



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

(incorporated in Portugal with limited liability)

### €500,000,000 4.250 per cent. Reset Subordinated Notes due 2031

#### Issue Price: 100 per cent.

The €500,000,000 4.250 per cent. Reset Subordinated Notes due 2031 (the “Notes”) will be issued by Fidelidade - Companhia de Seguros, S.A. (the “Issuer” or “Fidelidade”) on 4 June 2021 (the “Issue Date”).

The Notes bear interest (i) from (and including) the Issue Date to (but excluding) 4 September 2026 (the “Reset Date”) at the rate of 4.25 per cent. per annum, payable (subject to the following proviso) annually in arrear on 4 September in each year commencing on 4 September 2021 (short first Interest Period), and (ii) from (and including) the Reset Date at the Reset Rate of Interest which will be determined by the Agent on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin; provided that the Issuer will be required to defer any payment of interest which is otherwise scheduled to be paid if a Regulatory Deficiency Interest Deferral Event (as defined in “Terms and Conditions of the Notes” (the “Conditions”, and references herein to a numbered “Condition” shall be construed accordingly)) has occurred and is continuing, or would occur if such interest payment were made. Any interest so deferred shall, for so long as the same remains unpaid, constitute “Arrears of Interest”. Arrears of Interest will not themselves bear interest, and may, or will, be payable as provided in Condition 5(b). Payments on the Notes will be made without deduction for or on account of taxes of any Taxing Territory (as defined in the Conditions) to the extent described under “Terms and Conditions of the Notes — Taxation”.

Subject to the Issuer having complied with any applicable Regulatory Conditions (as defined in the Conditions) and to no Regulatory Deficiency Redemption Deferral Event (as defined in the Conditions) having occurred and continuing, the Issuer will have the right to redeem all the Notes (but not some only) on the Reset Date at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption

Unless previously redeemed or purchased and cancelled, the Notes will mature on 4 September 2031 (the “Maturity Date”) and provided that no Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed, be redeemed on the Maturity Date. Prior to any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with relevant Regulatory Conditions applicable to it. Subject to the above, to the Relevant Rules and to no Regulatory Deficiency Redemption Deferral Event having occurred and continuing, the Notes may be redeemed at the option of the Issuer before the Maturity Date upon the occurrence of certain specified events relating to taxation or a Capital Disqualification Event (as defined in the Conditions) at their principal amount together with any accrued but unpaid interest to (but excluding) the date of redemption and any Arrears of Interest and the Issuer will, upon the occurrence of such events, also have the right to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities (as defined in the Conditions) as described in Condition 6.

The Notes are direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves. See “Terms and Conditions of the Notes — Status”.

This Offering Circular is for the purpose of the application to the Irish Stock Exchange plc trading as Euronext Dublin (“Euronext Dublin”) for the listing of the Notes and does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Application has been made for this Offering Circular to be approved by Euronext Dublin as listing particulars. Application has also been made to Euronext Dublin for the Notes to be admitted to the official list (the “Official List”) and to trading on the Global Exchange Market of Euronext Dublin (the “Global Exchange Market”). The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EC (as amended) (“MiFID II”).

The Notes will be represented in book entry form (*forma escritural*) in registered form (*nominativas*), in denominations of €100,000 and will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“Interbolsa”), as the entity responsible for the management and operation of the Central de Valores Mobiliários, a Portuguese Securities Centralised System (the “CVM”). The CVM currently has links in place with Euroclear Bank, SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”) through securities accounts held by Euroclear and Clearstream, Luxembourg with Affiliate Members of Interbolsa (as described herein).

The Notes to be issued have not been rated.

**Investing in the Notes involves certain risk.** Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular.

**Sole Bookrunner**

**Morgan Stanley**

**Joint Lead Managers**

**Caixa – Banco de Investimento**

**HSBC**

Offering Circular dated 2 June 2021

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “*Subscription and Sale*” below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “*Subscription and Sale*” below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of either the Issuer since the date hereof or that there has been no adverse change in the financial position of either the Issuer since the date hereof or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Managers or on its behalf in connection with the Issuer or the issue and offering of Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C).

Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Offering Circular or any other financial statements should purchase the Notes.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the Notes; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Certain financial and statistical information in this Offering Circular has been subject to rounding adjustments. Accordingly, certain data presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “€”, “EUR”, “Euro” and “euros” are to the single currency of those member states of the European Union participating in the third stage of the European economic and monetary union from time to time as amended and references to “PEN” are to Peruvian Sol.

**In connection with the issue of the Notes, Morgan Stanley Europe SE (in such capacity, the “Stabilising Manager”) (or any person acting on behalf of any Stabilising Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager or person acting on behalf of any Stabilising Manager in accordance with all applicable laws and rules.**

This Offering Circular contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Offering Circular containing information on future earning capacity, plans and expectations regarding the Fidelidade Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Offering Circular are based on current estimates and assumptions that Fidelidade makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Fidelidade Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Fidelidade Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Offering Circular to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Offering Circular: "*Risk Factors*" and "*Description of the Issuer*". These sections include more detailed descriptions of factors that might have an impact on the Fidelidade Group's business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Offering Circular may not occur.

In addition, neither the Issuer nor the Joint Lead Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)** - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Alternative Performance Measures**

This Offering Circular includes certain financial metrics which the Fidelidade Group considers to constitute alternative performance measures (“**APMs**”) and which are provided in addition to the PCES<sup>1</sup> financial indicators obtained directly from the consolidated financial statements of the Fidelidade Group for the years ended 31 December 2019 and 31 December 2020. The Fidelidade Group considers that these APMs provide useful information for investors in order to better understand the underlying business, the financial position, cash flows and results of the operation of the Fidelidade Group.

The list below presents APMs contained in the Offering Circular, along with an explanation of the criteria used to construct them:

- **“Total Premiums Management Accounts”**: total of the insurance premiums as defined by IFRS 4 (**“Total Premiums P&L”**) plus the investment contracts, as defined by IFRS 4 which refers the related discipline to IAS 39;
- **“Net Combined Ratio”** (or **“Non-Life Combined Ratio”**): measure of non-life underwriting profitability. It corresponds to the sum of the Net Loss Ratio and the Net Expense Ratio;
- **“Net Expense Ratio”**: measure of profitability calculated by dividing the total non-life net operating costs and expenses (including acquisition expenses, change in deferred cost acquisition, administrative expenses, commissions and reinsurance profit sharing as well as adjustments related with the Provision for the reimbursement of premiums for the Motor Line of Business and the Provisions for Profit-Sharing) by the total non-life earned premiums net of reinsurance;
- **“Net Loss Ratio”**: measure of profitability calculated by dividing the sum of i) the total non-life claims costs net of reinsurance (including amounts paid and change in claims provisions as well as adjustments related with the Provision for the reimbursement of premiums for the Motor Line of Business and technical result of intragroup services related with Luz Saude), ii) other technical provisions net of reinsurance and iii) profit sharing net of reinsurance by the total non-life earned premiums net of reinsurance. The ratio excludes claims costs related to technical interest of Workers Compensation pensions and includes agricultural insurance claims co-participation;
- **“Underwriting Result”**: measures the pure underwriting performance of the insurance business (without considering the investment performance and non-technical income/ costs). It results from the sum of i) earned premiums net of reinsurance, plus ii) the fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts, minus iii) claims costs net of reinsurance (excluding Luz Saúde positive impact and claims costs related to workers compensation technical interest), plus/ minus iv) other technical provisions, net of reinsurance, plus/ minus v) mathematical provision for life insurance, net of reinsurance (adjusted by excluding extraordinary costs related to the change in workers compensation pensions discount rate, profit sharing provisioning and

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<sup>1</sup> PCES stands for “Plano de Contas para as Empresas de Seguros” and is the GAAP followed by Fidelidade which is IFRS based

provision for rate commitment), plus/ minus vi) profit sharing, net of reinsurance, minus vii) operating costs and expenses, net, plus/minus viii) other technical income/expenses, net of reinsurance (including Luz Saúde positive impact);

- **“RoAE”**: measure of a company’s overall profitability. It is calculated by dividing the fiscal year’s net income by an average of the fiscal year’s beginning and end shareholders’ equity figures;
- **“RoTE”**: measure of a company’s overall profitability. It is calculated by dividing the fiscal year’s net income by an average of the fiscal year’s beginning and end tangible shareholders’ equity figures. Tangible shareholder’s equity is calculated by subtracting intangible assets (including goodwill) and preferred equity to total shareholder’s equity.
- **Average comprehensive return**: measures investment income (P&L), realized and unrealized gains relatively the average Assets Under Management base at the beginning and at the end of the last fiscal year. It can be used for the total Assets Under Management or only to a certain asset class
- **“Investment Income”**: Income that comes from interest payments, dividends, capital gains collected upon the sale of Financial assets, and any other profit made through an investment vehicle of any kind, excluding unrealized gains that are recognized through other comprehensive income;
- **“Investment Yield”**: Return earned on the company's Assets under Management. It is obtained by dividing investment income before income taxes by the average Assets Under Management (i.e. average Assets Under Management at the beginning and at the end of the fiscal year);
- **“Assets Under Management”**: (i) in 2020 (IFRS 9) corresponds to the sum of the following balance sheet items: cash and cash equivalents, investments in associates and joint ventures, financial assets and liabilities at fair value through profit or loss, hedge derivatives, financial assets designated at fair value through other comprehensive income, financial assets at amortized cost, investment properties and non-current assets held for sale and (ii) in 2019 (IAS 39) corresponds to the sum of the following balance sheet items: cash and cash equivalents, investments in associates and joint ventures, financial assets and liabilities held for trading, financial assets initially recognized at fair value through profit or loss, hedge derivatives, available-for-sale investments, loans and accounts receivable, held-to-maturity investments, investment properties and non-current assets held for sale.
- **“SCR Coverage Ratio”**: computed as defined in the Solvency II Directive;
- **“Compounded Annual Growth Rate” / “CAGR”**: average annual growth rate of over a specified period of time longer than one year. It is computed by dividing the value at the end of the period in question by its value at the beginning of that period, raising the result to the power of one divided by the period length, and subtracting one from the subsequent result;
- **“Total Comprehensive Return”**: sum of Unrealised Capital Gains and Investment Yield;
- **“Liability Coverage Ratio”**: indicates the ratio between total assets and total liabilities;

Investors should not consider these APMs in isolation, as alternative to the information prepared in accordance with PCES, as indications of operating performance or as measures of the Fidelidade Group’s profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for, or superior to, financial information prepared in accordance with PCES and investors are advised to review these APMs in conjunction with the consolidated financial statements of the Fidelidade Group contained in this Offering Circular.

Furthermore, these APMs are not indicative of the historical operating results of the Fidelidade Group, nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical

manner, the Fidelidade Group’s presentation may not be consistent with similar measures used by other companies. Accordingly, investors are cautioned not to place undue reliance on these APMs.

### **Presentation of Financial Information**

The consolidated financial statements of Fidelidade for the years ended 31 December 2020 and 31 December 2019 were prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), Portuguese local GAAP, approved by Standard No. 3/2018-R, of 29 March, of Autoridade de Supervisão de Seguros e Fundos de Pensões (the “ASF”), and the remaining regulatory standards issued by the ASF. The standards set out in the PCES correspond in general terms to International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to insurance type contracts were adopted.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on the information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision and consult with their own professional advisors.*

*The term the “Fidelidade Group” refers to Fidelidade - Companhia de Seguros, S.A. and its subsidiaries from time to time.*

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in “Terms and Conditions of the Notes” below.*

### **Risks relating to the Issuer**

#### **Factors that may affect the Issuer’s ability to fulfil its obligations under or in connection with the Notes**

##### ***Financial and Economic risks***

***The level of and volatility in interest rates may adversely affect the Issuer and the Fidelidade Group’s businesses.***

To be able to meet their future liabilities, insurers invest in a variety of assets that typically include a large portfolio of fixed income securities. Interest rate volatility can adversely affect insurance businesses by reducing the returns earned and by reducing the market value of such portfolios. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, inflation, governmental debt, regulatory environment and any other factors that are beyond the Fidelidade Group’s control.

In particular, the insurance sector can be adversely impacted by sustained low interest rates. In times of low interest rates – as experienced since 2008 – yields typically decrease. Consequently, when the bonds mature the sums realised are reinvested in bonds with lower yields, which in turn decreases the investment income of the insurer. A protracted period of low interest rates has a negative impact, especially on life insurers with substantial interest rate guarantees on a traditional book of business where the portfolio yield approximates the guaranteed interest rate on the policies written. Persistently low interest rates not only render delivering the necessary return for clients or offering competitive profit sharing more difficult, but also hamper efforts to maintain the required profitability to remunerate shareholders. Low interest rates also make it difficult to continue to offer to clients attractive life investment and savings insurance products, which may lead to a reduction in new business and hence have a negative impact on the Fidelidade Group’s results of operations.

Although to a lesser extent, the Fidelidade Group’s non-life insurance business is also impacted by interest rate volatility, as its long tail business is heavily dependent on investment returns, thereby displaying direct sensitivity to interest rate movements.

As cash flows can be (re-)invested at higher rates, the earnings of an insurer will typically be positively impacted by an increase in interest rates, though only over a protracted period of time. The largest beneficiaries will be life insurers with large traditional books of life savings business. Surrenders or lapses could, however, increase as higher investment returns may be available elsewhere and policyholders would have an incentive to switch. This is particularly the case if surrender penalties are relatively low.

To reduce the interest rate sensitivity of its business, the Fidelidade Group attempts to match its liabilities with assets whose sensitivity to interest rates is the same as, or similar to, that of the liabilities, thereby compensating the interest rate risk. However, to the extent that such asset liability matching is not practicable or fully achieved, there still may be fluctuations in the value of assets and liabilities as interest rates change, which may have a negative effect on the Fidelidade Group's financial condition or results of operations.

***The Fidelidade Group is vulnerable to spread risk with respect to its fixed income portfolio.***

Like most insurance companies, the Fidelidade Group has a significant fixed income portfolio in which assets are matched against its insurance liabilities. The exposure to (credit) spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A spread widening will reduce the value of fixed income securities held and, conversely, spread tightening will generally increase the value of fixed income securities in the portfolio. A number of factors can cause an individual asset or a whole class of assets to decrease in market value, including a perception or fear in the market that there is an increase in the likelihood of defaults.

Although the Fidelidade Group has developed the necessary tools to closely monitor and manage its credit spread risk, a residual risk may still exist and spread widening could have a material adverse effect on its results and financial condition.

***The Fidelidade Group is exposed to counterparty default risk, which could have a material adverse effect on its results and financial condition.***

The Fidelidade Group is exposed to default risk, which is the risk that third parties owing money, securities or other assets to the Fidelidade Group do not pay or fulfil their obligations when due. These parties include trading counterparties, counterparties under credit and derivative contracts, clearing agents, exchanges, clearing houses, reinsurers, bond issuers and financial intermediaries. Third parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, fraud or other reasons.

Although the Fidelidade Group has the necessary tools in place to closely monitor default risk, a residual risk exists and could negatively impact the Fidelidade Group's results and financial condition.

***The Fidelidade Group is subject to the risk of potential sovereign debt credit deterioration because of its substantial exposure to sovereign debt obligations in its investment portfolio.***

The Fidelidade Group holds a large proportion of sovereign bonds in its investment portfolio. As at 31 December 2020, the exposure of the Fidelidade Group to sovereign bonds (including bonds issued by public sectors and guaranteed by the Portuguese State) represents 27 per cent. (see "*Description of the Issuer – Investment Portfolio*") of its total investment portfolio. As a consequence, the Fidelidade Group is subject to the risk of potential sovereign debt credit deterioration and default. Investing in such instruments creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments) and to the creditworthiness of the sovereign. The risk exists that the debt issuer may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt and the Fidelidade Group may have limited recourse to enforce payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by different factors (such as the relative size of the debt service burden to the economy as a whole) that are beyond the Fidelidade Group's control. Periods of economic uncertainty may affect the volatility of market prices of

sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issues. If a sovereign were to default on its obligations, this could have a material adverse impact on the Fidelidade Group's financial condition and results.

Uncertainty over the fiscal policies of some European governments (especially following the widespread impact of COVID-19 outbreaks, resulting in country-wide 'lockdowns' since March 2020), their consequences, and the response of the EU may trigger a re-emergence of a sovereign debt crisis in highly-indebted EU member states. A default or debt restructuring by a sovereign issuer, with possible "knock-on" effects on other sovereign issuers and on the financial markets in general, could still have a potentially material adverse effect on the Fidelidade Group's results or financial condition.

As the Fidelidade Group mainly operates its insurance activities and business in Portugal, it has a substantial exposure towards Portugal in its government bonds portfolio (10 per cent. as at 31 December 2020) (see "*Description of the Issuer – Investment Portfolio*"). Hence, the Fidelidade Group is largely exposed to the risks associated with the Portuguese political and economic situation, which could have a significant impact on the value of the Fidelidade Group's investment portfolio. A sovereign debt default or restructuring by a government (or government-backed) issuer in the Eurozone or elsewhere could have potentially significant negative consequences both for the holders of such debt and for the stability of the broader financial markets and the insurance sector. Although the Fidelidade Group monitors its sovereign debt exposure closely, any of these events, depending on their specific nature and magnitude, could have a material adverse effect on the results and financial condition of the Fidelidade Group.

***The Issuer and the Fidelidade Group are subject to market risk.***

The most significant market risks the Fidelidade Group faces are interest rate, spread, foreign exchange and property and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the margin realised between the return on its investment portfolio and the guaranteed interest rate on the policies written. Changes in foreign exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Fidelidade Group's investment portfolio.

The Fidelidade Group uses a range of instruments and strategies to partly hedge against certain market risks. If these instruments and strategies prove ineffective or only partially effective, the Fidelidade Group may suffer losses. Unforeseen market developments may significantly reduce the effectiveness of the measures taken by the Fidelidade Group to hedge risks. Gains and losses from ineffective risk-hedging measures may heighten the volatility of the results achieved by the Fidelidade Group and could therefore have a material adverse effect on the Fidelidade Group's business, results of operations and financial condition.

Any changes to the investment strategy of the Fidelidade Group (see "*Description of the Issuer – Investment Portfolio*") may have an impact on solvency (see "*Description of the Issuer – Key financial figures – Solvency Capital Requirement*") and on the financial performance of the Fidelidade Group.

***Stock market volatility or downturns can adversely affect the activities of the Issuer and the Fidelidade Group.***

Stock market volatility and overall declines in stock market indices can negatively affect the Fidelidade Group's activities. Volatility and declines in market indices can impact Fidelidade's solvency position. Volatility can also negatively affect the demand for certain insurance products such as unit-linked products. Stock market downturns and high volatility can occur not only as a result of the economic cycle, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Fidelidade Group's control.

While the Fidelidade Group has the necessary tools and risk management strategies in place to closely monitor and manage its share portfolio, residual risks persist and a durable decline in the market values of its share portfolio could have a material adverse effect on the Fidelidade Group's results and financial condition.

***Fluctuations in currency exchange rates may affect the Fidelidade Group's results of operations and solvency.***

The Fidelidade Group is exposed to foreign currency fluctuations through its investments. While the Fidelidade Group aims to manage almost all of its exposure to foreign currency fluctuations through hedging instruments, fluctuations in exchange rates may still have a significant impact on the Fidelidade Group's results of operations and cash flows. For example, a strengthening or weakening of the euro against the emerging market currencies like Angolan kwanza, Peruvian sol or Bolivian boliviano may adversely affect the Fidelidade Group's results of operations. While the Fidelidade Group uses a range of instruments and strategies to hedge against currency risk, these instruments and strategies may prove ineffective or only partially effective and as a result the Fidelidade Group may suffer losses.

***The Fidelidade Group's exposure to fluctuations in the property markets could adversely affect its returns on invested assets, the value of its investment portfolio or its solvency position.***

The Fidelidade Group has real estate holdings in its investment portfolio and hence it is exposed to property risk. Its real estate portfolio is well-diversified and includes investments in commercial properties.

The value of the property portfolio of the Fidelidade Group is subject to risks related to, amongst others, rent levels, property prices, occupancy levels, consumer spending, interest rates and the volatility of lease laws.

Although the Fidelidade Group has the necessary tools in place to closely monitor the real estate risk to which it is exposed risks exist and a durable decline in the market values of its property investments could have a material adverse effect on its business, revenues, results and financial condition.

***Asset illiquidity can adversely affect the Issuer and the Fidelidade Group's businesses.***

Market liquidity risk in the Fidelidade Group's business stems from the liquidity characteristics of the assets purchased and the liabilities sold. Non-life liabilities are considered to be illiquid by nature. Some liabilities arising from life insurance products can be surrendered while others, such as liabilities arising from pension insurance, term insurance and annuities are highly illiquid. The illiquidity of some life insurance products is strengthened by tax regulation and built-in penalties in case of surrender.

Assets are characterised by a different degree of liquidity, going from a highly liquid (cash) to a low degree of liquidity (real estate). Additionally, protracted market declines can reduce the liquidity of markets that are typically liquid.

Funding liquidity risk is the inability to meet the expected and unexpected cash demands of policyholders or other contract holders without suffering unacceptable losses.

While the Fidelidade Group has the necessary tools and risk management strategies in place to closely monitor and manage its liquidity risk, the risk that it would not be able to fund its liabilities could have a material adverse effect on the Fidelidade Group's results and financial condition.

***A sustained increase in inflation rates may negatively affect the Fidelidade Group's business, solvency position and results of operations.***

Inflation, as measured by consumer price indices or other means, is a continuing risk. This risk can be magnified under the Covid-19 pandemic context, where Central banks and local Governments have provided monetary and fiscal stimuli, respectively, to support the global economy which could then lead to increased inflationary pressure. A sustained increase in the inflation rate in the markets where the Fidelidade Group or its subsidiaries operate would have multiple impacts on the Fidelidade Group and may negatively affect its business, solvency

position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may in turn (i) decrease the estimated fair value of certain fixed income securities the Fidelidade Group holds in its investment portfolio, resulting in reduced levels of unrealised capital gains available to the Fidelidade Group and which could negatively impact its solvency position and net income, and (ii) result in increased surrenders of certain life and savings products, particularly those with fixed rates below market rates. This may also require the Fidelidade Group to pay higher interest rates on debt securities that it might issue in the financial markets from time to time.

A significant and sustained increase in inflation has historically also been associated with sluggish performance of equity markets generally. A sustained decline in equity markets may (i) result in impairment charges to equity securities that the Fidelidade Group holds in its investment portfolio and reduce levels of unrealised capital gains available to the Fidelidade Group, which would in turn reduce net income and negatively impact the Fidelidade Group's solvency position and (ii) negatively impact performance, future sales and surrenders of unit-linked products where the underlying investments are often allocated to equity funds, both of which may have a negative impact on the Fidelidade Group's results of operations. In addition, in the context of certain property & casualty risks underwritten by the Issuer (particularly "long-tail" risks), a sustained increase in inflation may result in (i) claims inflation (i.e. an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves. In addition, a failure to accurately anticipate higher inflation and factor it into the product pricing assumptions may result in a systemic mispricing of products, resulting in underwriting losses which would negatively impact the Fidelidade Group's results of operations.

***A sustained deflationary environment may affect the Fidelidade Group's business in different ways.***

In a deflation period, consumption delays (resulting from consumption postponement due to price decrease) will cause a drop in the level of aggregate demand which may lead to a drop in the level of inflows, a slack in capacity if the economy is in recession and a higher profits pressure as selling prices would drop below costs. As far as non-life insurance business is concerned, a protracted period of deflation can have a positive impact through lower claim severity and margins are expected to be higher. Claims reserves may develop beneficially and may show higher prudence. The life insurance industry may be negatively affected by sustained deflationary pressures. Since many products provide for a minimum rate of return guarantee, any scenario that leads to deflation or sustained periods of very low inflation, may pose challenges to the Fidelidade Group to earn at least the promised rate guarantees, especially in respect of "long-tail" life insurance products.

