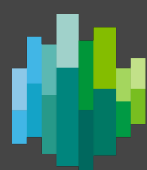


MANAGEMENT REPORT

AND FINANCIAL STATEMENTS

2020



INTERBOLSA

A EURONEXT COMPANY

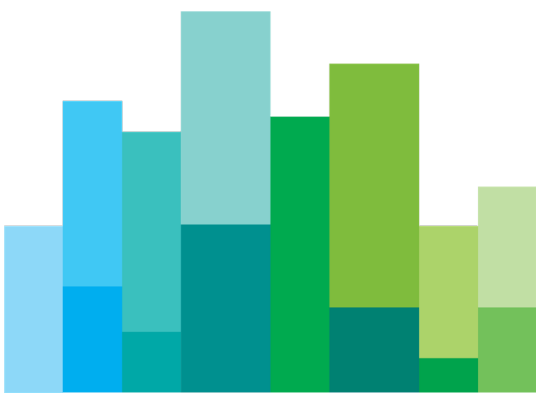
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In case of legal matters, the original document written in Portuguese documents should be consulted.

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MISSION AND BUSINESS AREAS



1. INTRODUCTION

Mission

INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (hereinafter INTERBOLSA) is a public limited company whose purpose is the management of settlement systems and centralised securities systems

The mission of INTERBOLSA is:

- (a) To provide capital market participants, financial institutions and issuers, with systems for the registration, deposit and custody of securities and systems for the settlement of transactions on these same securities;
- (b) To contribute to the development and efficiency of the capital market, namely in the areas of settlement and custody, by providing top quality services and infrastructures that meet safely and reliably the needs of market agents, thereby creating competitive conditions, reducing systemic risks and safeguarding investors' rights.

To pursue its mission, and in accordance with its corporate purpose and the provisions of Regulation (EU) No 909/2014 of 23 July (shortly CSD Regulation), INTERBOLSA pursues a wide range of activities in the following areas of activity:

- (a) Initial registration of securities in a Centralized Securities System;
- (b) Structuring and administration of Centralised Securities Systems
- (c) Management of Securities Settlement Systems;
- (d) Non-banking-type ancillary services, in particular: allocation and management of ISIN codes as a National Numbering Agency, organisation of the Loan Management System (SGE) and the Investment Funds System (SFI) and the establishment of CSD links with other central securities depositories.

Strategic Plan “Let’s Grow Together 2022”

Following the Initial Public Offering in 2014, Euronext presented its "Agility for Growth" strategic plan in May 2016, setting out its growth ambitions until 2019. Most of the objectives set out therein have been achieved, some even ahead of schedule.

In October 2019, Euronext presented its new strategic plan, named "Let's Grow Together 2022", outlining its growth ambition until 2022.

The vision underlying this strategic plan is to build the leading European capital market infrastructure, connecting local economies with global capital markets, exploiting opportunities to accelerate innovation and ensure sustainable growth.

Euronext Group will continue to expand its business across the financial markets value chain, adding solutions for its clients.

The Let's Grow Together 2022 strategic plan is based on 6 strategic pillars:

- (a) Diversify local and global infrastructures
- (b) Increase connectivity with customer
- (c) Promote operational excellence
- (d) Empower employees to grow, perform and innovate
- (e) Promote sustainable financing
- (f) Execute a value creating M&A program

This plan embodies the creation of a new business area of the Euronext Group, called Euronext of CSDs.

This new business area now includes three CSDs - INTERBOLSA, EURONEXT VPS - the Norwegian CSD, which was integrated into the group following the acquisition of the Norwegian Stock Exchange in 2019, and VP Securities (Danish CSD) integrated in 2020.

In this context, Euronext has a post-trade area that enables it to fulfil its ambition of modernising and expanding this business area, exploiting synergies and promoting the diversification of services, thus materialising its strategic objectives of building a leading market infrastructure in Europe, and strengthening the post-trade business within the Group.

2. MAIN AREAS OF ACTIVITY

2.1. INITIAL REGISTRATION OF SECURITIES AND STRUCTURING AND ADMINISTRATION OF CENTRALISED SECURITIES SYSTEMS

Within the scope of the initial registration of securities and of the structuring and administration of centralised securities systems (in short, Centralised Securities Systems), INTERBOLSA registers securities issues, the corresponding positions held by financial intermediaries and carries out all the necessary procedures for the exercise of rights.

In detail, INTERBOLSA provides the following services:

- (a) Registration of issues of securities in dematerialised form and the carrying out of the inherent controls;
- (b) Registration of issues of securities in certificated form, the respective safekeeping and performing of the inherent controls;
- (c) Registration of the positions held by Financial Intermediaries and other participants in the accounts opened with the centralised systems, and which are reflected in the TARGET2-Securities (T2S) platform;
- (d) Carrying out all the procedures necessary for the exercise of rights of an asset nature, namely changes to the companies' share capital, income payments and redemptions.

The Participants in the Centralised Systems are the Issuing Entities, the Financial Intermediaries and other entities, which, under the terms of the law and the regulations in force, may become affiliated (custodians), the Bank of Portugal and INTERBOLSA itself, as a controlling entity.

The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities under custody is processed and the quantity of securities in circulation and the rights constituted over them are controlled.

2.2. MANAGEMENT OF SETTLEMENT SYSTEMS

Since 29 March 2016 INTERBOLSA has been providing the settlement service through the TARGET2-Securities (T2S) platform, operated by Eurosystem, handling the participants' securities accounts and dedicated cash accounts opened on that platform, for euros payments. Payments in currencies other than euro, which are not eligible in the T2S platform, are processed by sending payment instructions to the foreign currency payment system (SPME) operated by Caixa Geral de Depósitos.

The Settlement Systems have as functions:

- (a) The settlement of transactions carried out on a regulated market or multilateral trading system;
- (b) The settlement of OTC (Over-The-Counter) transactions;
- (c) The settlement of Free-of-Payment (FOP) transfers;
- (d) Settlement relating to the exercise of rights inherent to securities registered or deposited in the Centralised Securities Systems;
- (e) The processing of financial settlements in the participants' dedicated cash accounts opened in the T2S platform, for payments in euros and the sending of payment instructions to the foreign currency payment system (SPME), operated by Caixa Geral de Depósitos, for payments in non-Euro currency.

The participants in the Settlement Systems are the Financial Intermediaries affiliated to INTERBOLSA, and other entities which may assume the capacity of affiliate under the terms of the law and the regulations in force, which ensure the physical and financial settlement of the operations carried out on the regulated market and in the multilateral trading system, as well as the operations carried out off-market.

2.3. NON BANKING ANCILLARY SERVICES

INTERBOLSA provides a range of non-banking services which do not involve credit or liquidity risks and which contribute to improving the security, efficiency and transparency of the securities markets. These include services related to the settlement service and services connected with the services of registration in an account and administration of the centralised registration system.

NATIONAL NUMBERING AGENCY

The National Numbering Agency is the entity responsible for assigning ISIN - International Securities Identification Number, CFI - Classification of Financial Instruments and FISN - Financial Instrument Short Name codes.

In this role, INTERBOLSA performs the following functions:

- (a) Assignment of securities identification codes, ISIN codes, to all securities and other financial instruments issued in Portugal;
- (b) Assignment of CFI codes (code identifying the type and form of the security) to all securities and financial instruments with an ISIN code;
- (c) Assignment of FISN - Financial Instrument Short Name - codes - harmonised abbreviation of the name of the issuing entity and the characteristics of the financial instrument to all securities and financial instruments with ISIN code;
- (d) Dissemination at a national level, as well as to all members of ANNA - Association of National Numbering Agencies, of the ISIN and CFI codes assigned;
- (e) Interlocution between the national entities and the other National Numbering Agencies.

INVESTMENT FUNDS MANAGEMENT SERVICE (SFI)

INTERBOLSA makes available to its participants an Investment Funds Management Service (SFI), which provides Financial Intermediaries and Investment Funds Management Companies the following functionalities:

- (a) The registration and control of investment fund units (open and closed end), including ETFs, with whole or fractional quantities;
- (b) The automatic processing of subscriptions and redemptions of open-end investment funds' units, carried out using an order routing mechanism;

- (c) Settlement of transactions on investment fund units/ETFs
- (d) Processing of events associated with investment fund units/ETFs.

CSD LINKS

The establishment of CSD Links between INTERBOLSA, as an Investor CSD, and other central securities depositories (Issuer CSDs), enables INTERBOLSA participants to hold in their accounts financial instruments originally registered in those Issuer CSDs, allowing the transfer of values between INTERBOLSA participants and participants in those Issuer CSDs, in real time.

The operation of the links is based on the functionalities existing on the TARGET2-Securities (T2S) platform, which controls the securities in circulation in Portugal through an INTERBOLSA securities account (called omnibus account) opened in the foreign Issuer CSD and a mirror account created at INTERBOLSA. The exercise of rights on securities issued in other CSDs is processed by the respective central securities depositories. INTERBOLSA guarantees the redistribution by its participants of the cash or securities resulting from the exercise of rights received.

The establishment of CSD Links in reverse direction between INTERBOLSA, as an Issuer CSD, and other central securities depositories (Investor CSDs), enables participants in these central securities depositories to hold in their accounts financial instruments originally registered with INTERBOLSA, allowing the cross-border transfer of these securities, as well as the processing of the exercise of rights of equity content, through the pan-European T2S platform.

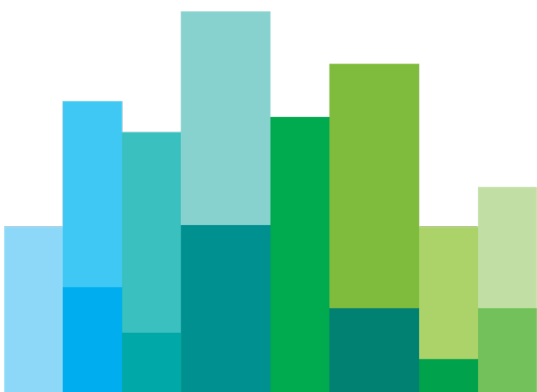
INFORMATION MANAGEMENT

INTERBOLSA provides regularly statistical, historical and financial information to Financial Intermediaries, to Issuer Entities, to the Securities Market Commission, to the Bank of Portugal, to the European Central Bank, to auditors and all other entities that request it.

One of the most relevant activities of INTERBOLSA's information management area is the providing of a service that allows Issuers of registered securities, issued in dematerialised or in certificated form and registered in the Centralised Securities Systems, to have access to the identification of the holders of the securities issued by them, as well as to the quantity held by each one.

On 3 September 2020 INTERBOLSA implemented the necessary changes to its systems in order to comply with the provisions of the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017) and with the requirements set out in Implementing Regulation 2018/1212 of 3 September 2018.

BUSINESS ACTIVITY



1. INSTITUTIONAL FRAMEWORK

INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. is a public limited company, whose share capital is fully owned by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. (hereinafter, abbreviated as Euronext Lisbon).

As a company wholly owned by Euronext Lisbon, INTERBOLSA is now part of the Euronext Group, a leading European capital market infrastructure, connecting local economies to global capital markets, exploring opportunities to accelerate innovation and ensure sustainable growth. The Euronext group manages several exchanges in Europe and, betting on the development of the post-trade area, besides INTERBOLSA it also manages the Norwegian CSD (Euronext VPS) and, since 2020, the Danish CSD (VP Securities), all integrated in a holding company - Euronext N.V..

INTERBOLSA is governed by the provisions of its Articles of Association, Regulation (EU) No. 909/2014 of 23 July and complementary information (CSD Regulation), the Legal Framework for Central Securities Depositories, approved by Law No. 35/2018 of 20 July, the Securities Code (CVM) and the Commercial Companies Code (CSC), as well as other applicable legislation and regulations.

INTERBOLSA has been authorised, since 12 July 2018, to act as a Central Securities Depository under the CSD Regulation.

2. ECONOMIC AND FINANCIAL FRAMEWORK

International framework

The year 2020 was marked by a significant contraction of the world economy due to the adverse effects of the COVID-19 pandemic. According to the January 2021 World Economic Outlook published by the IMF, estimated real GDP fell by 3.5% compared to 2019.

The crisis triggered by the COVID-19 pandemic, by its nature, and by the public health measures taken by the authorities, would end up having a more pronounced impact on the services sector, in particular on trade, tourism, arts and entertainment.

The Eurozone recorded a reversal of GDP evolution from 1.3% in 2019 to -7.2% in 2020, with Germany showing greater resilience by decreasing by 5.4% y-o-y. In a presidential election year in the US, the country saw a GDP evolution from 2.2% in 2019 to -3.4% in 2020, although it recovered significantly in the second half of 2020. The United Kingdom also saw a decrease in real GDP of 10% compared to the 1.4% increase seen in 2019.

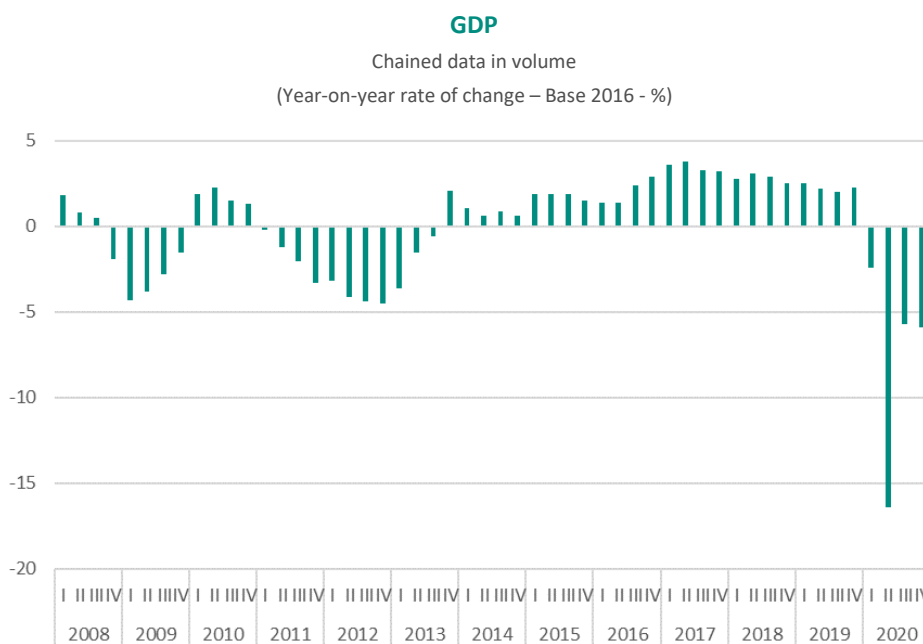
The spectrum of developing economies also saw a strong economic contraction compared to 2019, with China being one of the few developing economies to see a growth in economic activity. The year 2020 saw GDP growth of 2.3% compared to 2019.

The commodity class concluded 2020 with a huge devaluation, especially in the energy sector. The outbreak of the COVID-19 pandemic led to a drop of more than 50% in oil prices due to weak demand caused by travel restrictions and high levels of supply resulting from the difficulty in reaching a consensus among the major producers on the level of production cuts to adopt.

In 2020, monetary policy assumed an important role in supporting the economy. New credit lines were introduced, and prudential regulations were simplified to ease lending to the economy. Central banks adopted monetary easing policies. The European Central Bank kept interest rates at 0% during 2020, recording historic lows. The Federal Reserve cut interest rates, ending the year in the 0%-0.25% range.

National framework

In 2020, the national GDP registered a decrease of 7.6% in volume, reversing the 2.2% growth in the previous year. This reversal of evolution essentially reflects the adverse effects of the COVID-19 pandemic on national economic activity.



Source: INE, Quarterly National accounts

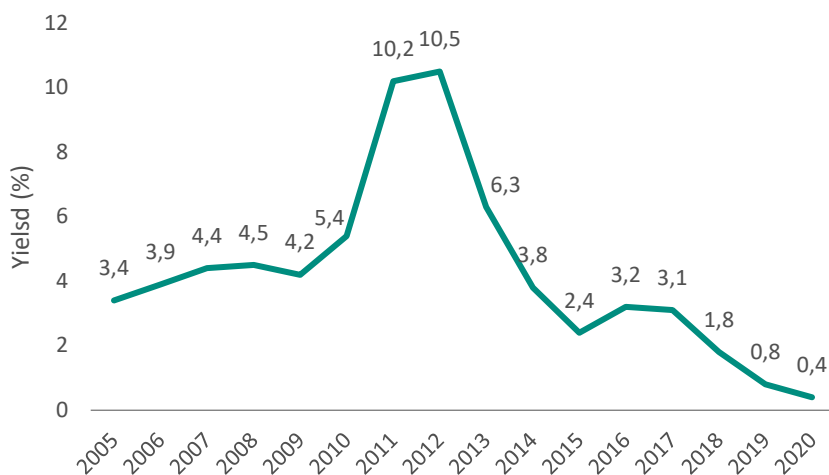
Domestic demand registered a decrease of 4.6%, a consequence of the contraction of private consumption, after having been positive in 2019. Net external demand showed a decrease of 3% in 2020, with strong reductions in imports of goods and services and, with greater incidence, in exports (with emphasis on the tourism sector).

According to INE data, in 2020, the Consumer Price Index (CPI) in Portugal recorded an average variation rate of -0.1% (0.34% in the previous year). Excluding the energy and unprocessed food components, the average variation in the CPI was -0.01% (0.5% in the previous year).

Public accounts have worsened, with the Government estimating a budget deficit of 7.3%, which translated into a relevant increase in public debt. According to statistics published by the Bank of Portugal, public debt increased to 133.7% of GDP at the end of the fourth quarter of 2020, above the 117.2% recorded in 2019.

The interest rates on Portuguese 10-year public debt continued their downward trend started in 2012. According to data from the Bank of Portugal, the rate of return on 10-year Treasury Bonds averaged 0.4% in 2020.

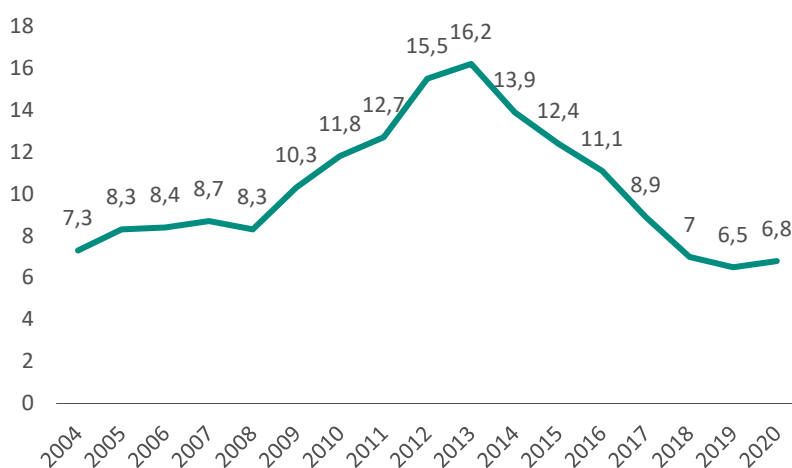
10-year government bond yields



Source: Banco de Portugal

According to data from the Bank of Portugal, in 2020, the unemployment rate stood at 6.8%, 0.3 p.p. higher than in 2019. This evolution, which was expected to be more negative given the contraction in economic activity, reflected the extensive measures to support job retention launched by the Government.

Unemployment rate (%) of the active population aged 15-74 at the end of each year



Source: Banco de Portugal

3. ACTIVITY IN 2020

3.1. INTERBOLSA SYSTEMS PARTICIPANTS

INTERBOLSA systems participants are the Financial Intermediaries and other entities that, under the terms of the law and the regulations in force, may assume the quality of affiliate.

On 31 December 2020, INTERBOLSA had 32 affiliated financial intermediaries to the Centralised Securities Systems and the Settlement Systems it manages.

Since December 2020, Clearstream Banking AG (CBF) is participant in INTERBOLSA's systems, after the setting up of the Investor CSD Link with INTERBOLSA. This entity thus joins Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), which has also been a participant in INTERBOLSA's systems since March 2019.

Besides the above mentioned affiliates, the following are also participants in the Systems managed by INTERBOLSA: Banco de Portugal, Agência de Gestão da Tesouraria e da Dívida Pública, IGCP, E.P.E, LCH, S.A., OMIClear - Sociedade de Compensação de Mercados de Energia, SGCCCC, S.A., European Central Counterparty, N.V. (EuroCCP), Euronext Paris, Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. and the Comissão do Mercado de Valores Mobiliários (CMVM) as manager of the Investor Compensation Scheme.

It should be noted that, in the context of INTERBOLSA's management of securities settlement systems and its participation in the T2S platform, participants in the settlement systems managed by INTERBOLSA may be either directly connected (DCP - Directly Connected Party) or indirectly connected (ICP - Indirectly Connected Party) to the T2S platform, and both are subject to the supervision and oversight powers provided for in INTERBOLSA's regulations.

Participants with an indirect connection to the T2S platform (ICPs) maintain their connection to INTERBOLSA's local systems, through the communication channels provided by the management entity, and access the T2S platform through those systems.

Participants with a direct connection to the T2S platform (DCPs) maintain a contractual connection for the purposes of participating in the INTERBOLSA systems, including participation in the settlement platform (T2S), solely and exclusively with the management entity, with only technical access to the settlement and related services.

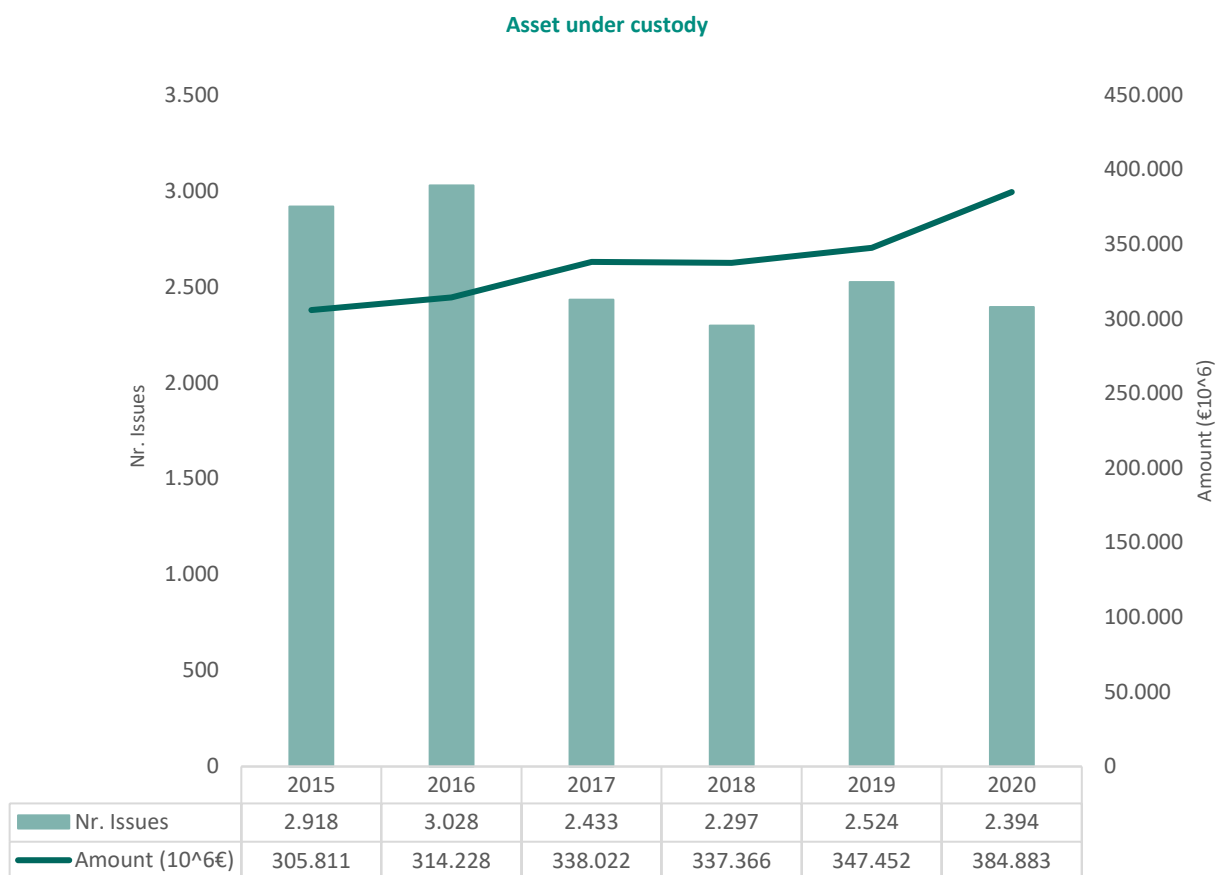
3.2. CENTRALISED SECURITIES SYSTEMS

The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities integrated in it is processed and the quantity of securities in circulation and the rights constituted over them are controlled.

On 31 December 2020, 2,394 securities issues were under the management of the Centralised Securities Systems. In absolute terms, the number of securities issues decreased by 130 compared to the 2,524 issues registered at the end of 2019 (-5.2%).

Total value of issues was € 384,883 million, compared to € 347,452 million on 31 December 2019 (+ 10.8%).

It should be noted that 991 issues of warrants and 148 certificates were registered in the period under review, which are not valued.



The table below shows the breakdown of issues registered in the systems managed by INTERBOLSA, by type of security, on 31 December 2020 and 2019.

Securities Type	31/12/2020		31/12/2019	
	Nr. Issues	Amount (10 ⁶ €)	Nr. Issues	Amount (10 ⁶ €)
Shares	429	114.421	441	107.537
Rights	18	1.356	14	1.178
Debt	669	266.436	637	236.713
Public Debt	34	169.831	32	152.952
Treasury Bonds	29	158.421	27	141.014
Treasury Bills	5	11.410	5	11.938
Private Debt	635	96.605	605	83.760
Bonds(1)	583	94.859	545	81.925
Convertible securities)	3	139	3	139
Commercial paper	47	1.528	55	1.617
Participation units	2	79	2	79
Other	1.278	2.670	1.432	2.024
Funds shares	108	1.909	61	1.225
Warrants (2)	991	-	1.215	-
Certificates (2)	148	-	117	-
Structured securities	31	761	39	799
Total assets under custody at INTERBOLSA	2.394	384.883	2.524	347.452

(1) Include Classic Bonds, cash bonds, Convertible bonds, Bonds with subscription rights, Participating Bonds, Covered Bonds and Securitised Bonds;

(2) Value is not calculated for warrants, certificates and other similar securities

The valuation indicated in the previous table is based on

- (a) The nominal value, in the case of debt securities and other securities not admitted to trading on a market;
- (b) The market prices, for securities listed on a market, other than debt securities, disclosed by the respective management entity;
- (c) The value of the participation units informed by the management entity, for units not listed on a market;
- (d) The issue value of the shares without par value, not admitted to trading on a market, corresponding to the fraction of share capital in question.

The equity segment had 429 issues valued at € 114,421 million, compared with 441 issues valued at € 107,537 million. Thus, the number of shares decreased by 2.7%, while the valuation of shares grew by 6.4% year-on-year following the increase in market prices of shares admitted to trading on the market.

With regard to long-term public debt, the recorded amount of € 158,421 million shows a year-on-year increase of 12.3%, with the number of issues reaching 29, two more than in 2019. Issues of Treasury Bills remained at 5, with the valuation of these instruments contracted by 4.4%.

Private debt, with a total of 635 issues (30 more than in the same period of the previous year), totalled EUR 96,605 million at the end of the period, representing a percentage and year-on-year increase of 15.3%.

The number of participation unit shares increased to 108 (compared with 61 issues in the previous year), and the valuation of this segment increased 55.8% year-on-year.

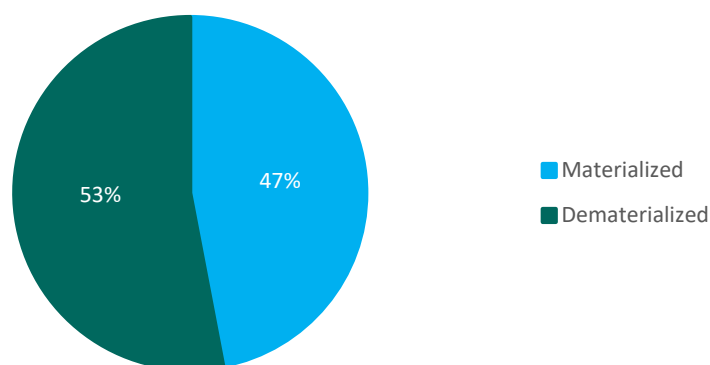
At the end of 2020 the warrants activity shows a year-on-year decrease of 18.4% in the number of registered issues, being 991 at the end of 2020 against 1,215 registered issues at the end of 2019. It should be noted that the warrants market was, however, quite active during 2020, due to the high volatility of the market, with the number of registered issues of warrants in 2020 increasing by 19% compared to the issues registered during 2019.

