate	(952,179)	(479,161)
Corrections to previous years	(126,802)	(11,657)
Bad debts	(5,263,551)	(1,159,997)
Adjustments to balances	(330,534)	(305,196)
Others	(351,209)	(392,775)
	(19,869,119)	(3,524,990)

(continuation)

(amounts in euros)

	2018	2017
Financial expenses and losses		
Interest paid	(293,910)	(22,511)
Exchange rate losses	(10,339,666)	(5,945,442)
Banking services	(203,501)	(127,703)
Others	(345,560)	(31,097)
	(11,182,637)	(6,126,753)
Losses in other assets		
Losses in other intangible assets	(9,422)	(344,748)
Losses in other tangible assets	(17,160)	(243,689)
	(26,582)	(588,437)
	(11,861,355)	(2,380,557)

41. SEGMENT REPORTING

The Company presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Company which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment, and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

In order to report the business by segment, the Company selected the following:

Sub-segment:	Sub-segment areas:
Life	
Risk	Risk
Capitalisation with profit sharing	Capitalisation with profit sharing
Financial liabilities	Financial liabilities
Non-Life	
Workers' compensation	Workers' compensation
Health	Health
Property	Fire and other damage
	Credit
	Suretyship
	Miscellaneous pecuniary losses on property
Motor	Passengers
	Land vehicles
	Third party liability for land motor vehicles
	Miscellaneous pecuniary losses related to motor
	Legal protection for motor
	Motor assistance
Transported goods	Transported goods
	Marine and transport
	Aviation
Third party liability	Third party liability
Other	Personal accidents
	Legal protection - other
	Assistance - other
	Miscellaneous insurance

For reporting by geographical segment, the Company selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2018 and 2017 was as follows:

2018

(amounts in euros)

	Insurance segment			Total
	Life	Non-life	Not allocated	
Gains and losses				
Earned premiums net of reinsurance	442,730,694	852,884,284	-	1,295,614,978
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,224,954	-	-	1,224,954
Claims costs, net of reinsurance	(265,059,771)	(626,140,985)	-	(891,200,756)
Other technical provisions, net of reinsurance	(17,011,278)	10,598,270	-	(6,413,008)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(136,886,702)	(201,456)	-	(137,088,158)
Operating costs and expenses, net	(100,631,497)	(258,486,776)	-	(359,118,273)
Financial income	308,840,250	63,844,967	9,541,033	382,226,250
Financial expenses and net income on financial assets and liabilities	161,396,084	6,026,398	(21,312,123)	146,110,359
Impairment losses (net of reversals)	(166,458,152)	(40,942,347)	42,482,635	(164,917,864)
Other income/expenses	568,532	4,298,398	(11,861,356)	(6,994,426)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(11,400,760)	(7,424,370)	118,783,788	99,958,658
Current income tax	(30,386,753)	(19,707,163)	(31,072,359)	(81,166,275)
	186,925,601	(15,250,780)	106,561,618	278,236,439
Assets				
Cash and cash equivalents and sight deposits	577,266,212	17,854,877	66,620,869	661,741,958
Investments in associates and joint ventures	1,217,666,334	304,819,701	255,916,217	1,778,402,252
Financial assets held for trading	11,796,723	1,813,233	10,796,651	24,406,607
Financial assets initially recognised at fair value through profit or loss	328,457,084	63,679,929	197,292,168	589,429,181
Hedge derivatives	2,267,528	1,855,423	-	4,122,951
Available-for-sale assets	8,815,888,787	1,235,179,604	57,507,834	10,108,576,225
Loans and accounts receivable	1,515,925,453	403,684,469	48,006,348	1,967,616,270
Properties	-	137,657,154	25,059,016	162,716,170
Other tangible and intangible assets	6,681,498	24,231,784	477,414	31,390,696
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,315,421	266,007,934	-	289,323,355
Asset for post-employment and other long-term benefits	-	-	7,111,692	7,111,692
Other debtors for insurance and other operations	48,887,892	123,790,421	170,394,844	343,073,157
Tax assets	175,425,916	94,110,967	11,480,173	281,017,056
Accruals and deferrals	13,245,813	2,600,359	6,352,843	22,199,015
Non-current assets held for sale	-	152,579	4,200,000	4,352,579
	12,736,824,661	2,677,438,434	861,216,069	16,275,479,164
Liabilities				
Provision for unearned premiums	1,634,440	256,258,394	-	257,892,834
Mathematical provision for life insurance	1,904,143,381	-	-	1,904,143,381
Claims provision	118,841,538	1,631,967,968	-	1,750,809,506
Provision for profit sharing	81,081,860	20,563	-	81,102,423
Provision for interest rate commitments	22,683,110	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	27,222,726	-	27,222,726
Provision for unexpired risks	-	35,324,657	-	35,324,657
Financial liabilities	9,288,350,690	127,991,019	21,075,862	9,437,417,571
Liabilities for post-employment and other long-term benefits	-	-	83,422	83,422
Other creditors for insurance and other operations	25,899,027	105,056,268	30,959,373	161,914,668
Tax liabilities	74,697,536	43,956,652	14,570,302	133,224,490
Accruals and deferrals	47,310,369	55,036,037	3,326,512	105,672,918
Other provisions	-	51,536,302	47,062,543	98,598,845
Liabilities from a group for disposal classified as held for sale	-	529,650	-	529,650
	11,590,895,983	2,334,900,236	117,078,014	14,042,874,233
Total segments				1,954,368,492
Shareholders' equity, reserves, retained earnings and non-controlling interests				1,954,368,492

2018

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	183,183,563	259,547,131	-	442,730,694
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,224,954	1,224,954
Claims costs, net of reinsurance	(91,234,226)	(173,825,545)	-	(265,059,771)
Other technical provisions, net of reinsurance	(1,848,968)	(15,162,310)	-	(17,011,278)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(11,132,109)	(125,754,593)	-	(136,886,702)
Operating costs and expenses, net	(26,528,193)	(11,075,186)	(63,028,118)	(100,631,497)
Financial income	13,917,861	41,910,250	253,012,139	308,840,250
Financial expenses and net income on financial assets and liabilities	7,502,834	(1,382,668)	155,275,918	161,396,084
Impairment losses (net of reversals)	(7,576,226)	(2,785,719)	(156,096,207)	(166,458,152)
Other income/expenses	563,192	2,778	2,561	568,532
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(2,753,056)	-	(8,647,704)	(11,400,760)
Current income tax	(7,529,181)	(219,344)	(22,638,228)	(30,386,753)
	56,565,491	(28,745,206)	159,105,315	186,925,601
Assets				
Cash and cash equivalents and sight deposits	26,536,163	78,741,259	471,988,790	577,266,212
Investments in associates and joint ventures	40,745,483	-	1,176,920,851	1,217,666,334
Financial assets held for trading	107,435	1,776,488	9,912,800	11,796,723
Financial assets initially recognised at fair value through profit or loss	4,598,084	104,373,966	219,485,034	328,457,084
Hedge derivatives	12,997	11,695	2,242,836	2,267,528
Available-for-sale assets	281,409,313	1,549,636,504	6,984,842,970	8,815,888,787
Loans and accounts receivable	41,051,512	125,417,809	1,349,456,132	1,515,925,453
Properties	-	-	-	-
Other tangible and intangible assets	3,188,223	706,888	2,786,387	6,681,498
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	23,315,421	-	-	23,315,421
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	11,201,993	9,653,817	28,032,082	48,887,892
Tax assets	9,759,198	2,287,658	163,379,060	175,425,916
Accruals and deferrals	321,443	1,162,048	11,762,322	13,245,813
Non-current assets held for sale	-	-	-	-
	442,247,265	1,873,768,132	10,420,809,264	12,736,824,661
Liabilities				
Provision for unearned premiums	1,626,030	8,410	-	1,634,440
Mathematical provision for life insurance	214,862,759	1,689,280,622	-	1,904,143,381
Claims provision	99,177,509	19,664,029	-	118,841,538
Provision for profit sharing	35,092,023	45,989,837	-	81,081,860
Provision for interest rate commitments	-	22,683,110	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	26,254,032
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,821,647	1,300,907	9,283,228,136	9,288,350,690
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	7,397,638	2,528,479	15,972,910	25,899,027
Tax liabilities	5,049,634	3,336,842	66,311,060	74,697,536
Accruals and deferrals	6,046,574	5,405,287	35,858,508	47,310,369
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	399,327,846	1,790,197,523	9,401,370,614	11,590,895,983

2018

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	200,475,186	6,054,563	162,072,930	426,990,777	7,025,374	26,839,867	23,425,587	852,884,284
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(204,003,232)	(5,739,112)	(96,930,382)	(294,659,953)	(2,952,257)	(7,736,014)	(14,120,035)	(626,140,985)
Other technical provisions, net of reinsurance	4,785,515	(3,562,470)	2,591,555	7,159,983	(177,413)	(204,221)	5,321	10,598,270
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(197,937)	-	-	-	(3,519)	(201,456)
Operating costs and expenses, net	(39,215,413)	(10,220,552)	(60,513,551)	(124,177,624)	(2,175,758)	(12,403,170)	(9,780,708)	(258,486,776)
Financial income	24,445,494	3,448,937	10,772,697	19,662,599	558,449	3,874,370	1,082,421	63,844,967
Financial expenses and net income on financial assets and liabilities	(1,726,322)	(177,219)	1,406,526	5,119,344	152,715	845,222	406,132	6,026,398
Impairment losses (net of reversals)	(16,703,563)	(2,216,232)	(6,537,976)	(12,374,258)	(289,343)	(2,617,252)	(203,723)	(40,942,347)
Other income/expenses	277,895	174,531	3,896,387	(16,314)	0	484	(34,586)	4,298,398
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	(57,725)	(175,396)	(2,151,380)	(3,956,408)	(111,010)	(623,878)	(348,573)	(7,424,370)
Current income tax	(151,009)	(493,160)	(5,824,840)	(10,349,921)	(290,711)	(1,643,953)	(953,569)	(19,707,163)
	(31,873,174)	(12,906,110)	8,584,029	13,398,225	1,740,046	6,331,455	(525,252)	(15,250,780)
Assets								
Cash and cash equivalents and sight deposits	7,640,981	1,476,964	2,918,825	4,131,035	83,727	710,491	892,854	17,854,877
Investments in associates and joint ventures	277,023,792	2,491,457	5,991,110	15,886,762	351,851	2,462,039	612,690	304,819,701
Financial assets held for trading	485,937	103,889	385,443	669,126	14,730	126,699	27,409	1,813,233
Financial assets initially recognised at fair value through profit or loss	-	5,707,883	13,725,525	36,396,285	806,084	5,640,487	1,403,665	63,679,929
Hedge derivatives	443,466	126,559	304,332	807,005	17,873	125,065	31,123	1,855,423
Available-for-sale assets	534,716,660	57,364,030	182,220,206	360,935,644	7,968,635	61,639,191	30,335,238	1,235,179,604
Loans and accounts receivable	91,056,742	29,010,679	68,281,618	176,848,166	3,943,881	27,395,183	7,148,200	403,684,469
Properties	7,580,374	11,823,310	25,723,249	76,789,889	1,889,441	12,138,725	1,712,166	137,657,154
Other tangible and intangible assets	3,079,160	2,005,758	6,087,199	10,314,882	114,603	1,442,483	1,187,699	24,231,784
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	3,450,485	86,398,279	124,021,235	4,868,217	7,771,446	19,329,394	20,168,878	266,007,934
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	17,229,685	33,930,902	38,913,827	23,351,297	1,524,597	7,697,862	1,142,251	123,790,421
Tax assets	17,927,418	5,764,620	18,250,592	42,433,528	989,513	6,648,608	2,096,688	94,110,967
Accruals and deferrals	332,464	214,894	576,329	1,192,860	11,943	130,808	141,061	2,600,359
Non-current assets held for sale	-	13,677	32,886	87,205	1,931	13,514	3,366	152,579
	960,967,164	236,432,901	487,432,376	754,711,901	25,490,255	145,500,549	66,903,288	2,677,438,434

(continuation)

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Liabilities								
Provision for unearned premiums	12,133,036	24,548,042	72,442,618	131,570,222	1,418,538	7,691,757	6,454,181	256,258,394
Mathematical provision for life insurance	-	-	-	-	-	-	-	-
Claims provision	862,642,520	60,244,622	171,300,599	394,380,721	11,570,504	99,564,780	32,264,222	1,631,967,968
Provision for profit sharing	-	-	16,905	-	-	-	3,658	20,563
Provision for interest rate commitments	-	-	-	-	-	-	-	-
Provision for portfolio stabilisation	-	-	-	-	-	-	-	-
Equalisation provision	-	-	27,161,044	-	-	61,682	-	27,222,726
Provision for unexpired risks	1,328,197	3,755,245	3,299,759	25,528,899	190,199	1,154,727	67,631	35,324,657
Financial liabilities	1,589,987	79,457,143	26,075,777	1,582,236	500,584	1,974,303	16,810,989	127,991,019
Liabilities for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other creditors for insurance and other operations	16,379,380	30,462,535	32,256,003	13,871,349	1,686,485	7,052,891	3,347,625	105,056,268
Tax liabilities	15,030,494	3,280,138	9,323,382	18,730,734	359,547	1,855,696	(4,623,339)	43,956,652
Accruals and deferrals	8,091,671	7,484,780	12,066,457	22,391,906	432,340	2,275,527	2,293,356	55,036,037
Other provisions	51,536,302	-	-	-	-	-	-	51,536,302
Liabilities from a group for disposal classified as held for sale	-	47,478	114,158	302,714	6,704	46,913	11,683	529,650
	968,731,587	209,279,983	354,056,702	608,358,781	16,164,901	121,678,276	56,630,006	2,334,900,236

2017

(amounts in euros)

	Insurance segment			Total
	Life	Non-life	Not allocated	
Gains and losses				
Earned premiums net of reinsurance	427,842,884	783,700,785	-	1,211,543,669
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,943,122	-	-	1,943,122
Claims costs, net of reinsurance	(292,900,418)	(612,605,721)	-	(905,506,139)
Other technical provisions, net of reinsurance	(3,149,741)	(2,933,215)	-	(6,082,956)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(76,868,398)	(205,278)	-	(77,073,676)
Operating costs and expenses, net	(78,966,583)	(226,135,181)	-	(305,101,764)
Financial income	245,242,568	66,037,895	19,222,727	330,503,190
Financial expenses and net income on financial assets and liabilities	53,366,634	116,453,216	(48,353,795)	121,466,055
Impairment losses (net of reversals)	(81,141,979)	(2,244,812)	(27,029,695)	(110,416,486)
Other income/expenses	602,879	4,102,175	(2,396,885)	2,308,169
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	434,840	434,840
Current income tax	(25,837,934)	(30,932,948)	(19,457,785)	(76,228,667)
	170,133,034	95,236,916	(77,580,593)	187,789,357
Assets				
Cash and cash equivalents and sight deposits	134,822,174	5,905,038	58,651,763	199,378,975
Investments in associates and joint ventures	1,713,213,998	200,328,354	50,992,604	1,964,534,956
Financial assets held for trading	37,070,438	9,676,130	20,304,119	67,050,687
Financial assets initially recognised at fair value through profit or loss	367,588,330	146,951,616	19,483,175	534,023,121
Hedge derivatives	10,668,392	4,254,200	-	14,922,592
Available-for-sale assets	9,067,879,899	1,609,856,995	14,224,696	10,691,961,590
Loans and accounts receivable	831,004,026	36,618,666	251,349,751	1,118,972,443
Properties	-	159,456,789	24,159,555	183,616,344
Other tangible and intangible assets	5,894,960	19,710,705	496,490	26,102,155
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	21,972,707	302,943,275	-	324,915,982
Asset for post-employment and other long-term benefits	-	-	12,131,837	12,131,837
Other debtors for insurance and other operations	55,032,503	163,777,424	18,938,305	237,748,232
Tax assets	139,106,336	99,913,833	12,252,131	251,272,300
Accruals and deferrals	14,865,934	2,136,080	4,362,554	21,364,568
Non-current assets held for sale	-	-	243,194,741	243,194,741
	12,399,119,697	2,761,529,105	730,541,721	15,891,190,523
Liabilities				
Provision for unearned premiums	1,542,378	246,633,704	-	248,176,082
Mathematical provision for life insurance	1,759,742,499	-	-	1,759,742,499
Claims provision	132,387,593	1,663,746,931	-	1,796,134,524
Provision for profit sharing	110,745,228	313	-	110,745,541
Provision for interest rate commitments	7,520,800	-	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	24,405,064
Equalisation provision	-	25,564,273	-	25,564,273
Provision for unexpired risks	-	47,581,380	-	47,581,380
Financial liabilities	8,593,120,341	126,228,859	14,157,024	8,733,506,224
Liabilities for post-employment and other long-term benefits	-	-	83,416	83,416
Other creditors for insurance and other operations	25,770,157	92,958,406	49,921,947	168,650,510
Tax liabilities	166,655,440	84,009,286	7,704,503	258,369,229
Accruals and deferrals	33,401,665	50,601,060	4,177,888	88,180,613
Other provisions	-	50,036,302	102,092,460	152,128,762
Liabilities from a group for disposal classified as held for sale	-	-	23,428,483	23,428,483
	10,855,291,165	2,387,360,514	201,565,721	13,444,217,400
Total segments				2,259,183,766
Shareholders' equity, reserves, retained earnings and non-controlling interests				2,259,183,766

2017

(amounts in euros)

	Life			Total
	Risk	Capitalisation with profit sharing	Financial liabilities	
Gains and losses				
Earned premiums net of reinsurance	173,399,026	254,443,858	-	427,842,884
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	1,943,122	1,943,122
Claims costs, net of reinsurance	(94,667,518)	(198,232,794)	(106)	(292,900,418)
Other technical provisions, net of reinsurance	(2,654,181)	(495,560)	-	(3,149,741)
Mathematical provision for life insurance and profit sharing, net of reinsurance	155,623	(77,024,021)	-	(76,868,398)
Operating costs and expenses, net	(24,218,808)	(9,457,790)	(45,289,985)	(78,966,583)
Financial income	9,106,991	46,113,102	190,022,475	245,242,568
Financial expenses and net income on financial assets and liabilities	(399,792)	6,463,307	47,303,119	53,366,634
Impairment losses (net of reversals)	2,849,842	(174,210)	(83,817,611)	(81,141,979)
Other income/expenses	595,436	255	7,188	602,879
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-
Current income tax	(8,415,350)	(3,045,992)	(14,376,592)	(25,837,934)
	55,751,269	18,590,155	95,791,610	170,133,034
Assets				
Cash and cash equivalents and sight deposits	5,815,972	32,885,675	96,120,527	134,822,174
Investments in associates and joint ventures	88,305,834	-	1,624,908,164	1,713,213,998
Financial assets held for trading	1,295,932	5,721,352	30,053,154	37,070,438
Financial assets initially recognised at fair value through profit or loss	2,132,229	82,326,724	283,129,377	367,588,330
Hedge derivatives	83,774	251,956	10,332,662	10,668,392
Available-for-sale assets	283,780,824	1,314,487,939	7,469,611,136	9,067,879,899
Loans and accounts receivable	72,955,544	347,988,877	410,059,605	831,004,026
Properties	-	-	-	-
Other tangible and intangible assets	2,672,848	619,808	2,602,304	5,894,960
Goodwill	-	-	-	-
Technical provisions for reinsurance ceded	21,972,707	-	-	21,972,707
Asset for post-employment and other long-term benefits	-	-	-	-
Other debtors for insurance and other operations	6,595,331	10,917,005	37,520,167	55,032,503
Tax assets	10,567,565	5,872,921	122,665,850	139,106,336
Accruals and deferrals	268,208	1,742,016	12,855,710	14,865,934
Non-current assets held for sale	-	-	-	-
	496,446,768	1,802,814,273	10,099,858,656	12,399,119,697
Liabilities				
Provision for unearned premiums	1,521,893	20,485	-	1,542,378
Mathematical provision for life insurance	208,064,209	1,551,678,290	-	1,759,742,499
Claims provision	110,932,456	21,455,137	-	132,387,593
Provision for profit sharing	34,346,573	76,398,655	-	110,745,228
Provision for interest rate commitments	-	7,520,800	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	24,405,064
Equalisation provision	-	-	-	-
Provision for unexpired risks	-	-	-	-
Financial liabilities	3,823,879	21	8,589,296,441	8,593,120,341
Liabilities for post-employment and other long-term benefits	-	-	-	-
Other creditors for insurance and other operations	6,344,538	3,331,314	16,094,305	25,770,157
Tax liabilities	4,493,775	2,929,961	159,231,704	166,655,440
Accruals and deferrals	5,024,647	3,646,442	24,730,576	33,401,665
Other provisions	-	-	-	-
Liabilities from a group for disposal classified as held for sale	-	-	-	-
	398,957,034	1,666,981,105	8,789,353,026	10,855,291,165