***The current global covid-19 pandemic has materially impacted the business of the Issuer, and the continuance of this pandemic or any future outbreak of any other highly contagious diseases or other public health emergency, could materially and adversely impact its business, financial condition, liquidity and results of operations.***

Since December 2019, a new strain of coronavirus, or covid-19, spread in the People's Republic of China and progressively to the rest of the world, namely to Europe and Latin America. The outbreak was declared a public health emergency of international concern and a global pandemic by the World Health Organization.

Countries around the world have responded to the covid-19 pandemic by adopting a variety of measures in an attempt to contain the spread and impact of covid-19, including imposing mass quarantines or other containment measures, shelter-in-place orders and medical screenings, restricting travel, limiting public gatherings and suspending most economic activities. These measures have resulted in a severe decrease of global economic activity and falls in production and demand, which have led to sharp declines in the gross domestic product ("GDP") of those countries which are most affected by the pandemic and are expected to continue to have an

overall negative impact on global GDP in 2021. Other consequences include increased unemployment levels, sharp decreases and high volatility in the stock markets, disruption of global supply chains, exchange rate volatility, steady customer draws on lines of credit, decline in real estate prices, and uncertainty in relation to the future impact on regional and global economies in the medium and long term. These measures have also negatively impacted, and could continue to negatively impact, businesses, market participants and the global economy for a prolonged period of time. Furthermore, it is unclear how the macroeconomic business environment or societal norms may be impacted after the pandemic. The post-covid-19 environment may undergo unexpected developments or changes in the financial markets, fiscal, tax and regulatory environments as well as customer and corporate client behaviour which could have an adverse impact on the business of the Issuer.

Many governments and regulatory authorities, including central banks, have acted, and may further act, to provide relief from the economic and market disruptions resulting from the covid-19 pandemic, including providing fiscal and monetary stimuli to support the global economy, lowering federal funds rates and interest rates, and granting partial or total deferral (grace period) of principal and/or interest payments due on loans. It is difficult to predict how effective these and other measures taken to mitigate the economic effects of the pandemic will be.

Should current economic conditions persist or continue to deteriorate, the Issuer expects that this macroeconomic environment will have a continued material adverse effect on the business and results of operations of Fidelidade Group, which could include, but is not limited to (i) a continued decreased demand for its products and services; (ii) protracted periods of lower interest rates and resulting pressure on its margins; (iii) further material impacts in its investment portfolio due to financial market volatility; (iv) rise in the mortality and morbidity rates with negative impact on the claims and thus profitability of Life and Health Lines of business; and (v) constraints on its liquidity due to market conditions, exchange rates and customer withdrawal of Long-tail life savings products.

Moreover, the operations of the Issuer will continue to be impacted by risks from remote working arrangements or bans on non-essential activities. During 2020, the Issuer had the majority of its workforce working remotely, which has increased cybersecurity risks given greater use of computer networks outside the corporate environment. If the Fidelidade Group becomes unable to successfully operate its business from remote locations including, for example, due to failures of its technology infrastructure, increased cybersecurity risks, or governmental restrictions that affect its operations, this could result in business disruptions that could have a material and adverse effect on its business.

If the covid-19 pandemic continues to adversely affect the global economy, or further diseases emerge that give rise to similar effects, these may adversely affect the business, financial condition, corporate reputation, liquidity and/ or results of operations of the Issuer. Furthermore, this may also increase the likelihood and/or magnitude of other risks described in this 'Risk Factors' section.

***The Issuer's performance is dependent on macroeconomic conditions in the countries where it operates, particularly in Portugal and Latin America.***

The level of income the Issuer is able to obtain from its products and services, depends to a large extent on the strength of the economy and prevailing market trends in the countries where it operates. Even though the Issuer, in recent years, has expanded internationally having grown significantly in premiums written, particularly in Latin America, the majority of its business is performed in Portugal, which accounted for 76 per cent. of total premiums written by the Issuer in 2020. Therefore, the Issuer's performance is still dependent on the level and cyclical nature of business activity in Portugal, which in turn is affected by both domestic and international economic and political events. In a second layer, Fidelidade group already has a reasonable amount of exposure to Latin America (Peru, Bolivia, Paraguay and Chile), as total premiums written by the Issuer in this region

have increased to 648 million euros in 2020, representing 18 per cent. of total premiums written by Fidelidade Group.

## **Portugal**

In 2011 the Economic Adjustment Programme (the “Financial Assistance Programme”) was created by a memorandum of understanding on financial assistance with the International Monetary Fund (“IMF”), the EC and the ECB to address deteriorating economic conditions in Portugal stemming from the global financial crisis of 2007/2008. The performance of the Portuguese economy between 2011 and 2014 was highly dependent on the implementation of the Financial Assistance Programme. The need to reduce the public deficit was addressed by the adoption of very restrictive budgetary policies, with negative impacts on economic activity in the near term. After having contracted from 2011 to 2013, the Portuguese economy returned to growth in 2014. Economic conditions in Portugal have since then improved and the Portuguese real GDP has grown 2.5 per cent., on average, between 2015 and 2019 (according to IMF data), mainly driven by an acceleration of exports of goods and services, with a particularly strong growth of the services’ component and, in particular, tourism. However, the economic situation changed dramatically in March 2020, when the covid-19 pandemic hit. Authorities announced containment measures on 12 March 2020 and a state of emergency was declared on 18 March, with further restrictions on mobility. As a result, in 2020, Portuguese GDP contracted 7.6 per cent., reflecting strong contractions in most of economic sectors, particularly tourism and those sectors closely linked to it. For 2021 and 2022, IMF expects that Portugal’s GDP will grow 3.9 per cent and 4.8 per cent, respectively.

Despite economic recovery expected for the next years, the Portuguese economy continues to be characterised by high levels of public and private debt and thus remains vulnerable to negative external shocks. A deterioration of investor sentiment associated with political and financial market uncertainty, such as increased inflation rates, a longer than expected pandemic and lock-down period, geopolitical tensions, and unstable oil prices, could increase volatility in global financial markets and have a negative impact on financing conditions. External risks also include changes in the European Union’s framework, or uncertainties or consequences arising from the United Kingdom’s (“UK”) exit from the European Union, including the possibility that other Member States may seek to leave the European Union in the future, or any other significant changes to the structure of the European Union and/or European Monetary Union.

Concerns relating to macroeconomic conditions in Portugal, including regarding Portuguese public finances and political and social stability, have affected and may continue to affect the business and results of operations of insurance companies in Portugal, including the Issuer. For example, difficulties in achieving further structural fiscal consolidation could prevent further improvements in sovereign ratings. Failure of the Portuguese Parliament to approve the 2022 General Government Budget could lead to early governmental elections and to an environment of political and social instability.

Portugal’s fragile demographics and low productivity growth exacerbate the growth challenges of the Portuguese economy. Low productivity growth would likely stifle the economy’s growth potential, without further improvements in the efficiency of the public administration, judiciary, and the business environment, including with respect to barriers in services markets.

These concerns may result in, among other things, lower market values for Portuguese sovereign debt, limited liquidity in the Portuguese banking system, decreased demand for insurance products and increased competition. Macroeconomic conditions may also adversely affect the behaviour and financial condition of the Issuer’s customers and, consequently, impact the supply and demand for the products and services that the Issuer offers. In particular, unexpected further economic impacts from the Covid-19 outbreak, a peak in unemployment rates, the low profitability and the high level of indebtedness of many companies will likely continue to have a negative influence on the ability of the Issuer’s customers to pay their premiums, which, consequently, could cause an increase in overdue premiums.

These macroeconomic factors, and their impact on the insurance sector in Portugal, could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

The below table shows Portugal’s key macroeconomic indicators for the years 2015 to 2020:

<b>Portugal Key Macroeconomic Indicators</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
			(%)			
Real GDP Growth .....	1.8	2.0	3.5	2.8	2.5	(7.6)
Unemployment Rate .....	12.4	11.1	8.9	7.0	6.5	6.8
General government gross debt (% of GDP).....	131.2	131.5	126.1	121.5	116.8	131.6

Source: IMF

### **Latin America**

The economies of some of the countries where the Issuer operates, particularly in Latin America, have historically experienced significant volatility. This volatility results in fluctuations in the relative economic strength of various segments of the economies in which the Issuer operates. In addition, some of the countries where Fidelidade Group operates are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Negative and fluctuating economic conditions, such as slowing or negative growth and a changing interest rate environment, could impact the profitability of the Issuer by causing its margins to decrease and decreased demand for higher margin products and services. In particular, the recent political and social instability in Chile or potential political instability in Peru could have a negative impact on the economy of these countries and may have a material adverse effect on the Issuer.

***The structural reform programmes introduced or to be implemented in Portugal, such as the Recovery and Resilience Plan, in the coming years may not achieve their goals or produce the desired effect.***

The Portuguese Government has prepared and submitted to the European Commission the Recovery and Resilience Plan (“PRR”). The PRR is an extensive strategic plan, based on three main pillars (resilience, digital transition and energy transition), where there are set a number planned structural reforms that are intended to enhance Portuguese economy out the pandemic economic crisis and to guarantee a more resilient future for the Portuguese economy. With this PRR, the European Union shall provide to Portugal (and to other member states) with significant financial support to back these expected structural reforms. The structural changes to be implemented in Portugal may not be sufficient and the reforms contemplated by the PRR or any other reform programmes may not be sustained or, if sustained, may not result in the desired impact on the Portuguese economy. Any failure to implement or complete the recovery reform programmes may have a material adverse effect on the Portuguese economy and, as a consequence the Fidelidade Group’s business, financial condition and results of operations.

***The Fidelidade Group’s business is dependent on the conditions of foreign economies, particularly those that are significant markets for Portuguese businesses.***

The Issuer’s performance has been, and will continue to be in the foreseeable future, dependent on the condition of Portugal’s trading relationships. In light of relatively slow growth in the Portuguese economy and the subsequent constraints on domestic demand, economic activity in the countries receiving Portuguese exports or international markets where Portuguese companies invest are very important to the Portuguese economy.

A decrease in external demand or the deterioration of economic activity in countries where Portuguese companies have substantial investments may particularly impact the businesses of the Issuer’s customers. Such

decrease in external demand or weakening of foreign economies may be derived from a multitude of macroeconomic factors impacting Portugal's trading partners, including excessive levels of sovereign debt, ineffective government regulation, increased competition, protectionist policies, a rise in prices of essential commodities such as oil and other raw materials for trading partners which import these or other such commodities, or a fall in prices of essential commodities for trading partners which export these or other such commodities, as well as from a recession in the European Union ("EU") or other significant deterioration in global economic conditions. If sufficiently severe, a decrease in external demand or weakened foreign economies may significantly and adversely impact the Portuguese economy, the business of Portuguese companies generally, including the Issuer's customers, which could ultimately result in a material adverse effect on the Fidelidade Group's business, financial condition or results of operations.

Any deterioration of economic activity in the main trading partners of Portugal (namely Spain, France, Germany, UK, United States, Netherlands, Italy, Angola, Belgium and Poland) could impact negatively on the recovery of Portuguese economy and lead to economic and financial difficulties and affect the achievement of budgetary and structural targets required by the European authorities under the reinforced rules on macroeconomic stability. The Issuer's customers that operate or are otherwise exposed to economic conditions in Portugal's main trading partners may be adversely affected by the economic conditions therein.

***Political and macroeconomic environment in the European Union can adversely affect the Issuer's operations, business and financial conditions.***

Sustainable economic growth in the Eurozone continues to be a challenge in certain countries of the Eurozone, including Portugal. Slow economic growth or recession in major EU economies, the restructuring or default by an EU Member State on its sovereign debt obligations or withdrawal from the Eurozone, could significantly increase volatility and uncertainty on financial and currency markets. Prolonged political instability in Italy and Spain, rising populism and anti-integration movements in Europe, increasing levels of government debt issued to stimulate the European economy during and post pandemic, external geopolitical tensions such as a potential global trade war, and further deterioration of the economic conditions in Europe and/or financial market volatility could be reflected in a deterioration of market sentiment towards EU Member states and particularly towards Portugal.

In Europe, the UK voted on 23 June 2016 in a national referendum to withdraw from the European Union ("**Brexit**") and gave formal notice to the European Council under Article 50 of the Treaty on European Union of its intention to withdraw on 29 March 2017. Following the approval of the withdrawal agreement by the UK and the European Union in January 2020, on 31 January 2020 the UK officially ceased to be a Member State of the European Union, on withdrawal terms which established a transition period until 31 December 2020, during which the UK continued to be treated as an EU member state and applicable EU legislation continued to be in force. A trade deal was agreed between the UK and the EU prior to the end of the transition period and the new regulations came into force on 1 January 2021. Even though the so called "Hard Brexit" was avoided, the trade deal did not include agreements on certain areas, such as financial services and data adequacy, although a further transitional period has been agreed with respect to rules on the transfer of personal data between the EU and the UK until the end of June 2021. The wider impact of the UK's withdrawal from the EU on financial markets through market fragmentation, reduced access to finance and funding, and lack of access to certain financial market infrastructure, may affect the operations, financial condition and prospects of the Fidelidade Group and those of its customers. The effect of the additional non-tariff trade barriers imposed on products between both parties is equally unknown. It is likely that growth will initially be disrupted as businesses adapt to the new cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers and suppliers. While the longer-term effects of the UK's withdrawal from the EU are difficult to predict, there is ongoing political and economic uncertainty, which is likely to continue in the medium term and which could negatively impact the UK and EU member states, particularly Portugal, which has had historically significant political and economic ties with the UK (being a main client of Portugal in terms of tourism).

Should any or all these risks materialise, the consequences for the underlying economic and financial environment could be adverse and have a material adverse effect on the Fidelidade Group's business, financial condition or results of operations.

***Portugal may be subject to rating downgrades.***

Rating agencies S&P, Moody's, Fitch and DBRS have downgraded the long- and short-term ratings and outlook of Portugal on several occasions since 2010 due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portugal's public debt. Since July 2014, however, each of these rating agencies have raised their long-term ratings or outlook for Portugal. The current long-term ratings of the Portuguese Republic are as follows: S&P: BBB (stable); Fitch: BBB (stable); Moody's: Baa3 (positive) and DBRS: BBBH (stable).

The ability to use Portuguese public debt as an asset eligible for collateral for financing with the ECB will depend on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB. A downgrade to "non-investment grade" of Portugal's credit rating by each of the three rating agencies recognised by the ECB would result, amongst others, in the exclusion of Portugal from the ECB's bond-buying programme, which plays an important role in reducing the country's borrowing costs.

A credit rating downgrade may occur in the future due to a number of factors, such as lower than expected tax revenue arising from weaker than expected economic growth, particularly in the context of Covid-19, increased public debt as a percentage of GDP, slowdown in corporate sector deleveraging, failure to reduce general public debt, failure to increase GDP ratios, limited access to international financial markets or the failure of structural reforms. Any downgrade in the ratings of Portugal's sovereign debt or other negative statements regarding its credit ratings could negatively impact financial institutions in Portugal and in particular funding conditions for the Issuer. Furthermore, it could also impact sovereign debt portfolio held by Fidelidade Group and also Fidelidade's shareholder and bancassurance partner CGD (State-owned bank). As a result, a potential credit downgrade could materially and adversely affect the Fidelidade Group's business, financial condition and results of operations.

***Exposure to impairment in goodwill and intangible assets.***

The accounts of the Fidelidade Group include amounts reflecting goodwill and other intangible assets primarily generated through acquisitions and business combinations. Adverse developments in business performance, as well as changes in financial markets and interest rates, may require the recognition of accounting impairment of such assets, which could have a material adverse effect on the operating results and financial position of the Fidelidade Group, as well as its reputation.

No impairment losses were recognised by the Fidelidade Group in 2020.

***Risks related to deferred tax assets.***

The recognition of deferred tax assets is determined by reference to the likelihood of recognising sufficient profits in the future to offset losses. This in turn depends on the performance of each entity concerned as well as applicable tax laws, regulatory requirements and accounting methods. The occurrence of certain events, such as operational earnings being lower than those currently projected or losses continuing over a longer period than originally planned or changes in tax legislation, regulatory requirements, or accounting methods could lead to the derecognition of part of the deferred tax assets for accounting and/or prudential regulatory purposes.

Additionally, other events such as realising potential gains (i.e. converting unrealised (untaxed) gains into taxable gains), or a drop in prices which reduces unrealised gains or increases unrealised losses may cause an increase of deferred tax assets or a decrease of deferred tax liabilities. Considering that an amount equal to the net deferred tax assets (if positive) is deducted from Tier 1 Capital and classified as Tier 3 Capital, the above

described evolution of deferred taxes may cause a deterioration in overall capital quality, which would cause a reduction in the Minimum Capital Requirement (“MCR”) coverage ratio because Tier 3 Capital is not eligible to cover it, and in more severe circumstances may cause a reduction in the Solvency Capital Requirement (“SCR”) coverage ratio because Tier 3 Capital eligible to cover the SCR is limited to 15 per cent. of SCR.

### ***Insurance liability risks***

#### ***Experience in the Issuer’s life and non-life businesses could be inconsistent with the assumptions the Issuer and the Fidelidade Group use to price their products, which could adversely affect their results.***

The results of the Fidelidade Group’s non-life and life businesses depend significantly upon the extent to which its actual claim experience remains consistent with the assumptions used in the pricing of its products. In non-life insurance, claim frequency, claim severity and expense assumptions are used to set prices. Life insurance premiums and Workers Compensation long-term liabilities are calculated using assumptions as to mortality, interest rates and expenses used to project future liabilities. Although experience (i.e. the claims and expenses as actually experienced) is closely monitored, there is no guarantee that actual experience will match the assumptions that were used in initially establishing the future policyholder benefits and related premium levels. To the extent that actual experience differs significantly from the assumptions used, the Fidelidade Group may be faced with unforeseen losses that negatively impact its results.

Furthermore, among the life products marketed by the Fidelidade Group, a subset of these products is related to contracts with guaranteed investment returns (life insurance products). If interest rates should remain at current low levels, and despite reductions in guaranteed rates and discontinuation of underwriting of certain products with guaranteed rates, the Fidelidade Group could potentially be required to provide additional funds to its life business to support its obligations in respect of products with higher guaranteed returns or increase reserves in respect of products with higher guaranteed returns, which could in turn have a material adverse effect on the Fidelidade Group’s financial condition and results of operations.

#### ***The Issuer and the Fidelidade Group are subject to risks concerning the adequacy of the Issuer’s technical provisions, which could have a negative impact on the Issuer and the Fidelidade Group’s results in case these provisions prove to be insufficient.***

The technical provisions of the Issuer serve to cover the current and future liabilities towards its policyholders. Technical provisions are established with respect to both the Issuer’s non-life and life businesses and include, *inter alia*, mathematical provisions, claims provisions (for reported and unreported claims), unearned premium provisions, unexpired risks provisions and ageing provisions. These technical provisions and the assets backing them represent the major part of the Issuer’s and the Fidelidade Group’s balance sheet. Depending on the actual realisation of the future liabilities (i.e. the claims as actually experienced), the current technical provisions may prove to be inadequate. For example, the Issuer’s property-casualty reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims. Such estimates are made both on a case-by-case basis, based on the facts and circumstances available at the time the reserves are established, as well as in respect of losses that have been incurred but not reported (“IBNR”) by the Issuer. These reserves represent the estimated ultimate cost necessary to bring all pending reported and IBNR claims to final settlement.

Reserves, including IBNR reserves, are subject to change due to a number of variables which affect the ultimate cost of claims, such as changes in the legal environment, results of litigation, changes in medical costs and costs of repairs. Reserving inadequacy can also occur due to other factors that are beyond the control of insurers, such as unexpected legal developments, advances in medicine and changes in social attitudes. The Fidelidade Group’s results of operations depend significantly upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting the prices for products and establishing the liabilities for obligations for technical provisions and claims. Established loss reserves estimates are periodically adjusted in

the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations. Although the Fidelidade Group has the necessary actuarial tools (such as liability adequacy testing) in place to closely monitor and manage reserve risk, a residual risk still exists and to the extent that technical provisions are insufficient to cover the Fidelidade Group's actual insurance losses, expenses or future policy benefits, the Fidelidade Group would have to add to these technical provisions and incur a charge to its earnings, which could adversely impact its results and financial condition.

***The Issuer and the Fidelidade Group's operating results may be materially adversely affected by the occurrence of natural or man-made disasters and by the consequences of emerging risks that are unpredictable by nature.***

Natural catastrophic events (such as hurricanes, windstorms, hailstorms and earthquakes) and man-made disasters such as acts of terrorism each have the potential to affect the operating results of the Fidelidade Group adversely. In particular, assessing weather-related risk in a rapidly changing environment has become increasingly difficult, with knowledge of past weather events becoming an unreliable guide for future weather events. While the Fidelidade Group generally seeks to manage its exposure to any of these risks through reinsurance and through limiting total risk accumulation and even though the Fidelidade Group has not incurred any meaningful losses arising from disasters in the past, it cannot be excluded that the Fidelidade Group could experience material losses from these types of risks in the future. Losses caused by the occurrence of such risks could have a material adverse effect on its results or financial position.

***Reinsurance may not be adequate to protect the Issuer against losses and it may incur losses due to the inability of its reinsurers to meet their obligations.***

In the normal course of its business, the Issuer transfers exposure to certain risks in its non-life and life insurance business to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the Issuer's losses and expenses associated with reported and unreported losses in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the Issuer, this could adversely affect the Issuer and the Fidelidade Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and therefore could hamper the Fidelidade Group's efforts to diversify its reinsurance risk.

Any decrease in the amount of the Issuer's reinsurance cover relative to its primary insurance liability could increase its risk of loss. Reinsurance arrangements do not eliminate the Issuer's obligation to pay claims and introduce credit risk with respect to the Issuer's ability to recover amounts due from the reinsurers. While the Issuer monitors the solvency of its reinsurers through a periodic review of their financial statements and reputation and by requiring letters of credit, deposits or other financial measures, as appropriate, the risk of default by a reinsurer cannot be excluded. Any inability of its reinsurers to meet their financial obligations could materially adversely affect the Issuer's and the Fidelidade Group's results and financial condition.

***Fidelidade Group has some degree of exposure to annuity business***

It is likely that uncertainty will remain in the development of future longevity that cannot be mitigated.

A strengthening in the longevity assumption, either to reflect changes in the underlying life expectancy (for example, as a result of healthier lifestyles, improved screening programmes or increased availability or effectiveness of medical treatments) of the population or of the Fidelidade Group's particular portfolio used to

calculate the Group's long-term business liabilities, would result in an increase in these reserves which could materially adversely affect the Fidelidade Group's financial condition.

***Climate change may increase the frequency and/or severity of general insurance claims and make it more difficult to provide insurance cover at prices customers can afford.***

Climate change may result in the Fidelidade Group's pricing being based on inadequate or inaccurate data or inappropriate assumptions and may cause the Fidelidade Group to incorrectly estimate future increases in the frequency and severity of claims.

As a result, the Fidelidade Group could under-price risks, which could negatively affect its loss ratio for general insurance business, or the Fidelidade Group could overprice risks, which could reduce its business volume and competitiveness. Climate change may also mean that it is no longer commercially viable for the Fidelidade Group and its competitors to provide flood and windstorm insurance cover at an affordable price to an increasing proportion of the population in the markets in which it operates and it is unclear what future governmental and regulatory policy response to this market failure would be.

***The impacts of transition risks associated with climate change could adversely affect the Issuer's results of operations and its long-term strategy.***

The Issuer faces potentially significant risks related to the transition to a lower-carbon economy as climate change continues to move up the agenda of many regulators, governments, non-governmental organizations and investors.

Governmental and corporate efforts to transition to a low carbon economy in the coming decades could have an adverse impact on global investment assets. In particular, there is a risk that this transition including the related changes to technology, law and policies and the speed of their implementation, could result in some sectors (such as, but not limited to, the fossil fuel industry) facing significantly higher costs and a disorderly adjustment to their asset values.

There is also potential that certain climate change risk factors have not yet been fully priced in by financial markets, with the risk that sudden late government policy action in response to a failure to achieve emission goals could lead to unanticipated and potentially large shifts in asset valuations for industries required to rapidly move to a net zero emissions position. If climate considerations are not effectively integrated into the Issuer's investment decisions and fiduciary and stewardship duties this could adversely impact the value and the future performance of its investment assets. The Issuer's business could be adversely affected by this, because where the Issuer's investment horizons are long-term, the relevant assets are potentially more exposed to the long-term impact of climate change and any future changes in policy.