148 certificates were registered on 31 December 2020, 31 more than on the same period of the previous year (+26.5%).

Structured securities show a decrease of 8 issues, having their value fallen by 4.8% when compared to the value recorded at the end of 2019.

3.2.1. Form of representation of securities

Of the total issues under INTERBOLSA's management (2,394 issues), 1,251 are represented in dematerialised form and 1,143 are represented by physical securities certificates, which are immobilised in the INTERBOLSA's vault.



In percentage terms, 47% of registered issues are dematerialised, while 53% are represented by physical securities. However, of the 1,143 physical issues, 991 are warrant issues represented by a global certificate.

According to Portuguese legislation securities may be materialised (this is, represented by paper certificates) or dematerialised (represented by a registration in a securities account) depending on issuer's choice. When

registered in INTERBOLSA's centralised systems, all securities, whether represented in dematerialised or in certificated form, are treated as book-entry securities, with paper securities immobilised in the safekeeping vault of INTERBOLSA.

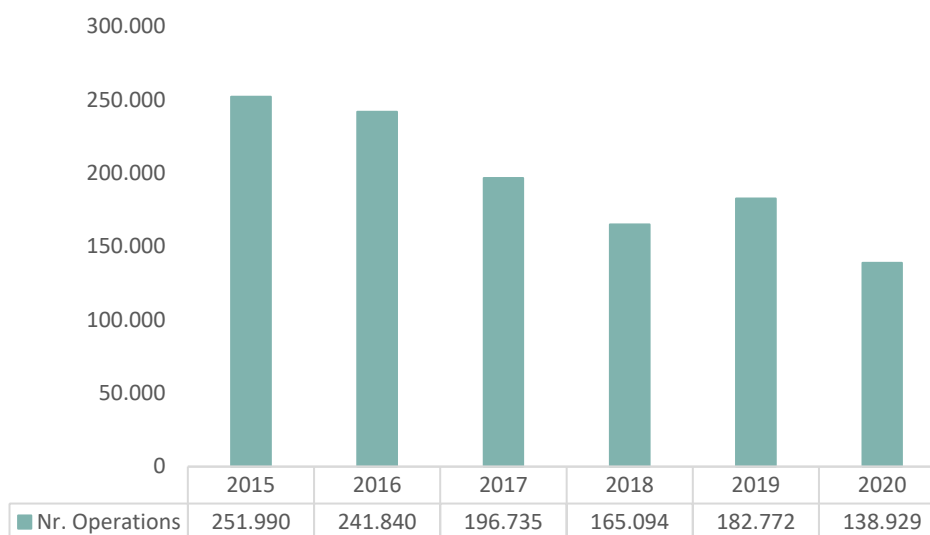
3.2.2. Control of issues

Within the scope of its activity of registration and control of dematerialised securities issues and deposit, custody and control of certificated securities, INTERBOLSA manages, for each form of representation of securities, internal accounts that makes possible the detection of any differences between the quantity of securities issued, for an issue or category, and the quantity of securities registered and/or deposited in the Centralised Systems it manages.

3.2.3. Account movements

The Systems managed by INTERBOLSA also process movements of securities, namely transfers of values between accounts of the same participant and between accounts of different participants, both for the purpose of the physical settlement of operations and for the mere transfer of values between accounts, instructions relating to restrictions on securities (blocking, reservation, earmarking), instructions relating to the processing of the exercise of rights and instructions relating to operations carried out by Central Banks.

Account movements



In 2020, 138,929 securities transfers were made, 43,843 less than in the previous year, representing a decrease of 24.0% compared to the number of account movements made during the same period of 2019.

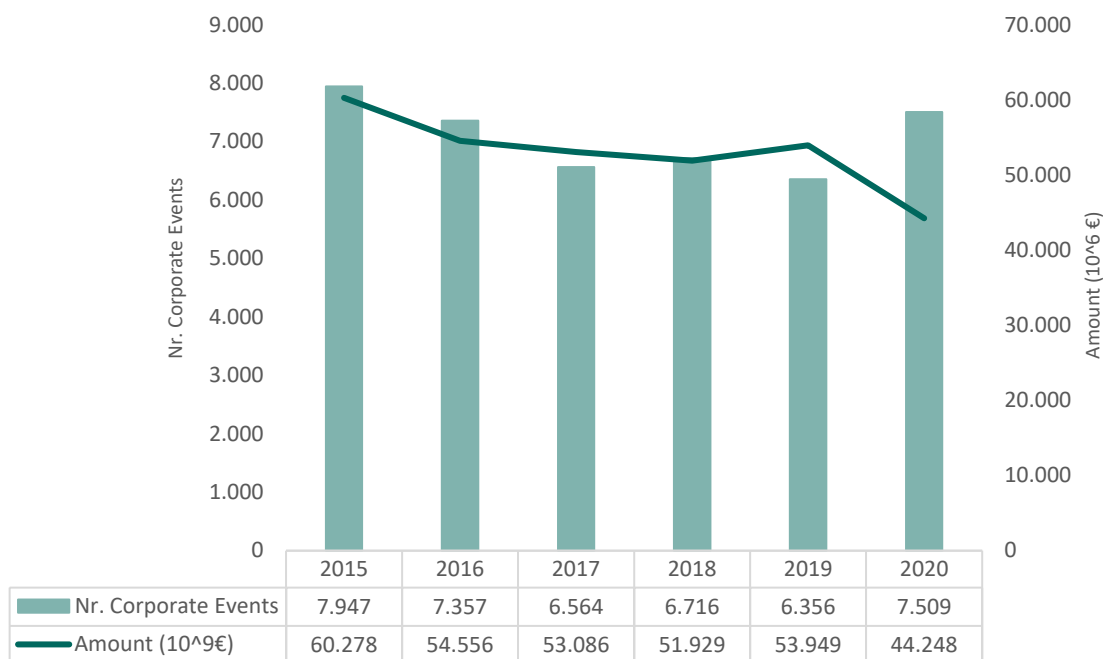
3.2.4. Corporate Events

Exercising of rights and other corporate events is one of the main activities of the Centralised Systems.

Analysing all the corporate actions of 2020 that took place through the Centralised Systems, 7,509 operations were processed through the exercise of rights to the property content and other events, representing, in absolute terms, an increase of 1,153 operations compared to the operations processed in 2019 (+18.1%).

The processed amounted to € 44,248 million, which compares to € 53,949 million processed in the same period of the previous year, represents, in percentage and year-on-year terms, a decrease of 18.0%.

Corporate Events - Total



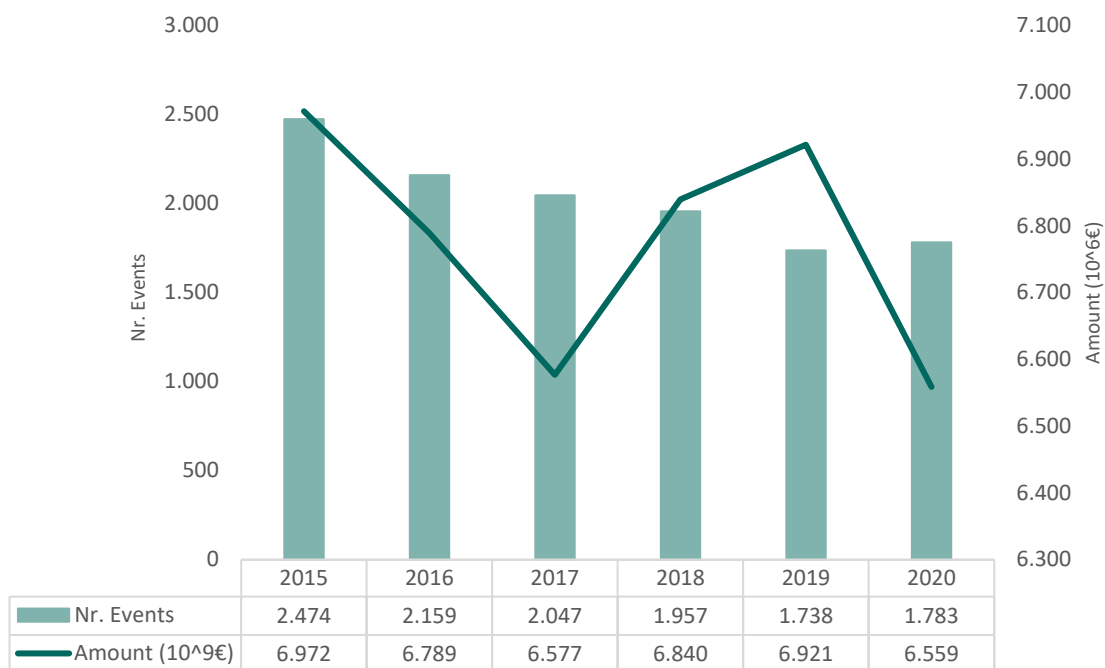
The following sections provide a detailed analysis of the different types of exercising of rights of equity content and other events processed in the Centralised Systems during 2020.

Payment of Interests and Equivalent Income

During 2020, 1,783 interest payment and similar income operations were processed, against 1,738 operations in a same period of the previous year (+2.6%).

The amount of interest paid amounted to € 6,559 million, representing a decrease of 5.2% when compared to the amount paid in 2019.

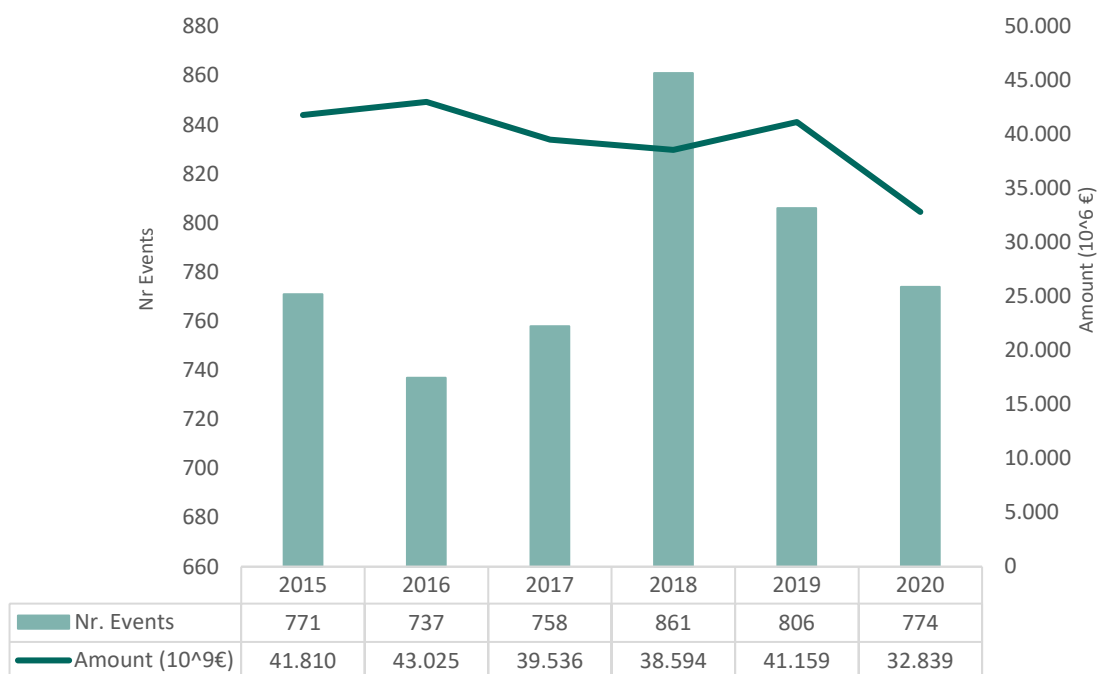
Corporate Events – Interest payment



Redemption payments

In the redemption operations processed during 2020, a decrease in the number of operations was verified from 806 to 774 by the end of 2020 (-4%). This negative evolution was accompanied by reduction of the amount redeemed which, during the year under review, decreased from €41,159 million to €32,839 million redeemed during 2020 (-20.2%).

Corporate Events - Redemption

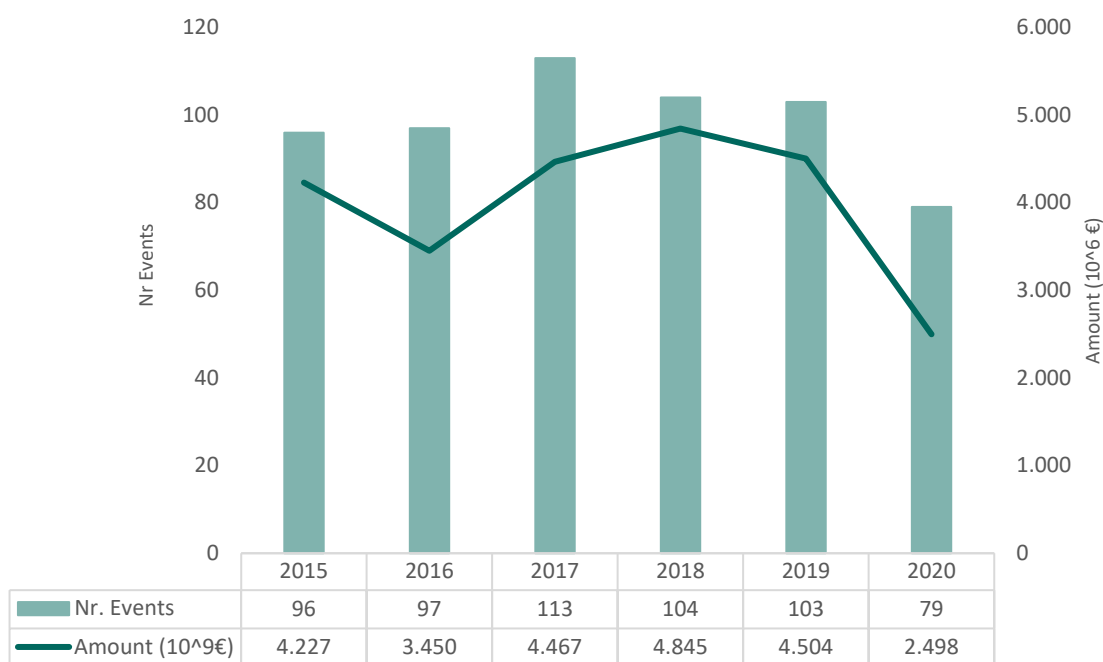


Payment of Dividends and Equivalent Income

During the year under review the centralised system processed 79 dividend and equivalent income payment operations, 24 less than in the same period of the previous year. The amount of dividends and income paid in 2020 decreased by 44.5%, from €4,504 million recorded in 2019, to €2,498 million.

Both the number of operations and the amount of dividends and income paid decreased when compared to the same period of the previous year, due in particular to the recommendations of the ECB and of the Bank of Portugal to the credit institutions to not to pay dividends, at least until 1 October, in order to allow these entities to support the real economy by financing families and companies in the current crisis context caused by the COVID-19 pandemic.

Corporate Events – Dividends payment



Capital Changes

Analysed globally, in 2020, 15 capital change operations were processed through the INTERBOLSA Centralised Systems, the same number as in 2019. The amount involved in these operations, however, grew from € 509 million to € 1,161 million.

	2015	2016	2017	2018	2019	2020
Capital subscription						
Nr. operations	3	2	6	1	0	4
Amount (10 ⁶ €)	5	600	1.598	144	0	1.161
Incorporation of reserves						
Nr. operations	10	3	3	1	1	3
Amount (10 ⁶ €)	273	12	0	0	0	0
Capital reduction						
Nr. operations	28	13	5	3	6	4
Amount (10 ⁶ €)	6.778	323	125	0	25	0
Merger						
Nr. operations	5	3	1	5	7	4
Amount (10 ⁶ €)	59	48	90	1.470	484	0,4
Demerger						
Nr. operations	0	1	0	0	1	0
Amount (10 ⁶ €)	0	0	0	0	0	0

In course of 2020, 4 subscription operations to increase the share capital were processed, in the amount of €1,161 million. In 2019 no operations of this nature were processed.

When concerning capital increase by incorporation of reserves, 3 operations were processed during the year under review, and only 1 operation was processed during 2019.

During 2020, also 4 share capital reduction operations were processed, 2 less than in the previous year.

Regarding merger of companies, 4 operations were processed in 2020, and no operations leading to the spin-off of companies were processed.

Issue liquidation and other events

During the year of 2020 no operations leading to the liquidation of issues were processed. In the same period of the previous year, 3 operations in the amount of € 53 million were processed.

In addition, eight operations involving conversion of the form of representation and two split operations were processed.

Certificates

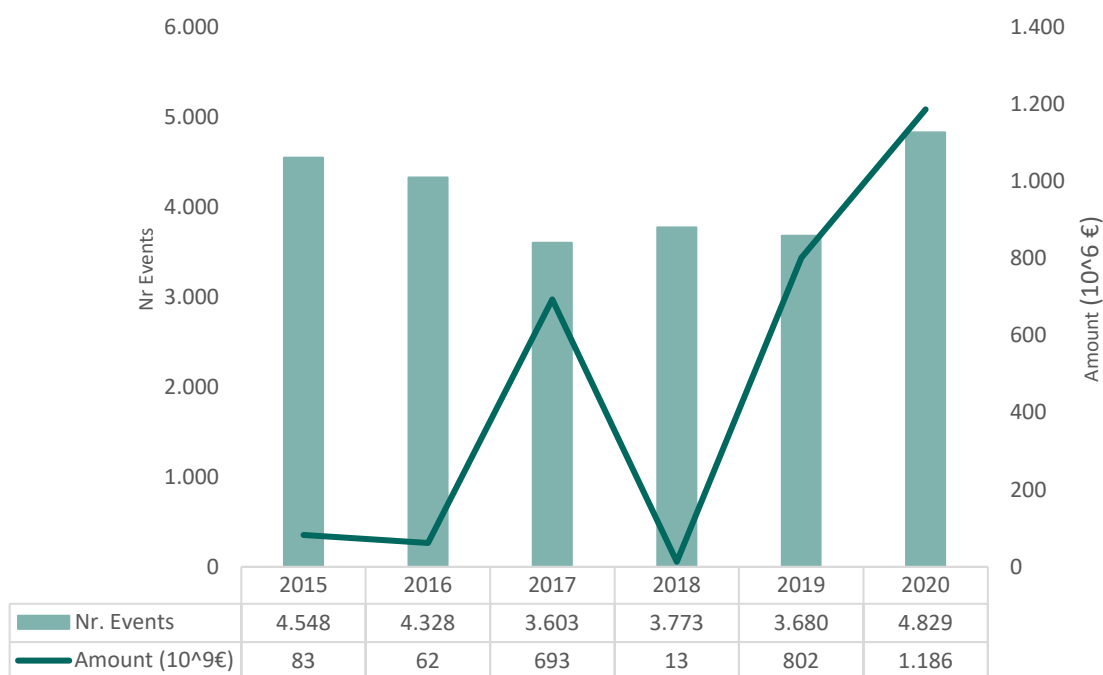
In the course of 2020, 19 operations to exercise certificates were processed, which compares with 1 operation of the same nature processed in 2019.

Exercising of Warrants

During 2020 INTERBOLSA processed 4,829 warrant exercise operations, which compares to 3,680 operations of this type in the same period of the previous year (+31.2%).

The amount involved in the exercise of warrants amounted to € 1,186 million, which compares to € 802 million recorded until 31 December 2019 (+47.9%).

Exercising of warrants



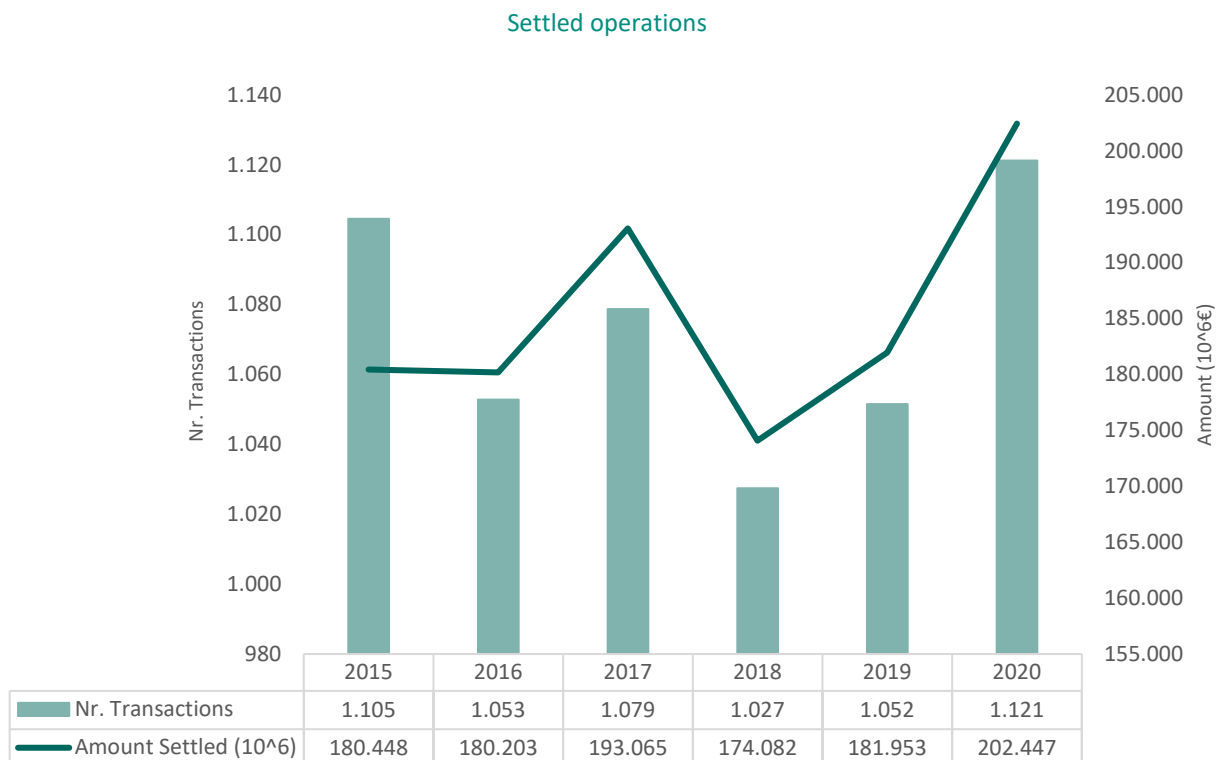
3.3. SETTLEMENT SYSTEMS

INTERBOLSA provides settlement services through the pan-European T2S platform, using the participants' securities accounts and dedicated cash accounts opened on that platform, for euro payments. Payments in currencies other than euro, which are not eligible to the T2S platform, are processed by sending payment instructions to the foreign currency payment system (SPME), operated by Caixa Geral de Depósitos.

3.3.1. Euro settlement

In 2020, 1,121 thousand transactions were settled, amounting to € 202 billion, compared to 1,052 thousand operations, amounting to € 182 billion, settled in the previous year.

The number of transactions rose by 6.6%, accompanied by the amount settled, which rose by 11.3%. The positive change in the settlement of transactions is explained by the high volatility of the market since the middle of the first quarter.

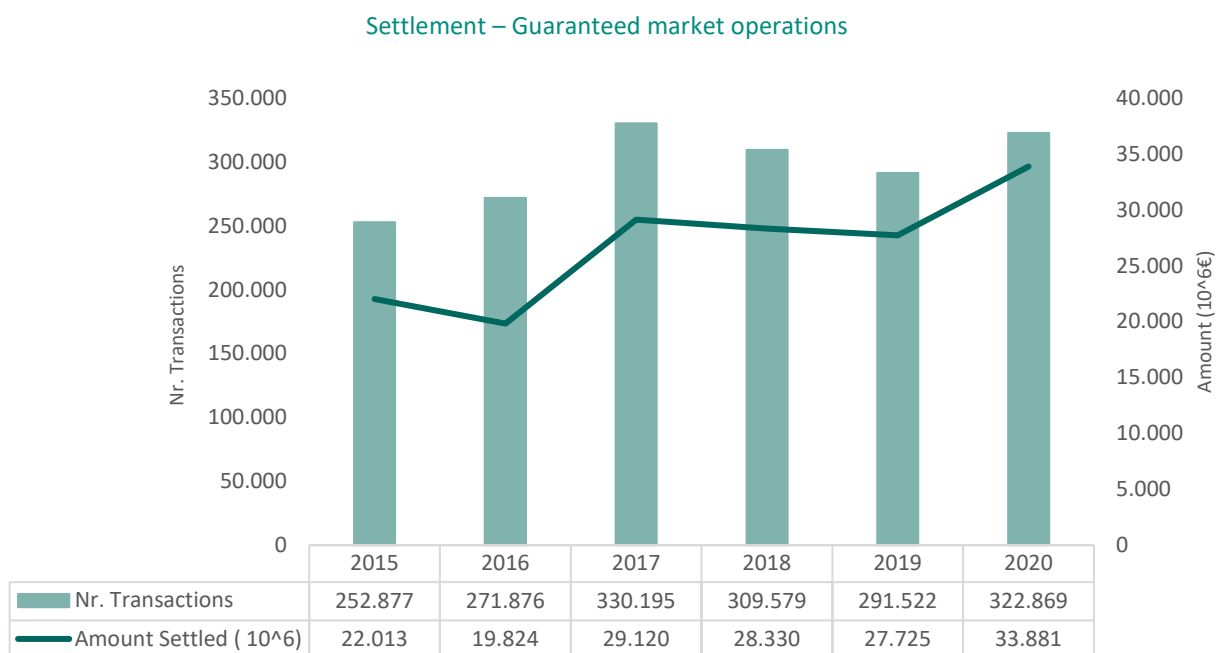


Guaranteed and non-guaranteed Market operations

In 2020, 322,869 transactions were settled related to markets managed by Euronext Lisbon and other markets and guaranteed by a central counterparty.

The amount involved in these operations rose to € 33,881 million, compared to € 27,725 million settled in the previous year. On a comparative and year-on-year basis, there was a 10.8% increase in the number of settled operations. This trend was accompanied by the amount settled, which grew by 22.2%.

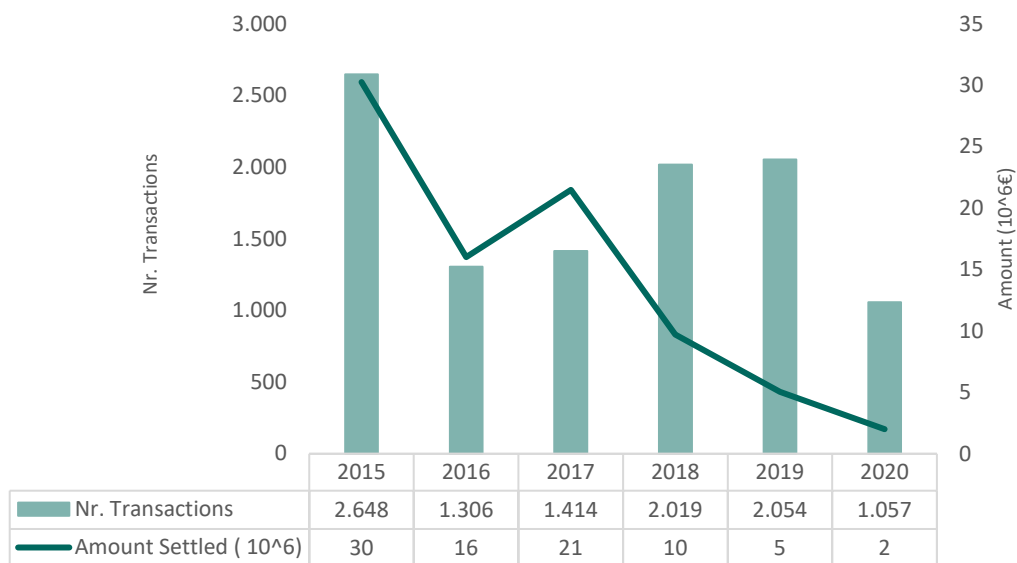
The increase verified, both in settlement operations and in the amounts involved in operations, is explained by the increased market volatility originated by the COVID-19 pandemic affecting most regions of the Globe and, in particular, Europe since the end of March 2020.