2017

(amounts in euros)

	Non-life							Total
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability	Other	
Gains and losses								
Earned premiums net of reinsurance	166,234,860	1,992,014	166,102,155	395,343,181	7,817,814	25,287,452	20,923,309	783,700,785
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	-	-	-	-	-	-	-	-
Claims costs, net of reinsurance	(177,890,094)	(2,058,438)	(124,071,353)	(282,841,345)	(2,563,087)	(9,489,163)	(13,692,241)	(612,605,721)
Other technical provisions, net of reinsurance	10,165,315	(192,776)	(6,307,652)	(6,085,068)	(12,370)	(539,041)	38,377	(2,933,215)
Mathematical provision for life insurance and profit sharing, net of reinsurance	-	-	(190,792)	-	-	-	(14,486)	(205,278)
Operating costs and expenses, net	(34,117,631)	(3,199,873)	(54,722,085)	(113,321,381)	(2,923,069)	(9,852,251)	(7,998,891)	(226,135,181)
Financial income	27,001,740	3,122,734	10,512,399	20,245,364	476,183	3,781,984	897,491	66,037,895
Financial expenses and net income on financial assets and liabilities	38,873,305	5,571,504	19,518,410	42,659,535	990,886	7,846,233	993,343	116,453,216
Impairment losses (net of reversals)	(461,770)	231,549	(787,415)	(465,899)	(69,030)	(257,168)	(435,079)	(2,244,812)
Other income/expenses	282,057	227,980	3,590,425	9,614	(3,429)	(69,969)	65,497	4,102,175
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-	-	-
Current income tax	(5,977,218)	(2,152,401)	(5,986,964)	(12,918,011)	(552,646)	(2,342,637)	(1,003,071)	(30,932,948)
	24,110,564	3,542,293	7,657,128	42,625,990	3,161,252	14,365,440	(225,751)	95,236,916
Assets								
Cash and cash equivalents and sight deposits	3,698,253	187,661	1,387,686	(185,987)	(9,360)	(43,197)	869,982	5,905,038
Investments in associates and joint ventures	88,079,127	8,748,711	24,801,400	65,394,511	1,425,244	9,640,749	2,238,612	200,328,354
Financial assets held for trading	3,617,944	419,395	1,731,823	3,146,913	68,277	513,507	178,271	9,676,130
Financial assets initially recognised at fair value through profit or loss	37,405,613	8,389,162	25,425,834	62,787,868	1,367,328	9,424,975	2,150,836	146,951,616
Hedge derivatives	1,671,760	201,276	570,589	1,504,486	32,790	221,798	51,501	4,254,200
Available-for-sale assets	784,286,296	58,267,400	224,585,241	434,502,030	9,438,990	68,827,083	29,949,955	1,609,856,995
Loans and accounts receivable	18,156,376	1,384,950	5,801,551	8,970,669	243,388	1,486,669	575,063	36,618,666
Properties	7,220,574	11,160,973	31,607,555	91,016,539	2,054,561	14,558,723	1,837,864	159,456,789
Other tangible and intangible assets	2,388,482	1,734,683	4,944,239	8,832,817	154,437	698,786	957,261	19,710,705
Goodwill	-	-	-	-	-	-	-	-
Technical provisions for reinsurance ceded	3,082,366	79,334,553	168,693,181	9,962,307	8,130,658	15,917,544	17,822,666	302,943,275
Asset for post-employment and other long-term benefits	-	-	-	-	-	-	-	-
Other debtors for insurance and other operations	18,793,452	54,537,164	48,924,782	29,094,066	2,051,722	6,732,275	3,643,963	163,777,424
Tax assets	17,664,069	6,623,742	19,218,434	45,553,437	1,314,791	7,296,593	2,242,767	99,913,833
Accruals and deferrals	217,201	334,621	454,257	921,131	12,885	77,940	118,045	2,136,080
Non-current assets held for sale	-	-	-	-	-	-	-	-
	986,281,513	231,324,291	558,146,572	761,500,787	26,285,711	135,353,445	62,636,786	2,761,529,105

(continuation)

(amounts in euros)

	Non-life						Total	
	Workers' compensation	Health	Property	Motor	Transported goods	Third party liability		
Liabilities								
Provision for unearned premiums	11,087,323	22,167,808	72,179,588	125,104,805	1,311,869	7,562,298	246,633,704	
Mathematical provision for life insurance	-	-	-	-	-	-	-	
Claims provision	823,718,810	54,651,466	229,222,495	416,660,067	12,717,751	98,999,697	1,663,746,931	
Provision for profit sharing	-	-	-	-	-	-	313	
Provision for interest rate commitments	-	-	-	-	-	-	-	
Provision for portfolio stabilisation	-	-	-	-	-	-	-	
Equalisation provision	-	-	25,502,592	-	-	61,681	25,564,273	
Provision for unexpired risks	6,113,713	192,776	7,549,766	32,688,882	12,786	950,506	47,581,380	
Financial liabilities	804,403	73,161,077	29,120,410	4,155,341	531,344	1,645,790	126,228,859	
Liabilities for post-employment and other long-term benefits	-	-	-	-	-	-	-	
Other creditors for insurance and other operations	10,113,021	27,185,209	33,321,850	12,063,619	1,439,024	5,112,045	92,958,406	
Tax liabilities	27,963,207	4,946,242	14,665,438	30,727,207	610,829	3,791,531	84,009,286	
Accruals and deferrals	7,508,100	6,456,215	11,340,262	21,013,918	555,111	1,712,232	50,601,060	
Other provisions	50,036,302	-	-	-	-	-	50,036,302	
Liabilities from a group for disposal classified as held for sale	-	-	-	-	-	-	-	
	937,344,879	188,760,793	422,902,401	642,413,839	17,178,714	119,835,780	58,924,108	2,387,360,514

Mercados geográficos

2018

(amounts in euros)

	Geographical segment				Total
	Portugal	Rest of European Union	Africa	Asia	
Gains and losses					
Earned premiums net of reinsurance	1,202,510,997	51,553,531	3,992,780	37,557,670	1,295,614,978
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,171,783	53,171	-	-	1,224,954
Claims costs, net of reinsurance	(845,770,877)	(33,532,659)	(4,076,937)	(7,820,283)	(891,200,756)
Other technical provisions, net of reinsurance	(6,818,418)	515,441	(110,031)	-	(6,413,008)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(96,755,976)	(7,583,044)	(115,330)	(32,633,808)	(137,088,158)
Operating costs and expenses, net	(335,523,780)	(20,361,044)	(2,482,982)	(750,467)	(359,118,273)
Financial income	364,615,055	15,792,276	415,874	1,403,045	382,226,250
Financial expenses and net income on financial assets and liabilities	142,865,837	915,140	(184,792)	2,514,174	146,110,359
Impairment losses (net of reversals)	(161,977,911)	(2,985,116)	44,821	342	(164,917,864)
Other income/expenses	(7,363,408)	(351,013)	61,931	658,064	(6,994,426)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	99,958,658	-	-	-	99,958,658
Current income tax	(80,282,425)	(825,516)	-	(58,334)	(81,166,275)
	276,629,535	3,191,167	(2,454,666)	870,403	278,236,439
Assets					
Cash and cash equivalents and sight deposits	636,651,310	22,263,874	2,574,974	251,800	661,741,958
Investments in associates and joint ventures	1,778,402,252	-	-	-	1,778,402,252
Financial assets held for trading	24,069,333	337,274	-	-	24,406,607
Financial assets initially recognised at fair value through profit or loss	579,886,785	9,542,396	-	-	589,429,181
Hedge derivatives	4,118,812	4,139	-	-	4,122,951
Available-for-sale assets	9,620,385,655	486,692,831	1,497,739	-	10,108,576,225
Loans and accounts receivable	1,867,139,001	36,284,423	2,799,578	61,393,268	1,967,616,270
Properties	162,716,170	-	-	-	162,716,170
Other tangible and intangible assets	30,144,812	522,959	722,925	-	31,390,696
Goodwill	-	-	-	-	-
Technical provisions for reinsurance ceded	222,491,510	65,717,970	1,075,850	38,025	289,323,355
Asset for post-employment and other long-term benefits	7,111,692	-	-	-	7,111,692
Other debtors for insurance and other operations	314,247,792	28,355,647	378,855	90,863	343,073,157
Tax assets	278,258,077	2,605,744	153,235	-	281,017,056
Accruals and deferrals	21,875,006	290,361	32,162	1,486	22,199,015
Non-current assets held for sale	4,352,579	-	-	-	4,352,579
	15,551,850,787	652,617,618	9,235,318	61,775,442	16,275,479,165
Liabilities					
Provision for unearned premiums	247,669,130	8,741,383	1,482,321	-	257,892,834
Mathematical provision for life insurance	1,503,873,431	345,196,390	230,974	54,842,586	1,904,143,381
Claims provision	1,676,758,060	71,876,331	2,175,115	-	1,750,809,506
Provision for profit sharing	77,597,701	3,455,664	-	49,058	81,102,423
Provision for interest rate commitments	22,613,798	69,312	-	-	22,683,110
Provision for portfolio stabilisation	26,254,032	-	-	-	26,254,032
Equalisation provision	27,186,999	35,727	-	-	27,222,726
Provision for unexpired risks	34,157,651	526,447	640,559	-	35,324,657
Financial liabilities	9,319,332,259	118,085,312	-	-	9,437,417,571
Liabilities for post-employment and other long-term benefits	83,422	-	-	-	83,422
Other creditors for insurance and other operations	138,741,167	21,966,474	929,936	277,091	161,914,668
Tax liabilities	129,106,452	4,018,194	37,285	62,559	133,224,490
Accruals and deferrals	103,825,031	1,493,314	281,548	73,025	105,672,918
Other provisions	98,151,546	447,299	-	-	98,598,845
Liabilities from a group for disposal classified as held for sale	529,650	-	-	-	529,650
	13,405,880,329	575,911,847	5,777,738	55,304,319	14,042,874,233
Total segments					1,954,368,492
Shareholders' equity, reserves, retained earnings and non-controlling interests					1,954,368,492

2017

(amounts in euros)

	Geographical segment				Total
	Portugal	Rest of European Union	Africa	Asia	
Gains and losses					
Earned premiums net of reinsurance	1,149,461,063	53,060,509	1,419,462	7,602,635	1,211,543,669
Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts	1,898,555	44,567	-	-	1,943,122
Claims costs, net of reinsurance	(848,806,189)	(41,434,893)	(1,546,973)	(13,718,084)	(905,506,139)
Other technical provisions, net of reinsurance	(6,970,212)	505,751	381,505	-	(6,082,956)
Mathematical provision for life insurance and profit sharing, net of reinsurance	(79,793,933)	(6,862,679)	(94,655)	9,677,591	(77,073,676)
Operating costs and expenses, net	(282,605,102)	(19,913,592)	(2,122,969)	(460,101)	(305,101,764)
Financial income	317,127,724	12,315,037	330,029	730,400	330,503,190
Financial expenses and net income on financial assets and liabilities	121,024,817	5,020,062	(166,084)	(4,412,740)	121,466,055
Impairment losses (net of reversals)	(109,188,419)	(1,072,092)	(155,375)	(600)	(110,416,486)
Other income/expenses	2,632,304	(750,485)	(45,614)	471,964	2,308,169
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	434,840	-	-	-	434,840
Current income tax	(75,087,118)	(1,119,364)	-	(22,185)	(76,228,667)
	190,128,330	(207,179)	(2,000,674)	(131,120)	187,789,357
Assets					
Cash and cash equivalents and sight deposits	177,743,367	19,187,439	2,088,613	359,556	199,378,975
Investments in associates and joint ventures	1,964,534,956	-	-	-	1,964,534,956
Financial assets held for trading	65,341,174	1,709,513	-	-	67,050,687
Financial assets initially recognised at fair value through profit or loss	521,467,901	12,555,220	-	-	534,023,121
Hedge derivatives	14,859,133	63,459	-	-	14,922,592
Available-for-sale assets	10,195,745,295	495,497,039	719,256	-	10,691,961,590
Loans and accounts receivable	997,341,193	95,298,121	1,331,077	25,002,052	1,118,972,443
Properties	183,616,344	-	-	-	183,616,344
Other tangible and intangible assets	24,813,311	390,093	898,751	-	26,102,155
Goodwill	-	-	-	-	-
Technical provisions for reinsurance ceded	248,707,621	75,579,120	605,776	23,465	324,915,982
Asset for post-employment and other long-term benefits	12,131,837	-	-	-	12,131,837
Other debtors for insurance and other operations	213,517,048	21,785,984	635,362	153,611	236,092,005
Tax assets	249,361,743	1,415,308	64,529	-	250,841,580
Accruals and deferrals	21,055,536	264,797	44,079	156	21,364,568
Non-current assets held for sale	243,194,741	-	-	-	243,194,741
	15,133,431,199	723,746,093	6,387,443	25,538,840	15,889,103,575
Liabilities					
Provision for unearned premiums	238,241,268	9,361,477	573,337	-	248,176,082
Mathematical provision for life insurance	1,401,724,831	335,317,345	111,269	22,589,054	1,759,742,499
Claims provision	1,709,645,929	85,684,786	802,501	1,308	1,796,134,524
Provision for profit sharing	106,225,541	4,488,054	-	31,946	110,745,541
Provision for interest rate commitments	7,451,488	69,312	-	-	7,520,800
Provision for portfolio stabilisation	24,405,064	-	-	-	24,405,064
Equalisation provision	25,530,136	34,137	-	-	25,564,273
Provision for unexpired risks	46,007,373	1,043,479	530,528	-	47,581,380
Financial liabilities	8,638,448,826	95,057,398	-	-	8,733,506,224
Liabilities for post-employment and other long-term benefits	83,416	-	-	-	83,416
Other creditors for insurance and other operations	150,302,638	15,918,034	481,502	292,109	166,994,283
Tax liabilities	251,101,130	6,781,384	29,039	26,956	257,938,509
Accruals and deferrals	86,522,680	1,442,038	185,254	30,642	88,180,614
Other provisions	151,070,283	1,058,479	-	-	152,128,762
Liabilities from a group for disposal classified as held for sale	23,428,483	-	-	-	23,428,483
	12,860,189,085	556,255,923	2,713,430	22,972,015	13,442,130,453
Total segments					2,259,183,766
Shareholders' equity, reserves, retained earnings and non-controlling interests					2,259,183,766

The headings "Other debtors for insurance and other operations", "Tax assets", "Other creditors for insurance and other operations" and "Tax liabilities" are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

42. RELATED PARTIES

The Company's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and Caixa Geral de Depósitos, S.A., and respective management bodies.

At 31 December 2018 and 2017 the Company's financial statements include the following balances and transactions with related parties, excluding the management bodies:

2018

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Via Directa - Companhia de Seguros, S.A. (2)	Fidelidade Angola Companhia de Seguros, S.A. (2)	Caixa Geral de Depósitos, S.A. (5)	Garantia - Companhia de Seguros de Cabo Verde, S.A. (2)	Fidelidade Property Europe, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	111,127,727	-	-
Investments in subsidiaries, associates and joint ventures	-	41,000,000	10,967,358	-	6,137,399	771,104,925
Financial assets held for trading	-	-	-	27,806	-	1,045,196
Financial assets initially recognised at fair value through profit or loss	-	-	-	21,822,191	-	-
Available-for-sale investments	-	-	-	50,295,477	-	-
Loans and accounts receivable	-	-	685,283	307,497,295	78,729	9,039,022
Technical provisions on reinsurance ceded	12,491	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	838,578	-	-
Accounts receivable for other reinsurance operations	2,884,897	90,095	4,964,371	-	183,198	-
Accounts receivable for other operations	28,684	-	8,190,596	-	-	106,896
Accruals and deferrals	-	-	-	15,272	-	20,440
Liabilities						
Provision for unearned premiums	-	(10)	484,218	-	124,438	-
Claims provision	-	1,876,720	567,635	-	560,018	-
Financial liabilities held for trading	-	-	-	4,469,613	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	4,485,183	-	-
Accounts payable for other reinsurance operations	3,711,346	-	-	-	-	-
Accounts payable for other operations	-	332	1,738,626	97,457	42,126	7,061,969
Accruals and deferrals	22,519	-	-	26,612,809	-	1,496
Gains and Losses						
Gross premiums written	-	1,464,732	2,247,297	-	1,336,729	-
Reinsurance ceded premiums	(43,498,352)	-	-	-	-	-
Provision for unearned premiums (change)	-	(2)	943,360	-	5,090	-
Provision for unearned premiums, reinsurers' share (change)	1,093	-	-	-	-	-
Claims costs, net of reinsurance	7,235	(1,586,832)	3,010,038	(54,640)	(365,473)	(361,592)
Operating costs and expenses, net	3,167,298	200,427	714,261	(59,915,801)	(326,045)	(841,073)
Financial income	269,234	284,369	17,956	3,327,909	373,222	527,916
Financial expenses	(821)	-	332	(3,360,918)	(23,086)	(1,169,137)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	(2,855,574)
Exchange differences	-	-	25,143	3,351,870	-	47,636
Impairment losses (net of reversals)	-	1,199,880	-	-	222,289	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	(1,221)	(1)	2,130,143	(101,889)	(13)	13,510
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	17,980	-	-

(continuation)

(amounts in euros)