### ***Operational risks***

***While the Fidelidade Group manages its operational risks, these risks remain an inherent part of its business.***

The Fidelidade Group's business is dependent on the processing of a large number of complex transactions across numerous and diverse products, and is subject to a complex and changing legal and regulatory regime. Additionally, because of the long-term nature of much of the business, accurate records have to be maintained for significant periods. This inherently generates operational risks which relate to the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud and cybercrime. These events can potentially result in the irrecoverable loss of essential data, financial loss and harm to the Fidelidade Group's reputation.

While the Fidelidade Group attempts to keep operational risks at appropriate levels by maintaining a sound and well-controlled environment in light of the characteristics of its business, the markets and the regulatory

environment in which it operates, these control measures may not mitigate operational risks sufficiently and cannot eliminate them.

***Insurance fraud may adversely affect the Issuer's financial results.***

Fraudulent insurance claims may be made from time to time which the Issuer is unable to detect, despite having fraud prevention systems and processes in place.

The Issuer is at risk from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased and from policyholders who fabricate claims and/or inflate the value of their claims. The Issuer is also at risk from members of its staff who undertake, or fail to follow procedures to prevent, fraudulent activities.

In order to mitigate the risk of fraudulent practice, the Issuer continues to make material investments in staff and systems to work on the identification and prevention of claims fraud and these measures are regularly reviewed.

The volume, value and frequency of fraudulent claims may increase from time to time for various reasons and if not detected and inadvertently paid, can impact on anticipated claims volumes and matching reserves resulting in adverse effects on the profits and results of operations of the Issuer.

***The risk management framework in place may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.***

The Issuer devotes significant resources to the development and implementation of an effective risk management framework consisting of policies, procedures and assessment methods appropriate to its risk profile and risk appetite. To this effect, the governance structure of the Issuer includes several independent control functions such as Internal Audit, Compliance, Risk Management and Actuarial. Risk modelling, duration analysis, and stress testing as well as other risk assessment methods are in place. Nonetheless, these risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including the risks that the risk management fails to identify or anticipate. The Issuer applies statistical and other tools to arrive at quantifications of risk exposures. These tools and metrics may fail to quantify future risk exposures adequately. In addition, the quantified modelling does not take all risks into account and although it is complemented by a more qualitative approach that takes into account a broader set of risks, this could prove to be insufficient. Unanticipated or incorrectly assessed risk exposures could result in material losses in the Fidelidade Group's business.

***The Issuer and the Fidelidade Group may be unable to attract or retain key qualified personnel.***

The Issuer and the Fidelidade Group depend on the availability of highly qualified staff in order to be able to carry out their activities appropriately and duly implement its business strategy. In some cases, as a result of the intense competition for certain professional profiles (e.g. actuaries), there may be a risk of not being able to attract or retain key professional profiles, which could have a material adverse effect on the Fidelidade Group's business, operating results and financial position, as well as their reputation.

The Issuer and the Fidelidade Group are also at risk from members of its staff who undertake, or fail to follow procedures to prevent, fraudulent activities. In order to mitigate the risk of fraudulent practice, the Issuer and the Fidelidade Group continue to make material investments in staff and systems to work on the identification and prevention of claims fraud and these measures are regularly reviewed.

***The Issuer and the Fidelidade Group depend on advanced information technology systems.***

The integrity, reliability and operational performance of the Fidelidade Group's IT systems are critical to its operations. The Fidelidade Group relies on IT systems, in particular for purposes of servicing customers, handling claims, control and quality assurance of its distribution network, recording new business, sales

volumes and distribution, monitoring the Fidelidade Group's investment activities, maintaining its accounting systems and for risk management purposes.

As an insurance group, the Fidelidade Group collects and processes significant amounts of sensitive personal data (including name, address, age, medical details and other personal data) from its customers, business contacts and employees. Despite the controls put in place, there remains a risk that this data could be stolen, lost, corrupted and/or misused as a result of an intentional or unintentional act by parties internal or external to the Fidelidade Group, including through the hacking of its IT systems. This could result in fines, the need to compensate customers, the cost of remediation and a negative impact on the Fidelidade Group's reputation with the consequential impact on sales volumes and hence adversely impact its results of operations. The Fidelidade Group is required to comply with data protection and privacy laws and industry standards in Portugal and the countries of residence of the Fidelidade Group's customers. This includes compliance with the General Data Protection Regulation (EU) 2016/679 ("GDPR") in addition to local regulations. There is a risk that data collected by the Fidelidade Group and its third-party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators, or other counterparties or applicable law. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of risks or overpayment of claims.

Large organizations, such as the Fidelidade Group, are increasingly becoming targets for cyber-crime, particularly if those organizations retain personal information about many people and migrate some of their operations on to digital platforms. The Fidelidade Group is exposed to the risk that the personal data it controls could be wrongfully accessed and/or used, whether by employees or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Fidelidade Group or any of the third-party service providers on which it relies fails to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Fidelidade Group could face liability under data protection laws.

Failure of the Fidelidade Group's IT systems, including the unsuccessful implementation of standardized processes, inadequate data protection, loss of data and hard or software malfunction, could also lead to difficulties in efficient customer service and claims processing, less effective controlling of distribution partners, and accounting or risk management failures. Business continuity procedures, disaster recovery systems and security measures in the event of network or IT failure or disruption, protective measures to detect intrusion or other security breaches (such as sabotage, hackers, viruses, cyber-crime and fraudulent activities on the Fidelidade Group's systems) may not ensure that the Fidelidade Group is able to carry on its business if its IT systems fail or are disrupted.

Any failure of the Fidelidade Group's IT infrastructure, systems or protections may require the Issuer and the Fidelidade Group to divert substantial engineering, financial and marketing resources from other areas to rectify such problems. Deficiencies in the Fidelidade Group's IT systems may further cause direct or indirect damages or losses and may lead to significant costs and disruptions that may harm the quality of the Issuer and the Fidelidade Group's products and services and its brand and reputation. All of these factors may have a material adverse effect on its business, financial condition and results of operations.

In answer to the above-mentioned risks, the Fidelidade Group continuously monitors and assesses the investment requirements in the renewal of its IT infrastructure and systems. In order to maintain the proper operation of its business and in response to changing customer and market expectations, the Fidelidade Group is periodically faced in numerous instances with the transition to the next generation of IT systems. If the Fidelidade Group fails to adapt its IT infrastructure and systems to respond to the rapidly changing industry needs in due time, this could have material adverse effects on its business, financial condition and results of operations.

***Operating in developing economies carries a series of risks.***

Developing economies where the Fidelidade Group currently operates or is planning to enter, are subject to greater risks than more mature markets, including, in some cases, significant legal, economic and political risks. These geographies can also require more vigilance in terms of anti-money laundering laws.

In 2020, the Fidelidade Group's premiums from developing economies, namely in Latin America, Africa and Asia, represented 21 per cent. of total gross premiums written (including investment contracts).

The performance of the Fidelidade Group's operations in emerging markets may be affected by certain uncertainties which may have a material adverse effect on the Fidelidade Group's financial condition, results of operations and business.

***Strategic risks***

***The Issuer may be unable to maintain a competitive distribution network which could adversely impact its future business and results.***

The Issuer relies on a number of distribution channels for the marketing and offering of its products and services both in Portugal and abroad. Intermediaries, namely agents, brokers and banks, are important distribution channels that are independent of the Issuer. The Issuer does not have, in all cases, exclusivity agreements in place with its intermediaries so they are free to offer products and services from other insurance companies and there is no obligation on them to favour the products offered by the Issuer.

The successful distribution of the Issuer's products and services depends on the choices an intermediary makes as regards its preferred insurance company or companies, and as regards its preferred products and services. An intermediary may determine its preference as to an insurer on the basis of suitability of that insurer for its customers and for itself by considering a diverse number of factors. An unfavourable assessment by an intermediary of the Issuer and/or its product and services could result in the Issuer and/or its product and services not being marketed by intermediaries to their customers, which could have a material adverse effect on the Fidelidade Group's business, operating results and financial position, as well as reputation.

In 2020, in Portugal, the bancassurance channel represented 40 per cent. of the Fidelidade Group's total domestic gross premiums written (including investment contracts), 81 per cent. of the Fidelidade Group's total Life segment premiums and 8 per cent. of the Fidelidade Group's total Non-Life segment premiums. During the last quarter of 2017, the Fidelidade Group renegotiated its bancassurance agreement with Caixa Geral de Depósitos, S.A., maintaining its exclusivity for Portugal.

***The Fidelidade Group's activities are still somewhat concentrated in its home country Portugal and hence vulnerable to Portuguese sovereign exposure.***

A large part of the Fidelidade Group's insurance activities and business are carried out in Portugal. The Issuer is a general multi-product insurer providing insurance products to retail clients, public entities and corporates in Portugal. The Fidelidade Group is thus directly exposed to Portugal specific risks and its current international activities are only able to mitigate such concentration risk to a certain extent. Specific conditions in Portugal, including in relation to regulation, political stability, an act of God or any other negative event that could affect the country, may have a direct, and materially adverse impact on the Issuer's and the Fidelidade Group's activities and profitability.

***Effects of recent and future acquisitions and strategic alliances.***

Over the last few years, the Issuer has acquired minority or controlling stakes in various companies (see "Description of the Issuer – Overview, incorporation and history – Legal form and group structure" and "Description of the Issuer – Recent Developments"). New acquisitions or strategic agreements may also be executed in the future in both Portugal and abroad.

In relation to potential inorganic growth opportunities, the Fidelidade Group uses caution and professional criteria during the process of selection and analysis of targets. Initially, the Fidelidade Group assesses the strategic fit of any potential target and at a more advanced stage, in case the target is suitable following the preliminary assessment, the Issuer appoints advisors to support the Issuer across the acquisition stage. Notwithstanding the Fidelidade's approach to merger and acquisition opportunities, the risk of an unsuccessful or incomplete integration of the acquired business could result in an adverse impact on the Fidelidade Group's financial performance.

***The Insurance sector is being challenged by disruptive technologies, 'insurtech' companies and new market trends.***

The Fidelidade Group is actively fostering several initiatives to improve internal processes and increase operating efficiency, namely: roll-out of a web-sales platform, launch of a mobile application and the adoption of an omni-channel strategy, which is constantly being enhanced to ensure a seamless customer journey while empowering agents. The Fidelidade Group has been establishing the roots of digitalisation in order to become a true digital insurer namely by creating two new divisions (Advanced Analytics and Center for Transformation), entering into digital partnerships in mobility insurance/telematics (with The Floow and Brisa), online medicine (with Advance Medical) and online savings (with Munich RE). The Fidelidade Group is also ready to roll-out the following opportunities: development of an individual loyalty/ecosystem program based on partnerships for the Health segment (Health Ecosystem), such as the Vitality programme, design of an integrated domotics/Internet of Things (IoT) value proposition for the Home segment (Home Ecosystem), designing products to be offered to specific 'one-time' situations and the development of IT platforms to allow quick business to business online integration with affinities.

If the Fidelidade Group fails to adapt its business strategy to the changing environment in an adequate way, this may have a material adverse effect on the Fidelidade Group's prospects, business, financial condition and results of operations.

***The Issuer counts the dividends and other cash flows it obtains from certain subsidiaries***

Even though the Issuer is the holding company, it is also the most relevant operating company in the overall Fidelidade group, being mostly independent in terms of cash supply. Notwithstanding this, the Issuer counts the dividends paid by its subsidiaries for its strategic decisions and operational actions.

If governments in the countries where the Issuer is present through its subsidiaries prohibit the repatriation of dividends, capital divestments or make any type of restrictive exchange control policies, this could negatively impact the Issuer's liquidity capacity to a certain extent.

Additionally, in the event of the insolvency of its subsidiaries, the Issuer's claims over their assets will rank junior to claims of other stakeholders.

***The Issuer operates in several markets through arrangements with third parties, and this may expose it to additional risks***

The Issuer's ability to exercise management control or influence over its partnership operations, its joint ventures and its investment in them depends on the terms of the legal agreements. In particular, the relationships depend on the allocation of control among, and continued co-operation between, the participants.

The Issuer may also face financial or other exposure in the event that any of its partners fail to meet their obligations under their partnership agreements or encounter financial difficulty. Partnership agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms. In addition, a significant proportion of the Issuer's product distribution, such as bancassurance, is carried out through arrangements with third parties not controlled by the Issuer and is dependent upon the continuation of these relationships. A temporary or permanent disruption to these

distribution arrangements could affect the Issuer's financial condition. Some of these arrangements require the Issuer's third-party partners to participate in and provide capital to its joint venture, associate and subsidiary undertakings. The Issuer's partners may change their strategic priorities or encounter financial difficulties preventing them from providing the necessary capital to promote future growth.

In addition, the Issuer outsources certain customer service, technology, Asset Management and other functions to third parties and may do so increasingly in the future. If the Issuer does not effectively develop, implement and maintain its outsourcing strategy, third-party providers do not perform as anticipated or the Issuer experiences technological or other problems with a transition to or between such providers, the Issuer may not realise the full extent of productivity improvements or administration and cost efficiencies and, as a result, may experience operational difficulties, increased costs and a loss of business. In particular, failings by the Issuer outsource partners to perform outsourced functions, or to perform them to the required standards, may adversely affect the Issuer's reputation and lead to the loss of customers and operating profit or to regulatory fines.

The failure or inability to diversify sources for key services or the failure of any key partners to fulfil their obligations could lead to operational issues for the Issuer that could have a negative impact on the quality of service provided to the clients of the Issuer, negatively impact on operations and even result in financial losses for the Issuer.

### ***Business risks***

#### ***The Issuer's performance is subject to substantial competitive pressure that could adversely affect its results.***

There is substantial competition in Portugal and in the other markets where the Issuer is present for the type of insurance products that the Issuer offers in both the non-life and life business.

In Portugal, the financial crisis and solvency capital requirements have strongly impacted the financial landscape as they put both non-life and life insurers under pressure to generate profitability in a mature environment. To avoid high capital requirements imposed by Solvency II rules, insurers have invested more in safe haven investments and tried to shift product offerings from high capital consuming savings products to unit-linked and risk offerings. This challenge led to guaranteed interest rate decreases in life insurance products, and tariff increases and adapted product features in non-life products.

In addition to consolidations and partnerships, insurers are also exploring different approaches in distribution as an alternative response to the challenges they have encountered or they expect to encounter in the future. Online aggregators have also introduced a new platform to consumers allowing them to compare insurance premiums.

Consumer demand and awareness also affect competition, in particular as a result of technological advances and the impact of (social) media. Consumers have become more knowledgeable, price conscious and risk averse, demanding more convenience and transparency.

Internationally, the Issuer competes with some of the largest insurance groups, banks, brokers, asset management and financial service companies, some of which hold far-reaching financial, technical and operational resources so are able to offer alternative products to those of the Issuer, or do so at more competitive prices.

The Fidelidade Group therefore operates in concentrated and highly competitive markets that are subject to continuing consolidation and that constantly seek to develop new products and distribution channels. If the Fidelidade Group is unable to offer competitive and attractive products profitably, it may lose market share and/or incur losses on some of its activities and/ or in some of the markets where it operates. Competitive pressure could further result in increased pricing pressure, particularly as competitors seek to win market share, which may impair the ability of the Fidelidade Group to maintain or increase profitability.

***Continuing difficult market conditions and business cycles in which the Fidelidade Group operates may adversely affect its business and its profitability.***

The Fidelidade Group's business is affected by changing general market conditions, which can cause its results to fluctuate from year to year, as well as on a more long-term basis. These conditions include economic cycles such as insurance industry cycles and financial market cycles, including volatile movements in market prices for securities. In particular, cycles in the non-life insurance industry are characterised by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. Fluctuations in interest rates, credit spreads, consumer and business spending, demographics and other factors also influence the performance of the Fidelidade Group's business.

Market conditions continue to be volatile and there can be no assurance as to the effect of this volatility, particularly if it is prolonged, on the results of the Issuer's and the Fidelidade Group's activities. Although the Issuer has a well-balanced business mix of life and non-life products allowing for a partial mitigation of such volatility, it may experience the negative effects of changing market conditions on its results and financial condition.

***Legal and Regulatory Risks***

***There are continuing changes to the implementing measures under the Solvency II regime that could have potentially adverse impacts on the insurance sector as a whole and on the Issuer in particular***

The European Union has developed a new solvency framework for insurance and reinsurance companies operating in the European Union, referred to as "**Solvency II**". The adoption of European Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance of 25 November 2009 (the "**Solvency II Directive**") marked an important step in this major reform. The Solvency II Directive entered into force on 1 January 2016. However, a number of changes have already subsequently been implemented or are proposed to be implemented.

The new approach to solvency is based on the concept of three pillars:

- Pillar 1 – eligible funds and capital requirements;
- Pillar 2 – supervisory review of the company's assessment of risk; and
- Pillar 3 – enhanced disclosure requirements.

A key aspect of Solvency II is that capital requirements are risk-based assessed.

On 10 October 2014, the European Commission adopted Commission Delegated Regulation (EU) 2015/35 (the "**Solvency II Delegated Regulation**") supplementing Directive 2009/138/EC on valuation and risk-based capital requirements (pillar I), enhanced governance (pillar II) and increased transparency (pillar III).

After implementation of the Solvency II regime some changes to the rules have been introduced and additionally EIOPA has already issued two sets of advice to the European Commission on specific items in the Solvency II Delegated Regulation.

Changes to the Relevant Rules (as defined in the Conditions) may impact adversely the Issuer's solvency ratio, which could potentially entail an increase in the capital that the Issuer is required to hold to support its business or some of its business lines. Moreover, the Issuer has applied the transitional measure, set out in Article 25 of Law No. 147/2015, of 9 September, on technical provisions for liabilities similar to life regarding the homogeneous risk groups "Capital redemption products", with and without profit sharing, and "Health – SLT", related with liabilities with workers' compensation contracts. Any changes or a potential release in these transitional measures may also negatively impact the Issuer's solvency ratio.

In the event that regulatory capital requirements are, or may be, breached, the ASF, in the interests of policyholder security, is likely to require the Issuer to take remedial action, which could possibly include measures to restore the Issuer's capital and solvency position to acceptable levels, for the purposes of ensuring that the financial resources necessary to meet obligations to policyholders are maintained.

Furthermore, prospective investors should note that changes in Relevant Rules (as defined in the Conditions) may result in the Notes not qualifying as at least Tier 2 Capital (See "*Terms and conditions of the Notes — Definitions — Capital Disqualification Event*"). In such case, the Issuer may elect to redeem the Notes due to the occurrence of a Capital Disqualification Event (See "*Risks relating to the Notes — Risks relating to the structure of the Notes— The Issuer may redeem the Notes at par before maturity in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes.*") or to modify the terms of the Notes (See "*Risks relating to the Notes — Risks relating to the structure of the Notes— The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions.*").

***The business of the Issuer and the Fidelidade Group is subject to extensive laws and regulations and changes in the legal and/or regulatory environment may have an adverse effect on its business, financial condition, reputation or image in the market.***

The Issuer and the Fidelidade Group conduct their business subject to ongoing regulation and associated regulation risks, including the effects of changes in the laws, regulations, policies and interpretation thereof in those jurisdictions in which the Issuer or its subsidiaries conduct business. The timing and form of future changes in regulation are unpredictable and beyond the Issuer's control. Changes made could materially and adversely affect the Fidelidade Group's business products, services offering, the value of its assets or the extent of its liabilities.

On 9 December 2014, the PRIIPS Regulation was published in the Official Journal of the European Union and came into force on 31 December 2016.

On 20 January 2016 the Directive (EU) 2016/97, the Insurance Distribution Directive ("**IDD**") was published in the Official Journal of the European Union and came into force on 22 February 2016.

The IDD and the PRIIPs Regulation are closely linked. The IDD and the PRIIPs regulation introduce rules aimed at levelling the playing field for the sale and disclosure of insurance and retail investment products to strengthen consumer protection. The IDD addresses sales and disclosure rules for insurance products, including additional sales rules for insurance investment products. PRIIPs addresses disclosure rules for retail investment products and introduces a new standard for product information called a "Key Information Document" or "KID". The main issues for the Issuer are transparency of remuneration in life as well as in non-life insurance (with a transitional regime of five years for non-life), a ban on commissions on life insurance investment products sold on the basis of independent advice, the introduction of investment profiles and suitability/appropriateness tests in life investment products and the implementation of the key information document.

The European Market Infrastructure Regulation ("**EMIR**") package including the original Regulation (EU) 648/2012 of the European Parliament and of the Council, of 4 July 2012, and the so-called EMIR Refit approved under Regulation (EU) 2019/834 of the European Parliament and of the Council, of 20 May 2019, addresses the risks involved in OTC trading by imposing new requirements on counterparties entering into OTC derivative contracts. In particular, it imposes (i) central clearing obligations (standardised derivative contracts entered into by financial counterparties such as insurance companies should be cleared through central counterparties in order to reduce the risk in the financial system), (ii) risk management obligations (counterparties entering into non-centrally cleared OTC derivative contracts must apply appropriate risk measures, including – as far as financial counterparties are concerned – the exchange of collateral), and (iii) reporting obligations (all OTC

derivative contracts should be reported to trade repositories). Following the adoption of regulatory technical standards for the Regulation on OTC derivatives, central counterparties and trade repositories, all EU derivatives market participants are required to report data relating to OTC derivatives and their counterparties to a trade repository. The introduction of EMIR has given rise to new challenges for the Issuer such as, amongst others, an adaptation of its collateral management infrastructure and organisation, the determination of OTC derivatives valuation methodologies and their documentation and an update of existing processes and IT applications in order to correctly identify and provide required information and build a daily reporting file.

If the Issuer fails, or appears to fail, to address regulatory changes, the Fidelidade Group's reputation could be harmed and the Issuer could be subject to additional legal risk, including enforcement actions, fines and penalties. Despite its best efforts to comply with applicable regulations, there are a number of risks in areas where applicable regulations may be unclear or where regulators revise their previous guidance or courts overturn previous rulings. The Fidelidade Group also faces increasing compliance costs in view of the continuously changing regulatory landscape in which it operates, which could impact its results and financial condition.

### ***Regulatory Supervision Risk***

Insurance activities in Portugal and in the European Union are subject to extensive and detailed regulation and supervision by supervisory authorities, which have broad administrative power over many aspects of the insurance services business, which include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices, among others, as well as those directly relating to insurance services, which include insurance, reinsurance, pension funds and their management companies and insurance mediation. The resources dedicated to ensure compliance with these various regulations can significantly increase the costs of the Fidelidade Group's structure and limit its possibilities for increasing its income.

The laws governing insurance activity may change at any time in ways which may have an adverse effect on the business of the Fidelidade Group. Furthermore, the Fidelidade Group cannot predict the timing or form of any future regulatory initiatives. Changes in existing laws may materially affect the way in which the Fidelidade Group conducts its business, the products and services it can offer and the value of its assets.

The prudential control of Portuguese insurance companies is the responsibility of the ASF.

As an insurance company, the Issuer is supervised by the ASF in relation to its capital, liquidity and solvency requirements, internal governance and organisation and fit and proper assessment of management and shareholders.

Supervision at group level (group supervision) is also performed by ASF at Longrun Portugal, SGPS, S.A. ("**Longrun**") level, as Longrun is the ultimate parent company of the Fidelidade Group within the EU.

The ASF has the power to suspend or prohibit the exercise of all or part of the activities or to wholly or partially suspend the performance of ongoing agreements of the companies and groups under its supervision.

This supervisory regime, its implementation and further interpretation by the regulatory bodies and the courts may have an adverse impact on the Issuer's functioning and operations and hence could adversely impact the Issuer's and the Fidelidade Group's results and financial position.

Additionally, non-compliance with rules and regulations enforced by the ASF may result in severe penalties and other sanctions such as bans, restrictions or activities and suspensions, which would directly impact the Fidelidade Group's ability to perform its activities.

In addition, the Fidelidade Group's operations are subject to regulation in each jurisdiction in which it operates. Often, these regulations are complex and costly to comply with in terms of time and other resources. Breach of applicable regulations may lead to penalties, fines, compliance costs, reputational harm and even loss of licences to operate.