Transactions on markets managed by Euronext Lisbon and other markets and not guaranteed by a central counterparty amounted to 1,057, 997 less transactions than those settled in the same period of the previous year (-48.5%)

The amount settled followed the downward trend in the number of non-guaranteed operations, amounting to € 2 million in 2020, compared to the € 5 million settled in the previous year.

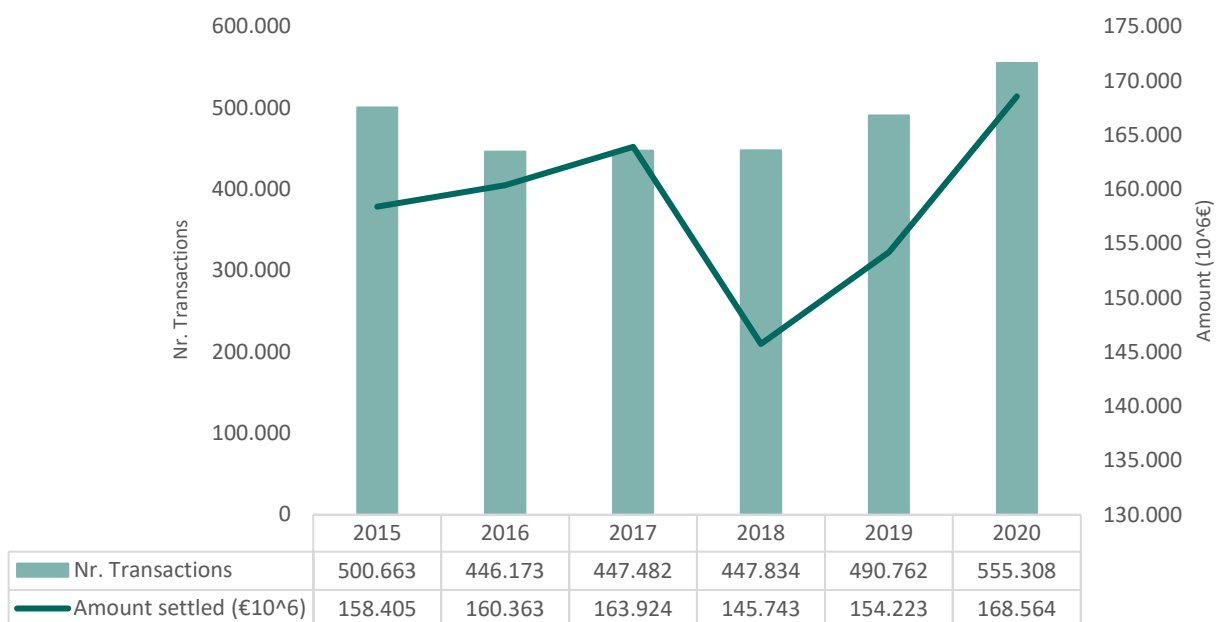
Settlement – Non guarantee market operations



Other DVP and FOP operations

In 2020, 555,308 DVP operations were settled, relating to off-market operations, against 490,762 operations of this type settled in the same period of the previous year.

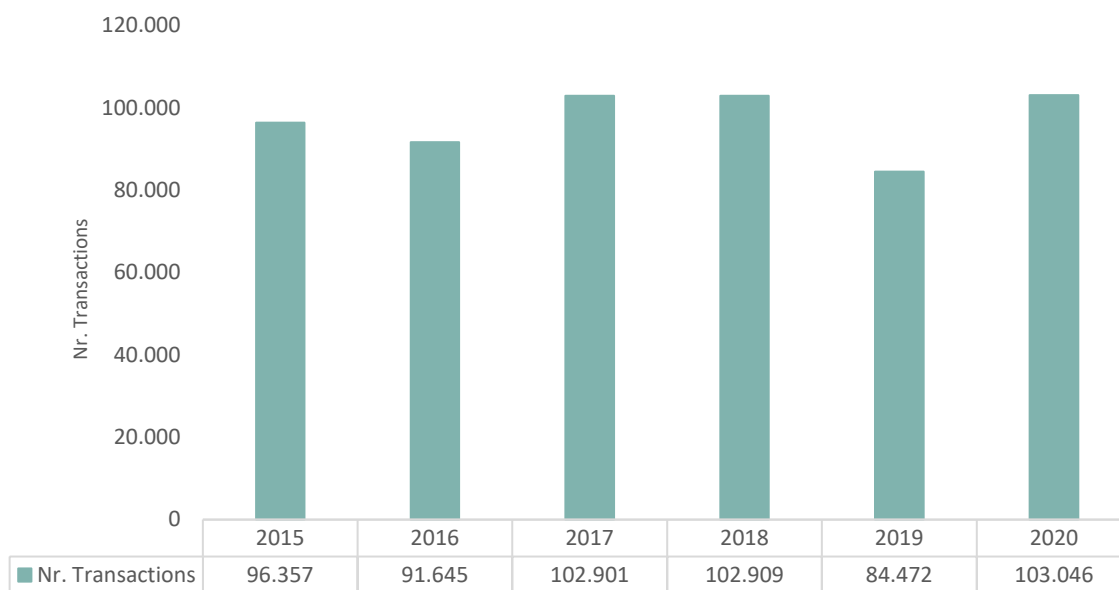
Settlement – Off-market operations (DVP)



The amount of off-market DVP operations settled amounted to € 168,564 million, compared to the € 154,223 million settled during 2019. Thus, in percentage and year-on-year terms, the number of DVP operations grew by 13.2%, while the amount settled rose by 9.3%.

Regarding FOP instructions, the number of operations executed off the regulated market rose to 103,046, representing in absolute terms an increase of 18,574 operations (+22.0%).

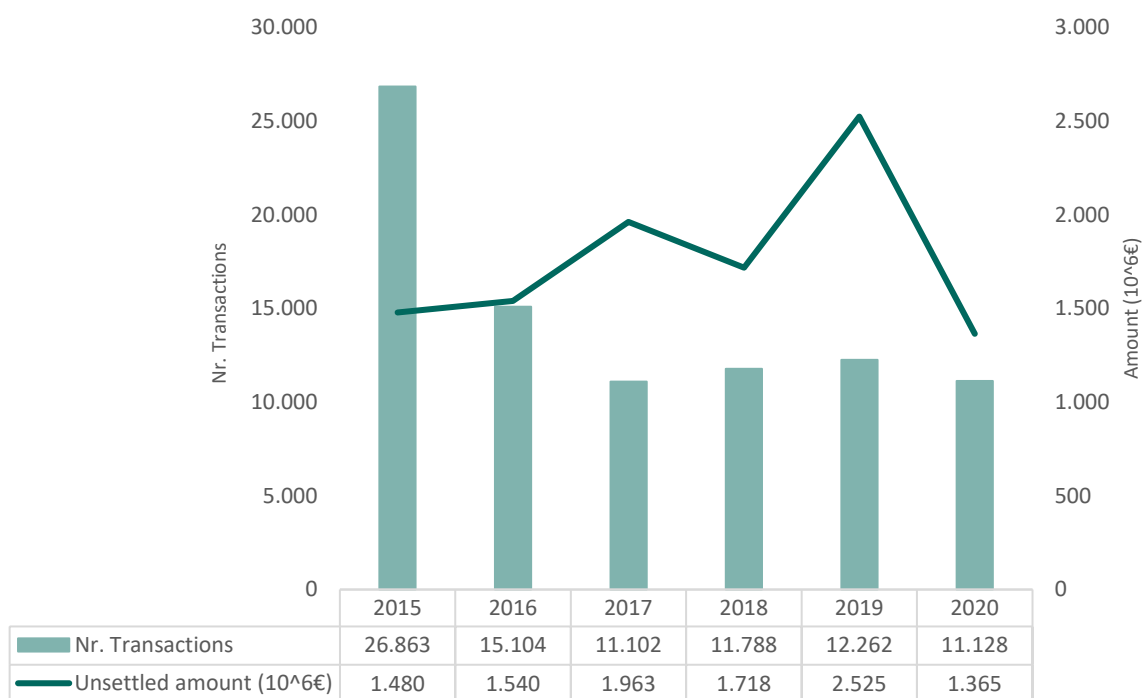
Settlement – Off-market operations (FOP)



Unsettled operations

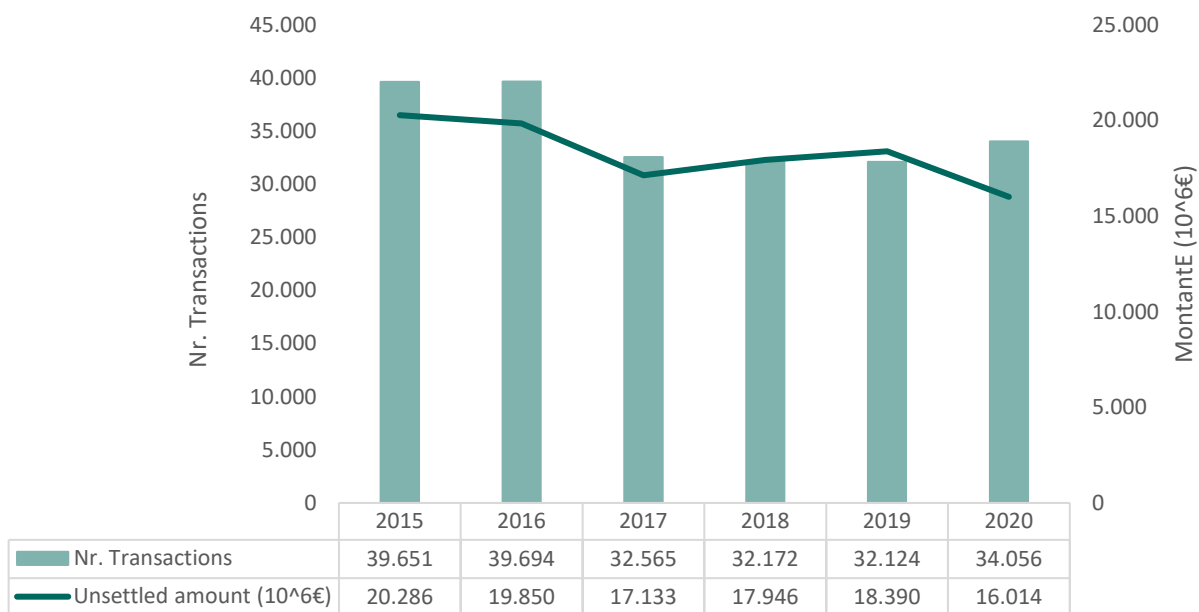
Unsettled operations resulting from guaranteed and non-guaranteed transactions carried out in markets managed by Euronext Lisbon and other markets, amounted to 11,128 operations representing a year-on-year decrease of 9.3%. The amount involved in unsettled operations fell 45.9%, having contracted from €2,525 million at the end of 2019 to €1,365 million during the period under review.

Unsettled Market operations



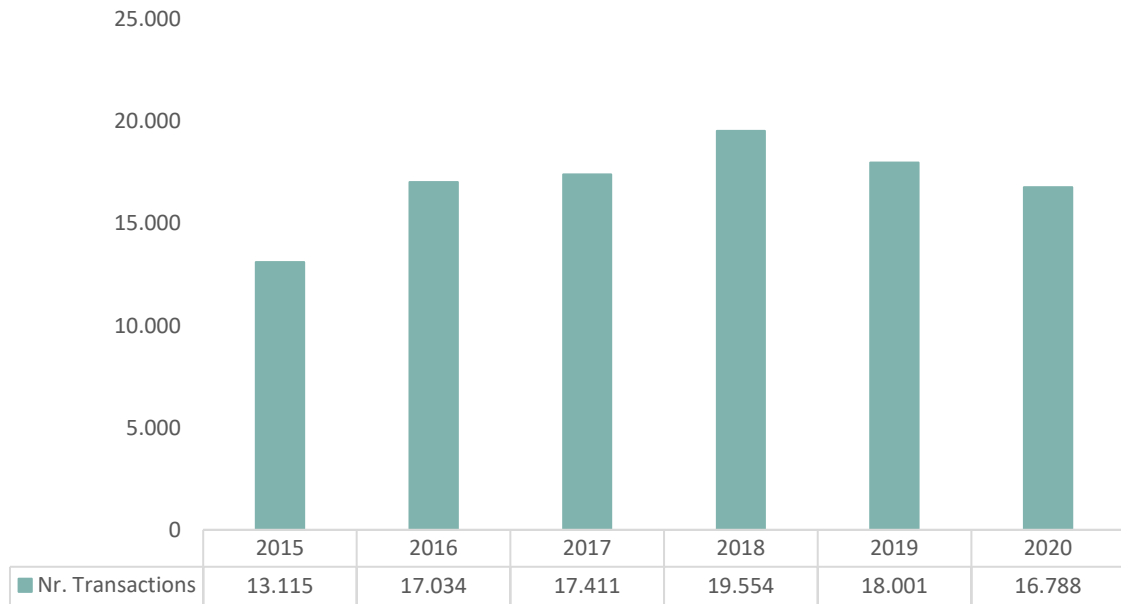
Transactions not settled on the intended settlement date (ISD), resulting from DVP operations to be settled through the settlement systems managed by INTERBOLSA, showed an increase in the number of operations in 2020 (1,932 more), with the amount involved in these operations falling from € 18,390 million to € 16,014 million (- 12.9%).

Operations not settled on ISD (DVP)



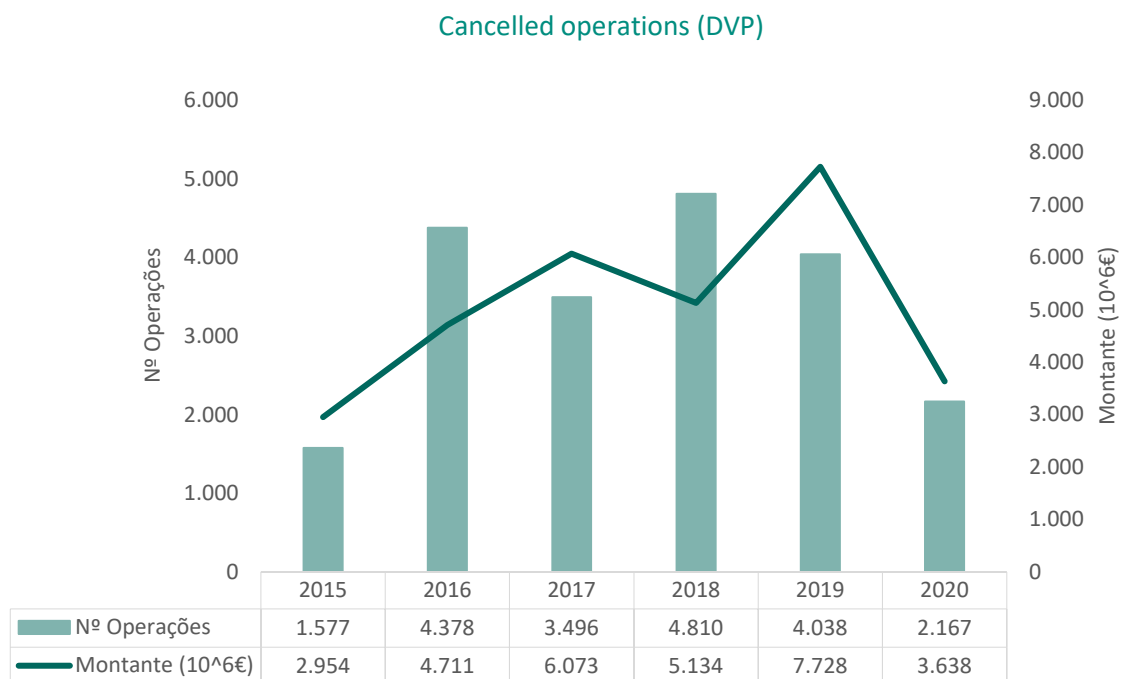
In 2020, FOP operations not settled on the intended settlement date (ISD), amounted to 16,788, which compares with 18,001 operations not settled in the same period of the previous year (-6.7%).

Operations not settled on ISD (FOP)

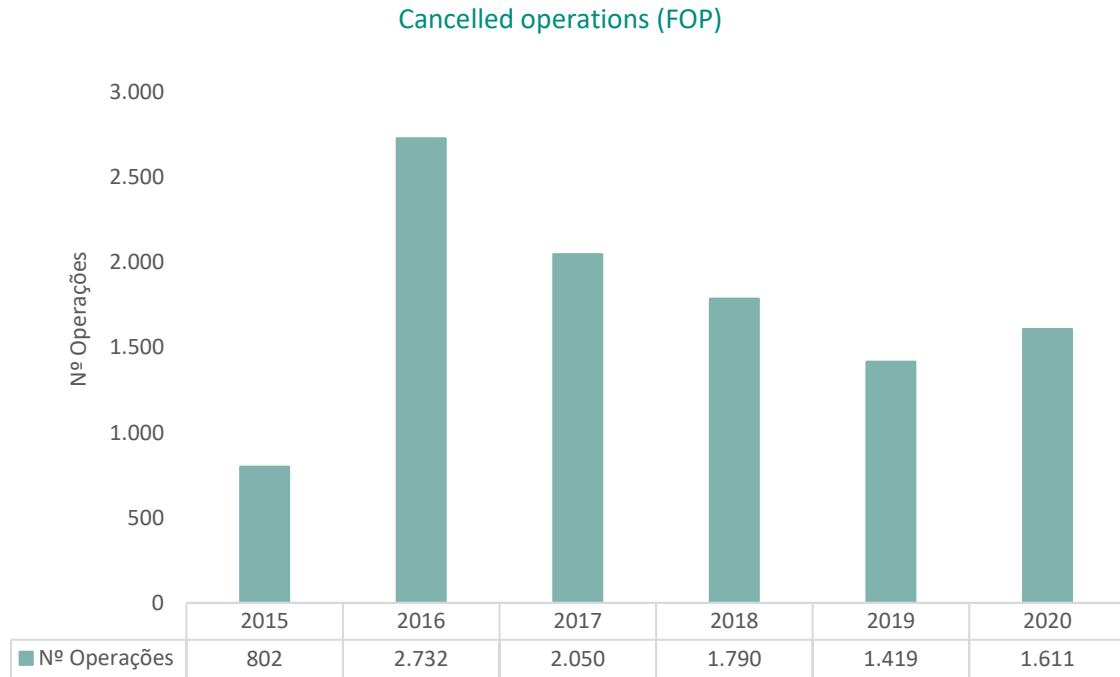


Cancelled operations

In 2020, there were 2,167 cancellations of DVP operations, representing a negative percentage change of 46.3%. The amount involved in cancelled DVP operations amounted to € 3,638 million, representing a year-on-year decrease of 52.9%.



FOP operations cancelled in 2020 amounted to 1,611, which compares with 1,419 operations that were cancelled during 2019 (+13.5%).



3.3.2. Foreign Currency Settlement

INTERBOLSA also manages a settlement system using currencies other than the Euro, with a commercial bank money type payment system operated by CGD - Caixa Geral de Depósitos, S.A.

Foreign currency settlement instructions, which are not eligible for T2S are processed as follows:

- (a) Physical settlement is processed in T2S, conditional on their financial settlement outside T2S;
- (b) Payment instructions resulting from SSS settlement are processed through the Foreign Currency Payment System (SPME), operated by Caixa Geral de Depósitos (CGD).

This system allows income payments, financial settlement of operations carried out in the markets managed by Euronext Lisbon and not guaranteed by LCH, S.A. and of OTC (over-the-counter) operations.

The Foreign Currency Settlement System (FTS) is prepared to process operations in USD, GBP, JPY, CHF, CAD, AUD, CNY, NOK and SEK, and may be extended to other convertible currencies, after the necessary study, whenever necessary to meet the needs evidenced by the market.

In December 2020, 17 foreign currency issues were registered in the Centralised System (2 issues fewer than those registered at the end of 2019), of which 15 were issued in US dollars and 2 in yen.

The amount of issues in US dollars amounted to USD 1,151 million, and the amount issued in Japanese yen was JYP 10,004 million.

3.4. ANCILLARY SERVICES

3.4.1. NATIONAL NUMBERING AGENCY

As part of its duties, INTERBOLSA, as the National Numbering Agency, assigned 14,984 new ISIN and CFI codes, which compares to the 16,286 codes assigned the previous year, while 14,978 codes were deactivated.

On 31 December 2020, 10,409 ISIN codes and their respective CFI and FISN codes were active.

Fulfilling the objective of disclosing at international level the ISIN and CFI codes issued by the National Numbering Agency, INTERBOLSA provided information to the central ISIN database operated by ASB - ANNA Service Bureau on a daily basis. In this way, all ISIN information can be accessed by all entities that need it, as well as by the numbering agencies members of ANNA - Association of National Numbering Agencies.

INTERBOLSA also promotes the disclosure of the codes assigned by this Agency, to which end, interested parties may subscribe a database service containing ISIN and CFI information, with daily or weekly updates.

INTERBOLSA's portal, in the area reserved for customers, MY INTERBOLSA, has a module that has the information of the issued ISIN codes.

3.4.2. Information services

INTERBOLSA continued to provide regular statistical, historical and financial information.

In INTERBOLSA's portal, in the area reserved for Customers, MY INTERBOLSA, a module is available, which allows Issuing Entities to request identification information of the holders of registered securities under custody, receiving, a file in their dedicated area with the requested information for a given reference date.

It should be noted, however, that the Centralised Systems manage global accounts, opened by the affiliated Financial Intermediaries, which, at each moment, contain the sum of the individual registration accounts opened by investors with the Financial Intermediary (custodian/registrar) of their choice. INTERBOLSA therefore requests the Financial Intermediaries participating in the Systems managed by it to provide information on the holders of securities that are the subject of the Issuing Entity's request and, after consolidating the information received, sends it to the Issuing Entity.

INTERBOLSA implemented, on 3 September 2020, the necessary changes to its systems in order to comply with the provisions of the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017), with the requirements set out in Implementing Regulation 2018/1212 of 3 September 2018.

In 2020, the number of requests for identification of holders amounted to 345, compared to 267 requests made in the course of 2019.

3.4.3. CSD Links

On 2 November 2020, INTERBOLSA became a participant in the systems of Clearstream Banking AG (CBF), as Issuer CSD, thus allowing its participants to hold, in accounts opened in the INTERBOLSA systems, debt securities primarily registered in the Clearstream systems.

On 14 December 2020, Clearstream Banking AG (CBF) became, in turn, a participant in the INTERBOLSA systems, as Investor CSD, allowing the cross-border transfer of securities primarily registered in INTERBOLSA (Issuer CSD) between Clearstream participants and INTERBOLSA participants. On the same date, and through the direct link between Clearstream and INTERBOLSA, LUXCSD participants began to have access to securities registered in the INTERBOLSA systems (relayed link).

4. DEVELOPMENT OF PRODUCTS AND SERVICES

When defining its strategy and corresponding value proposal for its interlocutors, INTERBOLSA gives priority to the perspective of its clients' needs.

In this context, this management entity permanently seeks to improve processes and procedures (in a context of adequate control and risk management), improve the communication channels that make it possible to listen to the needs of its clients and, in particular, ensure the excellence of services and the quality of its processes, e.g., by providing reliable systems and developing new products and services.

The development of new products and services adequate to the needs of the capital market and its agents has been, and continues to be, one of the strategic objectives of INTERBOLSA.

Despite the impact of the COVID-19 pandemic on the activities and organisation of INTERBOLSA's work, the capacity for timely adaptation to new scenarios and work methodologies, both of INTERBOLSA and its participants, allowed the projects planned for 2020 to be successfully completed.

4.1. PROJECTS ACCOMPLISHED IN 2020

TARGET2-SECURITIES (T2S)

During 2020 INTERBOLSA implemented changes to support the various T2S releases:

- *Release 3.3* installed in February – correction of 22 identified issues. None of the identified issues had impacted INTERBOLSA;
- *Release 4.0* installed in June – The main annual *Release* that contained the implementation of 6 *Change Requests*, that required adaptations of INTERBOLSA's system to the new T2S functionalities, and correction of 39 issues and 2 *Release* defects;
- Given the size of the impacts of *Release 4.2*, which includes the T2S *Penalty Mechanism*, and which went implemented in production on 23 de November 2020, ECB decided to cancel the *Release 4.1* that was planned for September 2020;
- *Release 4.2* installed in November – Implementation of 13 *Change Requests* that likewise required the adaptation of INTERBOLSA's systems to the new T2S functionalities, some already related to the project of evolution of TARGET services and with the penalty mechanism in scope of CSD Regulation (CSDR), and the correction of 14 issues and 29 *Release* defects.

Of the new T2S versions *Release 4.0* and *Release 4.2* should be highlighted, which successfully entered into production on 15 June and on 23 November 2020, respectively.

Release 4.0 included some structural adaptations, of which the following should be mentioned:

- (a) new process to maximise settlement of instructions at the time of Delivery-versus-Payment (DVP) cut-off;
- (b) inclusion of information on the final beneficiary in some reporting messages
- (c) the possibility of T2S processing already matched instructions with differences in some of the parameters of the settlement instructions; and
- (d) instruction recycling only after an optimisation attempt during partial settlement windows.

The T2S change request (CR691) - *Recycling period of 60 business days for matched instructions* went into production on 5 October 2020 with the objective to implement the automatic cancellation, by the T2S platform, of unsettled matched settlement instructions, and with intended settlement date (ISD) or date of the last instruction status change, whichever is more recent, more than 60 days in the past.

The main objective behind this change is the need to create measures to increase the settlement efficiency.

In turn the Release 4.2, which went into productions on 23 de November 2020, included the following changes

- (a) T2S Penalty Mechanism;
- (b) Handling of output messages with amount/quantity having more than 14 digits;
- (c) Mandatory trade date when sending a settlement instruction;
- (d) Alignment of T2S messages with ISO Release 2018-2019 standards;
- (e) Identification, storage and reporting by T2S of information regarding settlement instructions created as a result of partial buy-ins.

MERGING OF "SLRT" E "EXCH" MESSAGES AND FILES

On 15 June 2020, when T2S Release 4.0 went live, INTERBOLSA changed the STD outputs in order to harmonise the messages and files:

- (a) The mnemonics EXCH, EXCH-PND and EXCH-RES are no longer provided;
- (b) The mnemonic SLRT now has additional data fields following the merging with the mnemonic EXCH;
- (c) The mnemonics SLRT-PND and SLRT-RES also now have new data fields resulting from the merging with the mnemonics EXCH-PND and EXCH-RES, respectively;
- (d) The reasons codes associated to the instructions status were modified from numeric to alphanumeric codes.

SHAREHOLDERS RIGHTS DIRECTIVE II (SRD II)

On 3 September 2020, INTERBOLSA implemented the necessary changes in its systems as set out in the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017) in order to comply with the requirements, set out in Implementing Regulation 2018/1212 of 3 September 2018.

In 2007, the European Parliament and the European Council adopted Directive (EU) 2007/36/EC, known as the Shareholder Rights Directive (SRD), to ensure better protection of the exercise of shareholder rights in companies admitted to trading.

In 2017, Directive (EU) 2017/828 (SRD II) amended SRD with a view to encouraging the long-term engagement of shareholders in companies admitted to trading in the EU. To achieve this long-term investment objective, SRD II describes new obligations for EU listed companies, intermediaries, institutional investors, asset managers and proxy voting advisors.

On 3 September 2018, the European Commission published Implementing Regulation (EU) 2018/1212 to specify the minimum requirements for the transmission of information to and from shareholders (e.g. transmission format and request format - including security and interoperability - and deadlines to be met). The objective of this Regulation is the use of a common information exchange format to enable efficient and reliable processing and interoperability between intermediaries, issuers and shareholders. This Regulation also provides the minimum information required for each information transmission format.