	GEP - Gestão de Peritagens Automóveis, S.A. (2)	Fundo de Investimento Imobiliário Fechado Saudeinvest (2)	Cetra - Centro Técnico de Reparação Automóvel, S.A. (2)	Fundo de Investimento Imobiliário Fechado IMOFID (2)	Multicare - Seguros de Saúde, S.A. (2)	Companhia Portuguesa de Resseguros, S.A. (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	100,000	-	2,717,053	-	-	12,902,595
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	142,200,957	-	37,204,901	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	86,092,470	14,528,253
Accounts receivable for direct insurance operations	-	-	-	-	1,034,307	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	70,004
Accounts receivable for other operations	1,528	-	-	-	8,856	6,191
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	(789,469)	819,411
Claims provision	(303,052)	-	598,379	-	(497,440)	14,224,917
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	79,384,654	265,854
Accounts payable for direct insurance operations	-	-	-	-	4,049,654	-
Accounts payable for other reinsurance operations	-	-	-	-	10,555,400	38,779
Accounts payable for other operations	1,068,539	-	332	-	132,147	-
Accruals and deferrals	-	-	-	-	50,712	-
Gains and Losses						
Gross premiums written	-	-	-	-	(4,915,290)	2,413,368
Reinsurance ceded premiums	-	-	-	-	(291,097,165)	(2,703,820)
Provision for unearned premiums (change)	-	-	-	-	789,740	(12,096)
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	2,486,190	(24,685)
Claims costs, net of reinsurance	(20,527,746)	-	(4,675,822)	-	229,159,509	(732,862)
Operating costs and expenses, net	158,811	-	70,917	-	40,344,283	15,519
Financial income	204,588	-	154,296	-	572,142	-
Financial expenses	1	-	-	-	(1,054,856)	(1,546)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
Impairment losses (net of reversals)	-	-	-	(355,552)	-	1,802,595
Other technical income/expenses, net of reinsurance	-	-	-	-	59,000	-
Other income/expenses	(12,986)	-	-	-	(79,080)	(8,820)
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	FCM Beteiligungs GmbH (2)	Tom Tailor, GmbH (2)	Luz Saúde, S.A. (2)	Fidelidade - Property Internacional, S.A. (2)	Fidelidade Macau - Companhia de Seguros, S.A. (2)	FPE (Lux) Holding Sarl (2)
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	3,388,795	-	243,490,981	291,000,000	17,889,052	-
Financial assets held for trading	-	-	-	5,674,246	-	904,944
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	8,824,185	-	-	-	-
Loans and accounts receivable	-	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	24,608	-
Accounts receivable for other operations	-	-	-	7,122	-	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	55,916	-
Claims provision	-	-	12,393,361	-	162,807	-
Financial liabilities held for trading	-	-	-	261,418	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	5,937	663,936	-	4,755,227
Accruals and deferrals	-	-	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	249,334	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	(58,379)	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	-	(63,485,166)	-	(3,597)	-
Operating costs and expenses, net	-	-	(78,710)	-	(45,568)	-
Financial income	-	-	-	65,614,343	-	-
Financial expenses	-	-	-	18,833	-	17,448
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	7,807,698	-	(1,585,539)
Exchange differences	-	-	-	88,376	-	(114,821)
Impairment losses (net of reversals)	(10,704,936)	(4,578,676)	-	(32,664,012)	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	5,790	(457)	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	FID Loans 1 Ireland (2)	Fidelidade - Sociedade Gestora de Org. de Investimento Imobiliário, S.A. (2)	FID LatAm SGPS, SA (2)	Banco Comercial Português, S.A. (5)	FID PERÚ, S.A. (2)	FID CHILE, SpA (2)
Assets						
Cash and cash equivalents	-	-	-	71,855,812	-	-
Investments in subsidiaries, associates and joint ventures	250,000,000	1,500,000	244,283	-	125,292,307	1,305
Financial assets held for trading	-	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale investments	-	-	-	2,992,554	-	-
Loans and accounts receivable	-	-	-	16,978,647	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-	-
Accounts receivable for other operations	-	311,329	55,975	-	-	-
Accruals and deferrals	-	-	-	-	-	-
Liabilities						
Provision for unearned premiums	-	-	-	-	-	-
Claims provision	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-	-
Accounts payable for other operations	-	-	-	-	-	-
Accruals and deferrals	-	2,000	-	-	-	-
Gains and Losses						
Gross premiums written	-	-	-	-	-	-
Reinsurance ceded premiums	-	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-	-
Claims costs, net of reinsurance	-	63,228	-	-	-	-
Operating costs and expenses, net	-	148,191	-	-	-	-
Financial income	-	20,000	-	-	-	-
Financial expenses	-	60,123	-	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-	-
Exchange differences	-	-	(3,308)	-	-	-
Impairment losses (net of reversals)	-	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-	-
Other income/expenses	-	-	-	-	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-	-

(continuation)

(amounts in euros)

	Xingtao Assets Limited (5)	Peak Reinsurance Company (5)	Aufhäuser Privatbankiers AG (5)	Everest Healthcare Properties, LLC (5)	Fosun International Limited (5)
Assets					
Cash and cash equivalents	-	-	13,562,870	-	-
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	15,620,087	-
Available-for-sale investments	270,114,750	-	-	-	-
Loans and accounts receivable	-	-	-	-	-
Technical provisions on reinsurance ceded	-	1,773,798	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	355,544	-	-	-
Accounts receivable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Liabilities					
Provision for unearned premiums	-	-	-	-	-
Claims provision	-	55,972	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Other financial liabilities	-	2,084,856	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-
Accounts payable for other reinsurance operations	-	5,058,056	-	-	-
Accounts payable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	-	-	-
Reinsurance ceded premiums	-	(8,172,930)	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	(5,607)	-	-	-
Claims costs, net of reinsurance	-	4,865,764	-	-	-
Operating costs and expenses, net	-	1,643,935	-	-	-
Financial income	8,904,047	-	15,774	-	-
Financial expenses	-	(2,979)	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	31,181,384
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-
Exchange differences	-	-	227,124	(60,256)	-
Impairment losses (net of reversals)	-	-	-	-	-
Other technical income/expenses, net of reinsurance	-	-	-	-	-
Other income/expenses	-	(2,952)	(142,847)	-	-
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	-	-

(continuation)

(amounts in euros)

	FOSUN INDUSTRIAL HOLDINGS (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets				
Cash and cash equivalents	-	-	-	196,546,409
Investments in subsidiaries, associates and joint ventures	-	-	666,199	1,778,402,252
Financial assets held for trading	-	-	-	7,652,192
Financial assets initially recognised at fair value through profit or loss	-	-	-	37,442,278
Available-for-sale investments	-	-	-	511,632,824
Loans and accounts receivable	-	-	-	334,278,976
Technical provisions on reinsurance ceded	-	-	-	102,407,012
Accounts receivable for direct insurance operations	-	-	-	1,872,885
Accounts receivable for other reinsurance operations	-	-	-	8,572,717
Accounts receivable for other operations	113,822,820	35,955,971	788,703	159,284,671
Accruals and deferrals	-	-	-	35,712
Liabilities				
Provision for unearned premiums	-	-	-	694,504
Claims provision	-	-	101,492	29,740,809
Financial liabilities held for trading	-	-	-	4,731,031
Other financial liabilities	-	-	-	81,735,364
Accounts payable for direct insurance operations	-	-	-	8,534,837
Accounts payable for other reinsurance operations	-	-	-	19,363,581
Accounts payable for other operations	-	-	2,116,976	17,683,604
Accruals and deferrals	-	-	-	26,689,536
Gains and Losses				
Gross premiums written	-	-	-	2,796,170
Reinsurance ceded premiums	-	-	-	(345,472,267)
Provision for unearned premiums (change)	-	-	-	1,667,713
Provision for unearned premiums, reinsurers' share (change)	-	-	-	2,456,991
Claims costs, net of reinsurance	-	-	(176,043)	145,136,001
Operating costs and expenses, net	-	-	(1,282,987)	(16,026,542)
Financial income	4,249,612	-	510,480	85,045,888
Financial expenses	-	-	(23,798)	(5,540,404)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	52,402,976	-	1	83,584,372
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	3,381,503
Exchange differences	-	-	-	3,561,764
Impairment losses (net of reversals)	-	-	-	(45,078,412)
Other technical income/expenses, net of reinsurance	-	-	-	59,000
Other income/expenses	-	8,000	17,344	1,824,521
Gains and losses from non-current assets (or groups for disposal) classified as held for sale	-	-	-	17,980

2017

(amounts in euros)

	Fidelidade Assistência - Companhia de Seguros, S.A. (2)	Via Directa - Companhia de Seguros, S.A. (2)	Fidelidade Angola (2)	Caixa Geral de Depósitos, S.A. (5)	Garantia - Companhia de Seguros de Cabo Verde, S.A. (2)
Assets					
Cash and cash equivalents	-	-	-	103,842,510	-
Investments in subsidiaries, associates and joint ventures	-	39,800,120	10,967,358	-	5,915,110
Financial assets held for trading	-	-	-	16,546	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	23,094,445	-
Available-for-sale investments	-	-	-	-	-
Loans and accounts receivable	-	-	464,187	253,374,023	84,925
Technical provisions on reinsurance ceded	12,470	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	43,907	-
Accounts receivable for other reinsurance operations	20,539,643	-	10,604,456	-	233,311
Accounts receivable for other operations	4,818	29,598	7,335,879	7,575	-
Accruals and deferrals	-	-	-	18,597	-
Liabilities					
Provision for unearned premiums	-	(12)	1,390,612	-	128,046
Claims provision	-	611,531	30,468,829	-	469,512
Financial liabilities held for trading	-	-	-	5,654,647	-
Other financial liabilities	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	3,301,899	-
Accounts payable for other reinsurance operations	7,026,302	31,617	-	-	-
Accounts payable for other operations	398	13	2,625,943	314	45,714
Accruals and deferrals	22,270	-	-	15,505,170	-
Gains and Losses					
Gross premiums written	-	1,682,592	4,318,663	(37,535)	1,439,235
Reinsurance ceded premiums	(23,788,779)	-	-	-	-
Provision for unearned premiums (change)	-	12	(38,611)	-	(92,042)
Provision for unearned premiums, reinsurers' share (change)	(16,928,541)	-	-	-	-
Claims costs, net of reinsurance	(6,197)	(571,244)	(30,201,223)	(270,117)	130,764
Operating costs and expenses, net	3,383,970	199,229	85,809	(37,128,871)	(323,855)
Financial income	266,760	271,596	522,532	5,107,781	354,227
Financial expenses	-	-	(1,233,300)	(2,851,395)	(21,985)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-
Exchange differences	-	-	(63,868)	(3,071,172)	-
Impairment losses (net of reversals)	-	9,875,332	-	-	(345,074)
Other income/expenses	428	(1)	(1,570,654)	(90,818)	-

(continuation)

(amounts in euros)

	Fidelidade Property Europe, S.A. (2)	GEP - Gestão de Peritagens Automóveis, S.A. (2)	Fundo de Investimento Imobiliário Fechado Saudeinvest (2)	Cetra - Centro Técnico de Reparação Automóvel, S.A. (2)	Fundo de Investimento Imobiliário Fechado IMOVID (2)
Assets					
Cash and cash equivalents	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	771,104,925	100,000	-	2,717,053	-
Financial assets held for trading	769,417	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-
Available-for-sale investments	-	-	132,255,732	-	11,548,849
Loans and accounts receivable	9,039,022	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	-	-	-
Accounts receivable for other operations	91	93,607	-	4,410	-
Accruals and deferrals	224,501	-	-	-	-
Liabilities					
Provision for unearned premiums	-	-	-	-	-
Claims provision	-	1,914,480	-	386,446	-
Financial liabilities held for trading	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-
Accounts payable for other operations	2,441,529	792	-	332	-
Accruals and deferrals	506	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	-	-	-
Reinsurance ceded premiums	-	-	-	-	-
Provision for unearned premiums (change)	-	-	-	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-
Claims costs, net of reinsurance	(740,662)	(20,085,222)	-	(3,758,027)	-
Operating costs and expenses, net	(1,419,409)	96,013	-	50,421	-
Financial income	527,916	222,560	-	49,060	-
Financial expenses	(1,203,093)	-	-	(1,572)	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	(5,964,029)	-	-	-	-
Exchange differences	72,121	-	-	-	-
Impairment losses (net of reversals)	-	-	-	-	(138,556)
Other income/expenses	-	-	-	-	-

(continuation)

(amounts in euros)

	Fidelidade - Property Internacional, S.A. (2)	HOLDING GAILLON II (5)	Fidelidade Macau - Companhia de Seguros, S.A. (2)	FPE (Lux) Holding Sarl	FID Loans 1 Ireland
Assets					
Cash and cash equivalents	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	423,664,012	-	17,889,052	-	190,000,000
Financial assets held for trading	131,822	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-
Available-for-sale investments	-	102,753,909	-	-	-
Loans and accounts receivable	-	-	-	-	-
Technical provisions on reinsurance ceded	-	-	-	-	-
Accounts receivable for direct insurance operations	-	-	-	-	-
Accounts receivable for other reinsurance operations	-	-	9,036	-	-
Accounts receivable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Liabilities					
Provision for unearned premiums	-	-	13,968	-	-
Claims provision	-	-	239,573	-	-
Financial liabilities held for trading	11,986,354	-	-	1,269,431	-
Other financial liabilities	-	-	-	-	-
Accounts payable for direct insurance operations	-	-	-	-	-
Accounts payable for other reinsurance operations	-	-	-	-	-
Accounts payable for other operations	3,072,001	-	-	13,037,421	-
Accruals and deferrals	-	-	-	-	-
Gains and Losses					
Gross premiums written	-	-	165,955	-	-
Reinsurance ceded premiums	-	-	-	-	-
Provision for unearned premiums (change)	-	-	19,007	-	-
Provision for unearned premiums, reinsurers' share (change)	-	-	-	-	-
Claims costs, net of reinsurance	-	-	(293,314)	-	-
Operating costs and expenses, net	-	-	(52,564)	-	-
Financial income	-	5,274,510	-	-	-
Financial expenses	45,137	-	-	31,625	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	(32,610,917)	-	-	(5,670,591)	-
Exchange differences	(974,350)	-	-	206,525	-
Impairment losses (net of reversals)	-	(52,456,684)	-	-	-
Other income/expenses	-	-	(11,204)	-	-

(continuation)

(amounts in euros)

	Multicare - Seguros de Saúde, S.A. (2)	Companhia Portuguesa de Resseguros, S.A. (2)	FCM Beteiligungs GmbH (2)	Tom Tailor, GmbH (2)	Luz Saúde, S.A. (2)
Assets					
Cash and cash equivalents	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	-	11,100,000	14,093,732	-	476,517,395
Financial assets held for trading	-	-	-	-	-
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	-
Available-for-sale investments	-	-	-	43,898,906	-
Loans and accounts receivable	-	-	-	-	-
Technical provisions on reinsurance ceded	79,266,216	19,643,193	-	-	-
Accounts receivable for direct insurance operations	178,849	-	-	-	-
Accounts receivable for other reinsurance operations	-	343,835	-	-	-
Accounts receivable for other operations	-	-	-	-	-
Accruals and deferrals	-	-	-	-	-
Liabilities					
Provision for unearned premiums	-	806,922	-	-	-
Claims provision	-	18,711,368	-	-	9,093,292
Financial liabilities held for trading	-	-	-	-	-
Other financial liabilities	73,090,948	238,919	-	-	-
Accounts payable for direct insurance operations	7,533,676	-	-	-	-
Accounts payable for other reinsurance operations	9,299,331	-	-	-	-
Accounts payable for other operations	404,557	2,627,913	-	-	1,532
Accruals and deferrals	48,274	-	-	-	-
Gains and Losses					
Gross premiums written	-	2,527,157	-	-	-
Reinsurance ceded premiums	(266,036,312)	(2,823,841)	-	-	-
Provision for unearned premiums (change)	-	(40,950)	-	-	-
Provision for unearned premiums, reinsurers' share (change)	1,887,426	73,979	-	-	-
Claims costs, net of reinsurance	203,166,104	(1,477,980)	-	-	(52,150,773)
Operating costs and expenses, net	38,316,929	(3,534)	-	-	(79,084)
Financial income	566,885	-	-	-	-
Financial expenses	(1,021,222)	(207)	-	-	-
Net income on financial assets and liabilities not recognised at fair value through profit or loss	-	-	-	-	-
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	-
Exchange differences	-	-	-	-	-
Impairment losses (net of reversals)	-	615,000	8,764,056	-	-
Other income/expenses	(250)	30,385	-	-	-

(continuation)

(amounts in euros)

	Xingtao Assets Limited (5)	Peak Reinsurance Company (5)	Longrun Portugal, SGPS, S.A. (1)	Others	TOTAL
Assets					
Cash and cash equivalents	-	-	-	-	103,842,510
Investments in subsidiaries, associates and joint ventures	-	-	-	666,199	1,964,534,956
Financial assets held for trading	-	-	-	-	917,785
Financial assets initially recognised at fair value through profit or loss	-	-	-	-	23,094,445
Available-for-sale investments	270,317,250	-	-	-	560,774,646
Loans and accounts receivable	-	-	-	-	262,962,157
Technical provisions on reinsurance ceded	-	757,519	-	-	99,679,398
Accounts receivable for direct insurance operations	-	-	-	-	222,756
Accounts receivable for other reinsurance operations	-	-	-	-	31,730,281
Accounts receivable for other operations	-	-	-	410,560	7,886,538
Accruals and deferrals	-	-	-	-	243,098
Liabilities					
Provision for unearned premiums	-	-	-	-	2,339,536
Claims provision	-	55,972	-	885,201	62,836,204
Financial liabilities held for trading	-	-	-	-	18,910,432
Other financial liabilities	-	1,506,253	-	-	74,836,120
Accounts payable for direct insurance operations	-	-	-	-	10,835,575
Accounts payable for other reinsurance operations	-	2,149,198	-	-	18,506,448
Accounts payable for other operations	-	3,744	7,374,967	2,064,653	33,701,823
Accruals and deferrals	-	-	-	-	15,576,220
Gains and Losses					
Gross premiums written	-	-	-	-	10,096,067
Reinsurance ceded premiums	-	(8,834,201)	-	-	(301,483,133)
Provision for unearned premiums (change)	-	192,065	-	-	39,481
Provision for unearned premiums, reinsurers' share (change)	-	140,288	-	-	(14,826,848)
Claims costs, net of reinsurance	-	1,991,894	-	(1,811,859)	93,922,144
Operating costs and expenses, net	-	1,928,063	-	(969,996)	4,083,121
Financial income	9,328,853	-	-	25,048,596	47,541,276
Financial expenses	-	(3,842)	-	(39,985)	(6,299,839)
Net income on financial assets and liabilities not recognised at fair value through profit or loss	3,795	-	-	-	288,432
Net income on financial assets and liabilities recognised at fair value through profit or loss	-	-	-	-	(41,016,963)
Exchange differences	-	-	-	-	(3,830,744)
Impairment losses (net of reversals)	-	-	-	(54,515)	(33,740,441)
Other income/expenses	-	4,172	-	(44,601)	(1,682,543)

The related parties are divided into the following categories

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.

Payment of remuneration to statutory bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholders.

The remuneration and benefits paid to the members of the Corporate Bodies during 2018 were as follows:

(amounts in euros)

Board of Directors	Fixed Remuneration	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Executive members					
Chairman of executive board					
Jorge Manuel Baptista Magalhães Correia	420,000	767,695 (*)	2,640	1,111	181
Vice-charmain of executive board					
José Manuel Alvarez Quintero	354,000	559,225 (*)	2,630	2,429	181
Members of Executive Board					
Rogério Miguel Antunes Campos Henriques	333,000	550,528 (*)	2,640	1,550	181
António Manuel Marques de Sousa Noronha	333,000	550,528 (*)	2,640	1,550	181
Wai Lam William Mak	333,000	550,528 (*)	2,640	671	181
Jun Li	290,000	86,983 (**)	2,640	671	181
André Simões Cardoso	290,000	86,983 (**)	2,630	2,429	181

(amounts in euros)

Supervisory Board	Fixed Remuneration	Variable Remuneration*	Meal allowance	Health insurance	Life insurance
Chairman					
Pedro Nunes de Almeida	42,000	-	-	-	-
Members					
João Filipe Gonçalves Pinto	30,800	-	-	-	-
Vasco Jorge Valdez Ferreira Matias	30,800	-	-	-	-

(*) Concerning the financial years 2017, 2016, 2015 and 2014

(**) Concerning the financial year 2017

The non-executive members of the Board of Directors do not receive remuneration.