***Data protection and GDPR framework/regulations.***

The Issuer and the Fidelidade Group are subject to the General Data Protection Regulation (“**GDPR**”), approved by the Regulation (EU) 2016/679 of 27 April 2016, which is directly effective in all Member States without the need for the implementation of additional national legislation, as from 25 May 2018. Under the GDPR, the processing of personal data should be processed lawfully and in transparent manner in relation to the data subject.

The regulatory risk arising from non-compliance with the personal data protection legislation increased significantly after 25 May 2018. The GDPR imposes stricter requirements for the processing of personal data (e.g., companies will have to provide exhaustive information to data subjects; and obtaining valid consent for the processing for personal data from data subjects will be more demanding). Furthermore, the GDPR establishes harsher sanctions in case of the infringement – companies may be sentenced to fines up to the greater of €20,000,000.00 or 4 per cent. of the company's global annual turnover.

The Fidelidade Group complies with the GDPR and with the local legislation on data protection, having implemented adequate measures and internal strategies to avoid breaches; however, the Fidelidade Group is still exposed to the risks arising from non-compliance with the GDPR.

***Changes to IFRS which affect insurance companies may adversely affect the Fidelidade Group's financial results.***

The Fidelidade Group's financial results may be adversely affected by changes to the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) and adopted by the EU.

These standards are subject to interpretation and evolution on a continuing basis. The Issuer cannot predict with any certainty at this time the potential impact of any potential future modifications to the IFRS; however any significant modifications to the IFRS may adversely impact its financial position and results.

Issued, but not yet effective, international accounting standards are currently assessed as not likely to have significant impact on the financial statements when first applied, except for IFRS 17 Insurance Contract and its interaction with IFRS 9 Financial Instruments.

IFRS 17 Insurance Contract, issued in May 2017 and amended in June 2020, introduces significant changes to the recognition of insurance and reinsurance operations, thus affecting the valuation and presentation of the income, expenses, assets and liabilities resulting from insurance and reinsurance contracts. This new standard is effective for annual periods beginning on or after 1 January 2023, with early adoption being permitted. The Fidelidade Group is initiating the implementation process and is still uncertain whether and how the new insurance standard will impact its financial position and results.

The Fidelidade Group may also have to devote resources to adapt its organisation, processes and systems to reflect these changes. On the currently envisaged timetable, any changes may also need to be considered alongside other regulatory changes which may come into effect, and in particular Solvency II.

## ***Reputational risks***

### ***Litigation or other proceedings or actions may adversely affect the Issuer's business and hence its financial condition and results of operations.***

The Fidelidade Group's business is subject to the risk of litigation by customers, employees or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation (see "*Description of the Issuer – Legal Proceedings*"). The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions may seek recovery of large or indeterminate amounts or other remedies that may affect the Issuer's ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Fidelidade Group ultimately is found liable. As a result, litigation may adversely affect the Issuer's and the Fidelidade Group's business, financial condition and results.

## **Risks relating to the Notes**

### **Risks relating to the structure of the Notes**

#### ***The Issuer may redeem the Notes at par before maturity in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes.***

The Notes may, subject as provided in the Conditions, be redeemed before the Maturity Date (i) on the Reset Date, (ii) at any time following a Tax Event as defined in "*Overview*", or (iii) at any time following a Capital Disqualification Event, in each case at their principal amount together with interest accrued but unpaid to (but excluding) the date specified for redemption in accordance with the Conditions and any Arrears of Interest.

During any period when the Issuer may elect, or is perceived to be able to elect, to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The cash paid to Noteholders upon such a redemption may be less than the then current market value of the Notes or the price at which such Noteholders purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on them. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

#### ***The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, if the Issuer's assets are insufficient to meet all its obligations to senior-ranking and pari passu creditors, investors in the Notes will lose all or some of their investment in the Notes.***

The Issuer's payment obligations under the Notes will be unsecured and will be subordinated to the claims of all Senior Creditors of the Issuer on a winding-up or dissolution of the Issuer (other than in certain limited circumstances) and shall rank junior to the claims of all policyholders and other unsubordinated creditors of the Issuer and to claims in respect of any subordinated indebtedness of the Issuer other than indebtedness which ranks, or is expressed to rank, *pari passu* with or junior to the Notes. Accordingly, the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the Notes, *pro rata* and proportionately with payments made to holders of any other *pari passu* instruments (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking

claims. If the Issuer's assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, the holders of the Notes will lose all or some of their investment in the Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes and, accordingly, the Issuer may at any time incur further obligations (including by issue of further debt securities) which rank senior to, or *pari passu* with, the Notes. Consequently, there can be no assurance that the current level of senior or *pari passu* debt of the Issuer will not change. The issue of any such securities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or may increase the likelihood of a deferral of payments under the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or dissolved, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound-up or dissolved.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, an investor in the Notes will lose all or some of its investment should the Issuer become insolvent and its assets are insufficient to meet all its obligations to senior ranking and *pari passu* creditors.

***Waiver of set-off.***

The holders of the Notes waive any right of set-off, compensation or retention in relation to the Notes insofar as permitted by applicable law.

***In certain circumstances, payments of interest on, and redemption of, the Notes must be deferred by the Issuer.***

The payment obligations by the Issuer under the Notes are conditional upon (i) in the case of the payment of interest, there being no Regulatory Deficiency Interest Deferral Event at the time of such payment and no such event occurring as a result of such payment, (ii) in the case of the redemption of the Notes, there being no Regulatory Deficiency Redemption Deferral Event at the time of such payment and no such event occurring as a result of such payment and (iii) in the case of the redemption of the Notes, to compliance by the Issuer with any applicable Regulatory Conditions, and such redemption being permitted under the Relevant Rules. Any amounts of principal, interest, Arrears of Interest and any other amounts in respect of the Notes which cannot be paid on the scheduled payment date by virtue of such provisions must be deferred by the Issuer, and non-payment of the amounts so deferred shall not constitute a default under the Notes for any purpose, including enforcement action against the Issuer.

Any interest in respect of the Notes so deferred will, so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. The holders of the Notes have no right to require payment of Arrears of Interest, and Arrears of Interest will become payable only at the discretion of the Issuer or upon the earliest of the dates set out in Condition 5(b)(i) to (iii).

If redemption of the Notes is deferred, the Notes will only become due for redemption in the circumstances described in Condition 6(a)(iv).

The circumstances in which a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event may occur are dependent upon the solvency position of the Issuer and the Group (i.e. the Issuer and its Subsidiaries) under the Relevant Rules and the requirements of the Relevant Rules. Events which constitute a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event could include, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or part of the Group (which part includes the

Issuer) to be breached and (in respect of a Regulatory Deficiency Redemption Deferral Event only) the occurrence and continuation of an Insolvent Insurer Winding-up, in each case, where such event is an event which under the Relevant Rules means that the Issuer must defer or suspend payments on, and/or the redemption of, the Notes and where the Relevant Regulator has not waived the requirement to defer payment under, and/or redemption of, the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules, in each case on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules.

Any actual or anticipated deferral of interest or redemption can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest or principal, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

***The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions.***

In the event of certain specified events due to a Tax Event or a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must, *inter alia*, have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes. In addition, the tax and stamp duty consequences of holding the Qualifying Tier 2 Securities could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution.

***The terms of the Notes may be modified with the consent of specified majorities of the Noteholders at a duly convened meeting, and the Agent may consent to certain modifications to the Notes without the consent of the Noteholders.***

The Interbolsa Instrument constituting the Notes contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition, subject to the prior consent of the Relevant Regulator being obtained (to the extent that such consent is required), the Agent may, without the consent of Noteholders, agree to certain modifications of any of the provisions of the Notes in the circumstances described in Condition 11.

***Restricted remedy for non-payment when due.***

In accordance with the current requirements for eligible Tier 2 Capital, the sole remedy against the Issuer available to any Noteholder for recovery of amounts which have become due in respect of the Notes will be the proving in any winding-up or dissolution proceedings of the Issuer. In particular, a deferral of payments as described in the risk headed "*In certain circumstances, payments of interest on, and redemption of, the Notes*

*must be deferred by the Issuer*” above shall not constitute a default under the Notes for any purpose, including enforcement action against the Issuer.

The Noteholders shall have no right to institute proceedings for the winding-up or dissolution of the Issuer.

***The Issuer is the ultimate holding company of the Fidelidade Group and therefore payments on the Notes are structurally subordinated to the liabilities and obligations of the Issuer’s subsidiaries.***

The Issuer is the ultimate holding company of the Fidelidade Group, with certain of its operations being conducted by operating subsidiaries. Accordingly, in the event of a winding up or dissolution of the Issuer or a subsidiary, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary (i.e. the Issuer or a subsidiary of the Issuer) and so to Noteholders. The Conditions do not limit the amount of liabilities that the Issuer’s subsidiaries may incur. In addition, the Issuer may not necessarily have access to the full amount of cash flows generated by its operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the subsidiary’s financial requirements and regulatory capital requirements.

***Regulation and reform of “benchmarks” may adversely affect the value of the Notes***

Interest amounts payable under the Notes in respect of each Interest Period falling within the Reset Period are calculated by reference to the annual mid-swap rate for swap transactions denominated in Euro with a term of 5 years, which appears on the Bloomberg Screen Page ICAE 53.

This swap-rate, the Euro Interbank Offered Rate (“EURIBOR”) underlying the floating leg of this swap rate and other interest rates or other types of rates and indices which are deemed “benchmarks” (each a “Benchmark”) have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, including, in June 2016, pursuant to the entry into force of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds; with further changes anticipated. These reforms may cause a Benchmark to perform differently than in the past, or to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Under the Conditions, certain benchmark replacement provisions will apply if a Benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable under the Notes were to be discontinued or otherwise became unavailable.

If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, which must be an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise. Such Independent Adviser will be tasked with determining whether an officially recognised Successor Rate to the discontinued Benchmark exists. If that is not the case, the Independent Adviser will attempt to find an Alternative Rate. If the Independent Adviser determines a Successor Rate or Alternative Rate, such Successor Rate or Alternative Rate will replace the previous Benchmark for purposes of determining the relevant Interest Rate and the Independent Adviser shall apply an Adjustment Spread, if determined, to such Successor Rate or Alternative Rate. Such determination will be binding for the Issuer, the Agent and the Noteholders. In addition, if amendments to the Conditions are required to ensure the proper operation of the Successor Rate, the Alternative Rate or the Adjustment Spread (if any), the Issuer shall, subject to the prior approval of the Relevant Regulator (if required), vary the Conditions accordingly, without any requirement for the consent or approval of the Noteholders.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the relevant Interest Determination Date, the Issuer may still determine a Successor Rate or an Alternative Rate and an Adjustment Spread (if any) as well as

amendments to the Conditions without consulting with an Independent Adviser. If the Issuer or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate following a Benchmark Event, the fall-back provisions provided for in the definition of “Reset Reference Rate” in Condition 14 (Definitions) will apply, which may mean that the Interest Rate applicable to each Interest Period falling within the Reset Period will be determined on the basis that the Reset Reference Rate is equal to the Initial Fixed Interest Rate less the Margin. In addition, if a Successor Rate or an Alternative Rate is determined but an Adjustment Spread cannot be determined, the Successor Rate or Alternative Rate (as the case may be) may nevertheless be applied to determine the applicable rate of interest without the application of an Adjustment Spread, which may result in a lower rate of interest, including if the basis of the Successor Rate or the Alternative Rate (as applicable) is not comparable to the basis of the original reference rate (for example, if the Successor Rate or Alternative Rate is a risk-free rate).

Furthermore, it is possible that the Reset Reference Rate will continue to be published on the Screen Page but with the EURIBOR component of such rate being replaced with a successor or alternative rate, with the effect that no Benchmark Event will occur but that the basis of determination of the Reset Reference Rate may not be directly comparable to the rates displayed on the Screen Page on or around the Issue Date.

No Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the Conditions be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital for the purposes of the Relevant Rules.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters when making their investment decision with respect to the Notes.

## **Risks related to tax**

### ***Taxation.***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are issued, transferred, where the investors are resident for tax purposes and/or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Offering Circular but to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, ownership, sale and redemption of the Notes, including in respect of U.S. Foreign Account Tax Compliance Withholding (“FATCA”), Common Reporting Standard rules or (proposed) financial transactions taxes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

### ***Change of tax law and practice.***

The statements in relation to taxation set out in this Offering Circular are based on current law and the practice of the relevant authorities in force or applied at the date of this Offering Circular. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Offering Circular and/or the date of purchase of the Notes may change at any time (including during the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

### ***Limitation on gross-up obligation under the Notes.***

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes imposed in a Taxing Territory under the terms of the Notes applies only to payments of interest (including Arrears of Interest) and not to payments of principal.

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders will receive less than the full amount which would otherwise be due to them under the Notes, and the market value of the Notes may be adversely affected.

### ***Risks related to withholding tax.***

Under Portuguese law, income derived from the Notes integrated in (i) and held through Interbolsa, as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) or (ii) an international clearing system operated by a managing entity established in a member state of the European Union other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or (iii) an EEA Member State, provided, in this case, that such Member State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iv) other centralised systems not covered above, provided that, in this last case, the Portuguese government authorises the application of the Decree-Law No. 193/2005, of 7 November, as amended ("**Decree-Law No. 193/2005**"), held by non-resident investors are eligible for the debt securities special tax exemption regime, approved by Decree-Law No. 193/2005, which establishes a withholding tax exemption, provided that certain procedures and certification requirements are complied with. Failure to comply with these procedures and certifications will result in the application of Portuguese domestic withholding tax at a rate of 25 per cent. (in case of legal persons) or of 35 per cent. (in case of payments to (i) *omnibus* accounts without the disclosure of the effective beneficiary or to (ii) legal persons domiciled in blacklisted jurisdictions as defined in Ministerial Order no. 150/2004 of 13 February, as amended, with which Portugal has no double taxation treaty or exchange tax information agreements in force), as the case may be, or, if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to double taxation treaties signed by Portugal.

See details of the Portuguese taxation regime in "*Taxation — Portugal*".

The Issuer will not gross-up payments in respect of any such withholding tax in any of the cases indicated in Condition 8 (*Taxation*) (i.e. the Issuer will not pay any Additional Amounts, as defined therein, in any such cases), including failure to deliver or incorrect completion regarding the evidence of non-residence status required under the Decree-Law No. 193/2005. Accordingly, holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

## **Risks relating to the Notes generally**

### ***Change of law.***

The Conditions are based on English law or, in the case of Condition 3, the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, Portuguese law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Portuguese law or administrative practice after the date of issue of the Notes.

## **Risks related to the market generally**

### ***The secondary market generally.***

The Notes have no established trading market when issued, and one may never develop. If a market for the Notes does develop it may not be liquid. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and/or which are rated. Illiquidity may have a severely adverse effect on the market value of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or dissolved, or if at any time there is any actual or anticipated deferral of interest or redemption and/or any risk of early redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

### ***Exchange rate risks and exchange controls.***

The Issuer will pay principal and interest on Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks.***

Investment in the Notes, which bear a fixed rate of interest reset on the Reset Date, involves the risk that subsequent increases in market interest rates may adversely affect the market value of the Notes.

### ***Investors will have to rely on procedures of clearing systems and intermediaries.***

The Notes will be issued in uncertificated, dematerialised book-entry form and nominative form registered in securities accounts with Interbolsa, and held by investors directly in accounts opened with Affiliate Members of Interbolsa or indirectly through accounts opened with Euroclear and Clearstream, Luxembourg. Legal title to the Notes will be evidenced by book entries in individual securities accounts established by Affiliate Members of Interbolsa only and transfers of title to the Notes will take place in accordance with Portuguese law and the rules and procedures for the time being of Interbolsa.

Each person who is for the time being shown in individual securities accounts established by an Affiliate Member of Interbolsa as the holder of a particular principal amount of the Notes shall be treated by the Issuer and the Agent as the holder of such principal amount of such Notes for all purposes.

Investors will need to rely on the procedures of Interbolsa, the relevant Affiliate Members of Interbolsa, Euroclear and Clearstream, Luxembourg, any participants thereof and any other applicable intermediary, as applicable, to receive any distributions or exercise any rights under the Notes.

***The Notes are unrated.***

At the date of this Offering Circular, the Issuer has not been assigned a credit rating by any independent credit rating agency and, accordingly, the Notes have not been assigned a credit rating by any independent credit rating agency. Investors will need to make their own assessment of the credit of the Issuer and the other factors which may affect the value of the Notes without the benefit of an independent credit rating.

There can be no guarantee that a credit rating will be assigned to the Issuer or the Notes in the future. Even if such a credit rating is obtained it may be lower than expected by investors or than if another rating agency had assigned a credit rating. In addition, investors in the Notes should be aware that a credit rating is not a recommendation to buy, sell or hold any of the Notes and any credit rating that may be assigned to the Notes may be subject to suspension, change or withdrawal at any time by the rating agency. Any credit rating that may be assigned to the Notes could adversely affect the market value of the Notes and may go down as well as up.

In general, European regulated investors are restricted under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied. If a credit rating is obtained and the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

## OVERVIEW

The following overview refers to certain provisions of the “Terms and Conditions of the Notes” and is qualified by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms used herein have the meaning given to them in “Terms and Conditions of the Notes”, and references herein to a numbered “Condition” shall refer to the relevant Condition in “Terms and Conditions of the Notes”.

<b>Issuer</b>	Fidelidade - Companhia de Seguros, S.A.
<b>Issue</b>	€500,000,000 4.250 per cent. Reset Subordinated Notes due 2031.
<b>Issue Date</b>	4 June 2021
<b>Issue Price</b>	100 per cent.
<b>Status of the Notes</b>	The Notes constitute direct unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves.
<b>Subordination of the Notes</b>	In the event of the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in Condition 14), the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), the rights and claims of the Noteholders in respect of the payment obligations of the Issuer under or arising from the Notes, including any Arrears of Interest and any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in Condition 3(a) to the claims of all Senior Creditors of the Issuer, but shall rank (a) at least <i>pari passu</i> with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, <i>pari passu</i> therewith; and (b) in priority to the claims of holders of: (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, <i>pari passu</i> therewith; and (ii) all classes of share capital of the Issuer.
<b>Interest</b>	<p>The Notes bear interest from (and including) the Issue Date to (and excluding) the Reset Date at the rate of 4.250 per cent. per annum payable (subject as provided under “<i>Deferral of Interest</i>” below) annually in arrear on each Interest Payment Date.</p> <p>From the Reset Date onwards, the Notes bear interest at the Reset Rate of Interest which will be determined by the Agent on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin, unless a Benchmark Event has occurred, in which case (a) a Successor Rate or, failing which, an Alternative</p>

Reference Rate, and (b) in either case, an Adjustment Spread may be used for the purposes of determining the Reset Rate of Interest. See Condition 4(i).

**Interest Payment Dates**

4 September of each year, from (and including) 4 September 2021 to (and including) the Maturity Date. The first Interest Period shall be a short Interest Period from (and including) the Issue Date to (but excluding) 4 September 2021.

**Deferral of Interest**

The Issuer will be required to defer any payments of interest on the Notes which would otherwise be due on any Interest Payment Date if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if such payment of interest (in whole or in part) were made on such Interest Payment Date. See Condition 5(a).

**“Regulatory Deficiency Interest Deferral Event”** means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or part of the Group (which part includes the Issuer) to be breached and such breach is an event) which under the Relevant Rules requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules) and where the Relevant Regulator has not waived the requirement to defer payment of interest (or, if applicable, Arrears of Interest) under the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules).

**Arrears of Interest**

Any interest in respect of the Notes not paid on an Interest Payment Date due to the obligation on the Issuer to defer pursuant to Condition 5(a), together with any other interest in respect of Notes not paid on an earlier Interest Payment Date will, so long as the same remains unpaid, constitute **“Arrears of Interest”**. Arrears of Interest shall not themselves bear interest.

Arrears of Interest will be payable, in whole or in part, at any time at the option of the Issuer (subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to compliance with any applicable Regulatory Conditions), and provided that a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur upon payment of the same) upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Agent and the Noteholders, and in any event all Arrears of Interest will become due and payable (subject, in the case of (i) and (iii) below, to compliance with any applicable Regulatory Conditions) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (ii) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (other than a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved by an Extraordinary Resolution and (B) do not provide that the Notes shall thereby become payable); or
- (iii) the date of any redemption or purchase of the Notes by or on behalf of the Issuer or any of its Subsidiaries.

### **Maturity**

The Notes will, subject as provided under “*Deferral of Redemption*” below and subject to compliance by the Issuer with regulatory rules and provided that such redemption is permitted under the Relevant Rules, be redeemed on 4 September 2031 (the “**Maturity Date**”).

### **Deferral of Redemption**

The Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described below under “*Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event or Capital Disqualification Event*”) if (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed or (ii) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the Redemption or redemption cannot be made in compliance with the Relevant Rules at such time.

In the event of any deferral of redemption of the Notes, the Notes will become due for redemption only in the circumstances described in Condition 6(a).

“**Regulatory Deficiency Redemption Deferral Event**” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or part of the Group (which part includes the Issuer) to be breached and the continuation of such Insolvent Insurer Winding-up is, or as the case may be, such breach is, an event) which under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules) and where the Relevant Regulator has not waived the requirement to defer or suspend repayment or redemption of the Notes in accordance with any pre-conditions to such waiver being capable of being

granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules).

**Early Redemption at the Option of the Issuer on the Reset Date**

The Issuer may, subject to certain conditions and upon notice to Noteholders, on the Reset Date elect to redeem all, but not some only, of the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest.

**Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event or Capital Disqualification Event**

The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to redeem all, but not some only, of the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest, if a Tax Event (as defined below) or Capital Disqualification Event has occurred and is continuing.

The Issuer may elect to redeem the Notes due to taxation if:

- (i) as a result of a Tax Law Change (as defined in Condition 6(d)(i)), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 8) on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or
- (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Taxing Territory, or such entitlement is reduced and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it, ((i) and (ii) above each a "**Tax Event**").

A "**Capital Disqualification Event**" will be deemed to have occurred if as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules the principal amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 2 Capital for the purposes of the Issuer or (if the Notes have previously been included in the Tier 2 Capital of the Group) the Group, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

**Substitution or Variation**

The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, immediately prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred and is continuing.

**Conditions to redemption,  
substitution, variation or purchases**

Any redemption, substitution, variation or purchase of the Notes is subject to the Issuer having complied with any applicable Regulatory Conditions and in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date (to the extent then required by the Relevant Regulator or the Relevant Rules), either:

- (A) to such redemption or purchase being funded out of the proceeds of a new issuance of, or the Notes being exchanged into, own funds of the same or higher quality than the Notes and being otherwise permitted under the Relevant Rules; or
- (B) in the case of a redemption pursuant to either Condition 6(d) or Condition 6(e), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the Issuer's Solvency Capital Requirement after the relevant redemption would be exceeded by an appropriate margin, taking in to account the solvency position of the Issuer, including the Issuer's medium-term capital management plan; and
  - (1) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 6(d), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date; and
  - (2) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 6(e), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional precondition(s).

**Enforcement Event**

If default is made for a period of 14 days or more in the payment of any interest due (including, without limitation, Arrears of Interest, if any) or principal due in respect of the Notes or any of them, each Noteholder may prove in the Winding-Up or dissolution proceedings of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes may be made by the Issuer pursuant to Condition 10(a) otherwise than during or after a Winding-Up or dissolution of the Issuer, unless any

applicable Regulatory Conditions are satisfied, which the Issuer shall confirm in writing to the Agent.

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

#### **Additional Amounts**

Payments on the Notes (including, without limitation, Arrears of Interest) will be made without deduction or withholding for or on account of any tax imposed by any Taxing Territory, unless such withholding or deduction is required by law. In the event that any such withholding or deduction in relation to interest (but not in respect of principal) is required by law, the Issuer will pay such additional amounts as shall be necessary in order that the amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts (including, without limitation, Arrears of Interest) which would have been receivable in respect of the Notes, as the case may be, in the absence of the withholding or deduction (“**Additional Amounts**”), subject to some exceptions, as described in Condition 8.