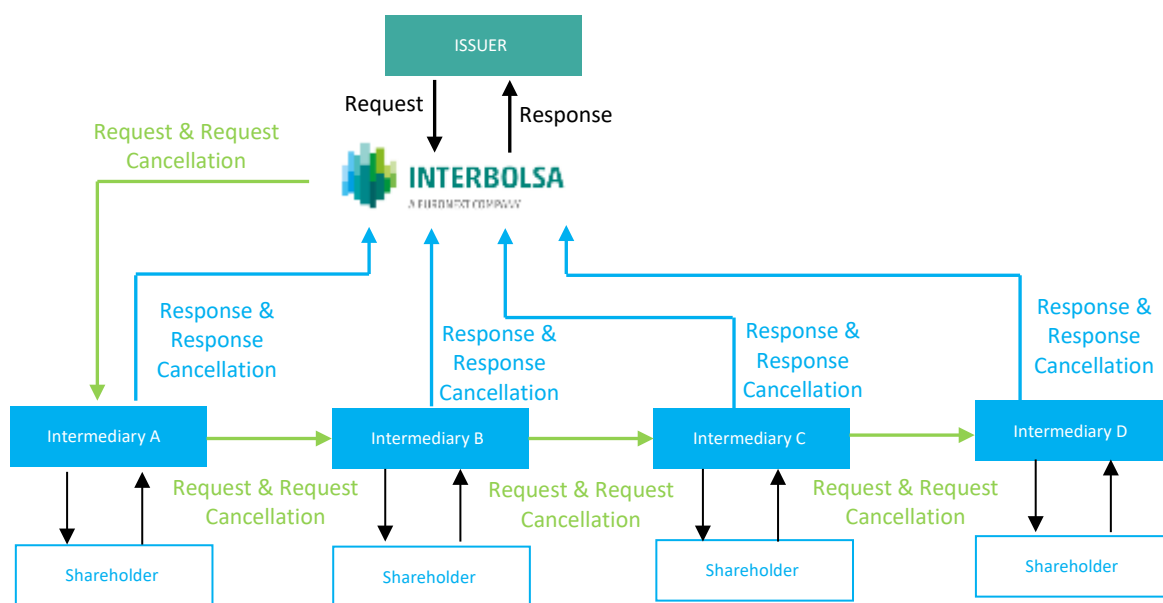
SRD II sets out certain requirements in relation to the information to be provided by issuers to intermediaries, namely the Issuer CSD, and to be transmitted down the chain from intermediaries to shareholders, namely in relation to shareholder identification, general meetings and corporate events.

The Shareholders' Directive was transposed into national legislation, through Law No. 50/2020, on 25 August 2020.

The main changes implemented by INTERBOLSA, were as follows:

(a) Shareholder identification

- i. different deadlines, new fields and formats for sending and receiving information (arising from Implementing Regulation (EU) 2018/1212);
- ii. adaptation of the holder identification process in order to allow the receiving of information from the various intermediaries in the intermediation chain, and obtaining the identification of the end investors, as shown in the following illustrative chart:



(b) Notification of general meetings

- i. Establishment of the necessary mechanisms for receiving the disclosure request of the general meeting notice from the issuer and its forwarding to INTERBOLSA's participants.

CSD LINKS

In order to allow INTERBOLSA participants to hold in their accounts securities issued in other central securities depositories, INTERBOLSA decided, after consulting the Portuguese market, to establish Investor CSD Links with several of the main European CSDs.

INTERBOLSA phased the project to establish links with other European central securities depositories, having in a first phase accepted in these CSD Links debt instruments that are eligible as collateral by the European Central Bank, registered at par value, issued in Euros and exempt from taxes.

On 2 November 2020, INTERBOLSA became a participant in the systems of Clearstream Banking AG (CBF), as Issuer CSD, thus allowing its participants to hold in accounts opened in INTERBOLSA's systems debt instruments primarily registered in Clearstream's systems.

On 14 December 2020, Clearstream Banking AG (CBF) became, in turn, a participant in the INTERBOLSA's systems, as Investor CSD, allowing the cross-border transfer of securities primarily registered in INTERBOLSA (Issuer CSD) between Clearstream participants and INTERBOLSA participants. On this same date, and through the direct link between Clearstream and INTERBOLSA, LUXCSD participants began to have access to the securities registered in the INTERBOLSA systems (relayed link).

INTERBOLSA'S PORTAL

Aiming the continuous improvement of the information channels and digital communication with its users, INTERBOLSA launched a new Portal (website) in 2019.

This new Portal fully meets the objectives established by INTERBOLSA, of providing a more appealing, dynamic and functional channel, allowing closer contact with clients, improving the digital experience of its users and contributing to literacy with regard to the securities industry and financial markets.

The update of the portal allows a better content management, which is a key factor for timely communication, and also to cope with the demands and transformations that increasingly affect the industry in which INTERBOLSA is inserted.

In April 2020, INTERBOLSA renewed the clients' reserved area - MY INTERBOLSA, of its portal adopting a new structure and a new image, aiming to provide a safe space entirely dedicated to clients, more appealing, more dynamic, and more functional.

SFI – INVESTMENT FUNDS MANAGEMENT SYSTEM

INTERBOLSA, attentive to the needs of its customers, assessed and implemented a new functionality (order routing) in its Funds Management System, allowing managing entities to confirm or reject subscriptions and redemptions of investment units, a functionality which was only available to the Depository Banks.

This new functionality also allows depository/settlement entities to follow and monitor the entire subscription and redemption process, namely the financial settlement, whenever this occurs in their cash accounts (DCA).

SLME – FOREIGN CURRENCY SETTLEMENT SYSTEM

Since September 2019 the Foreign Currency Settlement System (SLME) accepts the settlement and income payment related to Exchange-Trade Funds (ETFs) denominated in eligible currencies other than the euro. The list of eligible currencies, has also been extended to the following currencies:

- (a) Chinese Renminbi;
- (b) Norwegian krone;
- (c) Swedish krona.

The Foreign Currency Settlement System (FSS) is prepared to process market and over-the-counter (OTC) transactions, and the settlement of income payments, in the currencies mentioned above in addition to USD, GBP, JPY, CHF, CAD and AUD, and may be extended to other convertible currencies, after the necessary study and whenever required to meet the needs evidenced by the market.

INFORMATION TECHNOLOGY SYSTEMS

During 2020, INTERBOLSA implemented a set of improvements to its IT systems, with the aim of modernising its hardware as well as updating its software, thus making the computing equipment that supports the services provided by INTERBOLSA more robust, reliable and secure, thus reducing its operational risk.

Hardware

In July 2020, INTERBOLSA concluded the upgrading of the switches of its Storage Area Network (equipment that interconnects the servers to the data storage units).

In November 2020, it concluded the replacement of the HP-UX servers.

Software

Regarding SWIFT products, version 7.4 was updated to level 7.4.54 of the SWIFTNet Link, SWIFT Alliance Gateway and SWIFT Alliance Access products, as well as Standard Release 2020 with the new message syntaxes.

Tomcat (used by the STD webserver) and VMware were also updated to the latest versions.

ORACLE Data Base

In order to upgrade the Oracle database management system from version 11g to 12c, the migration of the Oracle Forms and Reports of the INTERBOLSA's applications to Oracle APEX began in 2020. This project will be concluded in 2021.

Information Backup

INTERBOLSA replaced the IBM mainframe Robot by a system of virtual tapes with mirroring of data to the Alternative Center. Following this, the physical tapes for storing information were migrated to virtual tapes, thus allowing backup and recovery times to be reduced, while cutting operating costs.

INTERBOLSA Office Automation

During 2020, another important step was taken in the integration of INTERBOLSA in the functionalities of the Euronext Group. Thus, all INTERBOLSA employees were provided with a personal computer with the functional and security features of Euronext office automation. This project was of special importance, following the recommendations of the Portuguese government that, whenever possible, companies should adopt a remote work regime, to deal with the COVID-19 pandemic, thus allowing secure access to INTERBOLSA applications, through VPN and with double authentication factor of users, as well as 24/7 IT security monitoring of the applications that are being accessed remotely.

Information Security

With regard to IT security, during 2020, INTERBOLSA, together with the Euronext Group's Infosec team, implemented a set of measures, namely for monitoring aimed at strengthening the security of INTERBOLSA's systems.

During the year, INTERBOLSA revised the protection of its systems by updating its antivirus and firewalls, as well as its spam and ransomware protection products.

VPN IPSEC Tunnel

In December 2019, INTERBOLSA implemented a VPN IPSEC Tunnel solution that allows its participants to connect to INTERBOLSA's private communication network (WAN - Wide Area Network), through Internet. This solution aims to reduce connection costs, especially for remote clients, as well as reducing the installation time of communication lines used in current solutions (ADSL or optical fibre).

ISO 27001 CERTIFICATION

On 28 October 2019 INTERBOLSA obtained the certification of the conformity and full compliance with the requirements of ISO 27001:2013, with regard to the Information Security Management System. This standard has as its general principle the adoption of a set of requirements, processes, and controls with the aim of mitigating and adequately managing information security risk.

The scope of this certification is: "the protection of information on settlement instructions related to market operations and over the counter (OTC) operations, including against payment (DVP) operations in Euro and free of payment (FOP) operations".

Obtaining this certification demonstrates the special importance INTERBOLSA attaches to protection of the information of the business it manages, reinforcing and guaranteeing:

- (a) The use of the best international practices regarding Information Security Management;
- (b) The protection, confidentiality, integrity and availability of data;
- (c) A constant commitment to data protection and operational risk management.

On 23 December 2020 a recertification audit was carried out by the certifying entity, and the certification was revalidated until 27 October 2022.

BUSINESS CONTINUITY PLAN

INTERBOLSA has ensured throughout its existence the continuous availability of its services with the highest levels of security, reliability and availability.

With a view to eliminating or minimising the impact on its customers caused by any unavailability of its systems, INTERBOLSA began developing and implementing a Disaster Recovery Plan. This plan was based on the use of an alternative data center capable of providing the infrastructures and services necessary for the affiliated Financial Intermediaries to continue their activities in a situation where INTERBOLSA's main data center was inoperable. This plan has evolved into a full Business Continuity Plan that involves, in a crisis

situation, the coordination of a wide range of activities in order to ensure the availability of systems and essential services provided by INTERBOLSA in the shortest possible time.

During 2020, and given the current pandemic situation, as well as the remote work at INTERBOLSA and its participants, INTERBOLSA carried out only 1 test of its Business Continuity Plan. The external test, relating to the year 2020, was conducted only on 9 January 2021, by agreement between the ECB and the participating CSDs. This postponement was due to a set of problems with the T2S platform in October, which forced the activation of the ECB's Disaster Recovery Center in Italy.

The overall coordination of the test activities was ensured by telematic means. The choice of the web resulted from the current restrictive framework, established during the COVID-19 pandemic, and the fact that most members of the recovery teams were working from home.

This test allowed participants to check real-time data in the main center as well as the operating conditions after activation of the alternative center, thus demonstrating INTERBOLSA's recovery strategy.

The positive result of all carried out tests, in this context, reinforces once again INTERBOLSA's commitment to comply with international recommendations and good practices in Business Continuity, thus contributing to the mitigation of the risk associated with the possible occurrence of disasters, thus ensuring business continuity and reinforcing the safety and soundness of market structures, and consolidating the confidence of investors and participants, ultimately benefiting the Portuguese financial system as a whole.

Pandemic situation – INTERBOLSA'S response

Following the pandemic installed in Europe at the end of the first quarter of 2020, INTERBOLSA adopted the necessary measures and followed the recommendations of the official entities, in order to ensure the protection of its Employees, Families, Clients, Suppliers and other stakeholders and the availability of its services to the market under normal conditions.

INTERBOLSA continues to closely monitor the evolution of COVID-19 pandemic and to follow the guidelines of the World Health Organisation (WHO), national and international health agencies and the Portuguese government's guidelines for the adoption of all the relevant measures.

Therefore, INTERBOLSA has adopted a set of measures, which were adapted according to the evolution of the pandemic situation, having adopted the remote work for almost all of its employees, which has enabled the operation of a fully functional and efficient market infrastructure, thus ensuring the normal functioning of the settlement systems, the centralised securities systems, as well as the ancillary services.

During this phase, INTERBOLSA has maintained active communication with issuing companies, market members, investors, partners, regulators, governments, and other stakeholders, in order to ensure a permanent and adequate flow of information on the challenges that arise.

4.2. INTERBOLSA SUPERVISION

4.2.1. Reconciliation Measures

Within the scope of its functions of supervising the operation of the centralised securities systems, INTERBOLSA has in place the following preventive and corrective control mechanisms:

- A.** A daily and automatic reconciliation between the issue accounts opened in the Centralised Securities Systems and the global accounts opened by the Financial Intermediaries affiliated to the said system. The daily reconciliation process enables INTERBOLSA to detect potential irregularities between the quantities entered in the capital account and the sum of the quantities contained in the global accounts opened in the Centralised Systems;
- B.** Fortnightly reconciliation between the omnibus accounts opened by the Financial Intermediaries affiliated to the Centralised Securities Systems and the individual registration accounts opened within each Financial Intermediary. This control mechanism consists of identifying and justifying the discrepancies detected between the positions of the accounts opened in the INTERBOLSA systems and the individual registration accounts opened in the systems of each Financial Intermediary. This procedure is carried out fortnightly and is dependent on the actions of the Financial Intermediaries, so that the detection and reporting of discrepancies is within the sphere of activity of the Financial Intermediary.

INTERBOLSA provides daily to its participants the necessary information for the daily reconciliation of the securities accounts balance, both global and individualised, opened and managed by them.

4.2.2. Inspection actions

The purpose of the inspection actions is to reconcile the quantities existing in the securities accounts opened in the Centralised Systems with those contained in the individual registration accounts opened by each Financial Intermediary, through on-site verification of the existence (or not) of discrepancies. In other words, the quantity of securities contained in each account opened in the INTERBOLSA systems must correspond at each moment to the sum of a certain number of individual registration accounts.

The inspection actions are sporadic in nature, appearing as a complement to the other existing control mechanisms.

Together, the preventive and corrective mechanisms developed and implemented by INTERBOLSA ensure the control, operational normality and transparency of the centralised systems, as well as prevent or repress

any fraudulent, illicit or irregular acts, proving to be adequate for the fulfilment of the functions to which, at this level, INTERBOLSA is committed.

As regards inspection actions, INTERBOLSA prepares an annual plan of visits based on the following selection criteria:

- i. Failure of the Financial Intermediaries to submit the required justifications for the analysis/verification of the discrepancies detected/disclosed in the fortnightly reports (which includes situations in which the submitted justifications are not considered valid);
- ii. Situations in which INTERBOLSA has direct or indirect, real or presumed knowledge that there are unjustified discrepancies between the global accounts and the individual registration accounts.

Whenever the two criteria above do not apply, INTERBOLSA considers, as a supplementary criterion, the frequency of occurrence of discrepancies, even when not covered by criterion (i).

Without prejudice to the cases foreseen for above, the services of INTERBOLSA will carry out two to three inspections every year, on a random basis, and the Financial Intermediaries inspected in a given year, subject to recommendations by INTERBOLSA, will be inspected again the following year.

During the month of October 2020, INTERBOLSA supervised 4 Financial Intermediaries.

Analyzed globally, the results obtained relative to the verification of procedures are satisfactory and show the preventive effectiveness of the reconciliation mechanisms developed and implemented by INTERBOLSA, namely, the fortnightly reconciliation reports between the global accounts and the individual registration accounts.

4.3. COOPERATION AND SUPERVISION

4.3.1. Comissão do Mercado de Valores Mobiliários

The Securities Market Commission (CMVM) is the competent authority for the supervision of INTERBOLSA.

In the context of the entry into force of the European Regulation on Central Securities Depositories [Regulation (EU) No. 909/2014 of 23 July, abbreviated as CSDR] and other complementary regulations, on 12 July 2018, the Securities Market Commission authorised INTERBOLSA to continue operating as a CSD, now under CSDR.

As part of the process of analysis and assessment of INTERBOLSA's authorisation under the CSDR, carried out by the CMVM, which covered the period from 13 July 2018 to 12 July 2019 (with delivery of information to the CMVM in September 2019, this management entity submitted to the regulator, under the terms provided for in the CSDR, the first process of analysis and assessment with regard to the compliance of its activity and procedures with the CSDR with a reference date from June 2018 to 12 July 2019.

In 2021, INTERBOLSA will submit to the regulator the second review and assessment process with respect to the compliance of its activity and procedures with the CSDR.

4.3.2. ECSDA – European Central Securities Depositories Association

ECSDA - European Central Securities Depositories Association is a non-profit association, composed by national and international Central Securities Depositories located in Europe.

ECSDA's main activity is to reflect and study issues related to custody and settlement, regardless of their technical, economic, financial or legal nature, in order to find solutions and provide advice at an international level, as well as, whenever possible, to contribute to the adoption, by the industry, of harmonised positions and procedures.

The ultimate goal of this activity is to reduce risk and increase the efficiency of procedures in the areas of custody, settlement and exercise of rights in Europe, benefiting issuers, investors and other entities intervening in the capital markets.

INTERBOLSA, as a founding member of ECSDA, collaborated, during 2020, in the exercise of the activities of this entity, in order to help it achieve its objectives, both at the level of its Board of Directors and Executive Committee and within the scope of the working groups (Expert Working Groups) in operation.

In this context, and in addition to its participation in the Governing Board and Executive Committee, INTERBOLSA participated in the following working groups organised by the ECSDA during 2020:

WORKING GROUP 2 – PUBLIC POLICY

The role of this Working Group is to (i) analyse the European legal and regulatory developments affecting ECSDA members, (ii) identify risks, inefficiencies and opportunities for further developments in line with ECSDA's object and (iii) promote ECSDA's understandings/opinions and image towards the public at large.

This Working Group is also charged with providing responses to public consultations on behalf of the ECSDA, acting as legal advisor to the other Working Groups of the association and to the Governing Board.

Recently, this Group has followed the drafting of EU Directives with an impact on the European capital markets, assisting the Governing Board on the positions and understandings to be taken.

During 2020 this Working Group continued to be primarily involved in monitoring the authorisation processes regarding the implementation of the CSDR, finalised and ongoing, as well as in the analysis of several issues related to the adoption of the new CSDR regime on Settlement Discipline and with the analysis and discussion of the CSDR review process, which is regulatory foreseen.

The attention of this consultation group was also focused on the analysis, discussion and, where necessary, preparation of responses, related to issues such as the CSDR review, the DLT pilot regime, as well as monitoring the implementation of the Shareholders' Directive in September 2020, and the European Central Bank initiative on the issuance, harmonised distribution and centralisation of public and private debt instruments in the Eurozone, with the creation of a contact group, composed of representatives of the various market entities. It should be noted that INTERBOLSA has an elected representative in this ECB contact group, the DIMCG - Debt Issuance Market Contact Group.

WORKING GROUP 3 – SETTLEMENT AND RELATED PROCESSES

The purpose of this Working Group is to analyse and discuss settlement harmonisation in Europe, as well as to analyse the operational aspects related to cross-border settlement and the link between Central Securities Depositories.

Recently, this Working Group is focused on the more technical and operational analysis of the impact of the settlement discipline rules proposed by ESMA in the context of the CSD Regulation.

During 2020 this Working Group continued to focus on the preparation and submission under Settlement Discipline of harmonised rules on settlement penalties to be followed and applied by all CSDs, the so-called ECSDA CSDR Penalties Framework.

WORKING GROUP 5 – HARMONIZATION/CORPORATE ACTIONS AND GENERAL MEETINGS

This Working Group aims to achieve a more efficient post-trading environment in terms of the exercise of rights and General Meetings.

The group was reactivated at the end of 2017 due to the importance of the harmonisation of corporate events practices for the main Eurosystem projects (planned for 2021 and 2022) and for the European legislation related to corporate governance (Shareholders' Rights Directive).

During 2020, this working group continued its work on harmonisation regarding corporate events, namely in the context of the Single Collateral Rulebook for Europe (SCoRE), as well as on the definition, clarification and monitoring of harmonised standards and market practices regarding the implementation of the Shareholders' Rights Directive II.

E-MIG – EUROPEAN MARKET IMPLEMENTATION GROUP

The implementation of the recommendations and best practices for the exercise of rights and for the holding of general meetings is carried out in Europe, at national level, by the so-called MIGs - Market Implementation Groups. The implementation of these recommendations and best practices is essential for the elimination of the barriers previously identified by the Giovannini Group for efficient clearing and settlement in the European markets. The Portuguese MIG is coordinated by INTERBOLSA, which also participates as such in the meetings of the E-MIG - European Market Implementation Group.

The E-MIG's function is to follow up and monitor the implementation of the recommendations in Europe, as well as to serve as a forum for the exchange of experiences between the various participants. This European group is chaired by the EBF - European Banking Federation and reports directly to the European Commission on the state of implementation of the recommendations and good practices.

CEG - CORPORATE EVENTS GROUP

Following the agreement between the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo), the Joint Working Group (JWG) and industry associations to consolidate the monitoring and assessment of compliance with the Corporate Actions Joint Working Group (CA JWG) standards, the AMI-

SeCo CA standards, which include the T2S CA standards and the Single Collateral Management Rulebook for Europe (SCoRe) CA standards, the Corporate Events Group (CEG) was created in 2020 as a substructure of AMI-SeCo.

The CEG comprises the various stakeholders involved in the corporate events harmonisation process, namely (I)CSDs, CCPs, global custodians, brokers, sub-custodians, asset managers, industry associations, issuers, issuer agents and investors.

The Corporate Events Group's main objectives are to define and maintain the AMI-SeCo standards, ensure the consolidated reporting by the various national markets covered, monitor the progress of the implementation of the standards against the plans submitted and assess compliance with the standards.

During 2020, the assessment and monitoring of the implementation of the various standards related to Corporate Actions in each national market was carried out.

4.3.3. Following of industry's regulatory changes

CSD REGULATION (CSDR)

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July on improving securities settlement in the European Union and on central securities depositories (also referred to as the CSD Regulation for short) entered into force on 17 September 2014, and provides for certain uniform obligations to be imposed on all market participants regarding certain aspects of the settlement cycle and discipline, establishing a set of common requirements applicable to CSDs.

Together with EMIR and MiFID, this regulation completes the framework of common rules to be applied, in the European context, to the relevant market infrastructures, namely: trading venues, central counterparties, trade repositories and central securities depositories.

During 2019, INTERBOLSA, after receiving authorisation to act as a CSD under the CSDR in July 2018, submitted to the CMVM, in September 2019, its first analysis and assessment process with regard to the compliance of its activity and procedures with the CSDR.

INTERBOLSA continues to actively follow the work in course and the discussions related with the implementation of the CSDR regime related to settlement discipline, based on technical trading standards presented by ESMA to the European Commission and published in September 2018, namely, concerning:

- (a) the penalty mechanism that is being developed within the T2S platform, to be used by all CSDs operating on this platform; and
- (b) the ECSDA CSDR Penalties Framework, which is being prepared by ECSDA and contains the harmonised rules on settlement penalties to be followed and applied by all CSDs.

On these two fronts, INTERBOLSA has been following and participating in the work of the T2S CSDR Task Force regarding the penalty mechanism, as well as in the work of the Settlement Working Group regarding the ECSDA CSDR Penalties Framework.

During 2020, INTERBOLSA continued the process of developing and implementing the CSDR regime on settlement discipline. The entry into force of this regime was postponed in 2020 to February 2022.

SHAREHOLDER DIRECTIVE

The Directive 2007/36/EC, of the European Parliament and of the Council, of 11 July 2007, on the exercise of certain rights of shareholders of listed companies, was transposed to the Portuguese legal system by Decree-Law no. 49/2010 of 19 May.

The underlying objective being to eliminate obstacles to the full exercise of voting rights by shareholders of listed companies, the following steps were taken at that time:

- (a) Harmonisation and deepening of the rules on information prior to the General Meeting, proxy voting and participation in General Meetings through electronic means;
- (b) Introduction of the record date rule, providing that participation and voting rights at General Meetings are determined solely on the basis of the number of shares held by a certain person on a specific date prior to the General Meeting.

However, with signs that the current level of investor engagement is still insufficient, and that identification of shareholders is difficult as shares in listed companies are often held through complex intermediation chains, there was a need to create a more modern legal framework. Greater shareholder participation is sought to encourage long-term shareholder engagement and to increase the transparency of corporate relations.

Therefore, Directive (EU) 2017/828, of the European Parliament and of the Council, of 17 May 2017 (the so-called SRDII), aims to establish specific requirements, namely regarding the identification of shareholders, simplification of the exercise of shareholders' rights, and transmission of information.

It is intended, with this regulatory framework, that companies are able to identify their shareholders, in order to allow direct communication with them, thus facilitating the exercise of shareholders' rights and their involvement in corporate life.

On 17 October 2018, the National Council of Financial Supervisors (CNSF) placed the preliminary draft diploma transposing Directive (EU) No. 2017/828 in public consultation, which ran until 29 November 2018. INTERBOLSA, together with Euronext Lisbon, responded to the aforementioned public consultation.

During 2020, INTERBOLSA proceeded with the implementation of the SRD II requirements arising from the application of the new regulatory framework, namely those relating to the identification service for holders, taking into account the provisions of the Shareholders' Directive, as well as Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018, which sets out minimum requirements for the application of the provisions of Directive 2007/36/EC of the European Parliament and of the Council regarding the identification of shareholders, the transmission of information and the facilitation of exercise of shareholders' rights, as well as Law No. 50/2020 of 25 August, which transposed the SRD II into Portuguese law.

INTERBOLSA also participated in the various working groups, set up at European level, dedicated to discussing and defining harmonised standards and market practices regarding the implementation of the Shareholders' II Directive, namely:

- (a) Shareholder identification working group;
- (b) Working Group on General Meetings;
- (c) Working group on ISO messaging standards and market practices;
- (d) Golden Operational Record working group.

SINGLE COLLATERAL RULEBOOK FOR EUROPE (SCORE)

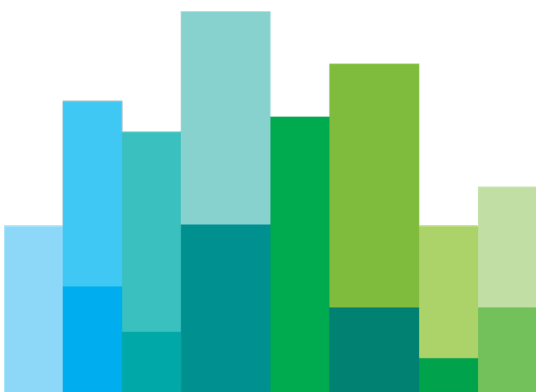
SCORE is an initiative led by the European Central Bank with the aim of creating common rules for collateral management.

During 2019, the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) approved the standards relating to:

- (a) Triparty Collateral Management: definition of common processes for interaction between all major European triparty service providers and their participants, including the Eurosystem, using ISO 20022 messages;
- (b) Corporate Actions: a set of harmonised business processes and workflows for debt instruments, providing the use of ISO 20022 messages; and
- (c) Billing Processes: a set of rules for the transmission of billing information by post-trading service providers for custody and collateral management, including the alignment of billing frequency and dates and the use of ISO 20022 messages.

Following the postponement of this project to November 2023, announced in 2020, INTERBOLSA has updated its Adaptation Plan for the implementation of the standards for corporate events (Corporate Actions) and for billing (Billing), initially presented to the Portuguese market at the end of 2019, under the AMI-SeCo NSG-PT.

GOVERNANCE AND MANAGEMENT POLICIES



1. GOVERNING BODIES

General Meeting

President	Luís Fernando Sampaio Pinto Bandeira
Secretary	Helena Maria Teixeira Lopes

Board of Directors

On 31 December 2020, the composition of Interbolsa's Board of Directors was as follows:

Chairman

Pierre Davoust (elected at the Interbolsa General Meeting of September 1, 2020)

CEO

Isabel Rute Ucha da Silva

Executive member

Rui José Samagaio de Matos

Non-Executive member

Clara Patrícia Costa Raposo

Non-Executive member

Joaquim António Pereira Cadete

As at 31 December 2020, the functions of Company Secretary, effective and alternate, were provided by:

Company Secretary

Effective company secretary	Helena Maria Teixeira Lopes
Alternate company secretary	Arlinda Maria de Sousa André Moreira

It should also be noted that the Company's Statutory Auditor was also appointed for 2020:

Statutory Auditor

<i>Statutory auditor</i>	Ernst & Young Audit & Associados - SROC, S.A., representada por Sandra e Sousa Amorim
<i>Alternate Statutory auditor</i>	Pedro Jorge Pinto Monteiro da Silva e Paiva

Risk Monitoring Committees

In accordance with Article 48 of the Commission Delegated Regulation (EU) 2017/392 of 11 November 2016, the INTERBOLSA Board of Directors approved the establishment of the following Risk Monitoring Committees:

Risk Committee

The Risk Committee is responsible for advising the Board of Directors on INTERBOLSA's overall current and future risk strategy and tolerance.

Composition

Joaquim Cadete (Chair) (Interbolsa Board Member)
Åsmund Skår (Euronext VPS Board Member)
Jan Walther Andersen (VP Securities Board Member)
Anne Giviskos (Euronext)

Audit Committee

The Audit Committee is responsible for advising the Board of Directors on the performance of INTERBOLSA's internal audit function, which it must oversee.

Composition

Jim Gollan (Chair)
Kerstin Günther
Luc Keuleneer
Franck Silvent
Morten Thorsrud

Remuneration Committee

The Remuneration Committee is responsible for advising the Board of Directors on INTERBOLSA's remuneration policy, which it must oversee.