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, related to 2018, are EUR 555,433, EUR 449,905 of which are related to the Statutory Audit and EUR 105,528 to compliance and assurance services.

Other assurance services basically include certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March.

43. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018 and 2017, the financial instruments had the following balance sheet value:

(amounts in euros)

	2018		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	661,741,958	661,741,958
Investments in subsidiaries, associates and joint ventures	-	1,778,402,252	1,778,402,252
Financial assets held for trading	24,406,607	-	24,406,607
Financial assets initially recognised at fair value through profit or loss	589,429,181	-	589,429,181
Hedge derivatives	4,122,951	-	4,122,951
Available-for-sale investments	10,107,427,638	1,148,587	10,108,576,225
Loans and accounts receivable	-	1,967,616,270	1,967,616,270
Other debtors	-	169,200,949	169,200,949
	10,725,386,377	4,578,110,016	15,303,496,394
Liabilities			
Mathematical provision for life insurance	-	1,634,959,180	1,634,959,180
Financial liabilities held for trading	30,056,302	-	30,056,302
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	40,287,720	9,236,181,722	9,276,469,443
Hedge derivatives	112,884	-	112,884
Deposits received from reinsurers	-	130,778,942	130,778,942
Other creditors	-	122,752,420	122,752,420
	70,456,906	11,124,672,266	11,195,129,172

(amounts in euros)

	2017		Balance sheet value
	Recognised at fair value	Not recognised at fair value	
Assets			
Cash and cash equivalents	-	199,378,975	199,378,975
Investments in subsidiaries, associates and joint ventures	-	1,964,534,956	1,964,534,956
Financial assets held for trading	67,050,687	-	67,050,687
Financial assets initially recognised at fair value through profit or loss	534,023,121	-	534,023,121
Hedge derivatives	14,922,592	-	14,922,592
Available-for-sale investments	10,689,629,232	2,332,358	10,691,961,590
Loans and accounts receivable	-	1,118,972,443	1,118,972,443
Other debtors	-	205,371,660	205,371,660
	11,305,625,632	3,490,590,391	14,796,216,024
Liabilities			
Mathematical provision for life insurance	-	1,527,496,361	1,527,496,361
Financial liabilities held for trading	19,813,818	-	19,813,818
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	175,593,367	8,408,046,373	8,583,639,740
Deposits received from reinsurers	-	130,052,666	130,052,666
Other creditors	-	116,957,107	116,957,107
	195,407,185	10,182,552,507	10,377,959,692

The amount in the heading "Mathematical provision for life insurance" corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

The amount considered in the headings "Other debtors" and "Other creditors" essentially corresponds to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons, brokers, agents and other external entities.

GAINS AND LOSSES

In the years ended on 31 December 2018 and 2017, the net gains and losses on financial instruments had the following breakdown:

(amounts in euros)

	2018			2017		
	As a charge to			As a charge to		
	income	Shareholders' equity	total	income	Shareholders' equity	total
Earned premiums net of reinsurance	224,532,679	-	224,532,679	247,885,806	-	247,885,806
Claims costs , net of reinsurance	(166,094,563)	-	(166,094,563)	(184,962,898)	-	(184,962,898)
Mathematical provision for life insurance, net of reinsurance	(85,240,359)	-	(85,240,359)	(94,305,401)	-	(94,305,401)
Income from financial instruments						
Assets held for trading	(1,596,902)	-	(1,596,902)	(1,531,456)	-	(1,531,456)
Financial assets at fair value						
through profit or loss	13,355,516	-	13,355,516	20,849,447	-	20,849,447
Available-for-sale investments	283,223,956	-	283,223,956	258,581,200	-	258,581,200
Loans and accounts receivable	5,515,611	-	5,515,611	5,660,200	-	5,660,200
Sight deposits	1,596,855	-	1,596,855	178,354	-	178,354
Other financial assets	66,681,709	-	66,681,709	26,027,959	-	26,027,959
Net gains from financial assets and liabilities not recognised at fair value through profit or loss						
Available-for-sale investments	355,430,441	(711,152,557)	(355,722,116)	284,637,839	583,408,020	868,045,860
Loans and accounts receivable	11	-	11	(332,766)	-	(332,766)
Financial liabilities at amortised cost	(75,038,389)	-	(75,038,389)	(94,817,510)	-	(94,817,510)
Other	31,181,384	-	31,181,384	-	-	-
Net gains from financial assets and liabilities recognised at fair value through profit or loss						
Financial assets and liabilities held for trading	(259,827,473)	-	(259,827,473)	217,790,127	-	217,790,127
Financial assets and liabilities initially recognised at fair value						
through profit or loss	(31,097,796)	-	(31,097,796)	4,793,477	-	4,793,477
Other	(24,728,202)	-	(24,728,202)	(17,943,727)	-	(17,943,727)

(continuation)

(amounts in euros)

	2018			2017		
	income	As a charge to		income	As a charge to	
		Shareholders' equity	total		Shareholders' equity	total
Exchange differences	180,930,177	-	180,930,177	(266,767,996)	-	(266,767,996)
Impairment losses (net of reversals)						
Available-for-sale investments	(173,036,368)	-	(173,036,368)	(99,415,713)	-	(99,415,713)
Loans and accounts receivable						
at amortised cost	(4,748)	-	(4,748)	749,433	-	749,433
Other	(40,144,184)	-	(40,144,184)	18,867,791	-	18,867,791
Other provisions						
Interest on deposits						
received from reinsurers	(1,014,968)	-	(1,014,968)	(1,833,601)	-	(1,833,601)
	304,624,388	(711,152,557)	(406,528,169)	324,110,565	583,408,020	907,518,586

In the years ended on 31 December 2018 and 2017, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

(amounts in euros)

	2018	2017
Assets		
Available-for-sale investments	244,751,104	217,029,976
Loans and accounts receivable	5,515,611	5,660,200
Sight deposits	1,596,855	178,354
	251,863,571	222,868,530
Liabilities		
Mathematical provision for life insurance	(30,480,452)	(32,517,521)
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	(75,038,389)	(94,817,510)
Deposits received from reinsurers	(1,014,968)	(1,833,601)
	(106,533,809)	(129,168,632)

OTHER DISCLOSURES

Fair Value of Financial Instruments

At 31 December 2018 and 2017, the method for assessing the fair value of the financial instruments reflected in the Company's financial statements can be summarised as follows:

(amounts in euros)

	2018			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	661,741,958	661,741,958
Investments in associates and joint ventures	-	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	16,798,432	7,608,175	-	-	24,406,607
Financial assets initially recognised					
at fair value through profit or loss	139,836,083	433,879,693	15,713,405	-	589,429,181
Hedge derivatives	4,122,951	-	-	-	4,122,951
Available-for-sale investments	8,967,097,358	524,784,808	615,545,472	1,148,587	10,108,576,225
Loans and accounts receivable	-	-	-	1,967,616,270	1,967,616,270
Held-to-maturity investments	-	-	-	-	-
Other debtors	-	-	-	169,200,949	169,200,949
	9,127,854,824	966,272,676	631,258,877	4,578,110,016	15,303,496,393
Liabilities					
Mathematical provision for life insurance	-	-	-	1,634,959,180	1,634,959,180
Financial liabilities of the deposit component					
of insurance contracts and on insurance contracts					
and operations considered for accounting purposes					
as investment contracts	-	40,287,720	-	9,236,181,722	9,276,469,443
Financial liabilities held for trading	17,367,778	12,688,524	-	-	30,056,302
Hedge derivatives	112,884	-	-	-	112,884
Deposits received from reinsurers	-	-	-	130,778,942	130,778,942
Other creditors	-	-	-	122,752,420	122,752,420
	17,480,662	52,976,244	-	11,124,672,266	11,195,129,172
	9,110,374,162	913,296,432	631,258,877	(6,546,562,249)	4,108,367,221

(amounts in euros)

	2017			Not recognised at fair value	Total
	Fair value assessment methodology				
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	-	-	-	199,378,975	199,378,975
Investments in associates and joint ventures	-	-	-	1,964,534,956	1,964,534,956
Financial assets held for trading	57,911,534	9,139,153	-	-	67,050,687
Financial assets initially recognised at fair value through profit or loss	225,581,225	308,342,501	99,395	-	534,023,121
Hedge derivatives	14,922,592	-	-	-	14,922,592
Available-for-sale investments	9,649,444,543	263,145,671	777,039,018	2,332,358	10,691,961,590
Loans and accounts receivable	-	-	-	1,118,972,443	1,118,972,443
Other debtors	-	-	-	205,371,660	205,371,660
	9,947,859,894	580,627,325	777,138,413	3,490,590,392	14,796,216,024
Liabilities					
Mathematical provision for life insurance	-	-	-	1,527,496,361	1,527,496,361
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	-	175,593,367	-	8,408,046,373	8,583,639,740
Financial liabilities held for trading	5,249,940	14,563,878	-	-	19,813,818
Deposits received from reinsurers	-	-	-	130,052,666	130,052,666
Other creditors	-	-	-	116,957,107	116,957,107
	5,249,940	190,157,245	-	10,182,552,507	10,377,959,692
	9,942,609,954	390,470,080	777,138,413	(6,691,962,115)	4,418,256,332

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – “Fair Value Measurement”, of the financial instruments held by the Company at 31 December 2018 and 2017 which are valued at fair value, in line with the following assumptions:

- Level 1 – Financial instruments valued on the basis of quoted prices in active markets to which the Company has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 – Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 – All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2018 and 2017 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

(amounts in euros)

	Available-for-sale investments	Financial assets initially recognised at fair value through profit or loss
Balances at 31 December 2016	961,543,285	70,389
Acquisitions	30,334,188	46,373
Revaluations		
as a charge to the income statement	(7,411,216)	2,107
as a charge to shareholders' equity	32,353,151	-
Increase / reversal of impairment in the year	(4,824,691)	-
Transfers from		
from level 3 to level 2	(91,513,356)	-
from level 2 to level 3	2,834,987	-
Disposals	(146,277,330)	(19,474)
Balances at 31 December 2017	777,039,018	99,395
Acquisitions	63,644,131	15,680,344
Revaluations		
as a charge to the income statement	(20,268,968)	7,886
as a charge to shareholders' equity	(2,095,851)	-
Increase / reversal of impairment in the year	(3,454,772)	-
Disposals	(199,318,086)	(74,220)
Balances at 31 December 2018	615,545,472	15,713,405

At 31 December 2018 and 2017, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

(amounts in euros)

	2018		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	661,741,958	661,741,958	-
Available-for-sale investments	1,148,587	1,148,587	-
Loans and accounts receivable	1,967,616,270	1,967,616,270	-
Other debtors	169,200,949	169,200,949	-
	2,799,707,764	2,799,707,764	-

(amounts in euros)

	2017		
	Balance sheet value	Fair value	Difference
Assets			
Cash and cash equivalents	199,378,975	199,378,975	-
Available-for-sale investments	2,332,358	2,332,358	-
Loans and accounts receivable	1,118,972,443	1,118,972,443	-
Other debtors	205,371,660	205,371,660	-
	1,526,055,436	1,526,055,436	-

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
 - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
 - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

Policies on managing financial risks inherent to Fidelidade’s activity

The Company’s objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company’s investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Company assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Company’s investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Company’s investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Company's business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Company's investment management cycle is composed of the following key activities:

- **Defining** – Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);
- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/ expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

The following items are also decisive within the scope of the investment activity:

1. Definition of the portfolio objective

The main objective of the Company's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Company's risk appetite and its liquidity needs.

2. Rules for investment in assets

On one hand, the Company's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Company and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Company to adequately manage its liquidity.

3. Classes of assets

As a general rule, the Company's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

The classes of assets eligible for investment by the Company are:

- Treasury (cash, deposits and equivalent);
- Fixed income (medium and long-term debt instruments);
- Variable income (instruments which provide variable gains);
- Real estate (including properties for own use and for investment);
- Alternative investments.

Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

4. Exposure limits

In order to enable the Company, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

- Class of asset;
- Credit quality and duration;
- Sector of activity;
- Geographical location;
- Concentration by position;
- Currency.

5. Risk management and control process

The Risk Management Division (DGR) is responsible for controlling and monitoring the allocation of assets, in the light of the targets and limits established.

Accordingly, procedures are defined, including those responsible for them, for when there is non-compliance with the targets and/or limits established.

Regarding asset losses control mechanisms, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular process of reporting has been set up for the various levels of the Company involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

Credit risk

At 31 December 2018 and 2017, the Company's exposure to credit risk was as follows:

(amounts in euros)

	2018			2017		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Sight deposits	660,560,497	-	660,560,497	194,005,417	-	194,005,417
Financial assets initially recognised						
at fair value through profit or loss	558,806,044	-	558,806,044	515,792,465	-	515,792,465
Available-for-sale investments	8,824,776,727	(54,778,794)	8,769,997,933	9,266,490,465	(134,392,131)	9,132,098,334
Loans and accounts receivable	1,967,988,828	(372,558)	1,967,616,270	1,119,353,245	(380,802)	1,118,972,443
Other debtors	187,054,939	(17,853,989)	169,200,949	225,845,421	(20,473,761)	205,371,660
Maximum exposure to credit risk	12,199,187,035	(73,005,341)	12,126,181,693	11,321,487,013	(155,246,694)	11,166,240,319

In 2017, the net book value of the available-for-sale investments presented in the table includes shares with credit risk of EUR 21,823, which are recognised under the heading "Other Instruments" (Note 7).

Credit quality

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2018 and 2017, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Deposits in credit institutions					
A- até A+	100,045,896	880,041,426	-	101,022,268	1,081,109,590
BBB- até BBB+	350,530,937	576,194,912	-	251,874	926,977,723
BB- até BB+	491,199,722	10,434,805	-	4,645,778	506,280,305
B- até B+	-	-	-	16,229,529	16,229,529
Sem rating	1,083,142	18,637,312	-	45,110,828	64,831,282
	942,859,697	1,485,308,455	-	167,260,277	2,595,428,429
Deposits in ceding companies					
Sem rating	120,580	-	-	764,013	884,593
	120,580	-	-	764,013	884,593
Total	942,980,277	1,485,308,455	-	168,024,290	2,596,313,022

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Deposits in credit institutions					
A- até A+	342,397	237,393,377	-	100,005,280	337,741,054
BBB- até BBB+	293,018,211	200,591,713	-	-	493,609,924
BB- até BB+	393,551,120	24,821,477	-	3,345,092	421,717,689
B- até B+	-	-	-	25,002,054	25,002,054
Sem rating	1,441,000	23,417	-	428,847	1,893,264
	688,352,728	462,829,984	-	128,781,273	1,279,963,985
Deposits in ceding companies					
Sem rating	-	97,096	-	565,818	672,542
	-	97,096	-	565,818	672,542
Total	688,352,728	462,927,080	-	129,347,091	1,280,636,527

"Deposits in credit institutions" includes other deposits in the heading "Loans and accounts receivable" of EUR 1,934,867,931 and EUR 1,085,958,568, in 2018 and 2017, respectively.

At 31 December 2018 and 2017, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
Corporate					
AA- to AA+	-	25,880	-	-	25,880
A- to A+	-	301,051	49,413,738	-	49,714,789
BBB- to BBB+	99,479	20,115,589	70,310,258	-	90,525,326
BB- to BB+	-	-	71,462,651	-	71,462,651
Not rated	-	12,047,998	48,904,662	217,035,911	277,988,571
	99,479	32,490,518	240,091,309	217,035,911	489,717,217
Governments and other local authorities					
AAA	-	3,333,951	-	-	3,333,951
AA- to AA+	-	2,871,540	-	-	2,871,540
BBB- to BBB+	631,513	3,116,363	-	-	3,747,876
	631,513	9,321,854	-	-	9,953,367
Financial Institutions					
AA- to AA+	-	100,213	-	-	100,213
A- to A+	-	238,211	500,480	-	738,691
BBB- to BBB+	-	1,238,698	35,183,390	52,468	36,474,556
B- to B+	21,822,000	-	-	-	21,822,000
	21,822,000	1,577,122	35,683,870	52,468	59,135,460
Total Financial assets initially recognised at fair value through profit or loss	22,552,992	43,389,494	275,775,179	217,088,379	558,806,044

(amounts in euros)

Class of asset	2018				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	-	21,445,150	40,723,232	62,168,382
A- to A+	-	39,080,004	179,485,868	538,025,649	756,591,521
BBB- to BBB+	-	249,339,264	526,946,669	177,190,433	953,476,366
BB- to BB+	11,593,427	222,104,047	144,642,863	82,722,206	461,062,543
B- to B+	-	18,150,541	57,550,903	52,118,910	127,820,354
CCC- to CCC+	-	-	16,122,358	-	16,122,358
C	-	-	-	7,778,384	7,778,384
Not rated	37,073,604	-	-	299,199,620	336,273,224
	48,667,031	528,673,856	946,193,811	1,197,758,434	2,721,293,132
Governments and other local authorities					
AAA	-	1,184,840	26,839,377	-	28,024,217
AA- to AA+	-	3,703,336	-	-	3,703,336
A- to A+	-	13,986,200	-	-	13,986,200
BBB- to BBB+	2,543,686,811	2,195,912,638	-	-	4,739,599,449
D	-	-	-	1,497,739	1,497,739
	2,543,686,811	2,214,787,014	26,839,377	1,497,739	4,786,810,941
Financial institutions					
AAA	-	-	-	1,125,852	1,125,852
AA- to AA+	-	9,811,442	-	9,795,502	19,606,944
A- to A+	-	76,686,008	104,256,941	425,607,419	606,550,368
BBB- to BBB+	10,281,318	45,889,365	309,657,748	59,870,782	425,699,213
BB- to BB+	43,006,712	36,298,048	-	-	79,304,760
B- to B+	-	-	-	15,093,280	15,093,280
Not rated	-	-	50,041,331	64,287,788	114,329,119
	53,288,030	168,684,863	463,956,020	575,780,623	1,261,709,536
Other issuers					
AAA	-	-	-	184,324	184,324
	-	-	-	184,324	184,324
Total Available-for-sale investments (net of impairment)	2,645,641,872	2,912,145,733	1,436,989,208	1,775,221,120	8,769,997,933

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Financial assets initially recognised at fair value through profit or loss					
Corporate					
AA- to AA+	-	806,660	106,328	-	912,988
A- to A+	-	1,283,237	46,013,826	-	47,297,063
BBB- to BBB+	206,231	900,178	84,063,636	41,509,075	126,679,120
BB- to BB+	-	-	29,357,389	-	29,357,389
Not rated	-	63,084,866	50,981,767	3,668,807	117,735,440
	206,231	66,074,941	210,522,946	45,177,882	321,982,000
Governments and other local authorities					
AAA	-	2,466,718	-	-	2,466,718
AA- to AA+	-	3,310,451	-	-	3,310,451
BBB- to BBB+	-	2,665,931	-	-	2,665,931
BB- to BB+	89,467,752	-	-	-	89,467,752
	89,467,752	8,443,100	-	-	97,910,852
Financial Institutions					
AAA	-	199,430	-	-	199,430
AA- to AA+	-	150,842	-	-	150,842
A- to A+	103,384	33,680,412	303,200	-	34,086,996
BBB- to BBB+	102,855	969,023	37,344,039	55,028	38,470,945
CCC- to CCC+	22,991,400	-	-	-	22,991,400
	23,197,639	34,999,707	37,647,239	55,028	95,899,613
Total Financial assets initially recognised at fair value through profit or loss	112,871,622	109,517,748	248,170,185	45,232,910	515,792,465