#### **Form**

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*) and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM). No physical document of title will be issued in respect of the Notes.

#### **Listing and Admission to Trading**

Application has been made to list the Notes on the Official List and to be admitted to trading on the Global Exchange Market.

#### **Denominations**

The Notes are issued in denominations of €100,000.

#### **Governing Law**

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that Condition 3, and the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall, in each case, be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and shall be construed in accordance with, Portuguese law.

#### **Ratings**

The Notes to be issued have not been rated.

**Selling Restrictions**

The United States, Portugal, EEA, UK, Hong Kong, Singapore and Switzerland. See “*Subscription and Sale*”.

Category 2 offering restrictions have been implemented for the purposes of Regulation S.

C Rules (as defined in “*Subscription and Sale*” below) apply.

**Risk Factors**

Prospective investors should carefully consider the information set out in “*Risk Factors*” in conjunction with the other information contained in this Offering Circular.

**ISIN**

PTFIDBOM0009

**Common Code**

234946595

**Agent**

Caixa – Banco de Investimento, S.A.

## TERMS AND CONDITIONS OF THE NOTES

The €500,000,000 4.250 per cent. Reset Subordinated Notes due 2031 (the “**Notes**”) are issued by Fidelidade – Companhia de Seguros, S.A. (the “**Issuer**”).

References herein to the Notes shall mean the book-entries representing the Notes while held through *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* (“**Interbolsa**”), as management entity of the Portuguese Centralised System of Registration of Securities (“*Central de Valores Mobiliários*”).

The Notes have the benefit of a deed poll given by the Issuer in favour of the Noteholders dated 4 June 2021 (such deed poll as amended and/or supplemented and/or restated from time to time, the “**Interbolsa Instrument**”) and of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 4 June 2021 and made and agreed between the Issuer, Caixa – Banco de Investimento, S.A. as agent and paying agent (the “**Agent**”, which expression shall include any successor agent and paying agent) and any other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean the persons in whose name the Notes are registered in the individual securities account held with an Affiliate Member of Interbolsa (as defined below) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 8, the effective beneficiary of the income attributable thereto.

In these Conditions, the expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg; “**Clearstream, Luxembourg**” means Clearstream Banking S.A.; and “**Euroclear**” means Euroclear Bank SA/NV.

Copies of the Interbolsa Instrument and the Agency Agreement are available for inspection during normal business hours at the specified office of the Agent. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Interbolsa Instrument and the Agency Agreement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Interbolsa Instrument and the Agency Agreement.

Words and expressions defined in the Interbolsa Instrument or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument shall prevail.

### 1 Form, denomination and title

The Notes are issued in denominations of €100,000.

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*) (in which case Interbolsa, at the Issuer’s request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer), and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM). No physical document of title will be issued in respect of the Notes. Each person shown in the

relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue) for all purposes.

## **2 Transfers of Notes**

The transferability of the Notes is not restricted. Subject as set out below, title to Notes will pass upon registration of transfers in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code and the relevant procedures of Interbolsa. Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Note. No holder of a Note will be able to transfer such Note, except in accordance with Portuguese law and with the applicable procedures of Interbolsa.

## **3 Status**

### **(a) Ranking**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in Condition 14), the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), the rights and claims of the Noteholders in respect of the payment obligations of the Issuer under or arising from the Notes, including any Arrears of Interest and any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in this Condition 3(a) to the claims of all Senior Creditors of the Issuer, but shall rank (a) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith; and (b) in priority to the claims of holders of: (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith; and (ii) all classes of share capital of the Issuer.

### **(b) Set-off, etc.**

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

**(c) References to include principal and interest**

The foregoing provisions of this Condition 3 apply only to the principal, interest and other amounts under or arising from the Notes and nothing in this Condition 3 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of any Paying Agent or the rights and remedies of any Paying Agent in respect thereof and in such capacity each Paying Agent shall rank as an unsubordinated creditor of the Issuer.

**4 Interest**

**(a) Interest rate and Interest Payment Dates**

Subject to Condition 5, each Note bears interest on its outstanding principal amount at the applicable Interest Rate payable annually in arrear on each Interest Payment Date.

**(b) Interest accrual**

Each Note will cease to bear interest from and including its due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

**(c) Calculation of interest**

Interest shall be calculated per €100,000 in principal amount of the Notes (the “**Calculation Amount**”) by applying the Interest Rate to such Calculation Amount, multiplying the resulting figure by the applicable day count fraction as described below in this Condition 4(c) and rounding the resultant figure to the nearest cent (with half of any cent being rounded upwards).

Where interest is to be calculated in respect of any period, the applicable day count fraction will be (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date (or, in respect of the first Interest Period, 4 September 2021) to but excluding the next following Interest Payment Date.

For the avoidance of doubt, the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall, subject to Condition 5, be €1,071.23.

**(d) Initial Fixed Interest Rate**

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 4.250 per cent. per annum (the “**Initial Fixed Interest Rate**”).

**(e) Reset Rate of Interest**

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 4(e) on the Reset Date. The Reset Rate of Interest will be determined by the Agent on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin, unless a Benchmark Event has occurred,

in which case the Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 4(i).

**(f) Determination of Reset Rate of Interest**

The Agent will, as soon as practicable after 11 a.m. (Central European time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent shall (in the absence of manifest error) be final and binding upon all parties.

**(g) Publication of Reset Rate of Interest**

The Issuer shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of the Reset Period to be given to each Paying Agent and any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 12, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 10(a), the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made.

**(h) Determinations of Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and (in the absence of wilful default or gross negligence) no liability to the Noteholders or the Issuer shall attach to the Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

**(i) Benchmark Discontinuation**

Notwithstanding the other provisions of Condition 4 above, if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when the Reset Rate of Interest (or the relevant component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions of this Condition 4(i) shall apply.

*(i) Independent Adviser*

The Issuer shall use its reasonable endeavours, at its own expense, to appoint an Independent Adviser as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread (if any) (in accordance with Condition 4(i)(iii)) and any Benchmark Amendments (in accordance with Condition 4(i)(iv)). In making such determination, the Independent Adviser shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 4(i).

If the Issuer is unable to appoint an Independent Adviser in accordance with this Condition 4(i) or the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the relevant Interest Determination Date, the Issuer, acting in good faith and in a commercially reasonable manner, may still determine (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread (if any) and/or any Benchmark Amendments in accordance with this Condition 4(i) (with the relevant provisions in this Condition 4(i) and the relevant defined terms used herein applying *mutatis mutandis* to allow such determinations to be made by the Issuer rather than by an

Independent Adviser). Where this paragraph applies, without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer will take into account relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread (if any) shall subsequently be used by the Agent in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes in respect of which the Reset Rate of Interest applies; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread (if any) shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes in respect of which the Reset Rate of Interest applies (subject to the further operation of this Condition 4(i)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 4(i) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (if any) (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to the prior approval of the Relevant Regulator (if required or applicable in order for the Notes to qualify as Tier 2 Capital for the purposes of the Relevant Rules from time to time) and to giving notice thereof to the Noteholders in accordance with Condition 12, without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Agent of a certificate signed by two Authorised Signatories pursuant to Condition 4(i)(v), the Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Agency Agreement), provided that the Agent shall not be obliged so to concur if in the opinion of the Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent in these Conditions or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such modifications in accordance with this Condition 4(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of the Notes be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital for the purposes of the Relevant Rules.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread (if any or, if none, confirmation that one has not been determined) and the specific terms of any Benchmark Amendments, determined under this Condition 4(i) will be notified promptly by the Issuer to the Paying Agents and, in accordance with Condition 12, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Paying Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread (if any) and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i);
- (B) stating whether the Successor Rate or, as the case may be, the Alternative Rate and (in either case) the applicable Adjustment Spread (if any) and the Benchmark Amendments (if any) were determined by an Independent Adviser; and
- (C) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination thereof and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Agent and the Noteholders.

(vi) *Survival of Original Reference Rate provisions*

Without prejudice to the obligations of the Issuer under this Condition 4(i), the Original Reference Rate and the fall-back provisions provided for in the definition of "Reset Reference Rate" in Condition 14 will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and any Benchmark Amendments, in accordance with the relevant provisions of this Condition 4(i).

## **5 Deferral of payments**

### **(a) Mandatory deferral of interest**

Payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Noteholders and the Agent of any Mandatory Interest Deferral Date in accordance with Condition 5(c).

A certificate signed by two Authorised Signatories confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall be treated and accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof.

Notwithstanding any other provision in these Conditions, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give Noteholders any right to accelerate any payment in respect of the Notes.

**(b) Arrears of Interest**

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the obligation on the Issuer to defer any payment pursuant to Condition 5(a), together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to compliance with any applicable Regulatory Conditions), be paid in whole or in part at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Agent and the Noteholders in accordance with Condition 12, and in any event all Arrears of Interest will become due and payable (subject, in the case of (i) and (iii) below, to compliance with any applicable Regulatory Conditions) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (ii) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (other than a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved by an Extraordinary Resolution and (B) do not provide that the Notes shall thereby become payable); or
- (iii) the date of any redemption or purchase of the Notes by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6.

**(c) Notice of deferral**

The Issuer shall notify the Agent in writing and notify the Noteholders in accordance with Condition 12 not less than 5 Business Days prior to an Interest Payment Date if that Interest Payment Date is a Mandatory Interest Deferral Date and specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made (in whole or in part) on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral to the Agent and the Noteholders in accordance with Condition 12 as soon as reasonably practicable following the occurrence of such event and the Issuer shall not be in breach of its obligation to give not less than five Business Days’ notice in such circumstances.

## 6 Redemption, substitution, variation, purchase and options

### (a) Redemption at maturity and deferral of redemption date

- (i) Subject to Condition 6(a)(ii), Condition 6(b) and to compliance by the Issuer with any applicable Regulatory Conditions, and provided that such redemption is permitted under the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules), unless previously redeemed or purchased and cancelled as provided below, each Note shall be redeemed on the Maturity Date at its principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions.
- (ii) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6(a)(i) or prior to the Maturity Date pursuant to Condition 6(d) or Condition 6(e) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6(a)(i) applies, the Maturity Date or, if Condition 6(d) or Condition 6(e) applies, any date specified for redemption in accordance with such Conditions.
- (iii) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6(a)(i) or on any date specified for redemption pursuant to Condition 6(d) or Condition 6(e) (as applicable) as a result of circumstances where:
  - (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date; or
  - (B) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Agent in writing and notify the Noteholders in accordance with Condition 12 no later than five Business Days prior to the Maturity Date or, as appropriate, the date specified for redemption in accordance with Condition 6(d) or Condition 6(e) (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date, and the Issuer shall not be in breach of its obligation to give not less than five Business Days' notice in such circumstances).

- (iv) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified for redemption in accordance with Condition 6(d) or Condition 6(e) as a result of Condition 6(a)(ii) or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject (in the case of (A) and (B) below only) to compliance with any applicable Regulatory Conditions, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption, upon the earliest of:
  - (A) in the case of a failure to redeem due to the operation of Condition 6(a)(ii) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such 10th Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on

such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6(a)(ii), Condition 6(a)(iii) and this Condition 6(a)(iv) shall apply *mutatis mutandis* to determine the due date for redemption); or

- (B) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or
  - (C) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (other than a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become payable).
- (v) A certificate signed by two Authorised Signatories confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (C) that any circumstance described in Condition 6(a)(iii)(B) applies, shall be treated and accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof.
- (vi) Notwithstanding any other provision in these Conditions, the deferral of redemption of the Notes in accordance with this Condition 6(a) will not constitute a default by the Issuer and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

**(b) Conditions to redemption, substitution, variation or purchase**

Any redemption substitution, variation or purchase of the Notes is subject, as applicable, to:

- (i) the Issuer having complied with any applicable Regulatory Conditions; and
- (ii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date (to the extent then required by the Relevant Regulator or the Relevant Rules), either:
  - (A) to such redemption or purchase being funded out of the proceeds of a new issuance of, or the Notes being exchanged into, own funds of the same or higher quality than the Notes and being otherwise permitted under the Relevant Rules; or
  - (B) in the case of a redemption pursuant to either Condition 6(d) or Condition 6(e), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the Issuer's Solvency Capital Requirement after the relevant redemption would be exceeded by an appropriate margin, taking in to account the solvency position of the Issuer, including the Issuer's medium-term capital management plan; and
    - (1) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 6(d), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date; and
    - (2) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 6(e), the Issuer having demonstrated to the satisfaction of

the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

A certificate signed by two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance and shall be accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof.

**(c) Issuer's Call Option**

Subject to Condition 6(a)(ii) and Condition 6(b), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), elect to redeem all, but not some only, of the Notes on the Reset Date at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and to Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) redeem the Notes pursuant to this Condition 6(c).

**(d) Redemption, substitution or variation at the option of the Issuer due to Taxation**

If immediately prior to the giving of the notice referred to below:

- (i) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the Taxing Territory or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the Taxing Territory is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Tier 2 Capital under the Relevant Rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective on or after the Issue Date (each a "**Tax Law Change**"), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or
- (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Taxing Territory, or such entitlement is reduced and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it,

then the Issuer may:

- (A) subject to Condition 6(a)(ii) and Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), redeem in accordance with these

Conditions (unless otherwise specified herein) at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions; or

- (B) subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(d), the Issuer shall deliver to the Agent (a) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above applies and (b) an opinion of independent legal advisers or other tax advisers of recognised standing that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above (other than the pre-condition that the Issuer cannot avoid the requirement or circumstance by taking measures reasonably available to it) applies. Such certificate confirming that the relevant requirement or circumstances referred to in sub-paragraph (i) or (ii) above applies shall be conclusive evidence that such requirement or such circumstances apply and shall be accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and, in the case of a redemption, to Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 6(d).

In connection with any substitution or variation in accordance with this Condition 6(d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(e) Redemption, substitution or variation at the option of the Issuer due to Capital Disqualification Event**

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event has occurred and is continuing, then:

- (i) the Issuer may, subject to Condition 6(a)(ii) and Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions; or
- (ii) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Such certificate shall be conclusive evidence that a Capital Disqualification Event has occurred and is

continuing as at the date of the certificate and shall be accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and, in the case of a redemption, to Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 6(e).

In connection with any substitution or variation in accordance with this Condition 6(e), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(f) Purchases**

Subject to Condition 6(b), the Issuer and any of its Subsidiaries for the time being may at any time purchase Notes in the open market or otherwise and at any price.

**(g) Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (at the option of the Issuer or the relevant Subsidiary) be held, reissued, resold or cancelled in accordance with applicable law and Interbolsa regulations. Any Notes so redeemed or cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(h) Agent not obliged to monitor**

The Agent shall be under no duty to monitor whether any event or circumstance has happened or exists within these Conditions and will not be responsible to Noteholders for any loss arising from any failure or delay by the Agent to do so. Unless and until the Agent has received from the Issuer, a written notice of the occurrence of any event or circumstance within these Conditions, the Agent shall be entitled to assume that, and continue to perform its duties as if, no such event or circumstance exists.

## **7 Payments**

**(a) Method of payment**

- (i) Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, from the payment current account which the Agent (acting on behalf of the Issuer) has indicated to, and has been accepted by, Interbolsa to be used on the Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members whose control accounts with Interbolsa are credited with such Notes of and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.
- (ii) The holder of a Note, as shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be the only person entitled to receive payments in respect of Notes recorded therein.
- (iii) The Issuer will be discharged by payment to the Noteholders being made according to the procedures and regulations of Interbolsa in respect of each amount so paid.

**(b) Payments subject to fiscal laws**

All payments are in all cases subject to any applicable fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations or directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders in respect of such payments. For the purpose of this paragraph, the phrase “**subject to any applicable fiscal or other laws, regulations and directives**” shall include any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the “Code”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto.

**(c) Appointment of Paying Agents**

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) so long as any of the Notes are registered with Interbolsa there will at all times be a Paying Agent, being an entity which is an Affiliate Member of Interbolsa and complying with any requirements that may be imposed by the rules and regulations of Interbolsa (who may be the Agent); and
- (iii) so long as any of the Notes are listed on any stock exchange or listed or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

**(d) Non-Business Days**

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sum in respect of such postponed payment.

## **8 Taxation**

All payments of principal and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Territory, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest payments (including, without limitation, Arrears of Interest) (but not in respect of principal or any other amount) as shall

result in receipt by the Noteholders of such amounts as would have been received by them in respect of interest payments (including, without limitation, Arrears of Interest) had no such withholding or deduction been required by law to be made (“**Additional Amounts**”), except that no such Additional Amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Note by reason of such Noteholder having some connection with the Taxing Territory other than the mere holding of such Note; and/or
- (b) to, or to a third party on behalf of, a Noteholder in respect of whom the information and documentation required in order to comply with the special tax regime approved by Decree-Law No. 193/2005, of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or
- (c) to, or to a third party on behalf of, a Noteholder (A) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or if relevant a third party, as applicable, directly from the relevant Noteholder before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (B) who is resident in one of the contracting states; and/or
- (d) to, or to a third party on behalf of, a Noteholder resident in a tax haven jurisdiction as defined in Ministerial Order No. 150/2004, of 13 February 2004, as amended from time to time (except for jurisdictions with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force), as amended from time to time, with the exception of central banks and governmental agencies of those blacklisted jurisdictions; and/or
- (e) to, or to a third party on behalf of a Noteholder who is (1) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions), or (2) a non-resident legal person with a permanent establishment in Portugal to which the income or gains obtained from the Notes are attributable (with the exception of entities which benefit from a Portuguese withholding tax waiver); and/or
- (f) into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law or is required by law for the relevant payment to be made without a withholding or deduction, or with a reduced withholding or deduction.

As used in these Conditions, “**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which, the full amount of the money payable having been so received by the Agent, notice to that effect is duly given to the Noteholders. References in these Conditions to interest shall be deemed to include any Additional Amounts that may be payable under this Condition 8.

## 9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest including, without limitation, Arrears of Interest) from the appropriate Relevant Date in respect of them.

## **10 Events of default and enforcement**

### **(a) Rights to prove in a Winding-Up or dissolution**

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

Notwithstanding any of the provisions below in this Condition 10, and subject to the Relevant Rules, the right to prove in the Winding-Up or dissolution of the Issuer is limited to circumstances where payment has become due and is not duly paid. In the case of any payment of interest in respect of the Notes, such payment will be deferred and not be due if Condition 5(a) applies, and, in the case of payment of principal, such payment will be deferred and will not be due if Condition 6(a)(ii) applies or any applicable Regulatory Conditions are not satisfied, or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If default is made for a period of 14 days or more in the payment of any interest due (including, without limitation, Arrears of Interest, if any) or principal due in respect of the Notes or any of them, each Noteholder may prove in the Winding-Up or dissolution proceedings of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes may be made by the Issuer pursuant to this Condition 10(a) otherwise than during or after a Winding-Up or dissolution of the Issuer, unless any applicable Regulatory Conditions are satisfied, which the Issuer shall confirm in writing to the Agent.

### **(b) Amount payable on Winding-Up or dissolution**

If an order is made by the competent court or resolution passed for the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution, solely for the purpose of a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), each Noteholder may give notice to the Issuer (or, as applicable, the liquidator) that, subject to the Relevant Rules, the Notes are, and they shall accordingly become, immediately due and repayable at their principal amount together with Arrears of Interest, if any, and any other accrued interest, and the claim in respect thereof will be subordinated as provided in Condition 3(a).

### **(c) Enforcement**

Without prejudice to Condition 10(a) or (b), each Noteholder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest, if any) in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(c) shall, subject to Condition 10(a), prevent any Noteholder proving in any Winding-Up or dissolution of the Issuer and/or claiming in any Winding-Up or dissolution of the Issuer in respect of any payment obligations of the Issuer arising from the Notes (including without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest, if any) in respect of the Notes and any damages awarded for any breach of any obligations).

**(d) Extent of Noteholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes.

**11 Meetings of Noteholders, modification and notice**

**(a) Meetings of Noteholders and modification**

The Interbolsa Instrument contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Notes. A meeting convened pursuant to the provisions of the Interbolsa Instrument, may be convened by the Issuer and shall (subject to the Issuer being indemnified to its satisfaction against all costs and expenses) be convened by the Issuer upon a requisition by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including, amongst other things, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) or certain provisions of the Interbolsa Instrument, as the case may be, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting.

The Agent and the Issuer may, without the consent of the Noteholders (and by acquiring any Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders) make any modification to the provisions of these Conditions, the Interbolsa Instrument or the Agency Agreement which: (i) is not prejudicial to the interests of the Noteholders; (ii) is of a formal, minor or technical nature; (iii) is made to correct a manifest or proven error; or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification so made shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable after it has been agreed.

By its acquisition and/or holding of a Note each Noteholder approves and consents to such substitution or variation pursuant to and in accordance with Condition 6 and this Condition 11(a).

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions made in the circumstances described in Condition 6(d) or 6(e) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Tier 2 Securities pursuant to the relevant provisions of Condition 6(d) or 6(e) as the case may be.

**(b) Notice to Relevant Regulator**

No modification to these Conditions or any provisions of the Interbolsa Instrument or the Agency Agreement shall become effective unless any and all applicable Regulatory Conditions are satisfied and certification to that effect, signed by two Authorised Signatories, shall have been delivered to the Agent

(upon which the Agent shall be entitled to rely without further investigation and without liability to any person).

## 12 Notices

The Issuer shall comply with any notification or disclosure obligations applicable under Portuguese law relating to Notes which are integrated in and held through Interbolsa (as management entity of the *Central de Valores Mobiliários*) in dematerialised book-entry form.

In addition, all notices regarding the Notes will be published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Any notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Agent.