Composition

Nathalie Rachou (Chair)
Manuel Ferreira da Silva
Lieve Mostrey
Franck Silvent
Padraic O'Connor
Dick Sluimers

2. INTERNAL ORGANISATION

The internal organisation of INTERBOLSA is based on a functional structure, founded on a criterion of specialisation of the tasks assigned to different departments.

INTERBOLSA's operational activity is divided into two Divisions: the Central Securities Depository and Information Technology.

The Central Securities Depository manages the centralised securities and settlement systems, thus ensuring the core business of the institution, with Information Technology constituting its main technical and operational support.

Functional activities of a non-directly operational nature are divided into Legal and Compliance, Finance, Human Resources, Internal Audit, Risk and the Program Office.

On 31 December 2020, INTERBOLSA had a total of 30 employees (excluding members of the Board of Directors), distributed over the following areas:

	Nr. Employees
Central Securities Depository e ANC	11
IT	15
Legal	1
Finance	1
Program Office & Risk	2

The Human Resources area is shared with Euronext Lisbon and the Internal Audit area is shared with the Euronext Group.

It should be noted that several departments/functions, such as Finance, Legal and Administration are integrated into the overall organisation and departments of the Euronext Group.

3. HUMAN RESOURCES

The organisation of human resources is based on efficiency criteria and on objective-based management and recognition of effort and merit.

In this plan, among the measures that have been instituted, those concerning the clear definition of functions, competencies and responsibilities, the rationalisation and simplification of procedures, the perfecting of methodologies and definition of priorities, and the promotion of responsibility and initiative of the respective Departments stand out.

INTERBOLSA's human resources policy seeks to highlight:

- (a) The pursuit and encouragement of a culture founded on truth, trust, respect, integrity, teamwork and commitment;
- (b) The establishment of high standards of leadership, providing managers with the appropriate tools for effective Human Resources management, as well as the guidelines and evidence to enable the expression of the organisation's capabilities and potential
- (c) The encouragement and rewarding of best management practices that encourage innovation and high standards of performance
- (d) The development of a Diversity day;
- (e) Development of new Engagement practices, where actions dedicated to the well-being of employees were promoted.

VALUES OF EURONEXT GROUP

Euronext values explain the principles by which employees define themselves. Values are not an abstract wish list, but a foundation that is embedded in the way we work.

Thus, the 5 values of the Euronext Group have been defined:

Union

- We respect and value the people we work with
- We are united by the same purpose
- We embrace diversity and promote inclusion

Integrity

- We value transparency, communicate honestly and share information openly
- We act with integrity
- We don't hide our mistakes - we learn from them

Agility

- We act with a sense of urgency and determination
- We are adaptable, proactive and embrace change
- We take intelligent risks

Energy

- We are motivated to make a difference and challenge the status quo
- We are results-focused and encourage personal leadership
- We motivate each other with our ambition

Responsibility

- We generate maximum value for our customers and stakeholders
- We are accountable for results
- We reward and celebrate performance

Internal Communication Policy

INTERBOLSA assumes internal communication as a management tool par excellence, enhancing the alignment of the mission and values of this management entity with the individual objectives of employees, fostering group spirit, the sharing of values and a focus on the strategic objectives of the company.

In this context, INTERBOLSA believes that communication management based on the dissemination of the company's mission and culture, respecting individual differences and maximising existing formal and informal relationships, gives internal communication a strategic role in attracting, retaining and developing human resources.

Euronext Group management continues to pay particular attention to dialogue and information sharing with employees, through face-to-face meetings or videoconferences (Town Halls) with participation from all Group locations.

Training

INTERBOLSA recognises that the constant reinforcement of the skills of its employees is the best way to provide the development of a working environment conducive to increasing the levels of quality in the provision of services to its clients, as well as the commitment, productivity and loyalty to the company. Therefore, permanent updating/training of its staff is a priority for INTERBOLSA, emphasising its personal valorisation.

Within the scope of continuous development, participation is encouraged in training actions suited to the individual needs of each employee, as well as in national and international events, which address aspects related to the activity developed by the company.

In 2020, the Learning Week, which began in 2018, continued with the aim of promoting learning and the personal and professional development of employees. During two weeks, inspiring conferences, workshops, face-to-face meetings were held, to which internal and external experts were invited, and sessions in the format of "Coffee meetings" and "Lunch & Learn" that allowed addressing and discussing the behaviours expected for the achievement of each pillar of the "Let's Grow together 2022" strategy.

Among others, the following themes stand out:

- (a) Conference on Sustainable Finance
- (b) How to manage interculturality in Euronext;
- (c) Workshops on Post-Trade and Commodities, getting to know our clients and the environment
- (d) Workshops on Cybersecurity and
- (e) Speed Coaching

Performance Management

INTERBOLSA has implemented a Performance Management System, transversal to all Euronext locations. Performance management is a fundamental instrument for supporting management, promoting a culture of merit and greater orientation towards objectives and results, as well as a motivating factor in relation to the company's Mission and Strategic Objectives.

This System is based on the following objectives:

- (a) Development of a results-oriented management culture, based on previously established and agreed objectives;

- (b) Guarantee that all employees make their best contribution to the development of the company, finding in the company a privileged place for the development of their professional and individual skills;
- (c) Recognition of merit, ensuring the differentiation and valorisation of the various levels of performance
- (d) Promotion of effective internal communication, establishing as essential instruments of this system the permanent review of individual goals, with two formalised moments, twice a year, with a review of goals and self-evaluation;
- (e) Encouraging the professional development of employees by identifying training needs and consequently drawing up personal development plans.

Performance management is adopted as an important vehicle leading to the identification of people's potential, to the improvement of team performance and to the quality of relationships, serving as a stimulus in the efforts to achieve positive and satisfactory results for the individual and for the organisation.

Corporate Responsibility

Corporate Responsibility is a commitment whereby a company integrates social and environmental concerns in its business operations and in its relationship with its stakeholders on a voluntary basis.

Corporate Responsibility, as understood by the Euronext Group, is based on the principle of optimizing results at three levels (the Triple Bottom Line approach): Economic, Social and Environmental. The recognition of the relevance of the integration of these three components results, in essence, from the observation that companies cannot survive in the long term if the societies in which they operate are not socially balanced and developed, and if natural resources are not used in a sustainable manner.

As INTERBOLSA has faced the challenges of technological evolution and globalisation, the awareness that Corporate Responsibility is directly reflected in economic value has increased. While a company's primary responsibility is to generate profits, it must simultaneously contribute to achieving social and environmental goals by integrating Corporate Responsibility into its strategy and action plans.

The social component includes two levels of action: the employees and the communities where the company operates.

As INTERBOLSA has faced the challenges of technological evolution and globalisation, the awareness that Corporate Responsibility is directly reflected in economic value has increased. While a company's primary

responsibility is to generate profits, it must simultaneously contribute to achieving social and environmental goals by integrating Corporate Responsibility into its strategy and action plans.

The social component includes two levels of action: the employees and the communities where the company operates.

In the environmental pillar, INTERBOLSA seeks to develop the business by integrating objectives and practices that contribute to the efficient use of resources and a cleaner and healthier environment (saving energy, eliminating the use of plastics, reducing the use of paper and other consumables). We motivate all employees to consider the environmental impacts of their decisions and to find business opportunities that help address these challenges. In this context, in December 2020, in commemoration of the International Coastal Clean-up Day and the European Week for Sustainable Development, a group of volunteers from INTERBOLSA participated in an initiative to collect plastics on beaches, being present, in Porto, at Leça da Palmeira beach.

Following the pandemic crisis, INTERBOLSA adopted all the measures decreed by the Portuguese Government and the recommendations of the national and international health authorities. Of the measures implemented, the remote work regime came into force in 2020 for the vast majority of employees.

Aware of the need to support its employees to new work scenarios and methodologies, a set of specific initiatives was implemented to mitigate the effects caused by remote work, namely:

- (a) training in new communication technologies (TEAMS);
- (b) sessions on "Good practices in remote work" and "Delivering together" among the various teams, and
- (c) a webinar on "Resilience".

Also, in this area, all employees were offered medical and social support, changes to their health insurance to cover medical expenses related to the direct and indirect effects resulting from the pandemic, as well as telematic mindfulness sessions.

Within the scope of voluntary work, all employees were given 1 day a week for volunteer work, and more specifically: fruit, made available in the office to employees, was delivered to the Acreditar Association with a weekly delivery of 300 pieces of fruit in Lisbon and Porto, computer equipment was donated to needy students at a school in the Porto area, masks were delivered to the National Health Service, and volunteer work was also carried out at the Portuguese Red Cross.

INTERBOLSA actively participates in the Paper for Food campaign promoted by the Food Bank against Hunger. During 2020, INTERBOLSA continued to support this institution by delivering paper, which was converted into goods and is being distributed to the institutions supported by the Food Bank.

4. Consulting Committees

INTERBOLSA created two user committees with the aim of fostering and promoting an effective interaction and connection between this managing entity and the participants in the settlement systems and centralised securities systems it manages.

The creation of these autonomous consultation groups, made up of the most representative users of the settlement systems and centralised securities systems, is of great practical relevance in the areas that constitute INTERBOLSA's main activity.

INTERBOLSA also organises workshops with its participants to present to the market specific topics resulting from regulatory or business changes with an impact on the activity developed by its participants, as was the case with the migration of the INTERBOLSA systems to the T2S platform, the implementation of the rules imposed by the CSD Regulation and, more recently, workshops especially dedicated to Settlement Discipline and the Shareholders' Directive.

General Advisory Committee

Pursuant to Article 28 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 (abbreviated to CSD Regulation or CSDR), Central Securities Depositories (CSDs) establish user committees composed of representatives of issuers and participants in the systems they manage.

In this context, INTERBOLSA's General Advisory Committee (GAC) complies with the international guidelines for the establishment of consultation committees composed of users of the systems managed by the Central Securities Depositories, as established in the CSD Regulation and other international recommendations.

The General Advisory Committee (GAC) is called upon to give its opinion on issues and matters relating to the global activity of INTERBOLSA, which are of interest to all or the vast majority of its users.

During 2020, given the pandemic crisis and the confinement in force in Portugal, INTERBOLSA organised a single General Advisory Committee.

This meeting, held by telematic means, was held on 11 November, with the following agenda:

1. Euronext Group Post-Trade Strategy and Market Trends
2. SRD II - Shareholders' Directive;
3. CSD Regulation - Settlement discipline;
4. TARGET2-Securities & SWIFT - New Releases;
5. SCORE - Corporate Events and Invoicing Standards Implementation Plan
6. European Market Implementation Group (E-MIG) - State of Play;
7. INTERBOLSA Activity Monitoring

5. RISK MANAGEMENT

INTERBOLSA devotes strict and permanent attention to maintaining a prudent risk profile, balanced and appropriate to the experience and capacity of the organisation, preserving the basic objectives of solvency, profitability and adequate liquidity.

INTERBOLSA has identified, for the purpose of continuous monitoring, the following risks:

- **Strategic Risk:** the effect of uncertainty in meeting INTERBOLSA's strategic and business objectives, driven by adverse economic and political conditions that cause a decrease in the levels of confidence of financial market stakeholders;
- **Financial Risk:** risks that may affect the way INTERBOLSA manages its financial resources, as well as its results;
- **Compliance Risk:** risk of INTERBOLSA not complying with the legal or regulatory requirements established;
- **Operational Risk:** risk of losses resulting from deficiencies or failures in internal processes, human resources, systems or resulting from external circumstances.

INTERBOLSA as a Central Securities Depository, manager of Centralised Systems and Securities Settlement Systems, has an internal control system whose objective is the monitoring of risks inherent to its activity, the minimisation of unforeseen events, the adaptation to changes in the economic and competitive environment and to market changes, as well as a more effective control of the development and growth plans of the company.

In order to mitigate the risks inherent to the systems managed by INTERBOLSA and, consequently, to its business, INTERBOLSA has rules, contained in regulations, circulars and notices, which describe the procedures that govern the Settlement Systems and the Centralized Securities Systems.

INTERBOLSA has implemented a Business Continuity Plan which aims to ensure the permanent operation of its services and systems with the highest level of security, reliability and availability. The Business Continuity Plan is tested annually, both internally and with the different market players.

Risks and Uncertainties

The new European regulatory framework for post-trade, namely the CSD Regulation, T2S and the European Commission's Capital Markets Union (CMU) initiative, promotes efficiency and competition between CSDs.

Thus, the most relevant risk for domestic CSDs is the possibility that issuers may choose any CSD authorised in the European Union to register their issues, with the most competitive regulatory and tax regimes prevailing in that choice.

Market evolution and regulatory requirements are creating a strong need for investment in technology and operational developments.

In economic terms, the evolution of the national economy and of the Eurozone should continue to condition the behaviour of the capital markets, following the pandemic crisis, installed in Europe, since the end of the first quarter of 2020 (see notes to the Financial Statements - Subsequent Events).

The political environment in the euro zone is also a conditioning factor for the continued construction of more structural political solutions for the consolidation of the euro zone.

Technological innovation is now more accessible, at reduced cost, thus creating several opportunities for new players to enter the market.

6. SUMMARY OF THE ANNUAL REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL PRACTICES

INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. is governed by the provisions of its Articles of Association, Regulation (EU) No. 909/2014 of 23 July and complementary information (CSD Regulation), the Legal Framework of Central Securities Depositories, approved by Law No. 35/2018 of 20 July, the Securities Code (CVM) and the Companies Code (CSC), as well as other applicable legislation and regulations.

INTERBOLSA is a public limited company, with a share capital of five million five hundred thousand euros, fully paid up in cash and represented by five million five hundred thousand shares, dematerialised, nominative, with a nominal value of one euro each. All shares issued by INTERBOLSA are ordinary, conferring the same political and economic rights. INTERBOLSA may issue preferential shares with or without voting rights, redeemable or not, up to a maximum amount of fifty per cent of its share capital, as well as issue bonds, convertible or not into shares, as well as other debt securities permitted by law, under the terms and conditions defined by the General Meeting.

The share capital of INTERBOLSA is held entirely by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A..

INTERBOLSA, as the Central Securities Depository (CSD), manager of Settlement Systems and Centralised Securities Systems, is subject to supervision by the Portuguese Securities Market Commission (CMVM).

In June 2020, under CMVM Regulation no. 4/2007 on "Managing Entities of Markets, Systems and Services", INTERBOLSA, as the manager of Settlement Systems and Centralised Securities Systems, prepared and submitted to the CMVM a report on corporate governance and internal control practices, which is the subject of an opinion issued by its supervisory body.

In that report they were exhaustively evidenced:

The guiding principles of the corporate governance policy:

- (a) The description of the organisational structure and human resources of the management entity;
- (b) The exercise of voting rights and shareholder representation;
- (c) Shareholder control and the transfer of company shares;
- (d) The incentive plans in place for employees and members of the governing bodies;
- (e) Business dealings and operations carried out with members of the governing bodies;

- (f) The remuneration policy of the governing bodies;
- (g) The internal corporate rules;
- (h) The dividend distribution policy adopted;
- (i) The risk control system and internal control procedures applied; and
- (j) Situations that could be improved or corrected, as well as the measures adopted to that end.

Thus, in this Annual Report, and with regard to the internal control system, it should only be mentioned that INTERBOLSA has mechanisms that enable the monitoring of the risks inherent in its activity, minimising the impact of unforeseen events, as well as adapting to changes in the economic and competitive environment and to changes in the market in which INTERBOLSA operates.

INTERBOLSA's internal control is based on a set of rules, procedures and practices, together with the organisational structure, designed to provide a guarantee that the company's objectives are achieved and that any undesirable events are detected in good time and avoided, or their consequences controlled and minimised.

Simultaneously, the managing entity proceeded to the presentation and systematisation of the governance principles and practices adopted by INTERBOLSA.

It is the management entity's understanding that good governance practices should be seen and adopted as a fundamental part of corporate life, since they focus on relevant matters related, namely, to

- (a) The accountability of the Board of Directors in the exercise of the direction and control of the company;
- (b) The relevance of the rights of the people whose interests are linked to the company's activity (the also named stakeholders of the company)
- (c) The exercise of voting rights by shareholders and their active participation in general meetings.

In a generic and summarised way, the corporate governance policy implemented at INTERBOLSA aims to ensure a competent, efficient and transparent management, whose guiding principles are those that, in a summarised way, are identified:

- (a) Professionalism and competence, both of the Management and the Workers;
- (b) Transparency, both of the organization and of its decision-making process;

- (c) Accountability, both of the Board and the Workers;
- (d) Creation of value, as a primary goal of both the Board and the Workers;
- (e) Rigour, in managing the different risks inherent to the activity carried out;
- (f) Quality, in the pursuit of the activity that has been entrusted to the Company;
- (g) Performance and merit, as fundamental criteria of the evaluation policy and of the remuneration policy of the Workers and the Board;
- (h) Accurate and timely information that is available both to the shareholder(s) and to other people with a relevant interest in the company.

In conclusion, INTERBOLSA believes that it has a Corporate Governance Policy and an Internal Control System which, having as their objective the adoption of good practices both with regard to the corporate relations established and to the surveillance of the risks inherent to its activity, contribute to the adaptation of the company to the changes in the economic and competitive environment and to the changes in the market.

For all the above reasons, INTERBOLSA is convinced that the corporate governance and internal control system it has defined contribute decisively to avoid the practice of acts liable to jeopardise the regularity of the functioning, transparency and credibility of the systems it manages, providing the market with an extensive set of necessary and indispensable guarantees as to their proper functioning.

FINANCIAL ANALYSIS AND DIVIDEND PROPOSAL



1. FINANCIAL ANALYSIS

Introduction

INTERBOLSA adopts the International Financial Reporting Standards (IFRS) in the preparation of its financial statements, thus enabling the entire financial community to analyse the financial statements of this management entity on an internationally recognised basis, adopted by most European companies, thus facilitating their interpretation and comparability with similar companies.

Bearing this assumption in mind, and another initiative aimed at ensuring the transparency and quality of the information provided to the market, this Annual Report exclusively reflects the economic and financial analysis of the individual accounts of INTERBOLSA.

a) Financial results

The net profit of INTERBOLSA amounted to € 11,884 thousand at the end of 2020, which represents an increase of 9.4% compared to the result achieved in the previous year.

The operating income amounted to € 16,164 thousand, an increase of € 1,424 thousand compared to the same period of 2019. In percentage terms, this indicator shows a year-on-year increase of 9.7%.

The increase in the operating income contributed to the increase in revenues by € 982 thousand, together with the contraction of costs and amortisation by € 350 thousand and € 91 thousand, respectively.

	Amounts in Euro			
	31/12/2020	31/12/2019	Var	Var. %
Revenues	22.835.619	21.853.297	982.322	4,5%
Costs	6.250.562	6.600.854	-350.292	-5,3%
EBITDA	16.585.057	15.252.443	1.332.614	8,7%
Depreciations and Amortisations	420.710	512.101	-91.391	-17,8%
Operational Results	16.164.347	14.740.342	1.424.005	9,7%
Financial results	-5.286	-6.743	1.457	21,6%
Results before taxes	16.159.061	14.733.599	1.425.462	9,7%
Taxes	4.275.319	3.870.969	404.350	10,4%
Net Profit	11.883.742	10.862.630	1.021.112	9,4%

b) Operating income

INTERBOLSA presents, in the financial year 2020, operating income in the amount of € 22,836 thousand, which represents an absolute increase of € 982 thousand, compared to the amount recorded in the previous year.

Revenues breakdown

	Amounts in Euro			
	31/12/2020	31/12/2019	Var.	Var.%
Systems usage	747.375	811.224	-63.849	-7,9%
Settlement and accounts movements	1.808.372	1.634.985	173.387	10,6%
Corporate events	603.550	657.090	-53.540	-8,1%
Maintenance	18.176.517	17.440.767	735.750	4,2%
Registration of issues	287.685	243.800	43.885	18,0%
Cancellation of issues	251.150	208.900	42.250	20,2%
T2S information	90.103	90.113	-10	0,0%
Other services	677.339	602.812	74.527	12,4%
Services rendering	22.642.091	21.689.691	952.400	4,4%
Other profits	193.528	163.606	29.922	18,3%
Operating income	22.835.619	21.853.297	982.322	4,5%

On 1 January 2019, the INTERBOLSA price lists came into force, reflecting the reduction in the prices for the registration and cancellation of warrants, the change in the prices to be charged following requests for manual corrections to rights exercises, as well as the definition of a new fee to be charged for the dissemination of information. On the same date, INTERBOLSA decided to adjust its price list relating to settlement services, in order to cover the increase in costs imposed by the ECB (European Central Bank) for the use of the European T2S platform.

Thus, based on the analysis of the table above, the revenue generated by the use of the systems shows a year-on-year decrease of 7.9%, explained by the decrease in the use of the reference restrictions included in the securities accounts opened in the centralised system.

Revenues generated by settlement and account services showed a positive year-on-year variation of 10.6%, justified by the increase in market volatility in response to the COVID-19 pandemic that has affected most regions of the Globe and Europe, in particular, since the end of February 2020.

Within the scope of the revenue generated by the Centralised Systems and during the period under analysis, revenue from the exercise of rights of ownership and other events showed a year-on-year decrease of 8.1%, essentially explained by the decrease in the number of dividend payment operations, following the recommendations made to credit institutions by the ECB and the Bank of Portugal not to distribute dividends

until October 2020, with the aim of allowing these entities to support the real economy by financing families and companies in the current context of crisis caused by the COVID-19 pandemic.

At the end of the year under analysis, revenue from issue maintenance and commissions on account positions held by financial intermediaries showed an absolute year-on-year increase of € 736 thousand (+4.2%), explained by the year-on-year increase of 4.7% in the average amounts under INTERBOLSA management. The 11.9% increase in the average amounts of long-term public debt and a 9.4% increase in long-term private debt should be highlighted. As a result of the variation in market prices, essentially verified after the announcement of the development of a vaccine with a high efficacy rate against COVID-19, shares and units of participation showed an increase of 4.8% compared to the same period of 2019.

Revenue from the registration of new issues in the Centralised Systems grew by 18.0%, with revenue generated from the cancellation of issues increasing by 20.2% compared to the previous year.

The revenues generated by the information made available via the T2S platform remained stable compared to the same period of 2019.

The "Other Services" item includes all services provided by INTERBOLSA that are not broken down in the previous items, namely deposits and withdrawals of securities, special management commission for securitised securities, commissions charged within the scope of the management of the National Coding Agency, as well as income generated by INTERBOLSA's private communications network and SWIFT communications to connect to the T2S platform. The values recorded under this heading grew by 12.4%, essentially due to greater use of SWIFT messages in response to increased settlement instructions.

c) Operating costs

INTERBOLSA presents, in the financial year 2020, operating costs amounting to € 6,671 thousand, which represents an absolute decrease of € 442 thousand, compared to the amount recorded in the previous year. This variation is explained essentially by the decrease in professional services consultancy.

Main items of the Statement of Financial Position

	Amounts in Euro			
	31/12/2020	31/12/2019	Var	Var.%
Personnel expenses	3.026.335	2.887.360	138.975	4,8%
IT and communications costs	681.518	736.801	-55.283	-7,5%
Consulting and professional services	1.381.392	1.788.606	-407.214	-22,8%
Premises and related services	164.570	182.402	-17.832	-9,8%
Adjustments and impairments	11.413	18.700	-7.287	-39,0%
Regulators	766.085	760.203	5.882	0,8%
Other expenses	219.250	226.782	-7.532	-3,3%
Total costs	6.250.562	6.600.854	-350.292	-5,3%
Amortisation and depreciation	420.710	512.101	-91.391	-17,8%
Operating costs	6.671.272	7.112.955	-441.683	-6,2%

Personnel costs show an increase of 4.8% because of the contracting of human resources to strengthen the IT and Central Securities Depository teams, as well as non-recurring costs related to indemnities resulting from the termination of work contracts.

The costs with information technologies and communication show a decrease of 7.5% explained on the one hand by the packaging of messages in files, which originated a decrease in costs related to SWIFT communications - communications system used to connect to the T2S platform - and on the other hand, by the termination of maintenance contracts, namely the tapes libraries contract.

The "Consultancy and professional services" shows a decrease of 22.8%, mainly explained by the correction of the costs charged by the European Central Bank (ECB), related to the use of the T2S platform, following errors detected in the invoicing system of the European Central Bank, which were corrected in 2020, as well as the reduction of costs related to the information received from T2S for account reconciliation.

Equipment and premises costs decreased by 9.8%, justified by the reduction in landlord costs and other costs, following the measures adopted to face the COVID-19 pandemic.

The item "Other costs", which includes travel and accommodation costs, vehicle costs, insurance and other costs, shows a decrease of 3.3%, justified by the decrease in travel, following the restrictions implemented by the company to face the COVID-19 pandemic.

Depreciation and Amortisation decreased by 17.8% (€91 thousand), mainly explained by the end of the depreciation of T2S software, compensated by the acquisition of new equipment and a new leasing contract under IFRS16.

d) Patrimonial Structure

The Net Assets of INTERBOLSA amounted to € 28,316 thousand on 31 December 2020, representing an increase of € 873 thousand compared to December 2019. The increase in the amounts recorded under "cash and cash equivalents" and debtors and other assets contributed to this variation, along with the decrease in non-current assets, namely Rights of Use, as a result of the application of IFRS 16, in January 2019 and deferred tax assets.

Patrimonial structure breakdown

	Amounts in Euro			
	31/12/2020	31/12/2019	Var	Var. %
Assets	28.315.998	27.442.565	873.433	3,2%
Liabilities	5.208.579	5.274.823	-66.244	-1,3%
Equities	23.107.419	22.167.743	939.676	4,2%

Liabilities show a year-on-year decrease of 1.3%, justified by the negative variation in non-current liabilities and current liabilities, as a result of the implementation, on 1 January 2019, of IFRS 16, by the decrease in the discount rate of the INTERBOLSA Defined Benefit Pension Fund, and also by the decrease in the amount recorded in creditors and other liabilities together with the increase in corporate income tax calculated following the increase in INTERBOLSA's results.

Shareholders' equity amounts to € 23,107 thousand at the end of 2020, justified by the combination of the following factors: the increase in net profit for the period, together with the negative effect of actuarial deviations related to the INTERBOLSA Pension Fund, as well as the decrease in the effect of the stock option plan in force.

2. PROPOSAL FOR THE DISTRIBUTION OF THE RESULTS

In the financial year 2020, INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., obtained a net profit of €11,883,742.19 (eleven million, eight hundred and eighty-three thousand, seven hundred and forty-two euros and nineteen cents).

In accordance with the Portuguese Companies Code and exercising the powers conferred upon it by article 19 of the Articles of Association, the Board of Directors proposes the following appropriation of net profit for the year:

- **Legal reserve:** The Commercial Companies Code establishes that at least 5% of the annual net profit must be allocated to the reinforcement of the legal reserve, until it represents at least 20% of the share capital. The value of the legal reserve of INTERBOLSA is already equal to the value of the share capital, therefore there is no need to create a Legal Reserve.

- **Distribution in the form of dividends:** EUR 11,883,742.19 (eleven million, eight hundred and eighty-three thousand, seven hundred and forty-two euros and nineteen cents).

The prudential ratios, set out in Article 47 of Regulation (EU) No 909/2014 of 23 July (CSD Regulation), are guaranteed, so there is no need to establish Free Reserves.

The Board of Directors believes, even considering the context experienced since the end of the first quarter of 2020 following the pandemic crisis of COVID-19, that there is no materiality for legal and regulatory purposes that calls into question the distribution of the dividend as proposed, in line with what happened in previous periods of similar uncertainty.

Under the terms of article 397 of the Portuguese Companies Code, Shareholders are hereby informed that the company did not grant any loans or credits to its directors, did not make any payments on their behalf, did not provide any guarantees for their obligations, did not advance any remuneration to them, and did not enter into any contracts with its directors, either directly or through a third party.