(amounts in euros)

Class of asset	2017				Total
	Country of origin				
	Portugal	Rest of European Union	North America	Other	
Available-for-sale investments (net of impairment)					
Corporate					
AA- to AA+	-	68,070	16,302,572	36,144,355	52,514,997
A- to A+	-	39,207,457	197,340,888	403,392,716	639,941,061
BBB- to BBB+	-	103,307,282	524,629,613	111,402,447	739,339,342
BB- to BB+	11,854,982	208,968,265	169,935,666	97,470,835	488,229,748
B- to B+	-	-	22,867,424	2,267,255	25,134,679
CCC- to CCC+	-	3,389,259	-	-	3,389,259
CC- to CC+	-	-	-	5,139,798	5,139,798
D	-	14,744,377	-	-	14,744,377
Not rated	149,103,911	102,753,909	-	308,700,808	560,558,628
	160,958,893	472,438,619	931,076,163	964,518,214	2,528,991,889
Governments and other local authorities					
AAA	-	20,854,370	-	-	20,854,370
AA- to AA+	-	22,393,481	-	-	22,393,481
BBB- to BBB+	-	1,676,072,664	-	-	1,676,072,664
BB- to BB+	3,794,412,154	-	-	75,180,603	3,869,592,757
	3,794,412,154	1,719,320,515	-	75,180,603	5,588,913,272
Financial institutions					
AAA	-	-	-	1,155,576	1,155,576
AA- to AA+	-	9,806,963	-	3,958,521	13,765,484
A- to A+	-	113,525,681	59,614,152	166,524,615	339,664,448
BBB- to BBB+	21,822	20,761,609	348,892,429	172,516,247	542,192,107
BB- to BB+	1,017,351	29,644,508	-	44,153,914	74,815,773
Not rated	-	-	42,407,988	-	42,407,988
	1,039,173	173,738,761	450,914,569	388,308,873	1,014,001,376
Other issuers					
AAA	-	-	-	191,797	191,797
	-	-	-	191,797	191,797
Total Available-for-sale investments (net of impairment)	3,956,410,220	2,365,497,895	1,381,990,732	1,428,199,487	9,132,098,334

The Company periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as "Adjustments for premiums pending collection" (Note 38). At 31 December 2018 and 2017, the balance sheet value of premiums from insured persons pending collection was as follows:

(amounts in euros)

	2018						
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	Net balance sheet value
Life insurance							
Capitalisation products	7,056,634	1,598,678	1,994	2,400	22,901	(156)	8,682,451
Life risk products	1,712,732	331,788	898,816	287,483	400,139	(161,034)	3,469,924
Non-life insurance							
Motor	7,359,081	1,021,172	814,017	165,944	113,054	(1,271,869)	8,201,399
Workers' compensation	3,476,517	2,492,113	2,386,662	1,310,405	223,285	(2,833,848)	7,055,134
Domestic animals	121	-	-	-	-	-	121
Health	6,039,238	5,340,700	467,542	156,317	46,972	(267,366)	11,783,403
Fire and other damage	6,315,809	1,713,348	382,571	2,377,022	204,145	(819,291)	10,173,604
Transports	832,515	52,107	40,480	36,441	49,255	(73,617)	937,181
Third party liability	1,880,491	255,157	159,527	276,076	18,156	(347,642)	2,241,765
Other (includes personal accidents)	1,808,504	2,364,779	1,210,922	4,852,298	336,143	(1,405,091)	9,167,555
	36,481,642	15,169,842	6,362,531	9,464,386	1,414,050	(7,179,914)	61,712,537

(amounts in euros)

	2017						
	Less than 30 days overdue	Between 30 and 90 days overdue	Between 90 and 180 days overdue	Between 180 days and 1 year overdue	Over 1 year overdue	Impairment losses	Net balance sheet value
Life insurance							
Capitalisation products	8,548,099	283,635	369,897	29,525	23,159	(800)	9,253,515
Life risk products	(1,797,045)	836,680	123,231	407,338	681,725	(237,134)	14,795
Non-life insurance							
Motor	10,293,371	1,219,249	572,279	335,653	216,479	(2,526,810)	10,110,221
Workers' compensation	1,881,405	2,130,411	903,019	135,944	250,126	(1,820,158)	3,480,747
Health	3,613,911	7,307,757	889,897	389,261	61,980	(363,648)	11,899,158
Fire and other damage	7,348,670	4,031,802	1,525,844	1,785,988	187,316	(1,060,261)	13,819,359
Transports	1,114,354	92,417	90,520	38,511	7,436	(171,794)	1,171,444
Third party liability	1,527,048	305,962	181,903	430,988	48,608	(306,304)	2,188,205
Other (includes personal accidents)	3,046,000	5,421,701	689,117	380,218	958,046	(1,108,683)	9,386,399
	35,575,813	21,629,614	5,345,707	3,933,426	2,434,875	(7,595,592)	61,323,843

Liquidity risk

At 31 December 2018 and 2017, the estimated undiscounted cash-flows of the financial instruments, according to the respective contractual maturity, were as follows:

(amounts in euros)

	2018									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	661,741,958	-	-	-	-	-	-	-	-	661,741,958
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	-	-	-	-	-	-	-	-	24,406,607	24,406,607
Financial assets initially recognised at fair value through profit or loss	2,307,163	23,690,126	20,626,299	69,530,079	172,031,816	181,542,784	145,498,037	14,515,146	17,070,748	646,812,196
Hedge derivatives	-	-	-	-	-	-	-	-	4,122,951	4,122,951
Available-for-sale investments	79,174,096	288,149,144	875,986,684	171,281,753	2,875,295,553	2,636,184,580	2,569,277,857	71,013,372	3,045,581,131	12,611,944,170
Loans and accounts receivable	724,169,911	375,825,773	432,474,318	288,093,053	18,826,991	1,094,470	313,892	164,087	-	1,840,962,494
Other debtors	169,200,949	-	-	-	-	-	-	-	-	169,200,949
	1,636,594,076	687,665,043	1,329,087,300	528,904,884	3,066,154,361	2,818,821,833	2,715,089,786	85,692,605	4,869,583,689	17,737,593,577
Liabilities										
Mathematical provision for life insurance	15,762,355	18,428,826	28,232,104	119,825,480	345,210,562	362,968,471	296,902,658	299,434,703	23,755,135	1,510,520,293
Financial liabilities held for trading	20,020	12,810,282	5,239,882	1,352,429	9,880,817	883,767	1,404,017	344,292	-	31,935,506
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	138,296,836	321,140,432	369,419,912	789,102,825	2,704,536,641	2,822,572,342	1,679,854,939	862,254,222	5,905,828	9,693,083,976
Hedge derivatives	-	-	-	-	-	-	-	-	112,884	112,884
Other financial liabilities	136,228	272,456	408,684	131,596,311	-	-	-	-	-	132,413,679
Other creditors	122,752,420	-	-	-	-	-	-	-	-	122,752,420
	276,967,859	352,651,996	403,300,582	1,041,877,046	3,059,628,020	3,186,424,580	1,978,161,614	1,162,033,217	29,773,846	11,490,818,760

(amounts in euros)

	2017									Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Indefinite	
Assets										
Cash and cash equivalents	199,378,975	-	-	-	-	-	-	-	-	199,378,975
Investments in associates and joint ventures	-	-	-	-	-	-	-	-	1,964,534,956	1,964,534,956
Financial assets held for trading	-	-	-	-	-	-	-	-	67,050,687	67,050,687
Financial assets initially recognised at fair value through profit or loss	3,163,674	4,021,636	98,282,579	65,056,031	181,253,891	117,771,927	52,035,274	79,763,472	8,492	601,356,977
Hedge derivatives	-	-	-	-	-	-	-	-	14,922,592	14,922,592
Available-for-sale investments	133,690,647	294,124,473	472,254,059	211,393,599	1,524,929,525	2,347,450,319	5,082,982,863	74,555,162	18,515,680	10,159,896,327
Loans and accounts receivable	300,817,122	498,769,191	99,221,857	100,628,094	51,942,251	1,138,060	320,263	168,679	2,065,706	1,055,071,223
Other debtors	205,371,662	-	-	-	-	-	-	-	-	205,371,662
	842,422,080	796,915,300	669,758,496	377,077,724	1,758,125,667	2,466,360,306	5,135,338,400	154,487,313	2,067,098,113	14,267,583,399
Liabilities										
Mathematical provision for life insurance	17,312,817	20,460,030	22,192,947	92,013,225	323,030,533	328,975,139	297,688,145	327,519,842	23,809,493	1,453,002,172
Financial liabilities held for trading	-	760,537	(7,769)	980,153	3,831,737	1,929,073	17,139	-	4,299	7,515,169
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	185,342,648	246,915,721	467,923,399	707,406,887	2,266,309,898	2,593,884,254	1,764,471,864	797,276,066	5,719,379	9,035,250,117
Other financial liabilities	135,472	270,943	406,415	130,865,495	-	-	-	-	-	131,678,324
Other creditors	116,957,107	-	-	-	-	-	-	-	-	116,957,107
	319,748,043	268,407,231	490,514,992	931,265,760	2,593,172,168	2,924,788,466	2,062,177,148	1,124,795,908	29,533,171	10,744,402,888

The amounts presented above are not comparable with the accounting balances as they include cash-flow projections and are not discounted.

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions that Fidelidade uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- Cash and cash equivalents were classified as payable on demand and included in the "up to 1 month" category;
- The amount of "Loans and accounts receivable", classified as being of "Indefinite" maturity, relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in "Other debtors" and "Other creditors" are payable on demand, and classified with maturity of "Up to 1 month";
- Equity instruments were classified as being of "Indefinite" maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in "Deposits received from reinsurers" correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- "Hedge Derivatives" were classified as "Indefinite", since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of "Financial liabilities held for trading" the contracts' maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
 - Mortality was determined according to the Company's history of the last five years;
 - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
 - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
 - The expected costs were estimated based on the values recorded in year.

Market risk

At 31 December 2018 and 2017, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

(amounts in euros)

	2018			Total
	Exposure to		Not subject to interest rate risk	
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents	-	660,560,497	1,181,460	661,741,958
Investments in subsidiaries, associates and joint ventures	-	-	1,778,402,252	1,778,402,252
Financial assets held for trading	(61,016)	88,822	24,378,801	24,406,607
Financial assets initially recognised at fair value through profit or loss	534,419,876	24,386,169	30,623,136	589,429,181
Hedge derivatives	-	-	4,122,951	4,122,951
Available-for-sale investments	8,204,409,807	565,588,125	1,338,578,293	10,108,576,225
Loans and accounts receivable	-	1,967,616,270	-	1,967,616,270
Other debtors	-	-	169,200,949	169,200,949
	8,738,768,667	3,218,239,883	3,346,487,843	15,303,496,393
Liabilities				
Mathematical provision for life insurance	-	1,634,959,180	-	1,634,959,180
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	9,236,181,722	40,287,720	-	9,276,469,443
Financial liabilities held for trading	26,426,806	(21,529,733)	25,159,229	30,056,302
Hedge derivatives	-	-	112,884	112,884
Deposits received from reinsurers	-	130,778,942	-	130,778,942
Other creditors	-	-	122,752,420	122,752,420
	9,262,608,528	1,784,496,110	148,024,533	11,195,129,172

(amounts in euros)

	2017			
	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents	-	194,005,417	5,373,558	199,378,975
Investments in subsidiaries, associates and joint ventures	-	-	1,964,534,956	1,964,534,956
Financial assets held for trading	(102,841)	119,387	67,034,141	67,050,687
Financial assets initially recognised				
at fair value through profit or loss	477,526,351	34,597,307	21,899,463	534,023,121
Hedge derivatives	-	-	14,922,592	14,922,592
Available-for-sale investments	8,565,160,958	557,014,919	1,569,785,713	10,691,961,590
Loans and accounts receivable	-	1,118,972,443	-	1,118,972,443
Other debtors	-	-	205,371,660	205,371,660
	9,042,584,468	1,904,709,473	3,848,922,083	14,796,216,024
Liabilities				
Mathematical provision for life insurance	-	1,527,496,361	-	1,527,496,361
Financial liabilities of the deposit component of insurance				
contracts and on insurance contracts and operations considered				
for accounting purposes as investment contracts	8,408,046,373	175,593,367	-	8,583,639,740
Financial liabilities held for trading	7,645,660	(1,991,013)	14,159,171	19,813,818
Deposits received from reinsurers	-	130,052,666	-	130,052,666
Other creditors	-	-	116,957,107	116,957,107
	8,415,692,033	1,831,151,381	131,116,278	10,377,959,692

At 31 December 2018 and 2017, the sensitivity of the fair value of the Company's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

(amounts in euros)

	2018					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised at fair value						
through profit or loss	(31,395,248)	(16,683,656)	(8,464,824)	8,721,529	17,711,124	35,285,298
Available-for-sale investments	(549,818,906)	(282,700,066)	(143,373,333)	147,581,064	299,539,509	617,313,374
Loans and accounts receivable	(8,843,641)	(4,345,865)	(2,181,160)	2,197,827	4,412,539	9,115,396
	(590,057,795)	(303,729,587)	(154,019,316)	158,500,420	321,663,172	661,714,069
Liabilities						
Financial liabilities held for trading	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)
	801,413	81,327	40,964	(41,577)	(83,781)	(780,775)

(amounts in euros)

	2017					
	Change +200 bp's	Change +100 bp's	Change +50 bp's	Change -50 bp's	Change -100 bp's	Change -200bp's
Assets						
Financial assets initially recognised at fair value						
through profit or loss	(21,243,814)	(11,018,129)	(5,615,664)	5,846,102	11,941,881	24,971,127
Available-for-sale investments	(789,679,567)	(408,640,205)	(207,924,011)	215,461,333	438,808,617	910,660,421
Loans and accounts receivable	(5,368,901)	(2,708,780)	(1,360,571)	1,373,137	2,759,048	5,570,049
	(816,292,282)	(422,367,114)	(214,900,246)	222,680,572	453,509,546	941,201,597
Liabilities						
Financial liabilities held for trading	(286,728)	(145,939)	(73,629)	74,980	151,346	308,370
	(286,728)	(145,939)	(73,629)	74,980	151,346	308,370

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2018 and 2017, the breakdown of financial instruments by currency was as follows:

(amounts in euros)

	2018				Total
	Euros	U.S Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	577,936,196	60,751,840	234,680	22,819,242	661,741,958
Investments in subsidiaries, associates and joint ventures	1,618,114,604	-	-	160,287,648	1,778,402,252
Financial assets held for trading	7,613,894	16,271,014	-	521,699	24,406,607
Financial assets initially recognised at fair value through profit or loss	119,624,958	457,950,409	9,464,792	2,389,022	589,429,181
Hedge derivatives	-	4,015,724	-	107,227	4,122,951
Available-for-sale investments	6,639,875,127	2,895,721,705	439,905,979	133,073,414	10,108,576,225
Loans and accounts receivable	1,832,448,704	80,991,214	21,852,281	32,324,071	1,967,616,270
Other debtors	164,024,343	4,335,342	50,479	920,178	169,330,342
	10,959,637,826	3,520,037,248	471,508,211	352,442,501	15,303,625,786
Liabilities					
Mathematical provision for life insurance	1,634,959,178	-	-	-	1,634,959,178
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	9,276,469,443	-	-	-	9,276,469,443
Financial liabilities held for trading	(5,668,942)	35,386,931	-	338,313	30,056,302
Hedge derivatives	-	86,613	-	26,271	112,884
Deposits received from reinsurers	130,778,942	-	-	-	130,778,942
Other creditors	120,348,553	1,427,685	134,677	970,898	122,881,813
	11,156,887,174	36,901,229	134,677	1,335,482	11,195,258,562

(amounts in euros)

	2017				Total
	Euros	U.S Dollar	Hong-Kong Dollar	Other currencies	
Assets					
Cash and cash equivalents	179,883,193	-	14,942,022	4,553,760	199,378,975
Investments in subsidiaries, associates and joint ventures	1,929,763,210	-	-	34,771,746	1,964,534,956
Financial assets held for trading	9,139,153	51,564,438	-	6,347,096	67,050,687
Financial assets initially recognised at fair value through profit or loss	246,136,699	287,442,899	-	443,523	534,023,121
Hedge derivatives	-	14,537,123	-	385,469	14,922,592
Available-for-sale investments	7,216,082,755	2,850,983,036	495,541,790	129,354,009	10,691,961,590
Loans and accounts receivable	1,011,340,319	72,416,766	6,525,153	28,690,205	1,118,972,443
Other debtors	194,184,191	10,057,244	49,502	1,176,489	205,467,426
	10,786,529,520	3,287,001,506	517,058,467	205,722,297	14,796,311,790
Liabilities					
Mathematical provision for life insurance	1,524,341,184	-	-	3,155,177	1,527,496,361
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts	8,583,639,740	-	-	-	8,583,639,740
Financial liabilities held for trading	14,563,877	1,857,427	-	3,392,514	19,813,818
Deposits received from reinsurers	130,052,666	-	-	-	130,052,666
Other creditors	115,282,096	1,306,065	96,791	367,921	117,052,873
	10,367,879,563	3,163,492	96,791	6,915,612	10,378,055,458

The headings "Other debtors" and "Other creditors" are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

44. DISCLOSURES RELATING TO INSURANCE CONTRACT RISKS

Below is a summary of the acceptance and risk management policies in force.

44.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Company, they are sent to the Reinsurers' Underwriting Departments for proposals for acceptance of the conditions of these risks to be presented.

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

44.2. Technical management

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

44.3. Risk control management instruments

Internal risks of the organisation

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

Portfolio profile studies

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

Portfolio selection and reorganisation

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

Insurance risk concentrations

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Group's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

Behaviour of the non-life portfolio - Direct insurance

Direct insurance

(amounts in euros)

	2018			2017		
	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio	Gross Premiums Earned	Claims and Expenses Ratio	Post-investment Claims and Expenses Ratio
Accidents	238,911,485	1.13	1.12	200,240,801	1.17	1.15
Health	296,416,272	0.96	0.95	266,855,030	0.93	0.91
Fire and Other Damage	238,153,125	0.83	0.82	236,074,982	1.09	1.07
Motor	415,736,264	0.98	0.96	387,006,789	1.04	1.03
Marine	3,800,291	0.61	0.60	4,440,089	0.43	0.42
Aviation	6,991,016	0.12	0.11	6,852,250	0.80	0.79
Transported Goods	6,765,225	0.56	0.55	6,729,878	0.75	0.74
Third Party Liability	36,068,260	0.74	0.73	34,140,311	0.78	0.76
Other Lines of Business						
(Credit and Suretyship + Others)	75,885,798	0.62	0.61	71,128,143	0.70	0.68

Note: Ratios for the years of occurrence 2018 and 2017.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Marine and Health saw an increase in the ratio of 43.8% and 4.0% respectively.

The ratio tended to decrease in Accidents, Fire and Other Damage, Motor, Aviation, Transported Goods, Third Partly Liability, and Other Lines of Business.

An analysis of the above table reveals that in the last 12 months only premiums in the Accidents line of business were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2018, reaching over EUR 11.8 million.

Premiums sufficiency and creation of a provision for unexpired risks

Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 12.1% in the costs would be needed to eliminate the premiums shortfall in this line of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

Net of reinsurance

With the exception of the Aviation lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2018, to meet the costs associated with the operation of most of the lines of business.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2017.

Provision for unearned premiums

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

Equalisation provision

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The insurance company follows the criteria listed there.