## 13 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 14 Definitions

As used herein:

“**Additional Amounts**” has the meaning given to it in Condition 8;

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining 5 year reset rates of interest (or the relevant component part thereof) and in euro;

“**Arrears of Interest**” has the meaning given to it in Condition 5(b);

“**Authorised Signatory**” means any Director of the Issuer or any other person or persons duly authorised by the Issuer as specified in a certificate provided to the Agent and signed by two Directors of the Issuer from time to time and the Agent shall be entitled to assume that the persons specified in the most recent certificate received by it are and continue to be Authorised Signatories, until notified to the contrary by the Issuer;

“**Benchmark Amendments**” has the meaning given to it in Condition 4(i);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published on a permanent or indefinite basis (and, in either case, has not been published for a period of at least 5 Business Days) or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (v) an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be no longer representative of its underlying market; or
- (vi) it has become unlawful for the Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (ii), (iii), (iv) and (v), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, the prohibition of use of the Original Reference Rate or from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and not (unless they coincide) the date of the making of the relevant public statement;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Lisbon and a day on which the TARGET2 System is open;

A “**Capital Disqualification Event**” is deemed to have occurred if as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, the principal amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 2 Capital for the purposes of the Issuer or (if the Notes have previously been included in the Tier 2 Capital of the Group) the Group, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

“**Code**” has the meaning given to it in Condition 7(b);

“**Directors**” means the directors of the Issuer;

“**EEA Regulated Market**” means a regulated market as defined in Directive 2014/65/EU (as amended from time to time);

“**Extraordinary Resolution**” has the meaning given to it in the Interbolsa Instrument;

“**Group**” means, at any time, the Issuer and its Subsidiaries at such time;

“**Group Insurance Undertaking**” means an insurance undertaking within the meaning of the Relevant Rules whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules;

“**Independent Adviser**” means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4(i)(i);

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 4(d);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Insolvent Insurer Winding-up**” means the winding-up or dissolution of any Group Insurance Undertaking where the Issuer has determined, acting reasonably, that the assets of that Group Insurance Undertaking may or will be insufficient to meet all the claims of the policyholders and/or beneficiaries pursuant to contracts of insurance written by that Group Insurance Undertaking which is in winding-up or dissolution (and for these purposes, the claims of such policyholders or such beneficiaries pursuant to a contract of insurance shall include all amounts to which such policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or dissolution of insurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders or such beneficiaries may have);

“**Interest Payment Date**” means 4 September in each year, from (and including) 4 September 2021 to (and including) the Maturity Date;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

“**Issue Date**” means 4 June 2021, being the date of the initial issue of the Notes;

“**Mandatory Interest Deferral Date**” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

“**Margin**” means 4.488 per cent.;

“**Maturity Date**” means 4 September 2031;

“**Minimum Capital Requirement**” means the Minimum Capital Requirement, the minimum consolidated group Solvency Capital Requirement or such other applicable minimum capital requirements (as applicable) referred to in the Relevant Rules;

“**Original Reference Rate**” means the rate described in paragraph (i) of the definition of “Reset Reference Rate” in this Condition 14 or (if applicable) any other successor or alternative rate (or, in each case, any component part thereof) determined to be applicable to the Notes pursuant to the earlier operation of Condition 4(i);

“**Qualifying Tier 2 Securities**” means securities issued (including by way of exchange, conversion or otherwise) directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 3) that:

- (i) have terms not materially less favourable to an investor than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or independent financial adviser of international standing, provided that they shall (1) contain terms which comply with the Relevant Rules in relation to Tier 2 Capital, (2) carry the same rate of interest from time to time as that applying to the Notes, (3) rank senior to, or *pari passu* with, the ranking of the Notes, (4) preserve any existing rights under these Conditions to any accrued interest and any Arrears of Interest which have not been paid, (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, (6) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares, (7) contain terms providing for mandatory deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the mandatory deferral provisions, respectively, contained in the terms of the Notes and (8) where the Notes which have been substituted or varied had a solicited published rating from a rating agency immediately prior to their substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities; and
- (ii) if the Notes were listed or admitted to trading on an EEA Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on an EEA Regulated Market,

and provided that a certification to the effect of (i) above, signed by two Authorised Signatories, shall have been delivered to the Agent (upon which the Agent shall be entitled to rely without further investigation and without liability to any person) prior to the issue of the relevant securities;

**“Regulatory Conditions”** means, in relation to any action at any time, any notifications to, or consent or the provision of non-objection (or, as appropriate, waiver) from, the Relevant Regulator for such action to be undertaken which are required at such time by the Relevant Regulator pursuant to the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules);

**“Regulatory Deficiency Interest Deferral Event”** means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or part of the Group (which part includes the Issuer) to be breached and such breach is an event) which under the Relevant Rules requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules) and where the Relevant Regulator has not waived the requirement to defer payment of interest (or, if applicable, Arrears of Interest) under the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules);

**“Regulatory Deficiency Redemption Deferral Event”** means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or part of the Group (which part includes the Issuer) to be breached and the continuation of such Insolvent Insurer Winding-up is, or as the case may be, such breach is, an event) which under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules) and where the Relevant Regulator has not waived the requirement to defer or suspend repayment or redemption of the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules);

**“Relevant Date”** has the meaning given to it in Condition 8;

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**“Relevant Regulator”** means the Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões* (ASF)) or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Group;

**“Relevant Rules”** means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating, but not limited to, to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation (including the Legal Regime of Access to and Exercise of the Insurance and Reinsurance Activity, approved by Law 147/2015 of 9 September 2015, as amended or replaced from time to time), rules, guidelines or regulations of the Relevant Regulator relating to such matters;

**“Reset Date”** means 4 September 2026;

**“Reset Determination Date”** means, in respect of the Reset Period, the day falling two Business Days prior to the first day of the Reset Period;

**“Reset Period”** means the period from and including the Reset Date to but excluding the Maturity Date;

**“Reset Rate of Interest”** has the meaning given to it in Condition 4(e);

**“Reset Reference Banks”** means five leading swap dealers in the principal interbank market relating to euro selected by the Agent in its discretion after consultation with the Issuer;

**“Reset Reference Rate”** means, in respect of the Reset Period, (i) the applicable mid-swap rate for swap transactions in euro (with a maturity equal to five years) as displayed on the Screen Page at 11.00 a.m. (Central European Time) on the Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate on the Reset Determination Date, where:

**“Mid-Swap Quotations”** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the Reset Date which is equal to five years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);

**“Reset Reference Bank Rate”** means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Agent at or around 11:00 a.m. (Central European Time) on the Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in

the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be an amount equal to the Initial Fixed Interest Rate less the Margin; and

“**Screen Page**” means Bloomberg screen page “ICAE 53”, or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

“**Senior Creditors**” means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer and all beneficiaries under contracts of insurance written by the Issuer (for the avoidance of doubt, the claims of policyholders and such beneficiaries shall include all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or dissolution of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders or such beneficiaries may have) and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those (A) whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (i) Tier 1 Capital or (ii) Tier 2 Capital or (B) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

“**Solvency Capital Requirement**” means the Solvency Capital Requirement or the consolidated group Solvency Capital Requirement (as applicable) referred to in, or any other applicable capital requirement howsoever described in, the Relevant Rules;

“**Solvency II**” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive including, without limitation, the Solvency II Regulation (for the avoidance of doubt, whether implemented by way of a regulation, a directive, guidelines or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“**Solvency II Regulation**” means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended), as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019;

“**Subsidiary**” means an entity from time to time of which the Issuer (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership;

“**successor in business**” means, in relation to the Issuer or any substituted obligor, any company which as a result of any amalgamation, merger or reconstruction, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or the relevant substituted obligor (as the case may be) prior to such amalgamation, merger, reconstruction or agreement coming into force and carries on as successor to the Issuer or the relevant substituted obligor (as the case may be) the whole or substantially the whole of the business carried on by the Issuer or the relevant substituted obligor (as the case may be) immediately prior thereto;

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;

“**Tax Law Change**” has the meaning given to it in Condition 6(d);

“**Taxing Territory**” means the Portuguese Republic or any political subdivision or authority therein or thereof having power to tax, or any other territory or any political subdivision or authority thereof or therein having power to tax to whose taxing jurisdiction the Issuer becomes generally subject;

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and

“**Winding-Up**” means the winding-up and liquidation of insurance companies carried out in accordance with articles 328 to 355 of the Legal Regime of Access to and Exercise of the Insurance and Reinsurance Activity, approved by Law 147/2015 of 9 September 2015, as amended or replaced from time to time, and/or any other legislation or regulations that may in the future govern the winding up and liquidation of insurance companies.

## 15 Governing law and jurisdiction

### (a) Governing law

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that Condition 3 and the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall, in each case, be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and shall be construed in accordance with, Portuguese law.

### (b) Jurisdiction

Subject as provided below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a “**Dispute**”) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

For the purposes of this Condition 15(b), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### (c) Process Agent

The Issuer irrevocably appoints Hackwood Secretaries Limited at its registered office for the time being (being at the Issue Date at One Silk Street, London EC2Y 8HQ, United Kingdom) as its agent for service of process in England in respect of any proceedings, and undertakes that, in the event of Hackwood

Secretaries Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## NOTES HELD THROUGH INTERBOLSA

### Form of the Notes

The Notes will be represented in dematerialised book-entry form (*forma escritural*) and will be in nominative (*nominativas*) form.

The Notes will be issued in denominations of €100,000.

In this Offering Circular, “**Interbolsa**” means Interbolsa - Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários, S.A., the Portuguese central securities depository, also acting as operator and manager of Central de Valores Mobiliários (“**CVM**”), the Portuguese centralised system of registration of securities. The expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM).

### Clearing and Settlement

The CVM is the Portuguese centralised system (*sistema centralizado*) for the registration and control of securities operated by Interbolsa. The CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred at each time. Issuers, Affiliate Members of Interbolsa and the Bank of Portugal, all participate in the CVM.

In relation to each issue of securities, the CVM comprises *inter alia*, (a) the issue account, opened by the relevant issuer in the CVM and which reflects the full amount of securities issued; (b) the individual accounts, opened in the Affiliate Members of Interbolsa by their respective customers; and (c) the control accounts opened by each Affiliate Member of Interbolsa, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa.

Each person shown in the records of an Affiliate Member of Interbolsa as registered holder of the Notes shall be treated as the holder of the principal amount of the Notes recorded.

Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa’s codification system and will be accepted for registration and clearing through the system operated at Interbolsa.

### Payment of principal and interest in respect of the Notes

Whilst the Notes are recorded at the CVM, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent’s behalf for payments in respect of the Notes to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with the CVM are credited with such Notes and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Noteholders of those Notes or through Euroclear and Clearstream, Luxembourg

to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

**Transfer of the Notes**

The Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No Noteholder will be able to transfer the Notes, except in accordance with Portuguese law and the applicable procedures of Interbolsa.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer to strengthen the capital position of the Issuer and for general corporate purposes.

## DESCRIPTION OF THE ISSUER

### Overview, incorporation and history

#### Overview

The Fidelidade Group, whose origins date back to 1808, is the leading insurance group in the Portuguese market, with a 25.6 per cent. market share in life insurance products and a 28.4 per cent. market share in non-life insurance products at the end of December 2020 (*Source: APS – Associação Portuguesa de Seguradores*). The Group plays a fundamental role in the Portuguese financial ecosystem, with more than 2.3 million customers and 3,300 employees in Portugal (6,8 million customers and 7,000 employees globally).

The Fidelidade Group offers life and non-life insurance products in Europe, Latin America, Asia and Africa. In Portugal, it operates through five companies (Fidelidade - Companhia de Seguros, S.A. (“**Fidelidade**”), Multicare – Seguros de Saúde, S.A. (“**Multicare**”), Fidelidade Assistência – Companhia de Seguros, S.A. (“**Fidelidade Assistência**”), Via Directa – Companhia de Seguros S.A. (“**Via Directa**”), and Companhia Portuguesa de Resseguros, S.A. (“**CPR**”) while, at an international level, it operates through branches in Spain, France, Luxembourg<sup>2</sup> and Mozambique, and through subsidiaries in Angola, Cape Verde, Macao, Peru, Bolivia, Paraguay and Chile. The Fidelidade Group also has subsidiaries and strategic shareholdings in companies that provide services that are complementary to insurance (e.g. the Luz Saúde Group, CETRA, EAPS, Fidelidade Property, Tenax, etc.). These fit within the strategy of guaranteeing operational excellence and service quality throughout the value chain, enabling the Fidelidade Group to position itself as a global service provider of people protection.

#### Legal form and group structure

Fidelidade is a limited liability company by shares (“*sociedade anónima*”), incorporated under the laws of Portugal on 14 September 1988 and registered at the Companies’ Registry of Lisbon under the sole register number and company number 500 918 880. Fidelidade’s registered office is Largo do Calhariz, 30, 1200-086 Lisboa, Portugal and its telephone number is +351 213402185.

As at the date of this Offering Circular, Fidelidade’s share capital amounted to €509,263,524.00 represented by 161,670,960 nominative shares, each with a nominal value of €3.15, all of which are fully subscribed and paid up.

In September 2020 there was a capital increase of €38,912,643 by new contributions in kind, with subscription reserved for the holders of shares in the companies Multicare and Fidelidade Assistência. In addition, there was a capital increase by new contributions in cash, in the remaining amount of €12,970,881.

The shareholder structure of Fidelidade is as follows:

Shareholder	% share capital	Number of shares
Longrun Portugal, SGPS, S.A.....	84.9892	137,402,839
Caixa Geral de Depósitos, SGPS, S.A.....	15.0000	24,250,644
Employees.....	0.0026	4,177
Treasury Shares.....	0.0082	13,300

<sup>2</sup> Run-off operation

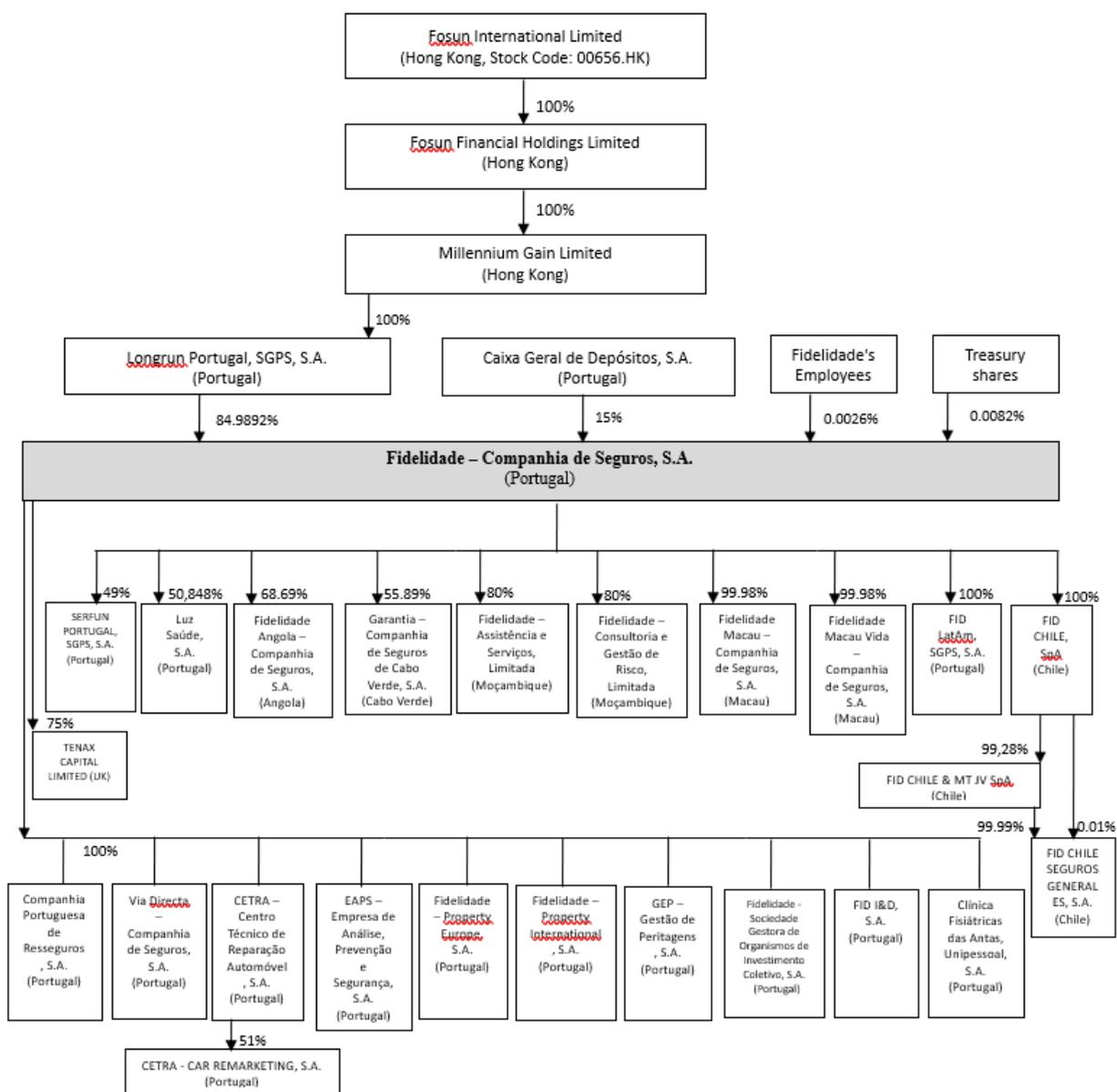
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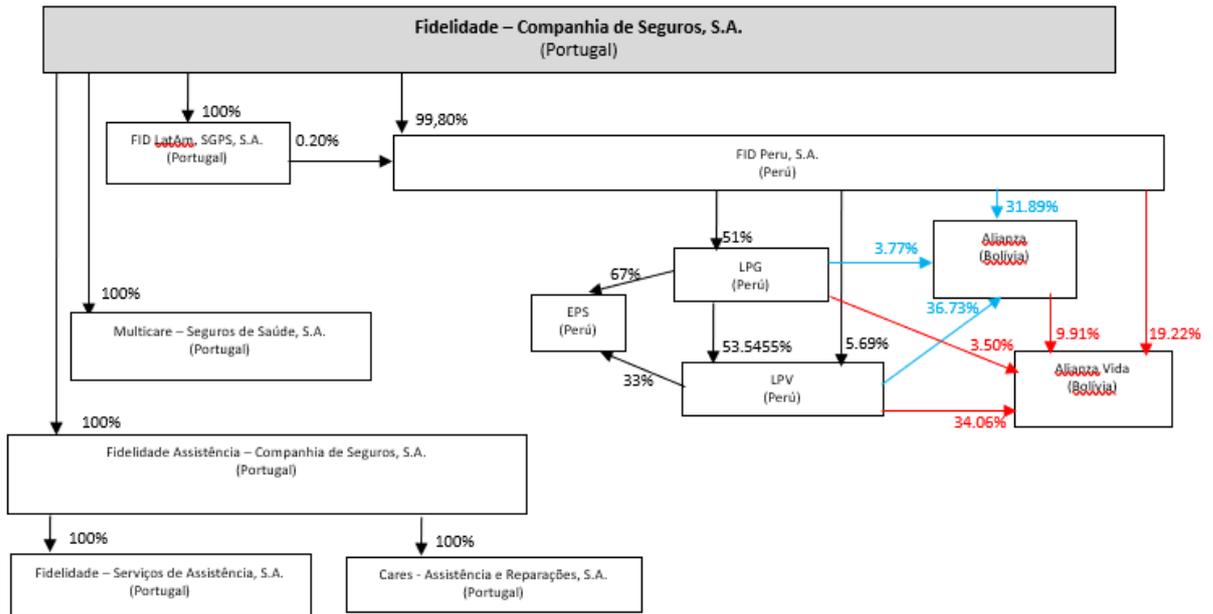
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161,670,960

The following chart shows the main companies that constitute the Fidelidade Group at the date of this Offering Circular:

**Shareholding Structure of Fidelidade – Companhia de Seguros, S.A. as at 30 April 2021**





## History

Until 2000, the Portuguese insurance sector was mostly concentrated on six insurers following the reorganisation of the industry in the 1980s. After 2000, the Portuguese insurance market entered a new phase of consolidation, which gave rise to two major players: Fidelidade Mundial and Império Bonança, which were held by two of the largest Portuguese financial groups (Caixa Geral de Depósitos, S.A. (“CGD”), the state-owned bank, and Banco Comercial Português, S.A. (“BCP”), respectively).

In 2005, CGD, through its wholly-owned subsidiary Caixa Seguros e Saúde, SGPS, S.A. – the sole shareholder of Fidelidade Mundial – acquired Império Bonança, establishing the basis for further consolidation of the market. The result was a Portuguese insurance group combining the major Portuguese insurers, enabling the creation of important synergies and the consolidation of assets and unique skills within the sector.

The years that followed were marked by progressive integration of the operations of the two companies culminating in the final merger of Fidelidade Mundial and Império Bonança in May 2012 and the launch of a new single brand, Fidelidade, in mid-2013.

In 2014, Fidelidade was privatised, with Fosun International Limited (“FIL”) acquiring indirectly approximately 84.99 per cent. of Fidelidade’s share capital and CGD remaining a shareholder with 15 per cent. of Fidelidade’s share capital.

Since 2014, the Fidelidade Group entered a new phase of development, bolstered by support from its shareholders and focused on four strategic imperatives, upon which the Fidelidade Group has defined a growth and transformation plan with defined action-oriented initiatives: i) accelerate growth, ii) optimise profitability, iii) client focus and iv) mobilise the organization.

In 2014, Fidelidade acquired the control of Garantia – Companhia de Seguros de Cabo Verde, S.A. (“Garantia”), the leading insurance company in Cape Verde, and of the leading healthcare provider in Portugal, currently named Luz Saúde.

Until 2019, Fidelidade's internationalisation strategy had primarily been focused on Portuguese-speaking markets. That year marked a turning point when Fidelidade entered Latin America, through the acquisition of a majority stake in the La Positiva Seguros y Reaseguros, S.A.A., a leading company in the Peruvian market, heading La Positiva Insurance Group that also operates in Bolivia and Paraguay.

In 2020, Fidelidade strengthened its presence in Latin America by launching a greenfield operation in Chile (FID Chile Seguros Generales S.A.), which, having obtained authorization from the Chilean regulator in the final quarter of 2019, initiated its operations on January 2020.

## **Intra-group arrangements and exposure to shareholders**

### ***Supplementary Capital Contributions***

As at 31 December 2017, Fidelidade had €521,530,514.00 of supplementary capital contributions made by its two main shareholders in December 2015, of which €500,000,000.00 was from Longrun and €21,530,514.00 from Caixa Seguros e Saúde, SGPS, S.A. ("CXS"), subsidiary of CGD.

During the first half of 2018, a share capital increase of Fidelidade took place in the amount of €143,510,615.00, with the proceeds used to repay part of the then existing supplementary capital contributions as follows: €21,530,515.00 to CXS (repaying its supplementary capital contributions in full) and €121,980,100.00 to Longrun (reducing its supplementary capital contributions to €378,019,900.00).

In September 2020, another share capital increase of Fidelidade took place in the amount of €63,042,599.40 with the proceeds used to repay part of the remaining supplementary capital contributions made by Longrun, reducing its supplementary contributions to €314,977,300.60.

The supplementary capital contributions are considered Tier 1 Capital (as defined in the Conditions) and can be repaid with the ASF's approval as long as they are replaced by equivalent instrument(s). No interest is due in respect of such supplementary capital contributions.

### ***Bancassurance agreement with CGD***

As part of the privatisation process, Fidelidade entered into a bancassurance agreement with CGD which was renegotiated in the last quarter of 2017 to update it in line with the latest market practice in the insurance distribution market, maintaining its exclusivity for Portugal and its initial term of 25 years. In 2020, the bancassurance channel represented 40 per cent. of Fidelidade's total domestic gross premiums written (including investment contracts) – 81 per cent. of total life segment premiums and 8 per cent. of total non-life segment premiums (see "*Description of the Issuer – Distribution channels*").

### ***Exposure to Caixa Geral de Depósitos, S.A.***

As at 31 December 2020, the Fidelidade Group held €109 million of corporate bonds issued by CGD (related to CGD's Medium Term Note Programme) and perpetual bonds of €43 million, which represented 0.9 per cent. of Fidelidade Group's investment portfolio.

In addition to these investments, the Fidelidade Group held cash and cash equivalents at CGD in the amount of €474 million (2.8 per cent. of the Fidelidade Group's investment portfolio).

### ***Exposure to Banco Comercial Português, S.A. ("BCP")***

As at 31 December 2020, Fidelidade held €42 million of corporate bonds issued by BCP and perpetual bonds of €39 million, which represented 0.5 per cent. of Fidelidade Group's investment portfolio.

### ***Xingtao Bonds***

In the context of Fidelidade’s privatisation process in 2014, the transaction structure included the subscription by Fidelidade of bonds issued by a FIL controlled subsidiary named Xingtao Assets Limited. The initial amount subscribed has been substantially reduced and currently stands at €270 million. As at 31 December 2020, the total exposure to Fosun International Limited and its subsidiaries from time to time (together, the “**Fosun Group**”) represented 2.1 per cent. of Fidelidade Group’s total investment portfolio.

Following its acquisition by FIL, the Fidelidade Group has gained access to more diversified investment opportunities and also to markets with growth prospects. In this context, Fidelidade has co-invested €434 million with the Fosun Group in New China Life Insurance, Tsingtao Brewery, Ageas, Chongqing Rural Commercial, Shui on Land, Fang Holdings, Babytree Group and Aurora Mobile, which currently represent €444 million in the Fidelidade Group’s investment portfolio.

### **Recent developments**

#### ***Mozambique – Seguradora Internacional de Moçambique (SIM)***

On 18 December 2020, Fidelidade entered into an agreement for the acquisition of 70 per cent. of the Mozambican insurance company Seguradora Internacional de Moçambique, S.A. (“**SIM**”), representing a good opportunity to consolidate Fidelidade’s current presence in the market. The acquisition is subject to the necessary regulatory approvals and completion of due diligence.

SIM is the fourth insurance player in Mozambique with a market share of 9.4 per cent. (source: ISSM - Instituto de Supervisão de Seguros de Moçambique), gross written premiums of over €21 million (CAGR of 4.4 per cent. from 2017 to 2020), net income €8.4 million and a shareholder’s equity of €55 million.