Porto, March 16th, 2021

Chairman	Pierre Davoust
CEO	Isabel Rute Ucha da Silva
Member	Rui Samagaio de Matos
Member	Clara Raposo
Member	Joaquim Cadete

3. DECLARATION OF CONFORMITY OF THE PRESENTED FINANCIAL INFORMATION

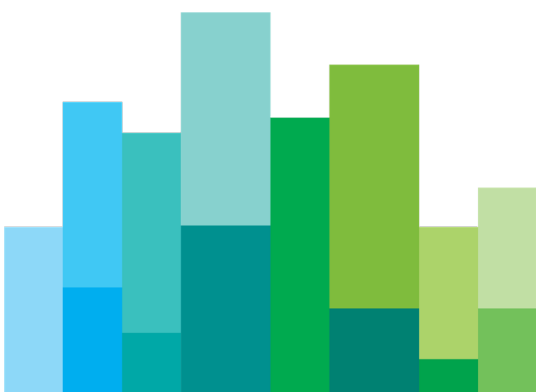
Pursuant to article 245.1 c) of the Portuguese Securities Code (CVM), we hereby declare that for the year ended 31 December 2020, to the best of our knowledge, the information in the Financial Statements was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial position and results of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., and that the management report faithfully sets out the evolution of the business, performance and position of this management entity, as well as a description of the main risks and uncertainties facing INTERBOLSA.

Porto, March 16th, 2021

Board of Directors

Chairman	Pierre Davoust
CEO	Isabel Rute Ucha da Silva
Member	Rui Samagaio de Matos
Member	Clara Raposo
Member	Joaquim Cadete

FINANCIAL STATEMENTS AND NOTES



Financial position as at 31 de December 2020 and 2019

	Notes	Amounts in Euro	
		December 20	december 19
Assets			
Fixed tangible assets	15	236.730	227.896
Intangible assets	16	4.737	16.191
Right-of-use assets	17	431.263	488.033
Other financial assets	18	2.016	1.526
Deferred tax assets	19	53.398	104.732
Total non-current assets		728.144	838.377
Debtors and other assets			
Debtors and other assets	20	2.611.711	2.459.081
Cash and cash equivalents	21	24.976.144	24.145.108
Total current assets		27.587.855	26.604.189
Total of assets		28.315.998	27.442.565
Equity			
Equity	22	5.500.000	5.500.000
Issued capital	23	5.500.000	5.500.000
Legal reserves	23	(2.520.601)	(2.449.601)
Other reserves – Gains and losses recognized directly in reserves	23	2.827.058	2.827.058
Retained earnings	23	(82.780)	(72.345)
Other equity instruments – <i>Share plan</i>		11.883.742	10.862.630
Net profit result attributable to shareholders			
Equity attributable to equity holders		23.107.419	22.167.743
Liabilities			
Employee benefits	24	1.658.092	1.631.092
Obtained financing	25	216.804	264.811
Deferred tax liabilities	19	-	2.344
Total non-current liabilities		1.874.896	1.898.246
Creditors and other liabilities			
Creditors and other liabilities	26	2.196.061	2.598.141
Obtained financing	25	227.553	247.153
Calculated Corporate Income Tax (IRC)	11	910.070	531.283
Total current liabilities		3.333.684	3.376.577
Total liabilities		5.208.579	5.274.823
Total equity and liabilities		28.315.998	27.442.565

The annex is an integral part of the statement of the financial position as at 31 December 2020

Statement of Consolidated Income
for the twelve-month periods ended on 31 December 2020 and 2019

	Notes	Amounts in Euro	
		december 20	december 19
Service rendering			
Settlement, custody and other	3	22.642.091	21.689.691
Other profits	4	193.528	163.606
		<u>22.835.619</u>	<u>21.853.297</u>
<i>Expenses and losses</i>			
Personnel expenses	6	3.026.335	2.887.360
Amortisation and depreciation	7	420.710	512.101
IT and communications costs	8	681.518	736.801
Consulting and professional services	9	1.381.392	1.788.606
Premises and related services	10	164.570	182.402
Adjustments and impairments	5	11.413	18.700
Other expenses	11	985.335	986.985
		<u>6.671.272</u>	<u>7.112.955</u>
Operational result		<u>16.164.347</u>	<u>14.740.342</u>
Financial gains	12	536	-
Financial expenses	12	5.823	6.743
Financial result	12	<u>(5.286)</u>	<u>(6.743)</u>
Result before taxes		<u>16.159.061</u>	<u>14.733.599</u>
Tax on profits			
- Current tax	13	4.226.329	3.794.074
- Deferred tax	13/ 19	48.990	76.895
Net profit		<u>11.883.742</u>	<u>10.862.630</u>
Gains and (losses) directly recognized in reserves:			
After-employment benefits – actuarial deviations	22/24	(71.000)	(839.000)
Share plan	23	(10.435)	(11.717)
		<u>(81.435)</u>	<u>(850.717)</u>
Comprehensive income		<u>11.802.307</u>	<u>10.011.913</u>
Result by Basic Share - Euro		2,15	1,82
Result by Diluted Share – Euro		2,15	1,85

The annex is an integral part of the statement of comprehensive income for the year ending on 31 December 2020.

Statement of Cash Flows
for the twelve-month periods ended on 31 December 2020 and 2019

	Amounts in Euro	
	dez/20	dez/19
Cash flow from operational activities		
Receiving from customers	26.014.338	25.160.069
Payment to suppliers	(3.164.253)	(3.106.503)
Payment to personnel	(871.840)	(1.779.614)
Cash flow generated by operational activities	20.978.245	20.273.952
(Payment) / receiving of income tax	(3.847.542)	(3.942.725)
Other receivings / (payments)	(5.072.517)	(5.005.331)
Cash flow from operational activities (1)	12.058.186	11.325.896
Cash flow from investing activities		
Payments related to:		
- Tangible assets	(102.159)	(91.599)
- Intangible assets	-	(13.982)
- Financial investments	-	-
- Other assets	-	-
Receivings related to:		
- Tangible assets	44.500	7.907
- Intangible assets	-	-
- Financial investments	-	-
- Other assets	-	-
- Investment grants	-	-
- Interests and similar income	-	-
- Dividends	-	-
Cash flow from investing activities (2)	(57.659)	(97.675)
Cash flows from financing activities		
Receivings related to:		
- Obtained financings	-	-
- Paying-up of capital and of other equity instruments	-	-
- Loss coverage	-	-
- Donations e subsidies	4.707	-
- Other financing operations	-	-
Payments related to:		
- Amortisation of lease contracts	(305.590)	(234.805)
- Interests and similar expenses	(5.977)	(6.598)
- Dividends	(10.862.630)	(9.971.586)
- Capital reductions and of other equity instruments	-	-
- Other financing operations	-	(30.242)
Cash flow from financing activities (3)	(11.169.490)	(10.243.232)
Variation of cash and its equivalents (1+2+3)	831.036	984.988
Effect of exchange rate differences	-	-
Cash and its equivalents at the beginning of the period	24.145.108	23.160.119
Cash and its equivalents at the end of the period	24.976.144	24.145.108

The annex is an integral part of the statement of cash flows for the year ending on 31 December 2020.

Statement of changes in Equity for the years ended 31 December 2020 and 2019

	Amounts in Euro					
	Total dos capitais próprios	Capital social	Reserva legal	Outras reservas	Resultados transitados	Resultado líquido
31 December 2018	22.127.415	5.500.000	5.500.000	(1.671.228)	2.827.058	9.971.586
Comprehensive income:						
- Net profit for the period	10.862.630	-	-	-	-	10.862.630
- Actuarial (Losses) / Gains recognised in the period	(839.000)	-	-	(839.000)	-	-
- Share plan	(11.717)	-	-	(11.717)	-	-
	10.011.913	-	-	(850.717)	-	10.862.630
Distribution of results						
- Distribution of dividends	(9.971.586)	-	-	-	-	(9.971.586)
	(9.971.586)	-	-	-	-	(9.971.586)
31 December 2019	22.167.742	5.500.000	5.500.000	(2.521.946)	2.827.058	10.862.630
Comprehensive income:						
- Net profit for the period	11.883.742	-	-	-	-	11.883.742
- Actuarial (Losses) / Gains recognised in the period	(71.000)	-	-	(71.000)	-	-
- Share plan	(10.435)	-	-	(10.435)	-	-
	11.802.307	-	-	(81.435)	-	11.883.742
Distribution of results						
- Dividend distribution	(10.862.630)	-	-	-	-	(10.862.630)
	(10.862.630)	-	-	-	-	(10.862.630)
31 December 2020	23.107.419	5.500.000	5.500.000	(2.603.381)	2.827.058	11.883.742

The annex is an integral part of the statement of changes in equity for the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE TWELVE-MONTH PERIOD ENDING ON 31 DECEMBER 2020

1 INTRODUCTORY NOTE

Transformation of INTERBOLSA – Associação para a Prestação de Serviços às Bolsas de Valores into INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (hereinafter referred to as INTERBOLSA), was formalized by a public deed executed at the 1st Notary's Office in Lisbon on the 10th February 2000, complying with the deliberation of INTERBOLSA's General Meeting on 20th December 1999, and under the terms set forth in the Decree-Law no. 394/99, of 13th October (currently revoked by the Decree-Law no. 357-C/2007, of 31st October), and the Ministerial Order no. 1.194-A/99 (2nd Series), of 8th November.

INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. is a public limited company which share capital is totally held by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. (from now on referred to shortly as Euronext Lisbon). While being a company totally owned by Euronext Lisbon, INTERBOLSA is currently an integrating part of Euronext, the leading Stock Exchange for large companies in the Euro-zone with a solid and diversified international and domestic customer base.

In fulfilment of its mission and in accordance with its corporate object and with what is set forth in the Regulation (EU) No. 909/2014, of 23th July (CSD Regulation, in short), INTERBOLSA carries out a wide range of activities in the following areas: Initial register of securities in a centralized registration system; Structuring and administering of a Centralized Securities System; Management of Securities Settlement Systems and non-banking type auxiliary services.

INTERBOLSA is registered at the Oporto Commercial Registry, 2nd Section, with the reference 502962275.

INTERBOLSA is governed by what is set up in its Statutes, in the Regulation (EU) No. 909/2014, of 23 July, including any complementary information (CSD Regulation), in the legal framework of the Central Securities Depositories approved by the Law No. 35/2018, of 20 July, in the Portuguese Securities Market Code and in the Portuguese Commercial Companies Code, as well as any other applicable Laws and Regulations.

INTERBOLSA presented its authorization process to be recognized as a CSD under the CSD Regulation to the competent authority in 29 September 2017, and in January 2018 CMVM notified INTERBOLSA of the completeness of the aforementioned process.

On 12 July 2018 CMVM granted INTERBOLSA authorization to act as a CSD under CSD Regulation.

The financial statements are presented with amounts in euro rounded to the nearest unit.

The financial statements for the period ending on 31 December 2020 were elaborated by the Managing Board giving the publishing authorization on 16 March 2021.

The Managing Board believes that these financial statements truly and appropriately reflect the operations, financial performance and the cash flows of INTERBOLSA.

2 ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the financial statements are described below. These policies were consistently used in all presented work, unless otherwise indicated.

2.1 PRESENTATION BASE

The financial statements of INTERBOLSA for the period ending on 31 December 2020 were prepared according to the International Financial Reporting Standards (IAS/IFRS) issued by International Accounting Standards Board (IASB) and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) adopted by the European Union.

The financial statements were prepared with the assumption of business continuity from the books and accounting records of the company modified, wherever applicable, by the valuation of financial assets and liabilities (including derivatives) with a fair value according to the historic cost convention.

In the preparation of the financial statements in accordance with IFRS the Managing Board resorted to the use of estimates, assumptions and critical judgements with impact on the values of assets and liabilities and to the recognition of income and expense for each reporting period. In spite of these estimates being based on the best available information at the moment of preparation of the financial statements the current and future results may differ from these estimates. The areas of greater degree of judgement and estimates are presented in Note 2.22.

In the preparation and presentation of the financial statements INTERBOLSA declares being compliant, explicitly and without reserves, with IAS/IFRS standards and its interpretations according to SIC/IFRIC as approved by the European Union.

OTHER NOTES

An agreement with the employees of INTERBOLSA was concluded in December 2001 which sets out a number of principles to be followed in case of termination of employment contracts at the initiative of this employing entity, as well as a number of conditions part of a retirement scheme, even if private, or early retirement, both afterwards regulated in July 2002.

2.2 CHANGES IN THE ACCOUNTING POLICIES AND REPORTING

The standards and understandings that became effective on 1 January 2020 are the following:

- IFRS 3 (amendment), “Business combination” (applicable for the financial years starting on or after 1 January 2020). The intention of the amendment to the standard is to overcome the difficulties that arise when an entity determines if a business or a set of assets was acquired. The standard clarifies the minimum requirements for a business removing the evaluation of if the market participants are capable of replacing the missing elements; adds

guidance to help to evaluate if an acquired process is significant; restricts the definition of a business; and introduces an optional test for the fair value of the concentration.

- IAS 1 and IAS 8 (amendment), “Definition of material” (applicable for the financial years starting on or after 1 January 2020). The purpose of the amendment of the standard is to clarify the definition of the material and to align the definition used in the international standards of financial reporting. The new definition indicates that information is material if their omission or distortion can influence the decisions that the main users of the financial statements can make based on those financial statements.
- Reform of the interest rate reference (issued on 26 September 2019, to be applied for the financial years starting on or after 1 January 2020). This reform has the intent to change the patterns of the financial instruments foreseen in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, that concludes the first phase of its work to answer the effects of the Interbank Offer Rates (IBOR) reform in the financial information.
- Revision of the conceptual structure for the financial report (issued on 29 March 2018, to be applied for the financial years starting on or after 1 January 2020). These changes may affect the application of the IFRS in situations where none of the standards is applicable to specific operation and/or event.
- IFRS 16 (amendment), “Lease” (to be applied for the financial years starting on or after 1 June 2020). The main objective of this amendment is to allow lease-holders, as a practical expedient, to treat the changes/concessions related to COVID-19 as not as amendments to the lease contract. This amendment does not affect the lessors.

These standards and amendments did not have material impacts on the financial statements of INTERBOLSA.

On the date of approval of these financial statements there are no standards or interpretations endorsed by the European Union which mandatory application occurs in future economic years.

On the date of approval of these financial statements the standards and interpretations endorsed by the European Union which mandatory application occurs in future economic years are the following:

- IFRS 4 (amendment), “Insurance Contracts” (issued on 25 June 2020, to be applied for the financial years starting on or after 1 January 2021). This amendment is intended to address problems arising from the applications of IFRS 9 before the new IFRS 17.
- Reform of the interest rate reference (issued on 28 August 2020). This reform is complementary to the one issued on 26 September 2019, and has the intent to amend the financial instrument patterns foreseen in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition, Measurement and IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases.

No material impacts to the consolidated financial statements of the Group are foreseen due to the application of these standards and amendments.

The following standards, interpretations, amendments and revisions which application is mandatory for the exercise and for the futures economic exercises have not been endorsed by the European Union on the date of approval of these financial statements.

- IFRS 17 (new), “Insurance Contracts” (to be applied for the financial years starting on or after 1 January 2021). The general objective of IFRS 17 is to provide a more useful and consistent accounting model for the insurance contracts among entities that globally issue them.
- IAS 1 (Amendment), “Presentation of the financial statements” (issued in January 2020, to be applied for the financial years starting on or after 1 January 2023). The intention of the amendment to the standard is to clarify the classification of the liabilities into current and non-current.
- Improvement of the international standards of financial reporting 2018-2020 (issued on 14 May 2020, to be applied for the financial years starting on or after 1 January 2022). These improvements involve the revision of several standards like IFRS 3 Concentration of Business Activities, IAS 16 Fixed Tangible Assets and IAS 37 Provisions.

INTERBOLSA is investigating the impact resulting from these changes and will apply these standards for the economic exercise where they will become effective or in advance when permitted.

2.3 REPORTING BY SEGMENTS

A business segment is a set of assets and operations subject to risks and different specific returns from other business segments.

A geographic segment is a set of assets and operations located in a specific economic environment subject to different risks and returns from those segments operating in other economic environments.

Given the nature of its activity and of its customers, INTERBOLSA focuses on a single business segment – Settlement and Custody – and in a single geographic segment – Portugal.

2.4 CLASSIFICATION OF THE STATEMENT OF FINANCIAL POSITION AND PROFIT AND LOSS STATEMENT

The realizable assets and payable liabilities less than a year from the statement of the financial position are classified as current assets and current liabilities, respectively.

2.5 STATEMENT OF CASH FLOWS

The statement of cash flows is prepared according to the IAS 7 using the direct method.

The investments with maturity less than three months and for which the risk of value change is insignificant, are registered under the item 'Cash and cash equivalents'

The statement of cash flows is divided in operational, financing and investment activities. The operational activities include receipts from customers, payments to suppliers, payments to employees and others related with operational activity. The cash flows included in the investment activities contain, namely, receipts and payments resulting from the buy and sell of fixed assets and the variations resulting from the cash pooling operations of Euronext Group, namely with Euronext Paris, the managing entity of the cash pooling system. The cash flows included in the financing activities contain, namely, payments and receipts from obtained loans, financial lease contracts and dividend payment.

2.6 FINANCIAL ASSETS

The financial assets are recognized on the trade or contract date, which is the date INTERBOLSA undertakes to acquire or dispose the asset, in the statement of financial position of INTERBOLSA. Initially, with the exception of the commercial receivables, the financial assets are recognized by their fair value, plus costs directly attributable to the transaction, except for assets at fair value through profit or loss portfolio where the transaction cost are immediately recognized in the results. Initially the commercial receivables are recognized by their transaction price, as defined in IFRS 15.

The financial assets are derecognized whenever: (i) the contractual rights of INTERBOLSA to the receipt of cash flow have expired; (ii) INTERBOLSA has transferred substantially all the risks and rewards of ownership; or (iii) although a part may have been retained but not substantially all the risks and benefits associated with the retention, INTERBOLSA has transferred the control of the assets.

The financial assets and liabilities are netted and presented by the net value, whenever and only when, INTERBOLSA has the right to net the recognized amounts, and has the intention to settle by the net amount. INTERBOLSA divides its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortisation cost, financial assets at fair value through other comprehensive income. This classification depends on the business model of the entity that manages the financial assets and on the contractual characteristics of the financial assets in terms of cash flows.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Instruments to be classified in this category are the financial derivative instruments and equity instruments that the Group has not classified as financial instruments through other comprehensive income at the moment of initial recognition. This category also includes all financial instruments which contractual cash flows are not exclusively principal and interest.

The profits and losses resulting from changing the fair value of assets measured at fair value through profit and loss are recognized in the results of the year in which they occur, where the income amounts of interests and dividends are included.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are those that make part of a business model that has its objective the collection of contractual cash flows and the selling of financial assets, where these contractual cash flows comprise only the capital repayment and payment of interests on outstanding capital.

FINANCIAL ASSETS MEASURED AT AMORTISATION COST

Financial assets measured at amortisation cost are those that are part of a business model that has as its objective the holding of financial assets in order to receive contractual cash flows which are only the capital repayment and payment of interests on outstanding capital.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three month maturity from the date of the balance, including cash and cash deposits with banks, namely the balance of INTERBOLSA's individual account, an account created during 2018 in the name of INTERBOLSA at the banking entity that integrates the cash pooling system of Euronext Group.

2.7 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified based upon their contractual substance independently of their legal form. The equity instruments are contracts that evidence a residual interest in the assets of INTERBOLSA after deducting all of its liabilities. The equity instruments issued by INTERBOLSA are recognized based on the proceeds, net of any costs of issuance. Financial liabilities are derecognized only when extinguished, which is to say when the obligation is settled, cancelled or expired.

According to IFRS 9 the financial liabilities are classified as measured by the amortisation cost, with the exception of:

- (a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, shall be measured at fair value;
- (b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- (c) Financial guarantee contracts;
- (d) Commitments to provide a loan at a below-market interest rate;

- (e) A contingent consideration recognized by an acquirer in a business combination to which IFRS 3 is applicable. That contingent consideration must be subsequently measured at fair value, with changes recognized in profit or loss.

The financial liabilities of INTERBOLSA include obtained loans and payables.

IMPAIRMENT OF FINANCIAL ASSETS

On each statement of financial position date INTERBOLSA analyses and recognizes the expected losses for its debt instruments, loans and receivables. The expected losses result from differences between all contractual cash flows that are due to an entity in accordance with a contract and all cash flows that are expected to be received, discounted at the original effective interest rate.

The aim of this impairment policy is to recognize the expected credit losses during the respective duration of the financial instruments that have had a significant increase of the credit risk since the initial recognizing, evaluated on an individual or collective basis, considering all reasonable and sustainable information, including prospective. If on the report date a financial instrument has not had a significant increase of its credit risk from the initial recognizing, the Group will measure the provision for losses for that financial instrument by an amount equivalent to the expected credit losses in a period of 12 months.

For the receivables and for assets resulting from contracts according to IFRS 15 INTERBOLSA adopts a simplified approach to determine the expected credit losses. This way INTERBOLSA does not monitor the changes in credit risk, recognizing on the other hand impairment losses based on the expected loss of credit on each report date. INTERBOLSA presents criteria for the impairment losses which are based on the history of credit losses adjusted by specific prospective factors to customers and economic environment.

2.8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount by which these can be exchanged in a normal market operation between knowledgeable parties willing to perform the exchange without any intention or need to settle, or to undertake any operation in adverse conditions.

The fair value is obtained based on market quotations or on Financial Intermediaries' prices that act on active markets, when available. In its absence, the fair value is based on the prices of recent transactions done in market conditions or, in its absence, based on valuation techniques. These valuation techniques include discounted estimated future cash flows considering available observed market conditions.

2.9 RECOGNIZING COSTS AND PROFITS

Costs and profits are recognized in the year to which they relate regardless of when paid or received, in accordance with accrual accounting principles. Differences between amounts received and paid and the corresponding revenues and expenses are recognized under other assets or liabilities depending on amounts receivable or payable.

The revenues comprise the invoiced amounts for the rendered services, including added value tax, rebates and discounts.

2.10 TANGIBLE FIXED ASSETS

The tangible fixed assets are stated at acquisition cost net of respective accumulated depreciations and impairment losses. INTERBOLSA has decided to change the amortisation rates of the tangible fixed assets, referred to 1 January 2006, according to the practice of Euronext Group. Subsequent costs are recognized as fixed tangible assets only if it is likely that future economic benefits will result to INTERBOLSA. The repair and maintenance expenses are recognized as costs, when they occur, according to the accrual accounting principles.

The amortisation of fixed tangible assets is calculated on a straight-line basis according to the following life expectancy of the assets:

	Nr. years
Buildings	2 a 5
IT equipment	2 a 3
Transport equipment	4
Administrative equipment	2 a 10
Other fixed tangible assets	3 a 10

In case of an indication that an asset might be impaired, IAS 36 requires that its recoverable amount is estimated an impairment loss is recognized when the net book value of the asset exceeds its recoverable amount. The impairment losses are recognized as profits or losses of the period.

The recoverable amount is determined as the greater of the net selling price less the selling cost and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of its useful life.

2.11 INTANGIBLE ASSETS

“Software”

Costs incurred in the acquisition of software are capitalized, as well as the additional implementation expenses supported by INTERBOLSA. When the requirements defined in the International Accounting Standard 38 – Intangible Assets, the internal direct costs incurred in the development of software are capitalized as intangible assets. These costs are amortized linearly during the expected useful life of the assets (3 years).

Costs directly related with the development of the software by INTERBOLSA, which are expected to generate future economic benefits over more than one period, are recognized as intangible assets. These costs include expenses with employees directly allocated to the projects, and they are amortized linearly during the expected useful life of these assets (3 years).

The maintenance costs of the software are recognized as costs of the period when they are incurred.

2.12 RIGHTS OF USE AND LEASES

A lease is defined as a contract, or part of a contract, that transfers rights of use of a good (the underlying asset), for a period of time, in exchange of a value.

At the start of a contract an assessment and identification is made if it is, or contains a lease. This assessment involves an evaluation exercise to determine if each contract depends on a specific asset, if INTERBOLSA gains substantially all the economic benefit of the use of that asset, and if INTERBOLSA has the right to control the use of the asset.

All contracts that constitute a lease are accounted based on a unique model of recognizing balance (on-balance model) similarly with the procedure defined in IAS 17 for the financial leases.

On the start date of the lease INTERBOLSA recognizes the responsibility related with the payments of the lease (i.e. lease liability) and the asset that represents the rights of using the underlying asset during the lease period (i.e. right-of-use or “ROU”).

The cost of the interest on the lease liability and the depreciation of ROU are recognized separately. The lease liability is remeasured whenever certain events occur (as the change of the lease period, a change in the future payments that result in alteration of a reference index or rate used to determine such payments). This remeasuring of the lease liability is recognized as an adjustment of the ROU.

Rights of use of assets

INTERBOLSA recognizes the rights of use of the assets on the start date of the lease (or, the date on which the underlying asset is available for use).

The rights of use of the assets is registered at acquisition cost, deducted of accumulated depreciation and losses of impairment and adjusted by possible new measurements of the lease liability. The cost of the right of use of the assets includes the recognized value of the lease liability, possible initially incurred direct costs and payments already made before the initial lease date, deducted of any received incentives. When IFRS 16 was implemented, the possible adjustments due to decommissioning cost were not considered in the determination of the values of the rights of use, as these were already capitalized as fixed tangible assets.

Unless it is reasonably certain that INTERBOLSA obtains the property of the leased asset at the end of the lease period, the recognized right of use of the asset is depreciated linearly during shortest period between the estimated useful life and the location period.

The rights of use are subject to impairments.

Liabilities with lease

On the start date of the lease INTERBOLSA recognizes the measured liabilities by the current value of the future payments to be made until the end of the lease contract.

The lease payments include fixed payments (including fixed payments in substance), deducted of any receivable incentives, variable payments, depending on an index or rate, and expected values to be paid as guarantee of the residual value. Lease payments also include the price of a purchase option, if it is reasonably certain that INTERBOLSA will opt to purchase, and payments of penalties for ending the contract, if it is reasonably certain that INTERBOLSA will cancel the contract.

The variable payments that do not depend on an index or rate are recognized as expenses of the period in which the event that originated them occurs.

In the determination of the current value of the lease payments INTERBOLSA shall use the incremental loan rate at the start date of the lease, if the implicit interest rate is not easily obtainable.

After the start date of the lease the value of the lease liability increases in order to reflect the accruing interest and reduces by the payments made. Additionally, the accounting value of the lease liability is remeasured in case of a change, such as change of the lease term, of the fixed payments or a decision to purchase the underlying asset.

2.13 FOREIGN CURRENCY TRANSACTIONS

Transactions made in foreign currency are converted using the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currency, which are accounted at their historic value, are converted to Euro using the exchange rate of the balance date. The exchange differences arising from this conversion are recognized in profit and loss.

Non-monetary assets and liabilities expressed in foreign currency, registered at historic cost, are converted using the exchange rate of the transaction date. Non-monetary assets and liabilities expressed in foreign currency registered at fair value are converted to Euro using the exchange rate valid on date the fair value was determined.

2.14 EMPLOYEE BENEFITS

Pension Fund of INTERBOLSA

Pension Fund of INTERBOLSA was set up with indefinite duration on 27 December 2001, having the respective Pension Fund Contract wording been amended on 29 December 2006 and on 6 August 2016 due to changes made to the legal framework of pension funds (Decree-Law No. 12/2006, of 6 January, as amended by Decree-Laws No. 180/2007, of 9 May, No. 357-A/2007, of 31 October, No. 18/2013, of 6 February and No. 124/2015, of 7 July) by Law No. 147/2015, of 9 September.

In 2016 INTERBOLSA decided to change the after retirement benefits of its employees by creating a defined contribution pension plan, effective 1 January 2017, and to change the current defined benefit pension plan in order not to include new Participants in this fund, as well as to fix, referred to 31 December 2016, the time of service provided until that date and the remuneration accountable for the pension, maintaining the benefits relative to that date, namely, old-age, invalidity and survival pensions.

The Pension Fund Contract of INTERBOLSA was amended on 7 December 2017 to include the aforementioned options and the amended contract was sent for approval and was approved by the Insurance and Pension Fund Supervising Authority.

The only associate of the Fund is INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., and the Fund managing entity is CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

INTERBOLSA's Pension Fund has the objective of guaranteeing payment of the cash benefits according to aforementioned pension plans providing old-age, invalidity (absolute or relative) and survival pensions, independent of the Social Security or other comparable social security service that covers the Fund participant.

The Pension Fund of INTERBOLSA finances the following Pension Plans:

- (a) Defined Benefit Pension Plan;
- (b) Defined Contribution Pension Plan;

As the two Pension Plans have very different characteristics due to their nature, namely at the level of responsibilities and implicit risks, the Fund is composed of three sub-funds to better adequate the pertaining assets to the financing of each plan and the respective responsibilities:

- (a) A Defined Benefit Sub-fund, corresponding to the proportion of Fund pertaining to the financing of the Defined Benefit Plan;

- (b) A Conservative Sub-fund and a Dynamic Sub-fund, corresponding to the proportion of Fund pertaining to the financing of the Defined Contribution Plan, differing from each other by their binomial risk vs lucrativeness.