Claims provision

The claims provision is calculated as described in the accounting policies.

Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

Risk concentration and mitigation

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 90.2% of the Gross Premiums Earned and 95.9% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.

In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2018, and which remained the same as in 2017.

Distribution of Reinsurers by Rating

Rating	% Reinsurers	
	2018	2017
A -	18.5%	18.5%
A	25.9%	25.9%
A +	22.2%	22.2%
AA -	26.0%	26.0%
AA+	3.7%	3.7%
No rated	3.7%	3.7%

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 100,000,000 and a capacity of EUR 420,000,000.

At Fidelidade 60.51% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

Comparison between estimated and actual claims

Fidelidade's claims provision at 31 December 2017 totalled EUR 1,664 million. During 2018, EUR 388,034,364 were paid for claims which occurred in 2017 and previous years.

In December 2018, natural consumption would lead to a provision of EUR 1,275,712,567. However, there was a negative readjustment of over EUR 21 million, and the provision at the end of December 2017 was EUR 1,254,707,290.

There were negative readjustments for all lines of business except Accidents, Health and Other Lines of Business. The most significant, in absolute terms, was in Motor, which was greater than EUR 41 million.

Development of the Claims Provision Regarding Claims Occurred in Previous Years and their Readjustments (Corrections)

(amounts in euros)

Headings	Claims Provision at 31 December 2017 (1)	Claims Paid in the Year * (2)	Claims Provision at 31 December 2018 * (3)	Readjustments (3)+(2)-(1)
Accidents and Health	906,160,181	148,553,734	789,993,150	32,386,703
Fire and Other Damage	217,173,443	105,012,641	98,407,733	(13,753,069)
Motor	415,878,613	115,025,009	259,585,742	(41,267,862)
Marine and Transport	2,740,621	305,296	1,919,710	(515,615)
Aviation	5,920,918	265,297	5,545,378	(110,243)
Transported Goods	4,056,143	2,099,374	1,911,640	(45,129)
Third Party Liability	98,999,696	8,412,914	87,771,007	(2,815,775)
Credit and Suretyship	445,958	6,991	398,591	(40,376)
Legal Protection	23,563	453	992	(22,118)
Assistance	152,225	-	10,782	(141,443)
Other	12,195,570	8,352,655	9,162,565	5,319,650
Total	1,663,746,931	388,034,364	1,254,707,290	(21,005,277)

* Claims occurred in the year N-1 and previous years

Insurance Risks

The Insurer underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the insurer's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The insurer carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Insurer also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

Risk Assessment Assumptions

Non-life lines of business, except annuities

The main assumption for estimating the insurer's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

Annuities and whole life assistance in the Workers' Compensation line of business

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

Assumption	Factor	Increase in Liability
Longevity	+ 20%	5.29%
Expense	+ 10%	0.63%
Revision	4%	2.08%
Interest Rate	-1%	12.08%

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Number of claims	+10%	81,874,223	(81,874,223)	(56,083,843)
Average claims cost	+10%	70,705,681	(70,705,681)	(48,433,391)
Average claims reserve	+10%	75,815,781	(75,815,781)	(51,933,810)
Longevity	+10%	18,012,174	(18,012,174)	(12,338,339)
Longevity	-10%	(17,938,952)	17,938,952	12,288,182
Discount rate	+1%	(81,522,189)	81,522,189	55,842,699
Discount rate	-1%	115,398,233	(115,398,233)	(79,047,789)

44.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by Reinsurance.

The Group has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Group works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Group's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Group's financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Group's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Company's financial capacity.

Motor, Workers' Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Group's financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody's) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is "A-".

44.5. Life Insurance

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

Risk products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Company's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$.

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	147,936,587	101,558,576	-	15,318,861	22,169,506	188,525,117
2020	125,648,398	84,968,631	-	14,388,464	19,952,979	183,461,788
2021	116,048,111	78,231,333	-	13,568,369	18,057,236	177,728,740

The following tables provide information on the change in these cash inflows and outflows, considering a 5% increase in expected redemptions.

(amounts in euros)

Year	Risk		Annuities		Capitalization with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2019	144,426,957	99,521,341	-	15,318,861	21,607,785	247,680,195
2020	115,908,527	79,496,867	-	14,388,464	18,459,403	223,532,409
2021	101,254,301	69,973,174	-	13,568,369	15,857,826	200,815,632

Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

(amounts in euros)

Key Assumptions	Change in assumptions	2018		
		Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality	+10%	(6,080,206)	6,080,206	4,164,941
Mortality	-10%	6,870,896	(6,870,896)	(4,706,564)
Expected income rate	+0.5%	(15,267,720)	15,267,720	10,458,388
Expected income rate	-0.5%	23,047,425	(23,047,425)	(15,787,486)
Incurred but not reported claims	+10%	2,355,824	(2,355,824)	(1,613,739)

45. CAPITAL MANAGEMENT

The new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese Law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

The Solvency II rules are divided into three pillars.

Pillar I (quantitative requirements)

The Solvency II rules define criteria for determining own funds eligible for the purposes of capital requirements by undertaking an economic assessment of the insurance Company's assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that an Insurance Company may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which an Insurance Company may be exposed.

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, it shall immediately inform the ASF. In the event of failure to comply with the SCR, it shall send this Authority a recovery plan within two months and take the measures necessary to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the Company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, it shall send to the ASF, within one month, a short-term financing plan, with a view to avoiding non-compliance or restoring the eligible own funds, at least to the level of the MCR, or with a view to reducing the Company's risk profile.

Pillar II (qualitative requirements and supervision)

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, risk management and internal control, including systems to ensure the suitability and qualification of those persons who effectively run the Company, supervise it and are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. Through this exercise, the Company must conduct a prospective assessment of the adequacy of the capital available to achieve its business objectives, taking into account its risk profile, and also the adequacy of the regulatory capital, and conduct a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

Pillar III (prudential reporting and public disclosures)

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, Fidelidade's capital management objectives meet the following general principles:

- Complying with the legal requirements by which Fidelidade is bound;
- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that Fidelidade is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, Fidelidade has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Company's daily activities, with an integrated approach being applied to ensure that the strategic objectives (clients' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, at the same time guaranteeing the Company's obligations to its stakeholders.

Risk management aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Company's business strategy.

The ORSA, which coincides timewise with the Company's strategic planning (which is never less than 3 years), plays a key role in the Company's Capital Management, and supports its main activities, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business and capital management strategy;
- Contributing to the commencement of the strategic planning process, by performance of a capital adequacy assessment in the most recent period;

- Monitoring capital adequacy in line with the regulatory capital requirements and internal capital needs.

Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual "Solvency and Financial Condition Report", enable detailed information to be provided on the Company's activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the "Solvency and Financial Condition Report", it is important to state that the Company complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Company has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Office, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, and the Life and Non-Life Products Committees.

46. MANAGED PENSION FUNDS

At 31 December 2018 and 2017, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

	2018							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	27,089,273	33,776,952	56,546,406	217,832	256,595	250,721	172,651	5,773,769
Debt instruments	117,512,922	498,097,940	-	7,859,347	5,054,746	7,792,139	3,594,498	-
Equity instruments	19,366,321	205,042,881	-	2,310,756	6,771,898	10,966,830	6,384,569	-
Others	33	-	(99,051)	(45,294)	(54,685)	(87,819)	(48,241)	(9,474)
	163,968,548	736,917,773	56,447,355	10,342,641	12,028,554	18,921,871	10,103,478	5,764,295
Amounts in Euros								
Cash and deposits	2,932,850	3,656,899	6,122,060	23,584	27,781	27,145	18,692	625,104
Debt instruments	12,722,668	53,927,130	-	850,901	547,258	843,625	389,162	-
Equity instruments	2,096,716	22,199,197	-	250,177	733,167	1,187,336	691,233	-
Others	4	-	(10,724)	(4,904)	(5,921)	(9,508)	(5,223)	(1,026)
	17,752,238	79,783,226	6,111,336	1,119,758	1,302,285	2,048,598	1,093,864	624,078

Amounts in Euros, considering the exchange rate at 31 December 2018 of 1 EUR/ 9,23650 MOP.

	2017							
	BNU Pension Fund	Golden Age Retirement Pension Fund	Guaranteed Capital Pension Fund	International Stable Pension Fund	International Opportunities Pension Fund	Greater China Opportunities Pension Fund	Emerging Markets Opportunities Pension Fund	SmartSafe Pension Fund
Amounts in Patacas								
Cash and deposits	28,003,144	24,326,810	42,484,019	188,291	226,478	329,492	263,753	827,907
Debt instruments	114,934,707	469,029,419	-	5,193,808	3,372,269	6,533,339	3,476,160	-
Equity instruments	23,576,635	219,047,187	-	1,754,443	5,165,134	9,355,561	6,233,622	-
Others	(24,973)	(373,816)	(306,523)	(60,646)	(73,298)	(134,426)	(88,625)	(136)
	166,489,513	712,029,601	42,177,496	7,075,896	8,690,584	16,083,966	9,884,909	827,771
Amounts in Euros								
Cash and deposits	2,900,918	2,520,077	4,401,030	19,506	23,461	34,133	27,323	85,765
Debt instruments	11,906,384	48,587,973	-	538,040	349,342	676,806	360,104	-
Equity instruments	2,442,365	22,691,666	-	181,747	535,070	969,167	645,757	-
Others	(2,587)	(38,725)	(31,754)	(6,282)	(7,593)	(13,926)	(9,181)	(14)
	17,247,080	73,760,991	4,369,276	733,011	900,280	1,666,180	1,024,003	85,751

Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9,65320 MOP.

47. SUBSEQUENT EVENTS

On 7 January 2019, Fidelidade purchased 194,224,590 shares, for the amount of 349,604,262 Peruvian Soles (corresponding to around EUR 92 million), representing 51% of the Share Capital of the company La Positiva Seguros y Reaseguros.

At the purchase date there is difference between the purchase value and the accounting value of the Equity of 115 million Peruvian Soles, corresponding to around EUR 30 million. This difference will be allocated by assessing the assets and liabilities at fair value, as defined in IFRS 3 – Business Combinations:

	Peruvian Sol	Euro
Purchase Value	349,604,262	92,146,616
Equity (unaudited)	459,784,421	121,187,248
- Minority Interests	(225,294,982)	(59,381,914)
Difference	115,114,823	30,341,282

Given that the transaction was performed near to the time the accounts were approved by the Board, the Company is still calculating the fair value of the assets and liabilities, and the difference mentioned above may not therefore represent the Goodwill expected from the transaction. The (unaudited) Equity is in line with the Peruvian accounting method and needs to be adjusted to the accounting method used by the Company. The Goodwill will be calculated during 2019.

REPORT AND OPINIONS ON THE SEPARATE ACCOUNTS

(Translation of a report originally issued in Portuguese)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Fidelidade – Companhia de Seguros, S.A. (the Company), which comprise the Separate Statement of Financial Position as at December 31, 2018 (which establishes a total of 16,275,614,962 euros and total equity of 2,232,604,931 euros, including a net profit for the year of 278,236,439 euros), the Separate Income Statement, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity and the separate Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the separate financial position of Fidelidade – Companhia de Seguros, S.A. as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal (“Autoridade de Supervisão de Seguros e Fundos de Pensões”).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section below. We are independent of the Company in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors’ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in notes 18 and 19 of financial statements, as at December 31, 2018, the technical provisions for life insurance and the financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as	Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>investment contracts amounted to 2,155 m and 9,276 million euros ("m"), respectively, representing approximately 81% of the total liabilities.</p> <p>These matters were considered to be as a key audit matter based on materiality to the financial statements and the fact that it is an area with a significant degree of judgement about uncertain future results, namely the timing and total value of liabilities to policyholders, as well as estimating the future income of the assets portfolio underlying these obligations. As described in note 2.18, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p>	<ul style="list-style-type: none"> • Understanding of the Company's internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities; • Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates; • With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Company's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and • Review the completeness and consistency of the disclosures in the financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

2. Measurement of Claims Provisions (non-life)

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As described in note 18 to the separate financial statements as at December 31, 2018, the claims provisions arising from non-life insurance contracts amounted to 1,632 m (12% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Company's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based on judgments, in particular the discount rate, mortality tables and estimation of</p>	<p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> • Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life); • Analytical review procedures on the financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations; • With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>expenses to be incurred (see details in subparagraph (d)) 2.15 note).</p> <p>In view of the materiality of these liabilities to the financial statements and that the process for their measurement incorporates estimation based on assumptions and actuarial techniques applied to information currently available, and that the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p>	<p>the Company for the measurement of the claims liabilities (non-life), including analysis of consistency with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Company's products regulatory requirements and practices in the insurance sector;</p> <ul style="list-style-type: none"> Recalculation of claims provisions by our actuarial specialists for the segments representing the most significant share of the liabilities of the Company (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations; Review the completeness and consistency of disclosures in the separate financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.

3. Valuation of financial instruments at fair value

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As detailed in note 43, the assets and liabilities include financial instruments valued at fair value amounting to 10,725 m and 70 m, respectively, which represent about 66% of the total assets and 0.5% of the total liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates. The total value of instruments with reduced liquidity, recognised in the assets and liabilities of the Company, amounting to about 1,598 m (10% of the asset) and 53 m (0.4% of the liabilities), respectively, which were classified under the fair value hierarchy defined in the accounting framework as "level 2" and "level 3" (Note 43).</p>	<p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value; Analytical review of the financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company with those observed in external sources of information; Analysis of the methodologies and assumptions used by the Company in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and Review the completeness and consistency of disclosures of financial instruments at fair value in the separate financial

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The consideration of this matter as significant to the audit was based on their materiality to the financial statements and the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of the fair value of financial instruments.</p>	<p>statements with the respective accounting data and requirements of International Financial Reporting Standards.</p>

4. Recognition and measurement of Impairment in investments in subsidiaries, associates and joint venture

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The separate financial statements of the Company as at December 31, 2018 include in the statement of financial position as more fully disclosed in note 4, investments in subsidiaries and associates of 1,778 m , representing approximately 11% of the assets.</p> <p>These assets are subject to impairment tests at least annually. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information).</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of impairment losses.</p>	<p>Our approach to the risk of material misstatements in the valuation of investments in subsidiaries, associates and joint ventures included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of these investments; • Review of the assumptions used in the valuation models approved by the management, in particular the cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts; • Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; • Review of the completeness and consistency of disclosures of investments in subsidiaries, associates and joint ventures in the financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.

5. Recognition and measurement of impairment losses on financial assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The income statement of the Company as at December 31, 2018, includes impairment</p>	<p>Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial</p>

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>losses from financial instruments held, classified as "available-for-sale financial assets", of 173 m (details disclosed in note 38).</p> <p>In accordance with the accounting principles and the defined investment policy, which is described in note 2.4 (d), the Company recognise impairment losses on available-for-sale financial assets based on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on assumptions taking into account impairment indicators observable at a given time, based on information currently available, and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.</p>	<p>assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> • Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Company; • Analytical review tests on the separate financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; • Analysis of the policies/methodology for the recognition of impairment losses of the Company, based on the adopted accounting principles and market practices; • Review the completeness and consistency of disclosures in the separate financial statements on recognition of impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.

6. Valuation of real estate investments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>The separate financial statements of the Company as at December 31, 2018 include real estate assets as disclosed in notes 9 and 17 to the financial statements, recorded at fair value, classified as investment and own use properties, of 83 m and 84 m , respectively, which represent a total of about 1% of the assets of the Company.</p> <p>The real estate appraisals were based on the methods disclosed in note 9 to the financial statements and assumptions for which the effects of the economic and the ability of the market to absorb the available supply is crucial.</p> <p>The consideration of this matter as a key audit matter was based on their materiality to the financial statements and the inherent</p>	<p>Our approach to the risk of material misstatements included a specific strategy consisting of a combination of evaluation of controls and substantive procedures, namely:</p> <ul style="list-style-type: none"> • Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of real estate investments; • Analytical review tests on real estate items included in the separate financial statements; • Analysis of the valuation reports prepared by experts, testing the appropriateness of the valuation methods used and reasonableness of the assumptions made; • Comparative analysis of value and assumptions of the appraisals made in the year with those of previous years and price comparison with available market information;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
risk on the assumptions used in appraisals performed by external experts.	<ul style="list-style-type: none"> • Verification of the completeness and consistency of disclosures of real estate in the separate financial statements with the respective accounting data and requirements of International Financial Reporting Standards.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- ▶ the preparation of the financial statements which present a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by Autoridade de Supervisão de Seguros e Fundos de Pensões;
- ▶ the preparation of the Management Report, in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the of the Company to cease to continue as a going concern;

- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of Management Report with financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Company, we have not identified any material misstatement.

On additional items set out in article 10º of Regulation (EU) nº 537/2014

Pursuant to article 10º of Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade – Companhia de Seguros, S.A. for the first time in the shareholders' general meeting held on May 15, 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on March 31, 2015 for the period between 2015 and 2017. On March 29, 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on March 31 for the mandate between 2017 and 2019;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Company; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Company in conducting the audit.

Lisbon, March 13, 2019

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Ricardo Nuno Lopes Pinto - ROC nº 1579
Registered with the Portuguese Securities Market Commission under license nr. 20161189

Fidelidade – Companhia de Seguros, S.A.

Report and Opinion of the Supervisory Board

2018

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other governing bodies.

We have examined the Report of the Board of Directors and the other separate accounting documents for the year in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following

OPINION

- That the Report of the Board of Directors and other separate accounting documents for the year, as submitted by the Board of Directors, should be approved;
- That the proposal for the application of income set out in the Report of the Board of Directors should be approved;

The Supervisory Board wishes to express its gratitude to the Board of Directors and other governing bodies for their excellent collaboration during the course of the year.

Lisbon, 13 March 2019

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

DECLARATION OF COMPLEMENTARY LIABILITY
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.
FOR 2018

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the separate accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Report of the Board of Directors provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 13 March 2019.

SUPERVISORY BOARD

Pedro Antunes de Almeida – Chairman

Vasco Jorge Valdez Ferreira Matias – Member

João Filipe Gonçalves Pinto – Member

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Fidelidade – Companhia de Seguros, S.A., (hereinafter “Company” or “Fidelidade”) produces its Corporate Governance Report in a clear and transparent manner, applying the rules in force and observing best practice and recommendations, to make public its principles and regulatory standards within the scope of Corporate Governance.

This Corporate Governance Report relates to 2018 and was drawn up in compliance with that set out in Article 70(2) b) of the Portuguese Code of Commercial Companies and in Article 32(1) a) iv) of Regulatory Standard No. 8/2016 – R, of 16 August.

INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE**I. Capital Structure****1. Capital structure**

Fidelidade's share capital, of 457,380,000.00 euros, is represented by 145,200,000 nominative shares, with the nominal value of 3.15 euros each, which are fully subscribed and paid up. All the shares grant identical rights and are mutually fungible.

In line with its Articles of Association, besides the ordinary shares, Fidelidade may issue preferential shares without a vote, up to 20% of the share capital. Fidelidade has only issued ordinary shares.

The shareholder structure of the company became the following:

Shareholder	% of Capital	No. of shares
Longrun Portugal, SGPS, S.A.	84.9884%	123,403,140
Caixa Geral de Depósitos, S.A.	15.0000%	21,780,000
Employees	0.0025%	3,560
Own Shares	0.0092%	13,300
TOTAL:	100%	145,200,000

2. Restrictions on the transfer of shares

There are no limits on the transferability of shares.

3. Number of own shares, percentage of corresponding share capital and percentage of voting rights to which the own shares would correspond

At 31 December 2018, Fidelidade holds 13,300 own shares, which corresponds to 0.0092% of the share capital and percentage of votes.