### **Business segments and organisation**

#### ***Group Companies***

##### *Insurance Business – Portugal and International operations*

Fidelidade is a general insurer operating in the Portuguese market both directly and indirectly through its subsidiaries, namely, Multicare, the leading health insurer (source: APS – Associação Portuguesa de Seguros) of the Portuguese Market, Fidelidade Assistência, which provides assistance and legal protection insurance, and Via Directa, the insurance company designed to retail insurance policies through remote channels (telephone and internet).

The Fidelidade Group also has a presence in the international market through its branches in Spain (life and non-life insurance products), France (life and non-life insurance products), Luxembourg<sup>3</sup> (life insurance products), Macao (life insurance products), and Mozambique (life and non-life insurance products) and through its insurance subsidiaries: Garantia (Cape Verde; life and non-life insurance products), Fidelidade Angola – Companhia de Seguros, S.A. (Angola; life and non-life insurance products), Fidelidade Macau – Companhia de Seguros, S.A. (Macao; non-life insurance products), La Positiva, Seguros y Reaseguros, S.A.A. (Peru, non-life insurance products), La Positiva Vida, Seguros y Reaseguros S.A. (Peru, life insurance products), Alianza Compañía de Seguros Y Reaseguros E.M.A. S.A. (Bolivia, non-life insurance products), Alianza Vida Seguros y Reaseguros S.A. (Bolivia, life insurance products), Alianza Garantía Seguros y Reaseguros S.A. (Paraguay, life and non-life insurance products) and FID Chile Seguros Generales, S.A. (Chile, non-life insurance products).

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<sup>3</sup> Run-off operation

### Other Services

In line with its strategy of guaranteeing operational excellence and quality of the service provided throughout the insurance value chain and positioning towards a global service provider of people's protection, the Fidelidade Group holds strategic stakes in a number of companies providing insurance related services, namely:

- Luz Saúde S.A. – one of the market leaders in the provision of private healthcare in Portugal (*source: Luz Saúde S.A. 2019 Annual report*) with 15 private hospitals and 1,650 beds;
- EAPS - Empresa de Análise, Prevenção e Segurança, S.A. – provides risk analysis services, health and safety at work and workplace medicine;
- GEP - Gestão de Peritagens, S.A. – provides loss adjusters services;
- Cares – Assistência e Reparações, S.A. – provides real estate repair services;
- Clínica Fisiátrica das Antas, Lda – provides physiotherapy services;
- CETRA - Centro Técnico de Reparação Automóvel, S.A. – provides motor vehicle repair services;
- Fidelidade – Property Europe, S.A. – management of real estate portfolio in the European Union;
- Fidelidade – Property International, S.A. – management of real estate portfolio outside the European Union;
- Fidelidade – Sociedade Gestora de Organismos de Investimento Coletivo, S.A. – management of real estate investment funds; and
- Tenax Capital Limited – management of funds for insurers and private banks.

### Segments

The below table sets out the total gross premiums written by line of business for the years 2019 and 2020:

<b>Total Gross Premiums Written</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
Non-Life.....	2,029	2,133
Life – Risk & Annuities.....	384	370
Life Financial - Insurance Contracts.....	521	75
<b>Total Premiums P&amp;L.....</b>	<b>2,934</b>	<b>2,578</b>
Life Financial - Investment Contracts.....	1,149	981
<b>Total Premiums Management Accounts.....</b>	<b>4,083</b>	<b>3,558</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: *Company Information*

The segments used for reporting based on geographical criteria are Portugal, Rest of the European Union, Latin America, Africa and Asia.

The below table sets out the total gross premiums written by geographical criteria for the years 2019 and 2020:

<b>Total Gross Premiums Written</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
<b>Portugal</b> .....	3,109	2,695
Life.....	1,653	1,169
Non-Life.....	1,456	1,526
<b>Latin America</b> .....	633	648
Life.....	214	188
Non-Life.....	419	460
<b>Rest of European Union</b> .....	157	104
Life.....	97	37
Non-Life.....	60	67
<b>Africa</b> .....	79	69
Life.....	4	3
Non-Life.....	75	66
<b>Asia</b> .....	104	42
Life.....	86	28
Non-Life.....	18	14
<b>Total Premiums Management Accounts</b> .....	<u>4,083</u>	<u>3,558</u>
Portugal.....	3,109	2,695
International.....	974	863

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: *Company Information*

The below table sets out the total gross premiums written by international jurisdiction for the years 2019 and 2020:

<b>Total Gross Premiums Written</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
Peru.....	496	474
Bolivia.....	127	129
France <sup>3</sup> .....	74	85
Angola.....	54	44
Macao.....	104	42
Chile.....	-	32
Spain.....	83	19
Cape Verde.....	16	15
Paraguay.....	11	12

Mozambique.....	9	10
<b>Total Premiums Management Accounts.....</b>	<b>974</b>	<b>863</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.
- (3) Includes Luxembourg written premiums (operation in run-off).

Source: *Company Information*

## Distribution channels

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

The multi-channel approach has allowed the Fidelidade Group to ensure a unique position in the distribution of its products and stand out as the leader in the domestic market in all the channels through which it operates as at 2019 (*source: APS - Associação Portuguesa de Seguradores*).

The below table sets out the number of units and total gross premiums written in 2020 for each distribution channel:

<b>Distribution channels - Portugal</b>	<b>Number of units</b>	<b>Life gross premiums written in 2020<sup>1 2</sup></b>	<b>Non-Life gross premiums written in 2020<sup>1 2</sup></b>	<b>Total gross premiums written in 2020<sup>1 2</sup></b>
		<i>(€ millions)</i>		
Bancassurance and Post Office.....	698	943	127	1,069
Agents and Others.....	4,174	165	822	987
Brokers.....	70	17	446	463
Own stores.....	60	45	73	118
Remote.....	<i>n.a.</i>	-	58	58

Note:

- (1) Includes investment contracts.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: *Company Information*.

The following table provides information on Fidelidade Group's market share per distribution channel in the Portuguese insurance market for the year of 2019:

<b>Distribution Network Market Shares (2019) - Portugal</b>	<b>Life</b>	<b>Non-Life</b>	<b>Total</b>
		(%)	
Agents.....	23	24	23
Own stores.....	38	46	38
Bancassurance.....	24	17	23
Brokers.....	10	39	36
Remote.....	40	64	63
Postal channel.....	98	98	98

*Source: APS - Associação Portuguesa de Seguradores, ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Company Information.*

Emphasis has also been placed on enhancing the network of exclusive agents, namely by opening new agencies with the Fidelidade brand with broad country coverage, and on the strengthening of ties with the brokers' channel, with good results being achieved in both cases.

Digitalisation and technology play a particularly important role in the search for solutions that enhance interaction with clients and offer increasingly customised services. However, although the digitalisation process is essential for greater proximity with clients, Fidelidade has always been founded on a sales force based in agencies, stores and brokers' centres, and the Group continues to place emphasis on improving these partners' skills.

In Fidelidade Group's international operations, the key distribution channels are:

- Spain – agents and brokers channel is now the largest distribution channel, as a result of the sale of Banco Caixa Geral (part of the CGD Group) in October 2019 and the end of Fidelidade's branch in Spain bancassurance agreement with the bank;
- France – brokers (62 per cent.) and bancassurance (36 per cent.) through CGD France's local bank branches;
- Angola – agents and brokers (46 per cent.) and bancassurance (36 per cent.) through Caixa Geral de Angola (CGD's local subsidiary), Banco Fomento de Angola, Banco Comercial do Huambo, Standard Bank, Banco Investimento Rural, Banco Valor and Banco Prestígio;
- Mozambique – brokers (46 per cent.) and direct channel and agents (39 per cent.);
- Cape Verde – own stores (72 per cent.);
- Macao – brokers (32 per cent.), bancassurance (31 per cent.) mainly through Banco Nacional Ultramarino (BNU) and direct channels (30 per cent.);
- Peru – brokers (41 per cent.), public tenders (20 per cent.) and non-traditional channels (16 per cent.), which include partnerships with banks, retailers and other partners;
- Bolivia – bancassurance (39 per cent.) through Banco Mercantil Santa Cruz (BMSC), Banco Fassil and Banco FIE, brokers (37 per cent.) and direct channel (13 per cent.);

- Paraguay – direct channel and brokers; and
- Chile – brokers (80 per cent.) and affinities (20 per cent.).

## **Products**

The Fidelidade Group offers a wide range of products and services to its clients, enhanced by its vast accumulated experience and from the ongoing search for insurance product innovations.

The Fidelidade Group's range of products includes non-life insurance products (including through products such as motor insurance, workers' compensation insurance, health insurance, property and casualty insurance and liability insurance) and life insurance products (risk products, annuities and financial products). The Fidelidade Group's insurance business also offers a unique range of assistance services in a number of areas.

### **Non-life insurance products**

#### ***Motor Insurance***

The motor insurance policies offered by the Fidelidade Group provide both coverage for individuals and corporates. All motor insurance policies offered by the Fidelidade Group include coverage in terms of third-party liability, death or permanent disability of the driver, legal protection and travel assistance. Other types of coverage such as for collision, theft, glass breakages, property damage, nature phenomenon, other vehicle occupants, socio-political risks or replacement vehicles are either included in certain insurance policies or, otherwise, the client has the option to include these in their insurance policy. Furthermore, Fidelidade recently launched in partnership with Brisa/Via Verde, the largest motorway concessionaire in Portugal, the Smart Drive project to enhance the mobility ecosystem. This project covers telematics-based insurance products and mobility insurance products dedicated to Via Verde clients.

#### ***Health Insurance***

Through the brand Multicare, the Fidelidade Group offers a wide range of health insurance products for both individuals and corporates. All health insurance products include coverage of inpatient & outpatient (with different options of capital amounts covered), online medical orientation (innovative feature) and check-up, including also the option for coverage of serious diseases. Recently, Fidelidade launched the Vitality programme allowing clients to benefit from it by earning weekly and monthly rewards, and to gain annual discounts on their insurance premium. This programme is a partnership with the leading global programme for the creation of healthy lifestyle habits created by the South African insurer Discovery.

#### ***Fire and other damages insurance***

In this line of business, the Fidelidade Group provides coverage essentially on a multi-risk basis for both individuals and corporates, including fire, storms, theft, flooding, furniture/equipment and agricultural damage. Recently, the Fidelidade Group launched a new product – FIXO, a platform for the provision of services for homes with an end-to-end digital experience.

#### ***Workers' Compensation Insurance***

Fidelidade sells mandatory workers' compensation policies for employers (private and public) and for independent workers, including coverage of medical, pharmaceutical and hospital expenses, compensation for temporary disability, compensation in the event of death and indemnity in the case of permanent disability. Additionally, Fidelidade offers optional coverage of repatriation and treatment expenses and a daily subsidy in case of hospitalisation. In this line of business, there has been a continued effort to rebalance the technical results, including by working in close co-operation with our selected network of healthcare providers. In co-

operation with Luz Saúde, specific medical treatment units were set up in the Oporto and Lisbon areas, which has allowed to guarantee better service quality for its clients and greater control over the healthcare services provided.

### Evolution of the Non-Life segment by line of business

The four main lines of business under the non-life segment are motor, health, fire and other damage, and workers' compensation, which represent approximately 85 per cent. of the total premiums written.

All the non-life segment lines of business displayed positive performance throughout 2020, but particularly significant was the performance of health insurance business and fire and other damage business, both growing at 9 per cent..

Contributing to this growth was the focus on the differentiation and innovation of the products and services offered in these lines of business, such as the introduction of Multicare's new health portfolio which includes medical advice either online and by phone.

The motor insurance line of business remains the most significant business in the non-life segment, representing over 30 per cent. of the segment.

The evolution of the Fidelidade Group's non-life gross premiums written is as follows:

<b>Non-Life Gross Premiums Written per Line of Business</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
Motor.....	658	660
Health.....	401	435
Fire and other damage.....	395	433
Workers' compensation.....	280	291
Others.....	297	314
<b>Total Non-Life Premiums.....</b>	<b>2,029</b>	<b>2,133</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information*

### Life insurance products

#### *Life risk*

Fidelidade offers several life risk products for both individuals and corporates, either credit-linked or not credit-linked. Recently, Fidelidade launched the product “Proteção Vital das Famílias”, which is an innovative and wide-ranging life insurance policy aimed at families (in case of death from one of its members). Included in its basic coverage is not only funeral services, but also health assistance and personal accident coverage, which are combined in a single policy. The coverage is adjusted throughout the lifecycle of the various members of the family.

## **Annuities**

Fidelidade sells annuities for individuals with complimentary option of death coverage.

## **Life financial**

Fidelidade sells savings products with different maturities and purposes such as retirement plans and capitalization products. However, Fidelidade has been growing towards a higher relevance of non-guaranteed products, which is essential from a capital optimisation strategy. As such, given the low interest environment, which is putting pressure under investment yields, combined with significant impact in terms of capital consumption from fixed rate portfolio, Fidelidade has been redesigning its product offer to replace fixed offer rate for non-guaranteed products for all client segments and life stages.

This strategy is the reflection of the Fidelidade's life savings transformational program, which will position the company to be the natural alternative partner for our clients in what relates to savings and financial goals achievement.

## **Evolution of the Life segment by line of business**

The life segment is composed of life risk and annuities products and life financial products (unit-linked and guaranteed life financial products), with the latter being responsible for the majority of premiums, representing 74 per cent. of the total in 2020.

In 2020, life financial products fell 37 per cent. to a total of €1,055 million, when compared to 2019, due to the macroeconomic environment of low interest rates, the low rate of savings by families and the competition from the new Portuguese retail treasury bonds. However, and as a result of Fidelidade's strategy to transform life savings line of business, unit-linked products increased 282 per cent. in 2020.

The below table sets out the evolution of the gross premiums written by the Fidelidade Group's life segment for the years 2019 and 2020:

<b>Life Gross Premiums Written per Line of Business</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
Life Financial.....	1,669	1,055
Guaranteed Life Financial.....	1,568	670
Unit-Linked.....	101	385
Life - Risk & Annuities.....	384	370
<b>Total Life Premiums.....</b>	<b>2,053</b>	<b>1,425</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information.*

In relation to the financial back-book of the Fidelidade Group (that is, the sum of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts and mathematical provision for life insurance), in 2020 the Group accounted for €11.2 billion, of which the majority (86 per cent.) were related to Portuguese life-saving products, while 12 per cent. represented international provisions mainly related to annuities from the La Positiva Group, which have an estimated duration of c. 16 years, being the remaining related with other related provisions in Portugal. In 2019 this amounted to €12.2 billion, of which €10.6 billion is related to Portuguese life-saving products and the remaining to international operations.

In 2020, provisions related to Portuguese life-saving products amounted to €9.6 billion, which included 83 per cent. guaranteed rate products (average yield rate of 0.05 per cent), 11 per cent. related to fixed rate products with guaranteed returns (average yield rate of 3.94 per cent) and 5 per cent. to unit-linked products (which represented 33 per cent. of total life gross premiums written in the Portuguese market).

In terms of maturity, more than 60 per cent. of fixed rate products are maturing in 2021 and 2022, while 25 per cent. will mature after 2026, as presented below:

<i>(€ million)</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 - 30</b>	<b>&gt; 2030</b>
Fixed rate product by maturity	445	241	62	40	35	137	139
Average yield rate	4,99%	3,43%	2,94%	3,24%	3,24%	3,20%	3,02%

## Market position

### Portugal

The Fidelidade Group is the market leader insurer in Portugal (*Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Company Information*) in both life insurance products and non-life insurance products segments, benefiting from its multi-channel approach and the capillarity of its distribution channels (which is the largest commercial network in the country) in order to reach over 2.2 million customers. In 2020, the Fidelidade Group retained its market leading position across both life insurance products and non-life insurance products segments, recording an overall market share of 27.2 per cent.

The below tables show the Portuguese insurance market's total premiums evolution and the Fidelidade Group's market share in Portugal by insurance products segment:

#### Portuguese Market Total Gross Premiums Written

	<b>2019</b>	<b>2020</b>
	<i>(€ billions)</i>	
Life.....	7.0	4.6
Non-Life.....	5.2	5.3
<b>Total.....</b>	<b>12.2</b>	<b>9.9</b>

#### Market Share Fidelidade - Portugal

	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(%)</i>	

Life.....	23.6	25.6
Non-Life.....	27.9	28.4
<b>Total.....</b>	<b>25.5</b>	<b>27.2</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Company Information.

In addition to its performance in terms of premiums written, The Fidelidade Group has also been consolidating its leadership position as the top insurance company in Portugal, defined according to the BASEF Market Study, a reference study in Portugal with more than 20 years that analyses the Portuguese population behaviour in relation to the insurance sector.

In fact, from 2016 to 2020, the BASEF Market Study shows that the Fidelidade Group has the best attributes in relation to insurance offering, price, information clarity and innovation:

- Insurance offering: the Fidelidade Group maintains clear leadership in terms of product offering in the last 4 years, gathering the preference of 15.4 per cent. of the total individuals interviewed in 2020 (compared with 12.3 per cent. in 2016), followed by Tranquilidade (7.4 per cent. in 2020 and 6.1 per cent. in 2016) and Zurich (4.3 per cent. in 2020 and 4.2 per cent. 2016);
- Price: the total individuals interviewed perceive the Fidelidade Group as the insurer with the most attractive offering in terms of price from 2016 to 2020 (6.4 per cent. and 8.7 per cent., respectively) comparing to its domestic peers Tranquilidade (2.7 per cent. and 5.1 per cent.) and OK Teleseguros (2.8 per cent. and 4.4 per cent.);
- Information clarity: this category is where the Fidelidade Group stands out the most in comparison to its peers. From 2016 to 2020, the Fidelidade Group significantly increased its preference among the interviewees, moving from 9.6 per cent. to 15.8 per cent., while Tranquilidade and Allianz remained below the 10 per cent. threshold (6.7 per cent. and 3.8 per cent. in 2020 and 4.5 per cent. and 2.7 per cent. in 2016, respectively);
- Innovation: the Fidelidade Group, similarly to the other categories, performed above its domestic peers in terms of innovation. In fact, in 2020 the Fidelidade Group gathered the choice of 9.3 per cent. of the sample size (4.8 per cent. in 2016) followed by OK Teleseguros with 4.3 per cent. (3.0 per cent. in 2016) and Tranquilidade with 3.7 per cent. (2.2 per cent. in 2016).

### ***Non-life insurance market in Portugal***

In 2020, the non-life insurance sector continued the upward trend, despite a significant slowdown compared to 2019 (3.0 per cent. in 2020 vs 8.0 per cent. in 2019), as a result of the disruptive effects of the Covid-19 pandemic on the Portuguese economy.

In 2020, the Fidelidade Group recorded a total of €1.5 billion in non-life written premiums in the Portuguese market (increase of 4.8 per cent. relative to 2019). The Fidelidade Group has the leading market position in Portugal in the non-life insurance segment and across the key lines of business, such as motor insurance, health

insurance, fire insurance and workers' compensation insurance (source: ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões and Company Information).

In 2020, the non-life segment has proved to be resilient during the Covid-19 pandemic and the Fidelidade Group increased its share in Portugal by 0.5 pp compared to the previous year. The growth in the Fidelidade Group's position in the non-life market was leveraged by most of the lines of business, and was essentially due to the following factors:

- Workers' compensation with particularly significant change (+0.8 pp of market share);
- Health with a highly positive contribution (+0.6 pp of market share), particularly with individual policies;
- Personal Accidents leveraged by strong growth in the banking channel (+2.2 pp of market share);
- Fire and Other Damage, with a positive contribution from the Agriculture (+1.5 pp) and Other Damage (+7.7 pp) products.

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Company information.

Fidelidade has a leading position in the Portuguese market with 27% market share, followed by Ageas with 15% and Tranquilidade with 11%. Regarding the Non life segment, Fidelidades has a market share of 28%, followed by Tranquilidade with 18% and Ageas with 13% and in the Life segment, a total market share of 26%, followed by Ageas with 18% and BPI Vida e Pensões with 12%.

In relation to registered complaints with the Portuguese regulator, the Fidelidade Group has a significantly lower market share of complaints, total and per line of business, when compared to its premiums' market share, which highlights the role of the Issuer's distinctive claims platform and the excellency of the customer service provided to the Fidelidade Group clients.

The below table shows the Fidelidade's Group market share of complaints submitted before the regulator and the market share of premiums written in 2020:

2020 Market share Fidelidade - Portugal	Complaints	Premiums
	(%)	
Motor.....	15	28
Fire and other damages.....	15	27
Health.....	27	38
Personal Accidents.....	8	17
Workers' compensation.....	25	27
<b>Total non-life and life market share.....</b>	<b>15</b>	<b>27</b>

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões.

More specifically, in relation to motor insurance, the Fidelidade Group stands out as the player with the least ratio of complaints-to-premiums, when compared to other domestic peers.

The below table shows the motor insurance ratio of complaints-to-premiums of the Fidelidade Group and other domestic peers in 2019:

**Motor insurance ratio complaints-to-premiums** 2019

	(%)
Fidelidade.....	1.0
Zurich.....	1.3
Lusitania.....	1.5
Liberty.....	1.7
Allianz.....	2.2
Mapfre.....	2.2
GNB Seguros.....	3.2
Tranquilidade.....	3.8
Ocidental.....	4.1
Ageas.....	4.2
Generali.....	4.5
Popular.....	6.3

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões.

### **Life insurance market in Portugal**

In 2020, the insurance sector contracted once again, with a decrease in premiums of 18.7 per cent. compared to 2019, resulting in total premiums written of €9.9 billion. The life segment was responsible for the decline in the sector, contracting 34.8 per cent., mirroring the continuation of the downward trend in this market of sales of products not linked to investment funds, reflecting the current climate of low interest rates, uncertainty surrounding the economic situation in the context of a pandemic, and the current prudential regulations applicable to the sector which are more sensitive to the risks inherent to financial guarantees.

In Portugal, during 2020, Fidelidade recorded a decrease of life written premiums of 29 per cent., mainly as a result of the restructuring of the life financial line of business. However, despite the decrease of total gross premiums, Fidelidade increased its life market share by 2 p.p., compared to the previous year, with both lines of business corroborating this trend (life financial with market share of 28 per cent., an increase of 3.1pp and life – risk and annuities with market share of 19 per cent., an increase of 0.2pp).

In fact, the success recorded reflects the reshaping of the life financial line of business, which, in 2020, was marked by the increase in the market share in Unit-Link products from 5.8 per cent. to 20 per cent. and the performance of annuities products, which, in Fidelidade, contracted less than the market.

In relation to registered complaints with the Portuguese regulator, the Fidelidade Group's performance related to the life segment has also been, similarly to the non-life segment, below the premiums' market share, more specifically at 13 per cent. (compared to premiums' market share of 26 per cent.).

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Company information.

### **International Operations**

Internationally, the Fidelidade Group counts with its most relevant position in Latin America. In 2020, the Fidelidade Group consolidated its position in the Latin American insurance market, recording the following rankings:

- Peru: 3<sup>rd</sup> place, with the La Positiva Group reaching a market share of 13.2 per cent., an increase compared to the figure of 12.7 per cent. in 2019. La Positiva Seguros had the 3<sup>rd</sup> largest market share in the non-life

business, with 15.5 per cent., while La Positiva Vida also reached 3<sup>rd</sup> place in the life business, with 10.7 per cent.. Lastly, La Positiva – Entidad Prestadora de Salud achieved a market share of 2.5 per cent, obtaining 5<sup>th</sup> position in the ranking;

- Bolivia: 2<sup>nd</sup> place, with a market share of 23.8 per cent of the non-life business and 19.2 per cent. of the life business, and leader among private equity insurers;
- Chile: 19<sup>th</sup> place, taking into account that the operation only began in 2020; and
- Paraguay: 9<sup>th</sup> place, with Alianza Garantia maintaining its position in the market with a market share of 3.9 per cent..

In 2020, the Fidelidade Group also consolidated its position in Africa. In Mozambique it held 8<sup>th</sup> position, with a market share of 4.2 per cent., which was a slight increase compared to 2019 (3.8 per cent.). In Angola the market share was 12.2 per cent., and the operation maintained its position of 3<sup>rd</sup> in the ranking.