The financing of the Defined Benefit Plan is fully borne by INTERBOLSA.

The Defined Contribution Plan is financed by monthly contributions of INTERBOLSA in favor of each of the Participants and by voluntary monthly contributions of the Participants themselves, determined in both cases based on corresponding remuneration. The Participants also have the possibility to make extraordinary contributions.

The amounts received by the Managing Entity shall be invested according to the current legislation and to what is set up in the Investment Policy defined for the Fund in respective Management Contract to fulfill the objectives of greater profitability and security of investment.

The Pension Fund of INTERBOLSA finances the following Pension Plans:

Defined Benefit Plan:

The determination of the contributions to be made by INTERBOLSA to the Fund within the Defined Benefit Plan shall be updated yearly having in view the actuarial studies and the pension payment plan that have to be fulfilled. In each calculation the following hypotheses shall be considered especially relevant:

- (a) The evolution of the Participants group and the Beneficiaries;
- (b) Forecast of the cash flows discount rate, namely based on yield estimates, at the end of the evaluation year, of the high quality obligations of companies, of a currency and a term consistent with the currency and the time limit for the obligations of the Pension Plan.

Whenever necessary, INTERBOLSA will make extraordinary contributions to the Fund for the financing of the Defined Benefit Plan, namely when required by the needs of the plan.

The above-mentioned actuarial study is made by Mercer, Human Resource Consulting, S.A.

The actuarial calculation is based on the projected credit unit method for old-age, invalidity and survival, immediate and postponed, retirement, using decrements for invalidity to old-age and postponed survival retirements, as well as, actuarial and financial assumptions according the parameter required by IAS 19 (reviewed).

Current service expenses and past services expenses, together with the expected return from the assets of the plan after deducting the “unwinding” of the liabilities of the plan are recorded as operational costs.

The net liability of INTERBOLSA in relation to the defined benefit pension plan is determined through the estimate of the value of future benefits that each employee has earned in return of his service in current and previous periods. The benefit is deducted in order to determine its current value, and the fair value of any asset of the plan must be deducted. The applied discount rate corresponds to the rate of the AAA rated obligations with a similar maturity to the obligations of the plan.

In the 2013 exercise, and according to what is laid out in IAS 19 Revised (IAS 19 R) INTERBOLSA has changed the accounting policy of measuring the gains and losses deriving from differences between actuarial and financial assumptions and the real verified values in what concerns liabilities and expected income from the pension fund, as well as those deriving from the change of actuarial assumptions (actuarial gains and losses).

The actuarial gains and losses have become recognized in the item "other reserves" in equity. This change was made retroactively.

Additionally IAS 19R foresees that the financial cost of the benefit plan with a fund must be determined by applying a discount rate to the net balance of estimated liabilities and of fair value of the assets of the plan, be it positive or negative.

The payments to the fund are made yearly according to a contribution plan created to ensure the solvency of the fund.

Also, according to IAS 19R amounts of the monthly contributions made by INTERBOLSA to the Defined Contribution Plan are as operational costs.

Defined Contribution Plan

The contributions of the Company to the Defined Contribution Plan, which started on 1 January 2017, are recognized as expense of the period they refer to (when the employees covered by the plan rendered the services that entitle them to the benefits).

2.15 FINANCIAL RESULTS

The interests are recognized according to the accrual principle, considering the effective interest rate method. The interests related to financial leases are recognized considering the effective interest rate method.

2.16 TAXES ON PROFIT

The income tax of the period includes current taxes and deferred taxes. The income taxes are registered in the statement of comprehensive income, except when related too items that are directly recognized in equity. The value of the current tax to be paid is determined based on results before taxes adjusted according to the current tax rules.

INTERBOLSA is taxed according to the taxation regime of company groups headed by Euronext Lisbon, as authorized according to the article No. 69 of Corporate Income Tax Code ("Código do IRC"). The value of the current tax, positive or negative, is determined by each company in the tax Group of companies based on their individual tax situation. The possible gain or loss resulting from group tax regime is wholly recognized by Euronext Lisbon, S.A..

Deferred taxes are recognized using the liability method based on balance, considering that the time differences resulting from the difference between equities and liabilities tax base and their values in the financial statement.

Deferred taxes are determined based on the current tax rate or already officially divulged on balance date, and which is expected to be applicable on the date of the realization of the deferred equity taxes or on the date of payment of the deferred liability taxes.

The equities of deferred taxes are recognized only when reasonable expectation exist of future tax profits sufficient for their use, or in situations where taxable time differences exist that offset deductible time differences in the course of their reversion. A revision of these deferred taxes is made at the end of each exercise, reducing them whenever their future use is not probable.

2.17 SHARE BASED PAYMENTS

The benefits granted to employees under share acquisition incentive plans or of share options are registered according to the dispositions of IFRS 2 – Share Based Payments.

According to IFRS 2, once it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments (Euronext NV shares) according to their quotation on the date of attribution.

This cost is recognized linearly along the period during which the service is provided by the employees, under the item “Employee expenses” in the statement of profit and loss, together with the corresponding increase under “Other equity instruments - share acquisition plan”. The accumulated cost is recognized on the date of each financial statement reflecting the best estimate of Euronext Group of the number of equity shares that will be distributed, weighing proportionally by the elapsed time between the acquisition of the shares and their attribution to employees. The impact on the statement of profit and loss of each exercise represents the change in the accumulated cost between the beginning and end of the period.

2.18 CAPITAL

LEGAL RESERVES

The Portuguese commercial legislation states that at least 5% of the yearly net profit has to be destined to reinforcement of the legal reserve, until this reaches at least 20% of the equity capital. This reserve is not distributable, except in the case of liquidation, but can be used to cover losses, after all other reserves have been exhausted, and also for incorporation in the capital.

RESERVES FOR MEDIUM TERM INCENTIVE PLANS

According to IFRS 2 – “Share Based Payments” the obligations with medium term incentive plans settled through delivery of equity shares are registered as credit under the item “Other equity instruments – share plan”, being that such a reserve is not distributable nor to be used to cover losses.

OTHER RESERVES – GAINS AND LOSSES RECOGNIZED DIRECTLY IN RESERVES

These refer to gains and losses deriving from differences between actuarial and financial assumptions used and the amounts effectively observed as regards liabilities and expected pension fund earnings, as well as resulting from changes to the actuarial assumptions (actuarial gains and losses).

OTHER RESERVES AND RETAINED EARNINGS

This item includes realized results available for distribution to the shareholders and the gains from the increase of fair value of financial instruments, financial investment and investment properties, which, according to No.2 of the article 32 of the Portuguese Companies Code (“CSC”), are only available for distribution when the elements or rights that originated them have been sold, exercised, lapsed or liquidated.

2.19 REVENUES

The revenues of INTERBOLSA based on a five stage model set out in IFRS 15:

- (a) Identification of the contract with the customer;
- (b) Identification of performance obligations;
- (c) Determination of the transaction price;
- (d) Allocation of the transaction price to the performance obligations; and
- (e) Recognizing of the revenue.

Thus, at the beginning of each contract INTERBOLSA evaluates the promised services and identifies, as a performance obligation, each promise of transfer of any service to the customer. In the contracts with customers these promises can be explicit or implicit, provided that such promises create a valid expectation in the customer that the entity will transfer a good or a service to the customer, based on published policies, specific declarations or commercial practices common of the entity.

The recognition of the revenue occurs at the moment of fulfilment of each performance obligation. The revenue obtained from Settlement is recognized at the moment when this service is concluded while the revenue from Custody is recognized along the time the service is provided. The revenue comprises the fair value of the services provided, net of taxes and discounts, received or receivable. The rendering of services is recognized in the period they take place, as specified in the accrual accounting principle

2.20 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit distributable to the shareholder of the company by the number of issued ordinary shares.

2.21 PROVISIONS

The provisions are recognized when the Company has:

- (f) A present, legal or obligation resulting from past events;
- (g) For which it is more likely that an outflow of internal resources should be needed in the payment of the said obligation; and
- (h) The amount can be reasonably estimated.

Whenever one of the criteria is not fulfilled or the existence of the obligation is conditioned to the occurrence (or non-occurrence) of a specific future event, the Company will disclose that fact as a contingent liability, unless the evaluation of the chargeability of the outflow of resources for the payment is considered remote.

The provisions are measured with the present value of the estimated outflow to settle the obligation using a rate before taxes that reflects the market evaluation of the discount period and of the risk of that provision.

2.22 ACCOUNTING ESTIMATES INT APPLYING ACCOUNTING POLICIES

The IFRS establish a set of accounting procedures that require that the Managing Board uses the judgment and necessary estimates for the application of the more adequate accounting principles.

The main accounting estimates judgements used in the application of the accounting principles by INTERBOLSA are analyzed as follows, with a view to improving the understanding how their application affects the reported results of INTERBOLSA and their disclosure. A broad description of the main accounting policies used by INTERBOLSA is presented in the notes 2.1 to 2.23 to the financial statements.

Considering that in some situations the accounting standards allow an alternative accounting treatment to that adopted by the Managing Board, the results reported by INTERBOLSA might be different if a different treatment was chosen. The Managing Board considers the adopted criteria are appropriate and that the financial statements adequately present the financial position of INTERBOLSA and its operations in all materially relevant aspects.

The results of the analyzed alternatives below are presented only to allow a better understanding of the financial statements and they do not have the intention to suggest that other alternatives or estimates are more adequate.

AMORTISATION/DEPRECIATION/IMPAIRMENT OF FIXED TANGIBLE ASSETS AND INTANGIBLE ASSETS

The fixed tangible and intangible assets are amortized by a linear method, taking into account the estimated useful life during which it is expected that the asset is available for use and this should be reviewed at least annually.

The determination of the amortisation/depreciation method and of the useful life of the assets and the determination of the residual value have direct impacts in the recognizable amortisation/depreciation amount in the statement of comprehensive income.

The fixed tangible assets and the intangible assets are subject to impairment tests whenever there are facts or circumstances that indicate that their net value is not recoverable.

Taking into account uncertainties as to the recovery value of the net value of the fixed tangible and intangible assets, due to the fact that they are based on the best information available to the date, the changing of assumptions might have impact in the determination of the level of impairment and, consequently, in the company results.

EXPECTED CREDIT LOSSES

The expected credit losses are based on the Board's evaluation of the likelihood to recover the balances of the accounts receivable, ageing of the balances, debt cancellation and specific prospective factors to customers and economic environment. Specific circumstances and facts exist that may change the estimate of the impairment losses of the balances of accounts receivable from the considered assumptions, namely, changes to the economic circumstances, sectorial tendencies, deterioration of the credit situation of the main customers and of important failures. This evaluation process is subject to several estimates and judgements. The changes of these estimates may imply the determination of different impairment levels and consequently different impacts on the outcome.

TAXES ON PROFITS

The determination of the global amount of taxes on profits requires different interpretations and estimates. There are several transactions and calculations for which the determination of the payable taxes is uncertain during the normal business cycle,

Other interpretations and estimates might result in a different taxes on profits, current and deferred, recognized for the period.

The Tax Authorities may review the determination of the taxable income done by INTERBOLSA, during a period of four years. Thus, it is possible that the taxable income might be adjusted, due to, essentially different interpretations of the tax laws. In spite of this, the Managing Board of INTERBOLSA is convinced that, should there be amendments, these will not significantly impact the taxes on profits registered in the financial statements.

PENSIONS ANT OTHER EMPLOYEE BENEFITS

The determination of the responsibilities for the payment of the retirement pensions requires the use assumptions and estimates, including actuarial projections, estimated profitability of the investments and other factors that may have an impact in the costs and liabilities of the pension plan.

Changes to the assumptions might have a significant impact in the calculated amounts.

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are recognized only when there is an expectation and certainty of future tax income available for use of temporary differences or when deferred tax liabilities which reversal is expected during the same period the deferred tax equities are reversed.

By the end of each period an evaluation of the deferred tax equities is made.

FAIR VALUE ESTIMATIVE

The measurement of the fair value presumes that equity or liability is exchanged in a transaction instructed by the market participant to sell the equity or transfer the liability on the measurement date under current market conditions. The measurement of the fair value is based on the assumption that the transaction to sell the equity or transfer the liability may occur:

- In the main market of the equity or liability, or
- In the absence of a main market, it is presumed that the transaction occurs in the most favorable market. This is what maximizes the value received from the selling of the equity or minimizes the value to paid to transfer the liability, after consideration of the transaction and transportation costs.

Due to the fact that different entities and the different transactions within the same entity may have access to different markets, the main market or the most favorable one for the same equity or liability can differ from one entity to another, or even between transactions of the same entity, but they are supposed to be available to INTERBOLSA.

The measurement of the fair value uses assumptions that the market participants would use for the definition of the price for equity or for liability, assuming that the market participants would use the equity in order to maximize the value or use.

INTERBOLSA uses the appropriate evaluation techniques to the circumstances and to which there are sufficient information to measure the fair value, maximizing the use of the relevant observable information minimizing the use the not observable information.

All equities and liabilities measured at fair value or to which its disclosure is mandatory are classified according to a fair value hierarchy, which classifies the used in the fair value measurement information in three levels, detailed below:

- Level 1 – Unadjusted quotation market prices in identical equity and liability markets that the entity may have access to on measurement date;
- Level 2 – Valuation techniques that use not quoted information that are directly or indirectly observable;
- Level 3 – Valuation techniques that use information not based on observable market data, in other words, based on not observable information.

It is the understanding of the Managing Board that the fair value of the categories of financial instruments registered at amortisation cost and of those registered at current payment value does not significantly differ of their accounting value, taking into account the contractual conditions of each of those financial instruments.

2.23 RISK MANAGEMENT

INTERBOLSA gives a serious and constant attention for the maintaining of a prudent risk profile that is balanced and adequate to the experience and ability of the organization preserving the basic objectives of solvency, profitability and adequate liquidity.

While being the managing entity of the centralized and settlement systems, INTERBOLSA has an internal control system that has the objective of monitoring of risks inherent to its activity, minimizing of unforeseen events, and the adaptation to the changes of the economic and competitive environment and to the market changes, as well as, a more effective development and growth of the company.

INTERBOLSA continues to closely monitor the evolution of COVID-19, as well as the risks that the pandemic crisis represents for its employees and for the normal provision of its activity, scrupulously following the guidelines of the World Health Organisation (WHO), of national and international health agencies and the Portuguese government guidelines on all measures to be adopted.

Thus, INTERBOLSA adopted a set of measures, which were adjusted in accordance with the evolution of the pandemic situation, having adopted remote work for almost all its employees, which has allowed it to operate a fully functional and efficient market infrastructure, thus ensuring the normal operation of the settlement systems, centralised securities systems, as well as ancillary services.

FINANCIAL RISKS

(i) Exposure to credit risk

There is no significant concentration of credit risk in a single counterparty or a group of counterparties. The maximum exposition to credit risk for each category of financial assets is represented by the carrying values of the respective assets.

(j) Exposure to interest rate risk

INTERBOLSA has no banking loans and its financial applications are on assets with no, or reduced risk, such as fixed rate bank deposits with maturity up to one year. The referred applications are contracted with financial institutions with recognized credibility.

INTERBOLSA does not use any derivative financial instruments to cover the interest or exchange rate risks

SETTLEMENT AND CUSTODY RISK

The value of the securities issues under custody at the Central Securities Depository reached 384.882.943.568 euros on 31 December 2020, as detailed below:

Type	Number of Issues	Value (€)
Shares	429	114.420.929.071
Rights	18	1.356.327.403
Public Debt	29	158.420.955.058
Treasury Bills	5	11.410.120.294
Private Bonds	583	94.858.997.609
Convertible Securities (VMOC)	3	139.062.000
Commercial paper	47	1.527.650.000
Participation Bonds	2	79.103.038
Participation Units	108	1.908.658.095
Warrants	991	-
Certificates	148	-
Structured Securities	31	761.141.000

The values shown in the table above ⁽¹⁾ are based on nominal value for debt instruments and securities not to trading in market; on market prices for the securities, other than debt instruments, admitted to trading in market, published by the corresponding managing entity; on the value of the participation unit not admitted to trading in market, disclosed by the managing entity; and on the issue value of no-par value shares not admitted to trading in market, corresponding to the respective share capital.

The procedures for warning for settlement failures, as well as the implemented procedures of internal control, allow the monitoring and mitigation of the risks associated with these operations.

2.24 SUBSEQUENT EVENTS

The events that took place after the balance date that provide additional information on the conditions that existed at the time of the balance are reflected in the financial statements. The events occurring after the balance date that provide information on conditions after the balance date, if material, are disclosed in the annex to the financial statements.

¹ The table above does not show values of the warrants nor of certificates.

3 PRESTAÇÕES DE SERVIÇOS E OUTROS PROVEITOS

The value of this item contains:

	31/12/2020 Euros	31/12/2019 Euros
System use	747.375	811.224
Movement of securities in accounts	1.808.372	1.634.985
Exercise of Rights and other events	603.550	657.090
Issues Maintenance / Securities in Accounts	18.176.517	17.440.767
Issues Registration	287.685	243.800
Issues Cancellation	251.150	208.900
T2S Information	90.103	90.113
Other income	677.339	602.812
	<u>22.642.091</u>	<u>21.689.691</u>

4 OUTROS PROVEITOS

	31/12/2020 Euros	31/12/2019 Euros
Other income	144.321	155.699
Sell of tangible fixed assets	44.500	7.907
Obtained subsidies (“Medida Estágios Empregos”)	4.707	-
	<u>193.528</u>	<u>163.606</u>

The item Other Income includes, among others, the revenue from contracts for space provision at the premises of INTERBOLSA and from the contract for provision of IT services to third parties.

In October 2019 INTERBOLSA’s application to “Medida Estágios Empregos” program was approved by the Instituto do Emprego e Formação Profissional, IP (IEFP), covering 3 interns.

The amount received by INTERBOLSA on 31 December 2020 within the scope of the process 129/ET/19 was 4.707€.

5 IMPAIRMENT LOSSES DUE TO LOSS OF EXPECTED CREDITS

The account movements were the following:

	31/12/2020 Euros	31/12/2019 Euros
Initial balance of the equity account <i>"Impairment losses due to loss of expected credits"</i>	109.960	91.260
Adjustments on accounts receivable by loss of expected credit	21.933	24.051
Reversions of adjustments on accounts receivable by loss of expected credit	-	(971)
Use of adjustments on accounts receivable by loss of expected credit	(10.520)	(4.380)
	<hr/>	<hr/>
Initial balance of the equity account <i>"Impairment losses due to loss of expected credits"</i>	121.373	109.960
	<hr/>	<hr/>

6 EXPENSES WITH EMPLOYEES

The number of employees at the service of INTERBOLSA on 31 December 2020 and 2019 (excluding Managing Board), spread by departments, was the following

:

	31/12/2020	31/12/2019
Settlement and Custody – Central Securities Depository	11	13(*)
Support – Financial Area	1	1
Support – Legal Area	1	1
Support – Information Technology	15	16
Support – <i>Program Office & Risk Management</i>	2	2
	<hr/>	<hr/>
	30	33
	<hr/>	<hr/>

(*) One employee in a pre-retirement regime

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
Remunerations	2.205.628	2.042.864
Mandatory social expenses	382.428	394.748
Expenses with share plan programs	109.215	84.565
Expenses with pensions employee benefits (Note 20)	261.726	266.846
Training	4.296	29.749
Other costs	63.042	68.588
	<hr/>	<hr/>
	3.026.335	2.887.360
	<hr/>	<hr/>

Amount of remuneration received by governing bodies:

:

	31/12/2020 Euros	31/12/2019 Euros
Remunerations	325.605	286.068
Mandatory social expenses	40.218	37.338
Other costs	3.452	3.452
	369.275	326.858
	369.275	326.858

7 AMORTIZATIONS AND DEPRECIATIONS OF THE EXERCISE

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
<i>Tangible fixed assets:</i>		
F&F – Administrative equipment	-	-
M&E – IT equipment	116.453	88.275
TEQ – Transportation equipment	-	-
OFA – Other tangible fixed assets	3.787	2.787
	120.240	91.062
	120.240	91.062
<i>Intangible assets:</i>		
SW – Software	11.454	190.511
Leases – Right of Use	289.016	230.528
	300.470	421.039
	300.470	421.039
	420.710	512.101

8 INFORMATION TECHNOLOGY AND COMMUNICATION COSTS

	31/12/2020 Euros	31/12/2019 Euros
Licenses, maintenance and acquisition of <i>hardware</i>	49.621	57.033
Licenses and maintenance of <i>software</i>	495.394	503.126
Costs of and with communications	115.678	176.642
Other expenses with Information Technology	20.825	-
	681.518	736.801
	681.518	736.801

The amount relating to the management and maintenance contract for the private communications network of INTERBOLSA (connections between the INTERBOLSA system and the systems of its participants) is recorded under Other consultancy and professional services.

The amount relating to the transaction settlement services carried out through the T2Securities platform, managed by the European Central Bank (ECB), is recorded under Outsourcing, among others.

9 CONSULTING AND PROFESSIONAL SERVICES

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
Tax and accounting consultants	2.800	9.400
Legal consulting	5.306	2.490
Other consulting and professional services	560.927	600.994
Audit and official account audit	25.060	18.040
<i>Outsourcing</i>	787.299	1.157.682
	1.381.392	1.788.606
	1.381.392	1.788.606

The item Other consulting and professional services contains, among others, the amount of INTERBOLSA's private communications network management and maintenance contract (connection between INTERBOLSA's systems and those of its participants).

The item *Outsourcing* contains, among others, the amount due to settlement services of transaction settled in the T2Securities platform managed by the European Central Bank (ECB).

10 PREMISES AND RELATED SERVICES

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
Condominium costs	38.942	46.055
Security	56.586	53.587
Gas, water and electricity	37.656	40.114
Maintenance and cleaning services	24.663	27.363
Other		
Condominium costs	6.723	15.283
	<u>164.570</u>	<u>182.402</u>

11 OTHER EXPENSES

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
Regulator fees (CMVM)	766.085	760.203
Car cost	38.997	35.650
Insurance	71.999	71.357
Travel expenses	20.342	75.627
Office equipments and maintenance	3.754	3.829
Membership	20.644	14.144
Fees bank expenses	32.807	11.065
Mail	4.532	4.409
Other	26.175	10.701
	<u>985.335</u>	<u>986.985</u>

The Ministerial Order no. 342-B/2016 of 29 December that amends the Ministerial Order no. 913-I/2003 of 30 August establishes in its article no. 2 the supervisory fees owed by INTERBOLSA to CMVM, effective from 1 January 2017, being the calculation of the fee based, in case of the settlement system, on the settlement volume establishing that the chargeable amount is no less than 1.500 € and no more than 7.500 €, or, in case of the centralized securities system, on the issued amount of the securities under custody on the last day of each month establishing that the chargeable amount is no less than 45.000 € and no greater than 60.000 €. In addition, it is defined that an entity that manages simultaneously settlement systems and centralized securities system is only subject to the payment of the higher of the fees. In 2019 and 202 INTERBOLSA incurred to the maximum monthly amount of 60.000 € as defined by CMVM.

The Ministerial Order no.342-B/2016 of 29 December also authorizes CMVM to enlarge proportionally the fees and tariffs or any other amount charged to the market agents under its supervision in order to face the burden towards Autoridade de Concorrência. The amount borne with this fee by INTERBOLSA in 2020 was 45.000 € (In 2019 the fee was 40.111 €).

12 FINANCIAL PROFITS AND COSTS

The value of this item comprises:

	31/12/2020 Euros	31/12/2019 Euros
Other financial profits / (costs) (Exchange rate changes)	529	(11)
Interest with Rights of Use (Leases)	(5.737)	(6.140)
Other interests	(78)	(592)
	<hr/>	<hr/>
Financial results	(5.286)	(6.743)
	<hr/> <hr/>	<hr/> <hr/>

13 PROVISION FOR TAXES ON PROFITS

The company is taxed according to the taxation regime of company groups led by Euronext Lisbon, as authorized according to the article No. 69 of Corporate Income Tax Code ("Código do IRC"). The value of the current tax, positive or negative, is determined by each company in the tax Group of companies based on their individual tax situation.

INTERBOLSA is subject to Corporate Income Tax (IRC) at a 21% rate with added Municipal Surtax at a 1.50% rate and a State Surtax applicable to taxable profits: from 1.500.000 € until 7.500.000 € a rate of 3% and above 7.500.000 € a rate of 5%.

According to current legislation the tax declarations are subject to revision and amendment by the tax authorities for a period of four years (see Note 2), except when tax benefits have been granted or when inspections, claims or challenges are underway, in which cases, depending on the circumstances, the deadlines are extended or suspended.

Thus, the tax declarations of INTERBOLSA of the years of 2017 until 2020 may still be subject to revision. The Managing Board of INTERBOLSA is convinced that any eventual amendment resulting from revisions/inspections to those tax declarations by the tax authorities, will not significantly impact the financial statements.

The burden of taxes on profits of the exercise is analyzed as follows:

	31/12/2020 Euros	31/12/2019 Euros
Current tax of the year	4.232.999	3.806.611
Correction of the previous years	(6.670)	(12.537)
	<hr/>	<hr/>
	4.226.329	3.794.074
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax (see Note 19)		
Temporary differences	48.990	76.895
Variation of the tax rate	-	-
	<hr/>	<hr/>
	48.990	76.895
	<hr/> <hr/>	<hr/> <hr/>
	4.275.319	3.870.969
	<hr/> <hr/>	<hr/> <hr/>

Determination of the current tax is analyzed as follows:

	31/12/2020 Euros	31/12/2019 Euros
Result before taxes	16.159.061	14.733.599
Costs not accepted for tax purposes:	109.215	84.565
Share-based payment	80.770	-
Non-deductible provisions beyond legal limits	33.429	5.997
Other costs not accepted for tax purposes	223.414	90.562
Deductions from taxable income		
Share-based payments	66.608	59.513
Reversal of taxable provisions	351.754	356.459
Other deductions to taxable income	61.695	25.766
Deductions from taxable income	<u>(480.057)</u>	<u>(441.738)</u>
Taxable income	<u>15.902.418</u>	<u>14.382.423</u>
Current income tax (1)		
• Taxable income - Rate 21%	3.339.508	3.020.309
• Surtax – Rate 1,50%	238.536	215.736
• State surtax	600.121	524.121
Autonomously taxed expenses (2)	<u>54.834</u>	<u>46.445</u>
Current income tax (1) + (2) – (3)	<u>4.232.999</u>	<u>3.806.611</u>

	31/12/2020 Euros	31/12/2019 Euros
<u>Reconciliation between cost of the exercise and balance on statement</u>		
Current income tax		
- Recognition as cost in the year (1) + (2) – (3)	4.232.999	3.806.611
- Less: Payments on account and special payments on account	(3.322.929)	(3.275.328)
- Less: Withholding taxes	<u>-</u>	<u>-</u>
- Current balance payable (receivable)	<u>910.070</u>	<u>531.283</u>

The nominal tax rate and effective tax rate, verified for the twelve months period ended 31 December 2020 and 2019 is as set out below:

	31/12/2020 Euros	31/12/2019 Euros
Current tax of the period:		
Current tax charged to profit or loss	4.226.329	3.794.074
Deferred tax	48.990	76.895
Total tax recognised in the income statement (1)	4.275.319	3.870.969
Profit before taxes(2)	16.159.061	14.733.599
Effective tax rate ((1)/(2))	26,46%	26,27%

14 FINANCIAL EQUITIES AND LIABILITIES CLASSIFIED ACCORDING TO THE CATEGORIES OF IFRS 9 – FINANCIAL INSTRUMENTS

The accounting policies foreseen in IFRS 9 for the financial instruments were applied to the following items:

	31/12/2019					
	FINANCIAL EQUITIES	DERIVATIVE FINANCIAL INSTRUMENTS	FINANCIAL LIABILITIES	TOTAL FINANCIAL EQUITIES / LIABILITIES	NON-FINANCIAL EQUITIES / LIABILITIES	TOTAL
ASSETS						
Other non-current financial assets (note 18)	1.526	-	-	1.526	-	1.526
Derivative financial instruments	-	-	-	-	-	-
Accounts receivable - trade receivables (note 20)	2.245.241	-	-	2.245.241	-	2.245.241
Assets relating to contracts with customers	-	-	-	-	-	-
Accounts receivable - other (note 20)	37.818	-	-	37.818	-	37.818
Cash and cash equivalents (note 21)	24.145.108	-	-	24.145.108	-	24.145.108
TOTAL FINANCIAL ASSETS	26.429.693	-	-	26.429.693	-	26.429.693
LIABILITIES						
Borrowings	-	-	511.964	511.964	-	511.964
Derivative financial instruments	-	-	-	-	-	-
Account payable - suppliers (note 26)	-	-	59.783	59.783	-	59.783
Account payable - other	-	-	-	-	-	-
Accrued expenses (note 26)	-	-	1.952.663	1.952.663	-	1.952.663
TOTAL FINANCIAL LIABILITIES	-	-	2.524.410	2.524.410	-	2.524.410

	31/12/2020					
	FINANCIAL EQUITIES	DERIVATIVE FINANCIAL INSTRUMENTS	FINANCIAL LIABILITIES	TOTAL FINANCIAL EQUITIES / LIABILITIES	NON-FINANCIAL EQUITIES / LIABILITIES	TOTAL
ASSETS						
Other non-current financial assets (note 18)	2.016	-	-	2.016	-	2.016
Derivative financial instruments	-	-	-	-	-	-
Accounts receivable - trade receivables (note 20)	2.430.416	-	-	2.430.416	-	2.430.416
Assets relating to contracts with customers	-	-	-	-	-	-
Accounts receivable - other (note 20)	23.052	-	-	23.052	-	23.052
Cash and cash equivalents (note 21)	24.976.144	-	-	24.976.144	-	24.976.144
TOTAL FINANCIAL ASSETS	27.431.628	-	-	27.431.628	-	27.431.628
LIABILITIES						
Borrowings	-	-	444.357	444.357	-	444.357
Derivative financial instruments	-	-	-	-	-	-
Account payable - suppliers (note 26)	-	-	23.344	23.344	-	23.344
Account payable - other	-	-	-	-	-	-
Accrued expenses (note 26)	-	-	1.488.539	1.488.539	-	1.488.539
TOTAL FINANCIAL LIABILITIES	-	-	1.956.240	1.956.240	-	1.956.240

The balances of taxes recoverable and taxes payable, given their nature, were considered as financial instruments not covered by IFRS 7. Also, the caption 'Deferred costs to be recognised' was not included in this note, as the nature of such balances are not within the scope of IFRS 7.