4. Regime which is subject to the renewal or withdrawal of counter measures, in particular those which provide for limitation of the number of votes which may be held or exercised by a single shareholder individually or in a concerted manner with other shareholders

The Company's Articles of Association do not provide for any limitation to the number of votes which may be held or exercised by a single shareholder individually or in a concerted manner with other shareholders.

5. Shareholders agreements which the company is aware of and which may lead to restrictions regarding the transfer of securities or voting rights

See Point 2 above.

II. Shareholdings held

6. Identification of the natural or legal persons who are holders of qualifying shares, with an indication of the percentage of capital and votes attributed and the source and causes of attribution

The qualifying shares in the company's share capital at 31 December 2018, with an indication of the percentage of capital and votes and of votes attributed and the source and causes of attribution, are set out in the following table:

Shareholder	No. of Shares	% of Share Capital	% of Voting Rights	Method of Attribution
Longrun Portugal, SGPS, S.A.	123,403,140	84.9884%	84.9884%	Acquisition
Caixa Geral de Depósitos, S.A.	21,780,000	15%	15%	Acquisition

7. Indication of the number of shares and bonds held by the members of the management and supervisory bodies

At 31 December 2018, the members of the management and supervisory bodies did not hold shares in the Company.

At 31 December 2018, the members of the management and supervisory bodies did not hold bonds in the Company.

B. CORPORATE BODIES AND COMMITTEES

I. General Meeting

a) Composition of the Presiding Board of the General Meeting

8. Identification and position of the members of the presiding board of the general meeting and respective mandate

The Presiding Board of the General Meeting on 31 December 2018 had the following composition:

Position	Name
President	Nuno Azevedo Neves
Secretary	Paula Rodrigues Morais

b) Exercise of the right to vote

9. Potential restrictions on the right to vote, such as limitations to the exercise of the vote subject to ownership of a number or percentage of shares, time limits imposed for the exercise of the vote or systems whereby the financial rights attaching to securities are separated from the holding of securities

Pursuant to Article 10 of the Company's Articles of Association, one vote corresponds to every 100 (one hundred) shares. Shareholders with a number of shares lower than this minimum number may form a group to make up the necessary number to exercise the vote and be represented by one of the group members.

Fidelidade shareholders may only participate, debate and vote in the General Meeting, in person or via a representative, if, on the date of registration, corresponding to 0.00 (GMT) of the fifth trading day prior to the day on which the General Meeting is held, they held shares which grant them, according to the law and the Articles of Association, at least one vote and which comply with the applicable legal formalities, in the terms set out in the corresponding meeting notification.

No shareholder may be represented by two or more persons.

Postal voting is not permitted.

10. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in a relationship with him as set out in article 20(1) of the Securities Code

The Articles of Association do not contemplate any maximum percentage of voting rights which may be exercised by a single shareholder or by a shareholder that is in a relationship with him as set out in Article 20(1) of the Securities Code.

11. Identification of the shareholders' resolutions which, by imposition of the articles of association, may only be taken by a qualified majority, besides those provided for in law, and indication of those majorities

Resolutions of the General Meeting are approved by a majority of the votes of the shareholders present or represented at the General Meeting, whenever the law or the Articles of Association do not require a greater number (Article 11(2) of the Articles of Association).

Resolutions concerning any amendments to the Company's Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the company, suppression or reduction of the preference right of the Company shareholders in increases in share capital, cancellation of shares representing the share capital, the suspension or cessation of the exercise of the principal activity included in the Company's corporate purpose, authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis, and the appointment of the company's supervisory body and the respective external auditor when this is not one of the four largest international auditing companies, may only be approved if a vote in favour is achieved with a majority of at least 95% of the voting rights representing the entirety of the share capital.

II. Management

Board of Directors

Composition

12. Identification of the corporate governance model adopted

Fidelidade adopts a unitary corporate governance model with a Board of Directors which includes an Executive Committee.

13. Articles of association rules on the appointment and replacement of members of the board of directors

The members of the Board of Directors are elected by the General Meeting. The Chair and Deputy Chairs of the Board of Directors are chosen by the Board of Directors itself, except when they are appointed by the General Meeting of shareholders which elects the Board of Directors.

Vacancies or impediments in the Board of Directors are filled by co-opting until a resolution is submitted to the first subsequent General Meeting.

14. Composition of the board of directors, with an indication of the articles of association's minimum and maximum number of members, duration of the mandate, number of effective members, date when first appointed and duration of the mandate of each member

Pursuant to the Company's Articles of Association, the Board of Directors is composed of at least five and at most seventeen members, elected for mandates of three years, which are renewable.

At 31 December 2018, the Board of Directors was composed of thirteen members appointed to exercise duties for the three-year period 2017-2019, six of whom were non-executive members and seven of whom were executive members, as reflected in the following table:

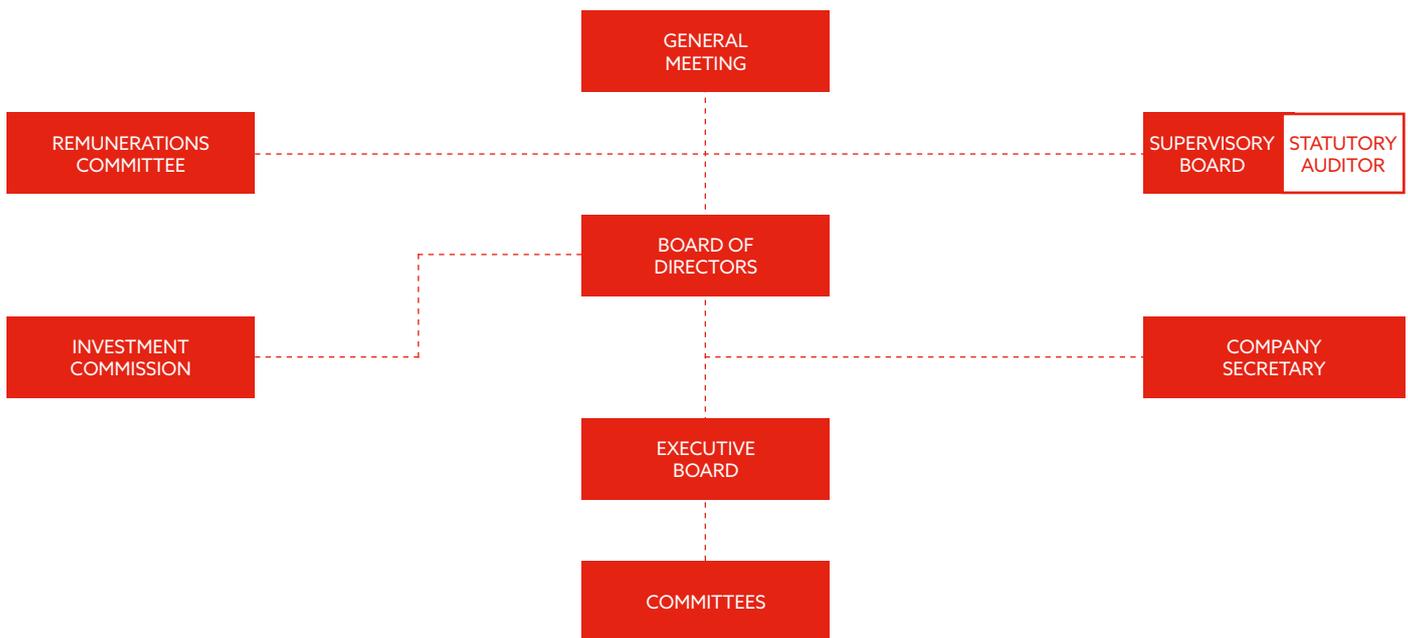
Members of the Board of Directors (BD)	Position	Date of Appointment to Mandate	Duration of Mandate	Observations
Jorge Manuel Baptista Magalhães Correia	Chairman	31-03-2017	2017/2019	Executive
José Manuel Alvarez Quintero	Vice-Chairman	31-03-2017	2017/2019	Executive
Lingjiang XU	Member	31-03-2017	2017/2019	Non-executive
José João Guilherme	Member	31-03-2017	2017/2019	Non-executive
Francisco Ravara Cary	Member	31-03-2017	2017/2019	Non-executive
João Eduardo de Noronha Gamito de Faria	Member	31-03-2017	2017/2019	Non-executive
António Manuel Marques de Sousa Noronha	Member	31-03-2017	2017/2019	Executive
Rogério Miguel Antunes Campos Henriques	Member	31-03-2017	2017/2019	Executive
Wai Lam William MAK	Member	31-03-2017	2017/2019	Executive
Jun LI	Member	31-03-2017	2017/2019	Executive
André Simões Cardoso	Member	31-03-2017	2017/2019	Executive
Tao LI	Member	07-09-2017	2017/2019	Non-executive
Yu PEI	Member	08-06-2018	2017/2019	Non-executive

At 31 December 2018, the Executive Committee was composed as follows:

Members of the Executive Committee (EC)	Position	Date of Appointment to Mandate	Duration of Mandate
Jorge Manuel Baptista Magalhães Correia	Chairman	31-03-2017	2017/2019
Rogério Miguel Antunes Campos Henriques	Vice-Chairman	31-03-2017	2017/2019
José Manuel Alvarez Quintero	Member	31-03-2017	2017/2019
António Manuel Marques de Sousa Noronha	Member	31-03-2017	2017/2019
Wai Lam William MAK	Member	31-03-2017	2017/2019
Jun LI	Member	31-03-2017	2017/2019
André Simões Cardoso	Member	31-03-2017	2017/2019

15. Organisation chart concerning the sharing of competences between the various governing bodies, including information on delegation of competences

The following table represents Fidelidade’s Corporate Governance structure during 2018:



Board of Directors

The Board of Directors, as a governing body of the Company, has the broadest of powers to manage and represent the company. Pursuant to Article 15(1) of the Articles of Association, besides the general powers given to it, the Board of Directors is responsible for:

- a) Managing the company business and performing all the acts and operations related to the corporate purpose which do not fall within the competence of other company bodies;
- b) Representing the company in and out of court, actively and passively, with the power to withdraw, settle and accept liability in any proceedings, and also entering into arbitration agreements;
- c) Acquiring, selling or otherwise disposing of or encumbering movable and immovable rights and property;
- d) Setting up companies, subscribing, acquiring, pledging and disposing of shares;
- e) Establishing the technical and administrative organisation of the company and the rules of internal operation, regarding employees and their remuneration;
- f) Appointing legal representatives, with the powers it deems appropriate, including those of delegation.

Resolutions of the Board of Directors which deal with the following issues may only be taken by a majority of 6 of the 7 members:

- a) Material change in the business, including the disposal of the whole or a substantial part of the company's assets;
- b) The entering into, amendment or termination of any contract between the company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code;
- c) Definition of the voting choices to be adopted by company representatives at general meetings and in the boards of directors of the companies in which the company holds the majority of the voting rights or the right to appoint the majority of the members of the management body, when resolutions on the following matters are at issue:
 - i. amendments to the Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the company;
 - ii. suppression or reduction of the preference right of the shareholders in increases in share capital;
 - iii. cancellation of shares representing the share capital;
 - iv. suspension or cessation of the exercise of the principal activity included in the corporate purpose;
 - v. authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis;
 - vi. appointment of the supervisory body and the respective external auditor when this is not one of the four largest international auditing companies;
 - vii. a material change in the business, including the disposal of the whole or a substantial part of the assets of the company in question;
 - viii. the entering into, amendment or termination of any contract between the company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code.

The Chair of the Board of Directors has specific powers based on the provisions in Article 16 of the Articles of Association and is responsible for:

- a) Representing the Board of Directors in and out of court;
- b) Coordinating the Board of Directors' activity and convening and managing the respective meetings;
- c) Ensuring the correct implementation of the Board of Directors' resolutions.

Executive Committee

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee, the Board of Directors has delegated the day-to-day management of the Company to this board, which includes:

- a) All insurance and reinsurance operations and operations which are connected or complementary to insurance and reinsurance operations, including those which relate to acts and contracts regarding salvage, the rebuilding and repair of real estate, vehicle repair, and the application of provisions, reserves and capital;
- b) Representation of the Company before the supervisory authorities and associations for the sector;
- c) Acquisition of services;

- d) Employees' admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
- e) Exercise of disciplinary powers and the application of any sanctions;
- f) Representation of the Company before any bodies which represent the employees;
- g) Opening and closing of branches or agencies;
- h) Nomination of the person representing the Company at the general meetings of companies in which it holds shares, with determination of how the vote is to be cast;
- i) Nomination of the persons who will take up company positions for which the Company is elected, and the persons that the Company will indicate to take up company positions in companies in which it holds a share;
- j) Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
- k) Representation of the Company in and out of court, actively and passively, including initiating and defending any judicial or arbitration proceedings, and accepting liability in, withdrawing from or settling any actions, and assuming arbitration commitments;
- l) Appointment of legal representatives, with or without power of attorney, to perform certain acts, or categories of acts, with definition of the scope of the respective mandates.

The delegation of powers to the Executive Committee does not cover matters which remain the exclusive competence of the Board of Directors.

Investment Committee

All of the Company's investment decisions are subject to supervision by the Investment Committee, and the Executive Committee reports operations performed to the Investment Committee.

The Investment Committee is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Committee are appointed by the Board of Directors, and the respective mandate coincides with the mandate of the Board of Directors.

III. Supervision

Supervisory Board and Statutory Auditor

Composition

16. Identification of the supervisory body and competences

Supervision of the company is charged, pursuant to Article 413(1) a) of the Code of Commercial Companies, to a Supervisory Board and a Statutory Auditor Firm, with the competences set out in law and the current mandate of which corresponds to the period 2017/2019.

The Company's Articles of Association establish the Supervisory Board's competences as those which are set out in the law.

17. Composition of the supervisory board, with an indication of the position of each member, date of appointment and duration of the mandate according to the articles of association

The Supervisory Board is composed of three permanent members and one replacement, with mandates of three years, which are renewable, and was composed as follows at 31 December 2018:

Members of the Supervisory Board	Position	Date of Appointment to Mandate	Duration of Mandate
Pedro Antunes de Almeida	Chair	31-03-2017	2017/2019
Vasco Jorge Valdez Ferreira Matias	Member	31-03-2017	2017/2019
João Filipe Gonçalves Pinto	Member	31-03-2017	2017/2019
Isabel Gomes de Novais Paiva	Replacement	31-03-2017	2017/2019

The members of the Supervisory Board comply with the independence requirements set out in Article 414(5) of the Code of Commercial Companies, as they are not associated with any specific interest group in the Company and there are no circumstances which might affect their impartiality when analysing or taking decisions.

IV. Statutory Auditor**18. Identification of the Statutory Auditor and the partner of the Statutory Auditor representing it**

The Statutory Auditor, at 31 December 2018, is Ernst & Young Audit & Associados – SROC, S.A., represented by its partner Ricardo Nuno Lopes, Statutory Auditor no. 1579 and registered with the Portuguese Securities Market Commission under license no. 20161189.

19. Indication of the number of years the Statutory Auditor consecutively carries out duties with the company and/or group

The Statutory Auditor was appointed on 15 May 2014, and reappointed on 31 March 2017 to exercise its duties until the end of the period 2017/2019.

20. Description of other services provided by the statutory auditor to the company

Besides the work required of the statutory auditor, Ernst & Young Audit & Associados – SROC, S.A. provide the following services required by law:

- Certification on Solvency and Financial Condition Annual Report pursuant to Regulation No. 2/2017-R, of March 24 of the ASF;
- Review of the Annual Report on the Organizational Structure and the Risk Management and Internal Control Systems pursuant to Circular no. 1/2017 of the ASF.

Besides the services above-mentioned, Ernst & Young Audit & Associados – SROC, S.A. does not provide other type of services on a recurring basis to the Company or to companies controlled by it.

However, when this does occur, the provision of other services to the Company or companies controlled by it is in strict compliance with the procedures defined in law, namely in Law No. 140/2015, of 7 September.

C. INTERNAL ORGANISATION

I. Articles of Association

21. Rules applicable to amendments to the Company's Articles of Association

Any amendment to the Company's Articles of Association requires a resolution of the General Meeting with a vote in favour with a majority of at least 95% of the voting rights representing the entirety of the share capital.

II. Reporting of irregularities

22. Means and policy for reporting irregularities occurring in the company

Fidelidade has a culture of responsibility and compliance, and recognises the importance of the process of reporting and analysing irregularities as a corporate best practice tool. The Company implements appropriate means for receiving, investigating and archiving reports of irregularities alleged to have been committed by members of the corporate bodies and by Company employees or employees of companies within the Fidelidade Group.

Irregularities are deemed to be any acts or omissions, whether wilful or negligent, relating to the Company's management, accounting organisation and internal supervision which may seriously:

- a) Break the law, regulations and other rules in force;
- b) Jeopardise the property of clients, shareholders and the Company;
- c) Cause damage to the Company's reputation or that of the companies within the Fidelidade Group.

Irregularities can be reported by employees, representatives, agents or any other persons who provide services on a permanent or occasional basis at the Company or at any Group entity, shareholders and any other persons.

III. Internal control and risk management

23. Bodies responsible for the internal audit and for the implementation of internal control systems

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September, which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet the requirements set out therein.

The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of the Company's daily activities, and an integrated approach is applied, enabling the Company to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are upheld.

Moreover, the own risk and solvency assessment (ORSA) enables risk, capital and return to be related to each other in a prospective vision, in the context of the business strategy established by the Company.

The Group has policies, processes and procedures relating to the governance system which are adapted to its business strategy and operations, guaranteeing sound and prudent management of its business. In terms of organisational structure, the risk management and internal control systems are managed by the following bodies: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, and the Life and Non-Life Products Committees, and Asset and Liability Management Committee.

The remaining Management Bodies are responsible for enhancing the risk management and internal control process, so as to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for the existence and updating of documentation relating to the business processes, their risks and control activities.

Included within the set of prudential recommendations of the supervisory authorities, in order to guarantee operational continuity of the processes, systems and communications, the Fidelidade Group has a Business Continuity Plan (BCP) so as to guarantee the conducting of a structured assessment of damage and agile decision-making regarding the type of recovery to be undertaken.

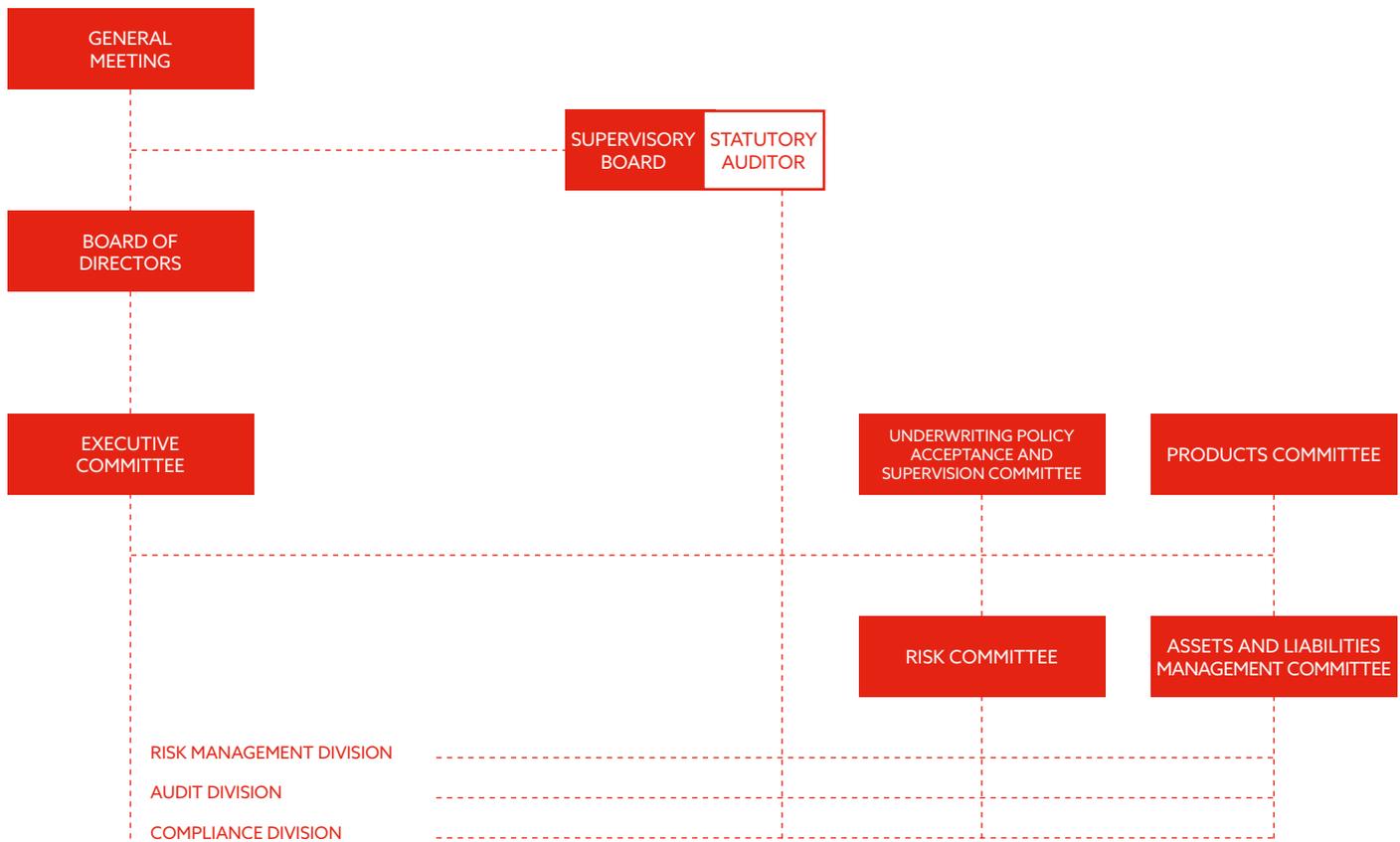
Regarding the public reporting requirements, in 2018 the Company prepared and disseminated, on its Internet site, the "2017 Solvency and Financial Condition Report", which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management for 2017. 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 2018, reporting its findings to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted during the preparatory phase for applying the Solvency II rules, and the activities, which are still ongoing, aimed at its consolidation, place Fidelidade at a comfortable level of compliance with these new rules.

24. Explanation of the hierarchical and/or functional relationships of dependence in relation to other bodies or committees of the company

The hierarchical or functional relationship of dependence of the Risk Management Division, the Audit Division and Compliance Division, in relation to other bodies or committees of the Company is reflected in the following table:



25. Existence of other functional areas with risk control competences

Alongside the areas with key functions within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Affairs Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Corporate Performance Division and the Accounting and Financial Information Division, and which ensures the existence of substantial, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial situation, the development of the activity, compliance with the defined strategy and objectives, identification of the Company's risk profile, market behaviour and growth prospects.

The process of financial and management information is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the company and its subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division, the Compliance Division, the Audit Division, the Accounting and Financial Information Division and the Strategic Planning and Corporate Performance Division ensure the implementation of the procedures, applying the resources necessary to obtain all the information relevant for the process of consolidation and reporting at the Company level – with regard to both accounts and support for the management and supervision and control of risks – which include:

- Definition of the content and format of the information to be reported by the bodies included within the consolidation, in line with the accounting policies and guidelines defined by the management body, and the dates on which the reports are required;
- Identification and control of intra-Company operations; and
- A guarantee that the management information is coherent between the various entities, so that it is possible to measure and follow the evolution and profitability of each business and confirm that the established objectives have been met, as well as assess and control the risks which each entity runs, in both absolute and relative terms.

26. Identification and description of the main types of risk (economic, financial and legal) to which the company is exposed in the performance of its activity

This information is provided in the Notes to the Separate Financial Statements (Notes 43, 44 and 45) and Consolidated Financial Statements (Notes 48, 49 and 50).

27. Description of the process of identification, assessment, monitoring, control and management of risks

The risk management system aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

The ORSA plays a key role in monitoring the Company's risk profile and the capital adequacy in terms of meeting the regulatory requirements and the internal capital needs.

IV. Internet Site

28. Address(es)

The address of Fidelidade's website is:

www.fidelidade.pt

29. Place where information on the company, corporate bodies and documents relating to the company accounts can be found

Information about the Company and the corporate bodies and documents relating to the accounts are available on the Company's website, at the address indicated above.

30. Place where the articles of association and the rules governing the functioning of the corporate bodies can be found

The Articles of Association and the rules governing the functioning of the bodies and committees are available from the Company's Head Office, from the Company Secretary.

31. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

Notices convening general meetings and all the preparatory and subsequent information related to these are available at the Company's Head Office, from the Company Secretary.

32. Place where the historical archive on the resolutions passed at the company's general meetings, the share capital represented and the results of the votes, relating to the last three years, is disclosed

The historical archive with the resolutions passed at the Company's general meetings, the share capital represented and the results of the votes, relating to the last three years, is available from the Company's Head Office, from the Company Secretary.

D. REMUNERATION

I. Competence to determine

33. 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 2017, is as follows:

Position	Name
Chair	Lan KANG
Member	Yongqing ZHANG

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 28 March 2018, in compliance with the provisions of Article 2 of Law No. 28/2009, of 19 June, on the remuneration policy for the members of the respective management and supervisory bodies, which was approved by all the shareholders present or represented.

According to the aforementioned declaration, the remuneration policy was based on the following principles:

"The remuneration of the members of the Company's management and supervisory bodies is established by the Remunerations Committee in the light of the Remuneration Policy in force, with reference to the applicable laws and regulations, and the guiding principles of the remuneration policy for the members of the corporate bodies of the Group companies.

To ensure alignment with the interests of the company, the remuneration of the executive members of the management body is composed of a fixed component and a variable component.

The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity.

The fixed remuneration is paid in 14 monthly instalments, with the corresponding holiday and Christmas subsidies included within these, pursuant to the legislation in force.

The variable component is determined according to performance, assessed on the basis of a series of defined objectives, namely, financial, operational, risk and strategic objectives, and is granted on an individual and annual basis, in relation to the year ended. It may not be more than a percentage of the gross fixed remuneration in force at the end of that year, so that these are appropriately balanced.

The members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable.

The members of the Supervisory Board only receive fixed remuneration.

There are no share allocation or stock option plans for members of the Company's management and supervisory bodies."

Information on the annual amount of remuneration paid to the members of the corporate bodies is that which is set out in this Corporate Governance Report.

Given the above, the level of compliance with the recommendations contained in Circular No. 6/2010, of 1 April, from the then Portuguese Insurance Institute, now the Insurance and Pension Funds Supervisory Authority, regarding the remuneration policy can be summarised as follows:

Item	Recommendation	Level of Compliance	Observations
I. General Principles	I.1. Institutions should adopt a remuneration policy consistent with effective management and control of risks which avoids excessive exposure to risk and potential conflicts of interest, and which is consistent with the objectives, values and long-term interests of the institution, particularly with the prospects for sustainable growth and profitability and protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers.	Met	
	I.2. The remuneration policy should be appropriate to the size, nature and complexity of the activity carried on or to be carried on by the institution and, in particular, as regards the risks taken or to be taken.	Met	
	I.3. Institutions should adopt a clear, transparent and appropriate structure for defining, implementing and monitoring the remuneration policy, which identifies, in an objective way, the employees involved in each case and their respective responsibilities and competences.	Met	
II. Approval of the remuneration policy	II.1. Without prejudice to the provisions of Article 2(1) of Law No. 28/2009, of 19 June, with regard to the remuneration of the members of the management and supervisory bodies, the remuneration policy should be approved by a remunerations committee or, where the existence of such a body is not feasible or appropriate given the size, nature and complexity of the institution concerned, by the General Meeting or by the general and supervisory board, as applicable.	Met	
	II.2. With regard to the remuneration of the remaining employees covered by the Circular, the remuneration policy should be approved by the management body.	Met	
	II.3. When determining the remuneration policy the involvement should be sought of persons with functional independence and adequate technical capacity, including persons who belong to structural units responsible for key functions and, whenever necessary, human resources, in addition to external experts, in order to avoid conflicts of interests and to enable an independent value judgement to be formed as to the adequacy of the remuneration policy, including its effects on the management of the institution's risks and capital.	Met	
	II.4. The remuneration policy should be transparent and accessible to all employees of the institution. The remuneration policy should also be subject to periodic review and be formalised in a separate document, duly updated, showing the date of the introduced changes and the justification for them, and an archive should be kept of earlier versions.	Met	
	II.5. The employees should be informed of the evaluation process, including the criteria used to determine the variable remuneration, prior to the time period covered by the evaluation process.	Met	
III. Remunerations committee	III.1. The remuneration committee, if any, should carry out a review, at least once a year, of the institution's remuneration policy and its implementation, in particular with regard to the remuneration of the executive members of the management body, including their remuneration based on shares or options, to enable an independent and substantiated value judgement to be formed as to the adequacy of the remuneration policy, in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.	Met	
	III.2. The members of the remunerations committee should be independent from the members of the management body and should meet suitability requirements and possess professional qualifications which are appropriate to the performance of their duties, in particular having knowledge and / or professional experience in remuneration policy issues.	Met	

Item	Recomendação	Grau de Cumprimento	Observações
IV. Remuneration of members of the management body Executive members	<p>III.3. If the remuneration committee seeks, in the exercise of its functions, the provision of external services in relation to remuneration, it should not recruit a natural or legal person that provides or has provided, in the previous three years, services to any structure in a relationship of dependence to the management body, to the management body itself or a structure that has a current relationship as a consultant of the institution. This recommendation also applies to any natural or legal person who is connected to any of the above by means of an employment or provision of services contract.</p>	Met	
	<p>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.</p>	Met	
	<p>III.5. The remunerations committee should meet at least once a year, and should prepare minutes of all meetings held.</p>	Met	
	<p>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.</p>	Met	
	<p>IV.2. The fixed and variable components of the total remuneration should be appropriately balanced. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.</p>	Met	
	<p>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.</p>	Met	Through the mechanism equivalent to financial instruments issued by the institution.
	<p>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.</p>	Met	
	<p>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.</p>	Met	
	<p>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.</p>	Met	
	<p>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.</p>	Not applicable	
<p>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.</p>	Not applicable	No options were awarded.	
<p>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.</p>	Not applicable	No options were awarded.	

Item	Recomendação	Grau de Cumprimento	Observações
Non-executive members	IV.10. The remuneration of the non-executive members of the management body should not include any component the value of which depends on the performance or the value of the institution.	Not applicable	Non-executive members do not receive remuneration.
Compensation in the event of dismissal	IV.11. Appropriate legal instruments should be established so that the compensation fixed for any form of unfair dismissal of a member of the management body is not paid if the dismissal or termination by agreement is the result of the inadequate performance of the member of the management body.	Not applicable	No compensation has been established.
V. Remuneration of employees	V.1. If the remuneration of the institution's employees includes a variable component, this must be properly balanced in relation to the fixed component of the remuneration, taking into account, namely, the performance, the responsibilities and functions of each employee and the activity performed by the institution. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.	Met	
Relationship between fixed remuneration and variable remuneration	V.2. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.	Not met	No financial instruments were issued by the institution to be awarded to its employees.
Criteria for awarding variable remuneration	V.3. The performance assessment should take into account not only the individual performance but also the collective performance of the business unit of which the employee is a part and of the institution itself, and it should include relevant non-financial criteria, such as respect for the rules and procedures applicable to the activity being carried on, namely the internal control rules and those concerning the relationship with policyholders, insured persons, participants, beneficiaries and taxpayers, in order to promote the sustainability of the institution and the creation of value in the long term.	Met	
	V.4. The criteria for awarding variable remuneration according to performance should be predetermined and measurable, and should be related to a multi-annual framework of three to five years, to ensure that the assessment process is based on long-term performance.	Partially met	The remuneration policy for employees of the Group is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010 that are different to those applied to the remaining employees.
	V.5. The variable remuneration, including the deferred portion of that remuneration, should only be paid or constitute an acquired right if it is sustainable in the light of the financial situation of the institution as a whole and if it is justified in the light of the performance of the employee in question and of the business unit to which he or she belongs. The total variable remuneration should, in general terms, be severely reduced in the event of a regression in the performance or a negative performance for the institution.	Met	There is no deferred portion of the variable remuneration.
Deferral of the variable remuneration	V.6. A significant part of the variable remuneration should be deferred for a period of not less than three years and its payment should be dependent on the future performance criteria, measured on the basis of criteria adjusted to the risk, which consider the risks associated with the activity from which its allocation results.	Not met	The remuneration policy for employees of the Group is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010 that are different to those applied to the remaining employees.

Item	Recomendação	Grau de Cumprimento	Observações
Remuneration of employees who perform key functions	V.7. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration, and the deferred percentage should increase significantly in line with the employee's level in the hierarchy or responsibility.	Not applicable	No portion of the variable remuneration is subject to deferral in the terms of the previous paragraph.
	V.8. Employees involved in performing tasks associated with key functions should be remunerated based on the pursuit of the objectives linked to their functions, regardless of the performance of the areas under their control, and the remuneration should provide a reward which is appropriate to the importance of the exercise of their duties.	Met	
	V.9. In particular, the actuarial function and the responsible actuary should be remunerated in a manner consistent with their role in the institution and not in relation to the company's performance.	Partially met	While the remuneration is consistent with the role in the institution, it is not dissociated from the performance of the latter.
VI. Assessment of the remuneration policy	VI.1. The remuneration policy should be subject to an independent internal assessment, at least once a year, to be carried out by employees with key functions in the institution, working in conjunction with each other.	Met	
	VI.2. The assessment provided for in the previous paragraph should include, namely, an analysis of the remuneration policy and its implementation in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.	Met	
	VI.3. The employees with key functions should provide the management body and the General Meeting or the remunerations committee, if any, with a report containing the results of the analysis referred to in VI.1., which, namely, identifies the measures needed to correct any possible insufficiencies in the light of these recommendations.	Met	

IV. Disclosure of Remunerations

37. Indication of the annual amount of remuneration paid by the company as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and, in relation to the latter, reference to the different components that have given rise to it

Non-executive members of the Board of Directors do not receive any remuneration.

The annual amount of gross remuneration paid by the Company, as a whole and individually, to the executive members of the Company's Board of Directors, is set out in the following tables:

Members of the Executive Committee (EC)	Fixed Remuneration 2018 (€)	Observations
Jorge Manuel Baptista Magalhães Correia	420,000	01.01.2018 to 31.12.2018
Rogério Miguel Antunes Campos Henriques	354,000	01.01.2018 to 31.12.2018
José Manuel Alvarez Quintero	333,000	01.01.2018 to 31.12.2018
António Manuel Marques de Sousa Noronha	333,000	01.01.2018 to 31.12.2018
Wai Lam William Mak	333,000	01.01.2018 to 31.12.2018
Jun LI	290,000	01.04.2018 to 31.12.2018
André Simões Cardoso	290,000	01.04.2018 to 31.12.2018
TOTAL	2,353,000	

Members of the Executive Committee (EC)	Sort-term and deferred variable remuneration paid in 2018 and relative to previous years (€)				Observations
	2014	2015	2016	2017	
Jorge Manuel Baptista Magalhães Correia	-	56,519	52,931	152,221	01.01.2018 to 31.12.2018
Rogério Miguel Antunes Campos Henriques	-	36,882	35,277	100,031	01.01.2018 to 31.12.2018
José Manuel Alvarez Quintero	-	36,882	35,277	91,333	01.01.2018 to 31.12.2018
António Manuel Marques de Sousa Noronha	-	36,882	35,277	91,333	01.01.2018 to 31.12.2018
Wai Lam William Mak	-	36,882	35,277	91,333	01.01.2018 to 31.12.2018
Jun LI	-	-	-	86,983	01.04.2018 to 31.12.2018
André Simões Cardoso	-	-	-	86,983	01.04.2018 to 31.12.2018
TOTAL	-	204,047	194,039	700,215	

Members of the Executive Committee (EC)	Long-term variable remuneration paid in 2018 and relative to previous years (€)				Observations
	2014	2015	2016	2017	
Jorge Manuel Baptista Magalhães Correia	506,025	-	-	-	01.01.2018 to 31.12.2018
Rogério Miguel Antunes Campos Henriques	387,036	-	-	-	01.01.2018 to 31.12.2018
José Manuel Alvarez Quintero	387,036	-	-	-	01.01.2018 to 31.12.2018
António Manuel Marques de Sousa Noronha	387,036	-	-	-	01.01.2018 to 31.12.2018
Wai Lam William Mak	387,036	-	-	-	01.01.2018 to 31.12.2018
Jun LI	-	-	-	-	01.04.2018 to 31.12.2018
André Simões Cardoso	-	-	-	-	01.04.2018 to 31.12.2018
TOTAL	2,054,169	-	-	-	

38. Compensation paid or owed to former executive directors concerning contract termination during the year

No executive director terminated their functions during 2018.

39. Indication of the annual amount of remuneration paid by the company as a whole and individually to members of the Company's supervisory bodies, for the purposes of law no. 28/2009, of 19 June

The annual amount of gross remuneration paid, as a whole and individually, to the members of the Company's supervisory body is set out in the following table:

Members of the Supervisory Board	(€)	Observations
Pedro Nunes de Almeida	42,000	
Vasco Jorge Valdez Ferreira Matias	30,800	
João Filipe Gonçalves Pinto	30,800	
Isabel Gomes de Novais Paiva	0	Reserve
TOTAL	103,600	

40. Indication of the remuneration in the year in question of the president of the presiding board of the general meeting

The President of the Presiding Board of the General Meeting receives gross annual remuneration of € 3,000.

V. Agreements with remuneration implications**41. Reference to the existence and description, with an indication of the sums involved, of agreements between the company and members of the management body, which provide for compensation in the event of resignation or unfair dismissal or termination of the employment following a change in the control of the company (article 245-A, (1) I)**

There are no agreements between the Company and the members of the management body which provide for compensation in the event of resignation, unfair dismissal or termination of the work relationship following a change in the control of the company.

VI. Share allocation or stock option plans**42. Identification of the plan and respective recipients**

There are no plans with these characteristics.

43. Stock options for employees and company staff

There are no stock options for employees and staff.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

44. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

Fidelidade has adopted a set of transparent and objective rules which are applicable to transactions with related parties, which are subject to specific approval mechanisms.

45. Indication of the transactions which were subject to control in the year in question

All transactions with related parties were subject to control.

46. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of prior assessment of the business to be conducted between the company and holders of qualifying shares or entities which are in any kind of relationship with them, pursuant to article 20 of the securities code.

Operations to be performed between the Company and holders of qualifying shares or entities which are in any kind of relationship with them are subject to assessment and a decision of the Executive Committee, and these operations, like all others performed by the Company, are subject to supervision by the Supervisory Board.

II. Information on the transactions

47. Indication of the location of accounting information including information on transactions with related parties

Information on transactions with related parties is included in Notes to the Separate Financial Statements (Note 42) and Consolidated Financial Statements (Note 47).