15 TANGIBLE FIXED ASSETS

This item is detailed as follows:

	31/12/2020 Euro	31/12/2019 Euro
<i>Cost:</i>		
ART – Art	52.816	52.816
F&F – Administrative equipment	85.023	85.023
M&E – IT equipment	1.171.513	1.074.379
LHI - Buildings	127.778	119.838
TEQ – Transportation equipment	99.900	223.080
OFA – Other tangible fixed assets	98.397	117.823
	1.635.427	1.672.959
<i>Accumulated depreciations:</i>		
Related to current exercise	(120.240)	(91.062)
Related to previous exercises	(1.278.457)	(1.354.001)
	(1.398.697)	(1.445.063)
	236.730	227.896

The account movements contained under item “Tangible Fixed Assets” during the twelve-month period ending on 31 December 2020 can be analyzed as follows:

	Balance on 31/12/2019	Sells/Write-offs	Acquisitions/ Endowments	Balance on 31/12/2020
<i>Cost:</i>				
ART –Art	52.816	-	-	52.816
F&F - Administrative equipment	85.023	-	-	85.023
M&E – IT equipment	1.074.379	-	97.134	1.171.513
LHI – Buildings	119.838	-	7.940	127.778
TEQ – Transportation equipment	223.080	(123.180)	-	99.900
OFA – Other tangible fixed assets	117.823	(43.426)	24.000	98.397
	1.672.959	(166.606)	129.074	1.635.427
<i>Accumulated depreciations:</i>				
ART –Art	-	-	-	-
F&F - Administrative equipment	85.023	-	-	85.023
M&E – IT equipment	911.807	-	116.453	1.028.260
LHI – Buildings	119.838	-	-	119.838
TEQ – Transportation equipment	223.080	(123.180)	-	99.900
OFA – Other tangible fixed assets	105.316	(43.426)	3.787	65.677
	1.445.063	(166.606)	120.240	1.398.697
	227.896	-	8.834	236.730

16 INTANGIBLE ASSETS

This item is detailed as follows:

	31/12/2020 Euro	31/12/2019 Euro
<i>Cost:</i>		
Acquired <i>Software</i>	751.447	751.447
Internally developed <i>Software</i> – T2S	2.129.399	2.129.399
(i)		
	2.880.846	2.880.846
<i>Accumulated amortizations:</i>		
Related to current exercise	11.454	190.511
Related to previous exercises	2.864.655	2.674.144
	2.876.109	2.864.655
	4.737	16.191

The movements under the item Intangible Assets on 31 December 2020 are analyzed as follows:

	Balance on 31/12/2019	Sells/ Write-offs	ACQUISITIONS / ENDOWMENTS	Balance on 31/12/2020
<i>Cost:</i>				
Acquired <i>Software</i>	751.447	-	-	751.447
Internally developed <i>Software</i>	2.129.399	-	-	2.129.399
	<u>2.880.846</u>	<u>-</u>	<u>-</u>	<u>2.880.846</u>
<i>Accumulated amortizations:</i>				
<i>Software</i>	735.256	-	11.454	746.710
Internally developed <i>Software</i>	2.129.399	-	-	2.129.399
	<u>2.864.655</u>	<u>-</u>	<u>11.454</u>	<u>2.876.109</u>
	<u>16.191</u>	<u>-</u>	<u>(11.454)</u>	<u>4.737</u>

17 USE RIGHTS

With the implementation of IFRS 16 on 1 January 2019 INTERBOLSA registered under this item four lease contracts, one related to the space occupied for the development of its activity and other two related to information technology equipment. During the year of 2020 INTERBOLSA registered a new lease contract related to information technology equipment.

	Start of amortisation	End of amortisation	Measurement on 31/12/2019	Measurement on 31/12/2020
Building	01/01/2019	31/08/2021	200.640	80.711
IT equipment	01/01/2019	30/06/2021	103.187	34.396
IT equipment	01/02/2019	31/01/2024	184.206	139.094
IT equipment	01/02/2020	31/01/2024	-	177.062
Total			488.033	431.263

The movements under this item on 31 December 2020 are detailed as follows:

	Balance on 31/12/2019	Acquisitions /endownments	Sells/ Write-offs	Balance on 31/12/2020
<i>Cost:</i>				
Building	321.024	1.082	-	322.106
IT equipment	397.537	231.164	-	628.701
	718.561	232.246	-	950.807
<i>Accumulated amortisations</i>				
Building	120.384	121.011	.	241.395
IT equipment	110.144	168.005	-	278.149
	230.528	289.016	-	519.544
	488.033	(56.770)	-	431.263

18 OTHER FINANCIAL ASSETS

This item is detailed as follows:

	31/12/2020 Euro	31/12/2019 Euro
ANNA (1 share)	1.250	1.250
FCT – Work compensation fund	766	276
	2.016	1.526

Work compensation fund (FCT) is an autonomous fund with legal personality, financed by the employing entities, which managing entity is the Instituto de Gestão de Fundos de Capitalização da Segurança Social, I.P. The accession to the scheme introduced by the Law 70/2013 of 30 August is mandatory for all employing entities that conclude employment contracts regulated by the Labour Code, starting 1 October 2013, with the foreseen exceptions.

FCT is an individual capitalization fund aimed for the partial payment (up to 50%) of the compensation for termination of the employment contract of its employees.

The contribution of the employing entities to the FCT corresponds to 0,925% of the base wages and seniority for each covered employee, and these deliveries are considered a capitalization for the employer. The reimbursement will correspond to the amount delivered to the fund individualized by the worker whose employment contract is terminating with possible additional gains generated by the capitalization of that amount of the fund.

The financial asset corresponding to the fund contribution was measured at fair value and the corresponding variations are recognized as results of the period in accordance with value of the participation units on each reporting date disclosed by the managing entity.

19 DEFERRED TAX ASSETS AND LIABILITIES

The tax effect of the time differences that are verified between the assets and liabilities that is seen on basis of accounting and taxes, are registered on accounts by INTERBOLSA, which can be detailed as follows:

	31/12/2020		31/12/2019	
	Assets Euro	Liabilities Euro	Assets Euro	Liabilities Euro
Application of IFRS 16	-	-	-	10.417
Impairment losses derived from expected credit losses	1.992	-	1.763	-
Non-taxable cost in 2018 e 2020 (registered indemnities but not yet settled)	80.770	-	351.755	-
Share plane - remunerations	154.564	-	111.956	-
	237.326	-	465.474	10.417
	22,50%	-	22,50%	22,50%
Deferred tax assets / liabilities	53.398	-	104.732	2.344

The movements under the item deferred taxes during the twelve-month exercise ending on 31 December 2020 and 2019 are detailed as follows:

	31/12/2020		31/12/2019	
	Assets Euro	Liabilities Euro	Assets Euro	Liabilities Euro
Balance at the start of the period	104.732	2.344	179.282	-
Endowment to retained earning	-	-	-	-
Endowment to the result of the exercise	(51.334)	(2.344)	(74.550)	2.344
Balance at the end of the period	53.398	-	104.732	2.344

20 DEBTORS AND OTHER ASSETS

On 31 December 2020 the liability of INTERBOLSA in relation to the defined benefit pension fund amounts to 1.658.092 euro. INTERBOLSA considers that additional future contributions to the pension fund will not be considered as expenses deductible for tax purposes, and for that reason the future settlement of this liability will not be subject to deduction to taxable profit. Thus, no deferred tax assets related to the defined benefit pension fund were registered.

This item can be analyzed as follows:

	31/12/2020 Euro	31/12/2019 Euro
Current debtors and other assets		
- Customers	2.551.789	2.355.201
- Other debtors	23.052	37.818
- Deferrals (expenses to be recognized)	158.243	176.022
Impairment losses on debtors (See Note 5)	(121.373)	(109.960)
	2.611.711	2.459.081
	2.611.711	2.459.081

21 CASH AND CASH EQUIVALENTS

This item can be analyzed as follows:

	31/12/2020 Euro	31/12/2019 Euro
<i>Currency:</i>		
Cash	-	-
<i>Banking deposits:</i>		
Demand deposits	24.976.144	24.145.108
	24.976.144	24.145.108
	24.976.144	24.145.108

22 CAPITAL

The 5.500.000 euro share capital of INTERBOLSA is represented by 5.500.000 shares with a nominal value of 1 euro each, which is fully paid.

On 31 December 2020, the share capital of INTERBOLSA is held 100% by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A..

The earnings per share (EPS) attributable to the shareholder of INTERBOLSA are analyzed as follows:

	31/12/2020 Euro	31/12/2019 Euro
Net result	11.883.742	10.862.630
Number of shares	5.500.000	5.500.000
Result per share (Basic)	2,16	1,98

INTEBOLSA determines the basic result per share by using the number of issued shares during the reported period.

23 RESERVES AND RETAINED EARNINGS

This item is analyzed as follows:

		31/12/2020 Euro	31/12/2019 Euro
Legal reserve	Q	5.500.000	5.500.000
Other reserves – Actuarial losses (Note 24)		(2.520.601)	(2.449.601)
Retained earnings		2.827.058	2.827.058
Share plan		(82.780)	(72.345)
		<u>5.723.677</u>	<u>5.805.112</u>

LEGAL RESERVE

The Commercial Companies Code establishes that at least 5% of the yearly net result shall be destined to reinforcement of the legal reserve, until this reserve represents at least 20% of the share capital. This reserve can only be used to cover losses or to increase the capital of the company.

OTHER RESERVES

These refer to gains and losses due to differences between actuarial and financial assumptions used and the amounts effectively verified on what concerns the responsibilities and expected income of the pension fund, as well as those resulting from changing the actuarial assumptions (actuarial gains and losses).

RETAINED EARNINGS

These refer to results generated on previous exercises and not distributed.

24 EMPLOYEE BENEFITS

Defined Benefit Plans

A defined benefit pension fund what is called “INTERBOLSA Pension Fund” was established by contract on 27 December 2001, with the objective to guarantee payments of old-age retirement, invalidity, and survival pensions, regardless of Social Security.

The referred Pension Fund has an indefinite duration and is managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A., and includes responsibilities since the date of constitution of INTERBOLSA.

INTERBOLSA introduced changes to the Defined Benefit Pension Plan in order not to include new Participants and to limit, with reference to 31 December 2016, the length of service and the pensionable remuneration of the Fund participants.

The Pension Fund responsibilities were determined by an actuarial study elaborated by Mercer, Human Resource Consulting, S.A..

INTERBOLSA’s net responsibility towards the Pension Fund is calculated yearly at the time of closing of the accounts, wherefore an estimate made by the above-mentioned entity is presented in the current report.

The number of participants covered by this retirement pension fund plan on 30 June 2020 was the following:

	30/12/2020	31/12/2019
Employees - active	27	32
Former employees	11	11
Pensioner	10	5
	<hr/>	<hr/>
	48	48
	<hr/>	<hr/>

Participants	Average age	Average antiquity	Average wage	Monthly average pension
Employees - active	55,5	23,9	46.501	N/A
Former employees	55,9	15	40.283	N/A
Pensioner	64,3	N/A	N/A	7.380

As mentioned in Note 2.14 the actuarial gains and losses are recognized under the item “Other Reserves”, in equity capital.

In addition, IAS 19R foresees that the financial cost of the benefit plan with the set up fund shall be calculated by applying the discount rate to the net balance of the estimated responsibilities and of the assets of the plan at fair value, be it positive or negative balance.

The amounts recognized in the net result of the period and in the consolidate income related to this defined benefit plan were as follows:

	30/06/2020	31/12/2019
Current services cost		
Net financial cost	25.000	18.000
	<hr/>	<hr/>
Cost components of the defined benefit recognized in the net result of the period	25.000	18.000
Remeasuring of the defined benefit in net liabilities:		
- Effect of the changes in demographic assumptions		-
- Effect of the changes in financial assumptions	261.000	1.250.000
- Other adjustments	(55.000)	(12.000)
- Return from the assets of the plan	(135.000)	(399.000)
	<hr/>	<hr/>
Cost / (profit) components of the defined benefit recognized in the consolidate result	71.000	839.000
	<hr/>	<hr/>
Total cost / (profit) components of the defined benefit	96.000	857.000
	<hr/> <hr/>	<hr/> <hr/>

The amount recognized in the statement of financial position of INTERBOLSA, resulting from the obligation of this defined benefit plan is as follows:

	30/06/2020	31/12/2019
Current value of the defined benefit plan obligations	7.534.092	7.284.092
Fair value of assets of the plan	5.876.000	5.653.000
	<hr/>	<hr/>
Net responsibility resulting from the defined benefit plan	1.658.092	1.631.092
	<hr/> <hr/>	<hr/> <hr/>

The movements of the current value of the obligations of the defined benefit plan are analyzed as follows:

	30/06/2020	31/12/2019
Obligations of the defined benefit plan – initial balance	7.284.092	5.943.092
Cost of the current services	-	-
Interest cost	109.000	136.000
Paid benefits	(65.000)	(33.000)
Remeasuring:		
- Effect of the changes in demographic assumptions	-	-
- Effect of the changes in financial assumptions	(261.000)	1.250.000
- Other adjustments	(55.000)	(12.000)
	<hr/>	<hr/>
Obligations of the defined benefit plan – final balance	7.534.092	7.284.092
	<hr/> <hr/>	<hr/> <hr/>

Movements of the value of the assets of the plan are analyzed as follows:

	30/12/2020	31/12/2019
Fair value of the assets of the plan – initial balance	5.653.000	5.150.000
Financial income	84.000	118.000
INTERBOLSA's contributions	69.000	19.000
Paid benefits	(65.000)	(33.000)
Remeasuring: - Return from the assets of the plan	135.000	399.000
	<hr/>	<hr/>
Fair value of the assets of the plan – final balance	5.876.000	5.653.000

The composition of the fair value of the assets of the fund is in accordance with the set of guidelines and guiding principles, based on which CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A. should conduct and control the fund management.

At 31 December 2020 the plan's assets are divided into the following asset categories:

	Value of assets (amount in thousand euros)	% of assets
Shares	1.903	32,39%
Bonds	3.473	59,10%
Hedge Fund	251	4,27%
Real state funds	21	0,36%
Cash	228	3,88%
Total	5.876	100,00%

The comparative analysis of the actuarial assumptions is analyzed as follows:

	30/12/2020	31/12/2019
Salary growth rate		
Assets	= inflation (1,70%)	= inflation (1,70%)
Acquired rights	= inflation (1,70%)	= inflation (1,70%)
Pension growth rate	1,70%	1,70%
Discount rate	1,30%	1,50%
Inflation rate	1,70%	1,70%
Mortality table	TV88/90	TV88/90
Invalidity table	EVK 80 100%	EVK 80 100%
Retirement age	66 year	66 year
Used decrements	100% of EKV 1980	100% of EKV 1980

The sensitivity analysis performed according to a variation of 0.25% in the discount rate and 0.50% in the pension growth rate and inflation rate on the present value of the obligations with the Fund is as follows:

amounts in thousands of euros

Discount rate	1,55% (+0,25%)	1,30% (actual)	1,05% (-0,25%)
Present value	7.191	7.534	7.896
Pension growth rate	2,30% (+0,50%)	1,70% (actual)	1,20% (-0,50%)
Present value	7.998	7.534	7.104
Inflation growth rate	2,30% (+0,50%)	1,70% (actual)	1,20% (-0,50%)
Present value	7.802	7.534	7.279

DEFINED CONTRIBUTION PLAN

INTERBOLSA created a Defined Contribution Plan on 1 January 2017, as referred to in Note 2.14.

The referred Pension Fund is managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

The number of participants was 31 on 31 December 2020, being the total amount of contributions to this fund made by INTERBOLSA and its employees of:

Years	Contributions		
	INTERBOLSA	Employees	TOTAL
2017	233.302	-	233.302
2018	279.841	9.417	289.258
2019	248.846	8.421	257.267
2020	236.725	8.153	244.878
TOTAL	998.714	25.991	1.024.705

The value of the fund's assets on 31 December is EUR 1,027,388, broken down as follows:

	Conservative Subfund		Dinamic Subfund		TOTAL	
	Assets value (in thousand euros)	% of assets	Assets value (in thousand euros)	% of assets	Assets value (in thousand euros)	% of assets
Shares	92	14,86	180	44,12%	272	26,48%
Bonds	512	82,71%	217	53,19%	729	70,98%
Cash	15	2,42%	11	2,70%	26	2,53%
Total	619	100,00%	408	100,00%	1.027	100,00%

25 OBTAINED FINANCING

With the implementation of IFRS 16 on 1 January 2019 INTERBOLSA registered under this item four lease contracts, one related to the space occupied for the development of its activity and other two related to information technology equipment. During the first half of the year of 2020 INTERBOLSA registered a new lease contract related to information technology equipment.

The movements registered under this item up to date are the following:

	Start date	End date	Obtained financing		
			Total 31/12/19	Short term 31/12/2019	Long term 31/12/2019
Building	01/01/19	31/08/21	223.216	133.483	89.733
IT equipments	01/01/19	30/06/21	103.703	69.049	34.654
IT equipments	01/02/19	31/01/24	185.045	44.621	140.424
TOTAL			511.964	247.153	264.811

	Start date	End date	Obtained financing		
			Total 31/12/19	Short term 31/12/2019	Long term 31/12/2019
Building	01/01/19	31/08/21	90.191	90.191	-
IT equipments	01/01/19	30/06/21	34.740	34.740	-
IT equipments	01/02/19	31/01/24	140.423	45.069	95.354
IT equipments	01/02/20	31/01/24	179.002	57.553	121.450
TOTAL			444.357	227.553	216.804

To the amount of amortized financing made in 2020, 299.853 €, the payment of interest should be added in the amount of 5.738 € (6.140 € in 2019).

26 CREDITOR AND OTHER LIABILITIES

This item is analyzed as follows:

	31/12/2020	31/12/2019
	Euros	Euros
Suppliers of goods and services	23.344	59.783
State and other Public Entities	643.793	585.694
Employees	40.385	-
Increase of expenses	1.488.539	1.952.664
	<hr/>	<hr/>
Current creditors	2.196.061	2.598.141
	<hr/>	<hr/>

The expenses accruals are analysed as follow:

	31/12/2020	31/12/2019
	Euros	Euros
Estimate for holidays and holiday subsidies	302.783	323.990
Estimate for bonuses	369.364	338.000
Incurred expenses not yet invoiced	776.007	938.920
Other increments	40.385	351.754
	<hr/>	<hr/>
	1.488.539	1.952.664
	<hr/>	<hr/>

The item "Other increments" comprises the registered amounts related to (i) agreed compensations for termination of work contracts not yet paid, and (ii) at December 31 2019 the amount to be paid of the pre-retirement agreement in force added of the amount not yet paid for a ore-retirement agreement already agreed.

27 RELATED PARTY TRANSACTIONS

INTERBOLSA's balances on 31 December 2020 and 2019 with related parties are summarized below:

	31/12/2020	31/12/2019
Balance Sheet:		
Current assets:		
Clients:	450	450
Euronext Paris		
Current liabilities:	447.241	331.830
Creditors and other liabilities		
Euronext NV	447.691	332.280

The transactions with related parties during the exercise ending on 31 December 2020 and 2019 were as follows:

	31/12/2020	31/12/2019
Profits and losses:		
Euronext Paris	27.412	20.359
Euronext NV	500	500
Expenses and losses:		
Euronext NV	8.706	8.632
	36.618	36.550

28 CAPITAL MANAGEMENT

Given that capital management involves a wider concept than that of the item "own capital" contained in the balance sheet, INTERBOLSA has established the following objectives in relation to this matter:

- Fulfill the capital requirements defined in the Regulation (EU) No. 909/2014 of 23 July (in short CSD Regulation);
- Guarantee that INTERBOLSA's business continuity capacity is constantly being considered so that the return of investment and benefits are given to the shareholders, and
- Maintain a solid capital base that supports the development of its activity.

The capital adequacy and the use of the regulatory capital are regularly monitored by INTERBOLSA, by Euronext Group. The CSD Regulation establishes in its article No. 47 that the capital, together with the retained earnings and reserves must be proportional to the risk arising from its CSD activity.

At all times the capital must be sufficient to guarantee that the CSD is adequately protected against operational, legal, custody, investment and commercial risks that the CSD can continue to provide its services in normal conditions and to permit an orderly liquidation or restructuring of CSD activities over an appropriate period of time off, at least, six months in a range of effort scenarios.

INTERBOLSA fulfills all the capital requirements established in article No. 47 of the Regulation (EU) No. 909/2014 of 23 July (in short CSD Regulation).

Financial information is sent monthly to CMVM that enables the assessment of the compliance with legal dispositions concerning own funds of INTERBOLSA.

The Euronext Group and its subsidiaries, of which INTERBOLSA is part of, comply with all established capital requirements to which they are subject.

29 CONTINGENT ASSETS AND LIABILITIES

INTERBOLSA does not have contingent assets or liabilities that should be disclosed.

30 SUBSEQUENT EVENTS

The COVID-19 pandemic crisis is causing great uncertainty in the market, which has contributed to the significant increases in traded volumes seen in the first quarters of 2020. However, if the situation deteriorates, the impact of the pandemic could have negative effects on the markets.

Across the world, and in most countries where Euronext operates, unprecedented monetary and fiscal policy responses have been announced and implemented by their governments. These measures are aimed at avoiding or mitigating the consequences of a potential economic downturn, but their duration, scope and effectiveness remain uncertain.

Euronext Group and Interbolsa are closely monitoring the evolution of the pandemic crisis as well as the risks it poses to their employees and the normal functioning of their activities.

The current situation has not, so far, had any adverse impact on the operations carried out by Interbolsa.

During 2020, INTERBOLSA ensured the normal functioning of all its activities, maintaining active communication with issuing companies, market members, investors, partners, regulators, governments, and other stakeholders, in order to guarantee a permanent and adequate flow of information about the challenges that arise.

In 2020, market confidence gave rise to high volatility in market prices and an increase in traded volumes, with a positive impact on INTERBOLSA's settlement revenues. The income generated by maintaining values also increased in 2020, justified both by the effect on the increase in the amounts under custody of Public Debt and Private Debt, and by the increase in market prices from June onwards (following the announcement of the development of a vaccine with a high rate of effectiveness against COVID-19) which justifies the increase in the average amounts of shares and fund share units under custody.

However, as the COVID-19 pandemic may in the long term lead the global economy into recession, INTERBOLSA's revenues may be affected by both the loss of volume of instructions to be settled and the fall in market prices. Uncertainty may also impact other business lines, particularly the registration of new issues.

As a consequence of the worsening number of infections and deaths from COVID-19, a new state of emergency was decreed last 7 January 2021, for a period of 15 days, having been renewed for equal periods of 15 days and at least until 16 March 2021.

Up to the date of approval of this document, no other relevant subsequent events have occurred that should be disclosure in this report.

Porto, March, 16th 2021

Certified Accountant (n.º 54050)

Miguel Brochado

Board of Directors

Presidente	Pierre Davoust
CEO	Isabel Rute Ucha da Silva
Member	Rui Samagaio de Matos
Member	Clara Patricia Costa Raposo
Member	Joaquim António Pereira Cadete

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

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (the Entity), which comprise the Balance Sheet as at 31 December 2020 (showing a total of 28.315.998 euros and a total equity of 23.107.419 euros, including a net profit for the year of 11.883.742 euros), the Income Statement by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. 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 Entity 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.

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International and Financial Reporting Standards adopted in the European Union;
- ▶ 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 Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are 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 ISAs 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 ISAs, 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 Entity'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 Entity'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 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 Entity 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; and
- ▶ communicate with those charged with governance, 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.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the 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 Entity, we have not identified any material misstatement.

Oporto, 19 March 2021

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

(Signed)

Sandra e Sousa Amorim - ROC nr. 1213
Registered with the Portuguese Securities Market Commission under license nr. 20160824

Report and Opinion of the Sole Supervisor

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

To the Shareholders,

In compliance with the requirements of article 420 par. g), of the Commercial Companies Code, it is our responsibility to issue the annual supervisory report and to issue an opinion on the Management Report, the Financial Statements and the proposal for appropriation of results presented by the Board of Directors of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (the Entity), for the year ended 31 December 2020.

During the year, we have monitored the activity of the Entity and we have performed the following procedures:

- ▶ Verified, to the extent considered appropriate, the accounting records and related supporting documentation;
- ▶ Verified, as necessary, to a nature and extent we considered appropriate, the existence of goods and other assets owned by the company or held by it as security, deposit or otherwise;
- ▶ Verified the completeness and reasonableness of the financial statements;
- ▶ Verified that the accounting policies and measurement criteria applied in the Entity accounts, lead to a fair presentation of the financial position and the operations of the Entity;
- ▶ Received/Been available to receive communication of irregularities from shareholders, Entity employees and others;
- ▶ Confirmed that the Management Report, the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Shareholders Equity, the Statement of Cash Flows comply with legal requirements and reflect the underlying accounting records at the end of the year ;
- ▶ Verified the company's compliance with the law and with the articles of association of the Entity;
- ▶ Performed all the other responsibilities required by law and the articles of association

During the course of the procedures we performed to comply with our supervisory duties, we obtained from the Board of Directors and from the Entity's personnel all information and documentation we consider necessary.

Within the scope of the statutory audit work we performed, the Statutory Auditor Opinion was issued today on the accounts without qualifications and without emphasis of matter .

In this context, we issue the following opinion:

Opinion of the Sole Supervisor

To the Shareholders,

We have performed our supervisory functions of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in compliance with article 420 par. g) of the Commercial Companies Code, and, consequently, it is our opinion that:

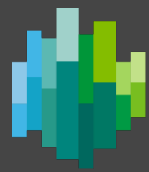
- (a) The proposal for the appropriation of the results included in the Management Report of the 2020 year complies with the requirements regarding the constitution of the legal reserve and the limits on distribution of profits to shareholders foreseen in the Commercial Companies Code;
- (b) The Management Report of the 2020 year complies with the requirements foreseen in the Commercial Companies Code;
- (c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Shareholders Equity, the Statement of Cash Flows and the accompanying notes comply with legal and accounting requirements.

Porto, 19 March 2021

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

(Signed)

Sandra e Sousa Amorim - ROC nr. 1213
Registered in CMVM nr. 20160824



INTERBOLSA

A EURONEXT COMPANY