## Strategy

The Fidelidade Group stands out in several areas, which give it competitive advantages over other insurers operating in Portugal:

- Undisputed leadership (*source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões*), with a client base of over 2.2 million in Portugal, served by an omni-channel network with a high level of regional penetration;
- Leading brand, both in value and client recognition, resulting from a continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, bank (CGD), post offices and online channels;
- Unique technical skills in the market, supported by a full spectrum insurance offer, and recognised claims management capability, thereby guaranteeing a high level of client satisfaction;
- Prudent risk management policies and above-average provision levels.

In this context and benefitting from a particularly strong position in Portugal, the Fidelidade Group is seeking to both strengthen its leading role in the Portuguese market and expand internationally.

Specifically, the latter goal involves increasing the weight of the international business, through a sustainable growth in non-life business, assuming a position of reference in the markets where the Fidelidade Group is present.

Accordingly, the activity of the Fidelidade Group is based on four strategic imperatives, upon which the Group has defined a growth and transformation plan with defined action-oriented initiatives:

- (i) Accelerate growth, through sales-oriented companies and a distinctive international presence;
- (ii) Optimise profitability, by transforming life business, capital consumption optimisation and state of the art automation;
- (iii) Client focus, by designing seamless customer journeys and building digitally-enabled ecosystems; and
- (iv) Mobilise the organisation, via a talented and agile organization with a strong cultural identity.

These strategic imperatives are the guiding force behind the Fidelidade Group's actions, and give rise to a wide range of initiatives that are being implemented by the different companies in the Group.

**(i) Accelerate growth**

Growth is a strategic priority for the Fidelidade Group, which follows 3 key levers: a) strengthening leadership in Portugal; b) international expansion; and c) innovation and digital transformation.

**a) Strengthening leadership in Portugal**

In order to strengthen its position in the Portuguese market, the Fidelidade Group leverages the strength of its brands, its presence in the various distribution channels, its recognised technical capabilities and its culture of innovation, to serve more and more clients.

In addition, the Fidelidade Group continues to improve its sales dynamics, with greater coordination between the different sales channels, seeking to offer an omni-channel experience, and adapting the product range to clients' expectations in the different distribution channels.

The Fidelidade Group's ongoing initiatives have resulted in a continual increase in market share, mainly in the non-life business, and in a proven resilience in the face of external adversities. In the medium term, the potential identified in the life business in Portugal will be one of the main key levers of growth, with the Fidelidade Group seeking to strengthen its position in the savings market.

**b) International Expansion**

International expansion is a strategic priority for the Fidelidade Group, mainly due to the role it plays in the Group's growth, but also as a means of reducing the historical concentration in the Portuguese market and as a mechanism for transferring knowledge, skills and innovation between each of the companies that are part of the Group.

The Fidelidade Group's goal is to act in new markets where it can use its skills base to offer competitive advantage, while strictly meeting all the criteria for financial and operational sustainability.

Initially, the Fidelidade Group's internationalisation process sought out markets with which Portugal had greater economic, cultural and language ties. For the most part, the Group followed its natural partner in the bank channel (CGD), concentrating its operations in markets where the Bank was present.

Currently, emerging markets are the Fidelidade Group's focus for international expansion, namely Latin America and Africa, given the strong cultural proximity and easiness with the language, the friendly investment context for foreign investments in these markets and the market potential identified in terms of low insurance penetration and significant growth. In addition to this, the Group's international expansion is an opportunity for the Fidelidade Group to reduce its current exposure to the Portuguese market, as well as to add know-how and value, given the lower stage of development of Latin America and African markets. The acquisition of a majority shareholding in the La Positiva Group in 2019 and the start of operations in Chile in 2020 are the two most recent steps in the Fidelidade Group's ambition for international growth.

**c) Innovation and digital transformation**

Lastly, innovation and digital transformation are a way for the Fidelidade Group to not only boost its insurance business, but also create other sources of income beyond insurance. These are also a key element in strengthening the Group's leadership position in the Portuguese market and a means of adding value to the international operations, by exporting proven success stories in Portugal to other geographies.

Hence, the Fidelidade Group has maintained a constant focus on digitalisation, with various initiatives that can provide the Group's companies with tools able to respond to the potential disruptive impact of new business models based on the new technologies.

As market leader in Portugal and being present in several geographies, the Fidelidade Group is focused on understanding the trends within the markets it operates and identifying new market directions, in order to generate ideas for innovation projects.

The major motivation behind the innovation and transformation processes occurring at the Fidelidade Group is the preparation for the future with new products embedded in the ecosystems where it operates and filling gaps in the many areas where insurance companies normally work: the home, mobility, health and savings.

## **(ii) Optimise profitability**

In recent years, the Fidelidade Group has returned consistently positive results, in terms of profitability. This performance has been possible due to the implementation of various initiatives to improve yields, and which continue to be a focus for action in the future. The main initiatives include: a) continual automation of internal processes; b) transformation of the life business; c) optimisation of investment portfolio management and d) optimisation of capital structure.

### **a) Continual improvement in efficiency**

Continual improvement in efficiency is based on automation and the use of analytics technologies, to digitalise interaction with clients and distribution partners. This focus has allowed the Group to increase the number of processes that no longer require human intervention, thereby freeing up human resources to perform activities with more added value.

### **b) Transformation of the life business**

Transformation of the life business has been triggered by a macroeconomic context of low interest rates that have made it necessary to review the Fidelidade Group's product range, focusing on non-guaranteed capital products. This reformulation has been coupled with a focus on differentiated asset management capabilities to capitalise on the potential that this line of business presents in the Portuguese market.

### **c) Optimisation of Investments**

Optimisation of investment management involves ensuring the right fit for the market and regulatory context in which the Fidelidade Group operates, seeking optimisation of return and risk, but safeguarding the level of prudence that has always characterised the company's activity.

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

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

### **d) Optimisation of capital structure**

Optimisation of the capital structure represents one of the key commitments of the Fidelidade Group for the short and medium-term. Such commitment is already being addressed by the Group, with the issue

of the Notes representing its inaugural Tier 2 debt issue in the first half of 2021 and with such issue intended to strengthen capital ratios and solvency position, with no immediate reimbursement of supplementary capital contribution, followed by a rating process to be concluded in the second half of 2021. The Fidelidade Group is also planning to reinforce its presence in the capital markets in the medium-term, by issuing further Tier 2 rated securities.

The Fidelidade Group's capital plan must be also aligned with the investors' view and sensibility for the capital position of insurance companies, with the Group committing to maintain capital ratios above 150 per cent. at a consolidated level.

**(iii) Client focus**

The focus of the Fidelidade Group is its clients and, as a result, all of the Group's activity and innovation are client-focused. In the traditional insurance business, this means making an effort to meet clients' expectations with regard to the increasing digitalisation of business and improving response times.

Given the focus on clients' needs, the aim of the Fidelidade Group is not only to offer insurance and mutualise clients' risks, but also to proactively support clients in managing their risks and solving their problems and needs as these arise. This ambition requires the Fidelidade Group to increase the frequency of its interactions with clients and develop new integrated offers for the ecosystems in which it operates, providing products and services that are outside its core business and increasingly focused on prevention and on solving clients' holistic needs. This route has been achieved by acquiring and internalising different services that are relevant to the business and by forming strategic partnerships with important groups with a global presence, such as Discovery Vitality.

**(iv) Mobilise the Organisation**

In order to pursue its other strategic imperatives of growth, profitability and client focus, the Fidelidade Group must have the necessary talent and working methods. Hence, the Fidelidade Group is keeping up to speed with the industry's transformation and trends, in order to guarantee today the talent that will be needed for the challenges of tomorrow.

Therefore, although 2020 was characterised by a macroeconomic context of greater unemployment, the Fidelidade Group bucked the trend of most companies and took advantage of this context to fill gaps that had been identified with talent available on the market.

In addition, continued emphasis on employee training and on internal rotation are also indispensable initiatives for generating and retaining human talent. Alongside this, the Fidelidade Group has engaged in actions to ensure that all the Group's employees assimilate the values, purpose and identity of the Group, which are key factors in uniting the different generations within the company.

Reformulating ways of working and organisational processes based on agile methods is a route that the Fidelidade Group has followed to guarantee an increasingly agile organisation, capable of supporting business growth and responding quickly and efficiently to any challenge that arises.

Following a successful first transformation in the organisation of the IT systems area, the Fidelidade Group is now focused on expanding these different methods of working to the Group's other areas and functions.

In addition to the above, Fidelidade Group has also a ESG overall strategy, considering the below:

- Responsible Investments: alignment of the investment portfolio with ESG criteria, including continuous monitoring and enforcement of disclosure, which among other include i) composition and responsibility

of BoD; ii) Existence of sound environmental practices; iii) Stability of human capital and iv) Responsible Investments;

- Environmental Changes: Preventing and anticipating the consequences of climate phenomena (Mapping of customers in areas of risk and Machine learning to notify customers in areas of risk), Managing resources and Promoting sustainable mobility;
- Social: Strengthening the social economy, supporting the Fidelidade Comunidade award for institutions (that support Social inclusion of people with disabilities or invalidities, Ageing, Prevention in health) and volunteering (319 people involved in about 1038 hours of volunteer work).

Fidelidade has the aim to contribute to the 2030 Agenda, mainly by:

- Ensure healthy lives and promote well-being for all at all ages;
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Reduce inequality within and among countries, in terms of income increase but also in terms of equal access to opportunities;
- Make cities and human settlements inclusive, safe, resilient and sustainable;
- Take urgent action to combat climate change and its impacts; and
- Encourage the mobilisation of institutions and resources towards sustainable development.

## Investment Portfolio

As at 31 December 2020, the Fidelidade Group's ten largest investments (of which 52 per cent. correspond to investments in real estate and government bonds) represented 28 per cent. of its total investment portfolio (total government bonds representing 27 per cent. of the total investment portfolio).

The Fidelidade Group's investment portfolio in 2020, when compared to 2017, shows a clear evolution towards a more conservative portfolio, through the significant increase in the exposure to fixed income instruments and the decrease in the exposure to equity instruments. The Fidelidade Group's investment portfolio in 2017 amounted to €15.6 billion and its distribution was focused on fixed income (64 per cent.), followed by real estate (14 per cent.), cash and deposits (11 per cent.), equity (10 per cent.) and others (1 per cent.).

The tables below show the breakdown of Fidelidade Group's investment portfolio per asset class and geography as at 31 December 2020:

<b>Investment Portfolio</b>	<b>31 December 2020<sup>1</sup></b>	<b>Percentage of total</b>
	<i>(€ billions)</i>	<i>(%)</i>
Fixed Income.....	12.7	75
Corporate Bonds.....	6.5	38
Portugal Corporate Debt.....	0.3	2
Other Corporate Debt.....	6.2	36
Government Bonds.....	4.6	27
Portugal Sovereign Debt.....	1.8	10
Italy Sovereign Debt.....	1.6	10

Spain Sovereign Debt.....	0.8	5
Other Sovereign Debt.....	0.4	2
Other Fixed Income.....	1.6	10
Real estate.....	2.0	12
Cash and deposits.....	1.4	8
Equity.....	0.8	5
Other.....	0.1	0
<b>Total Investment Portfolio.....</b>	<b>16.9</b>	<b>100</b>

<b>Investment Portfolio per Geography</b>	<b>31 December 2020<sup>1</sup></b>
	(%)
Portugal.....	21.2
Rest of Europe.....	46.0
Asia.....	11.2
Latin America.....	8.5
North America.....	8.4
Rest of the World.....	4.7

Note:

- (1) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information*

The tables below show the breakdown of Fidelidade Group's government bonds and corporate bonds portfolio per geography and rating as at 31 December 2020:

<b>Government Bonds Portfolio per Geography</b>	<b>31 December 2020<sup>1</sup></b>	<b>Percentage of total</b>
	(€ billions)	(%)
Portugal.....	1.8	38
Italy.....	1.6	35
Spain.....	0.8	17
Rest of the World.....	0.4	10
<b>Total Government Bonds.....</b>	<b>4.6</b>	<b>100</b>

<b>Corporate Bonds Portfolio per Geography</b>	<b>31 December 2020<sup>1</sup></b>	<b>Percentage of total</b>
	(€ billions)	(%)
Europe.....	2.8	44

North America.....	1.2	18
Asia.....	1.1	16
Latin America.....	0.7	12
Rest of the World.....	0.7	10
<b>Total Corporate Bonds.....</b>	<b>6.5</b>	<b>100</b>

<b>Corporate Bonds Portfolio per Geography in Europe</b>	<b>31 December 2020<sup>1</sup></b>	<b>Percentage of total</b>
	<i>(€ millions)</i>	<i>(%)</i>
UK.....	1,179	41
France.....	392	14
Portugal.....	307	11
Luxembourg.....	181	6
Netherlands.....	176	6
Spain.....	147	5
Germany.....	97	3
Other.....	369	14
<b>Total Corporate Bonds.....</b>	<b>2,848</b>	<b>100</b>

<b>Government Bonds Portfolio per Rating</b>	<b>31 December 2020<sup>1</sup></b>
	<i>(%)</i>
A- or above .....	6.3
BBB range .....	89.3
Non investment grade.....	1.4
Not Rated <sup>2</sup> .....	3.0

<b>Corporate Bonds Portfolio per Rating</b>	<b>31 December 2020<sup>1</sup></b>
	<i>(%)</i>
A- or above .....	39.9
BBB range .....	37.7
Non investment grade.....	14.1
Not Rated .....	8.3

Note:

- (1) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.
- (2) Includes €136 million of structure notes issued by Single Platform Investment Repackaging Entity S.A. (SPIRE), whose underlying asset corresponds to Italian Sovereign Bonds with BBB rating.

Source: Company Information

The Fidelidade Group's real estate portfolio, as at 31 December 2020, amounted to €2 billion, exhibiting an average comprehensive return of 6.1 per cent. between 2019 and 2020.

The tables below show the breakdown of Fidelidade Group's real estate portfolio per geography, as well as the top real estate exposures above €100 million as at 31 December 2020:

<b>Real Estate Portfolio per Geography<sup>1</sup></b>	<b>31 December 2020<sup>2</sup></b>	<b>Percentage of total</b>
	<i>(€ millions)</i>	<i>(%)</i>
Portugal.....	692	35
UK.....	552	28
Italy.....	406	21
Peru.....	148	8
Belgium.....	140	7
Other.....	13	1
<b>Total Real Estate.....</b>	<b>1,951</b>	<b>100</b>

Note:

- (1) Excluding real estate funds and real estate joint ventures.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

<b>Top Real Estate over €100 million</b>	<b>31 December 2020<sup>1</sup></b>	<b>Country</b>	<b>% of Real Estate</b>	<b>Sector Focus</b>	<b>Occupancy Level</b>
	<i>(€ millions)</i>		<i>(%)</i>		
Asset 1.....	406	Italy	21	Office & Retail Development	n.a.
Asset 2.....	377	UK	19	Office Complex	91
Asset 3.....	268	Portugal	14	Mixed Use Development	n.a.
Asset 4.....	175	UK	9	Office Complex	89
Asset 5.....	164	Portugal	9	Investment Fund / Healthcare	100
Asset 6.....	140	Belgium	7	Office Complex & Development Land	80
Asset 7.....	120	Portugal	6	Investment Fund / Commercial RE	100
<b>Total Top Real Estate.....</b>	<b>1,650</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>

Note:

- (1) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information*

In relation to the Fidelidade Group's equity portfolio, these investments total up to €804 million, representing less than 5 per cent. of the total investment portfolio of the Group. Additionally, the geographic exposure of the equity portfolio is very diversified, with exposures to Europe, Asia, Latin America and North America, representing as well highly liquid investments, with 83 per cent. being listed in an exchange.

In terms of the equity co-investments with Fosun, the Fidelidade Group reduced 40 per cent. of its exposure between 2017 and 2020 (from €756 million to €444 million), with the aim of obtaining more focused co-investments with Fosun.

These co-investments are leveraged by the local knowledge of Fosun (majority of co-investments are located in Hong Kong), which have resulted in €105 million of potential accumulated capital gains.

The below table sets out Fidelidade's co-investments with the Fosun Group as at 31 December 2020:

Asset	Book Value <sup>1</sup>	Potential Capital Gain	Country	Listed
	<i>(€ millions)</i>			
New China Life Insurance.....	197.7	24.2	China	Listed
Tsingtao Brewery.....	129.3	62.8	China	Listed
Ageas.....	89.6	11.5	Belgium	Listed
Chongqing Rural Commercial.....	19.0	1.4	Hongkong	Listed
Shui on Land.....	4.7	-	China	Listed
Fang Holdings.....	3.0	5.1	Cayman Islands	Listed
Babytree Group.....	0.3	0.1	China	Listed
Aurora Mobile.....	0.0	0.0	China	Listed
<b>Total Co-Investments.....</b>	<b>444</b>	<b>105</b>	<b>-</b>	<b>-</b>

Note:

- (1) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information*

## Key financial figures

### Technical Performance

In 2020, the Fidelidade Group's consolidated combined ratio was 89.8 per cent, which was an improvement of 6.8 pp compared to 2019, reflecting the general market fall in the claims ratio, due to the Covid-19 pandemic effects, and an increase in operational efficiency.

In the domestic market, the Fidelidade Group's combined ratio reached 90.3 per cent in 2020 (-6.1 pp compared to 2019), while at in international level there was a significant improvement in the Fidelidade Group's technical performance, with the combined ratio falling 9.4 pp compared to 2019.

In 2019, the Fidelidade Group exhibited a combined ratio lower than the overall Portuguese insurance market (-2.9 pp), which amounted to 99.3 per cent. (composed by 73.1 per cent. of net loss ratio and 26.3 per cent. of net expense ratio).

<b>Non-Life Technical Ratios</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	(%)	
Consolidated Combined Ratio <sup>3</sup> .....	96.6	89.8
Net Loss Ratio.....	65.9	61.9
Net Expense Ratio.....	30.7	27.9
Combined Ratio <sup>3</sup> - Portugal.....	96.4	90.3
Combined Ratio <sup>3</sup> - International.....	97.6	88.2

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.
- (3) Non-life combined ratio adjusted to the technical costs of the insurance business.

Source: *Company Information*.

As a result of the overall improvement of Fidelidade Group's technical performance, the underwriting result reached €151 million in 2020, reflecting an increase of 258 per cent. compared to 2019.

<b>Underwriting Result</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	(€ millions)	
Non-Life.....	57	180
Life.....	(15)	(29)
<b>Total Underwriting Result.....</b>	<b>42</b>	<b>151</b>

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: *Company Information*

### **Investment Performance**

Between 2019 and 2020, the Fidelidade Group registered an average investment yield of 2.6 per cent. and a Total Comprehensive Return of 2.3 per cent. in 2020. Volatility in the capital markets and the context of low interest rates continued to compress investment yields, influencing the 10.7 per cent. drop in investment income in 2020.

For the year ended 31 December 2020, total assets under management, excluding properties for own use, reached €16.9 billion a decrease of 4.6 per cent. compared to 2019.

The table below shows the investment performance for the years ended 2019 and 2020:

<b>Investment Performance</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
Assets Under Management (€ billions) <sup>3 4</sup> .....	17.8	16.9
Investment Income (€ millions).....	461	411
Investment yield (%).....	2.7	2.4

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.
- (3) Excluding properties for own use.
- (4) Accounting reconciliation in “Detail of the Fidelidade Group’s proforma key metrics in 2019”

*Source: Company Information*

### **Net Income**

The Fidelidade Group’s 2020 technical performance made up for the significant decrease in the investment income, enabling the Fidelidade Group to attain a consolidated net income higher than in 2019. As such, the Group’s net income reached €222 million in 2020, an increase of 6 per cent. compared to the previous year.

The table below shows the net income for the years ended 2019 and 2020:

<b>Net Income</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
	<i>(€ millions)</i>	
Net Income.....	210	222

Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information.*

### **Return on Average Equity (“RoAE”) and Return on Tangible Equity (“RoTE”)**

Between 2019 and 2020, the Fidelidade Group registered a RoAE above 7 per cent and a RoTE above 9 per cent. The Group’s shareholders’ equity reached €3.1 billion in 2020, an increase of 5 per cent. compared to 2019, as a reflection of the share capital increase and the net income evolution for the year.

The Group’s tangible equity reached €2.5 billion in 2020 (2.4 billion in 2019).

The table below shows the shareholders’ equity, RoAE and RoTE for the years ended 2019 and 2020:

<b>Shareholders' Equity, RoAE and RoTE</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>2</sup></b>
Shareholders' Equity (€ millions).....	2,962	3,111
RoAE (%).....	7.7	7.3

RoTE (%).....	9.5	9.1
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Note:

- (1) From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD, and hence, for the purposes of comparing the performance indicators presented, 2019 corresponds to the proforma value of these three companies.
- (2) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

Source: *Company Information*.

### **Liability Coverage Ratio**

The liability coverage indicates the ratio between the total assets of the Fidelidade Group compared to its total liabilities. The ratio was 122.7 per cent. for the year ended 31 December 2020, compared to 119.3 per cent. for the year ended 31 December 2019.

The below table shows the Fidelidade Group's total assets, total liabilities and liability coverage ratio for the years ended in 2019 and 2020:

<b>Liability Coverage Ratio</b>	<b>2019</b>	<b>2020</b>
Total Assets (€ millions).....	20,188	19,297
Total Liabilities (€ millions).....	16,921	15,726
<b>Liability Coverage Ratio (%).....</b>	<b>119%</b>	<b>123%</b>

Source: *Company Information*.

### **Solvency Capital Requirement**

The Solvency Capital Requirement (“SCR”) coverage ratio of Fidelidade Group for the year ended 31 December 2020 reached 143.7 per cent.. Excluding transitional measures on technical provisions (“TMTP”), Fidelidade Group’s SCR coverage ratio would be 117.2 per cent., as at 31 December 2020

The SCR coverage ratio of Fidelidade, on a solo basis, for the year ended 31 December 2020 reached 190.1 per cent (31 December 2019: 165.3 per cent).

The below table sets out the SCR of Fidelidade Group and Fidelidade for the year ended 31 December 2020, including and excluding TMTP:

<b>Solvency Capital Ratios</b>	<b>Including TMTP</b>		<b>Excluding TMTP</b>	
	<b>Fidelidade Solo</b>	<b>Fidelidade Group</b>	<b>Fidelidade Solo</b>	<b>Fidelidade Group</b>
	(%)	(%)	(%)	(%)
SCR.....	190.1	143.7	154.2	117.2

As at 31 December 2020, Fidelidade Group’s eligible own funds were fully comprised of unrestricted Tier 1, of which €314,977,300.60 were supplementary contributions from Longrun. Please find below the key solvency figures for Fidelidade Group:

Key Solvency Figures (Fidelidade Group)	31 December 2020 with TMTP	31 December 2020 without TMTP
	(€ millions)	(€ millions)
Eligible Own Funds	2,745	2,374
<i>Statutory Equity</i>	3,115	3,115
<i>ow Supplementary Capital</i>	315	315
<i>Adj on Assets, gross</i>	(145)	(145)
<i>Adj on liabilities</i>	(145)	(687)
<i>Other Adjustments</i>	(79)	92
SCR	1,910	2,026
Solvency ratio	143.7%	117.2%
Leverage Ratio post Tier2 Issuance	6.54% to 7.75%	6.54% to 7.75%

The breakdown of Fidelidade Group's SCR as at 31 December 2020 was as follows:

<b>Breakdown of SCR</b>	
	(€ million)
Market risk	1,600
<i>Interest Rate</i>	63
<i>Equity</i>	322
<i>Property</i>	519
<i>Spread</i>	875
<i>Currency</i>	171
<i>Concentration</i>	47
<i>Diversification</i>	-396
Counterparty Default risk	280
Life underwriting risk	406
Health underwriting risk	268
Non-life underwriting risk	276
Diversification	-790
Operational	105
Adjustments	-236
Total SCR	1,910

Fidelidade's Group solvency position considers 91% stake in La Positiva Generales mainly due to the fact of existing put and call options for a 40% stake (put option dates in 2022, 2023 and 2024 and call option dates in 2023, 2024 and 2025).

The sensitivity of the SCR coverage ratio, at 31 December 2020, to the main risks to which Fidelidade Group is exposed, expressed as an absolute impact on that ratio (in percentage points), is presented in the table below:

Risk type (percentage points)	Effect		
	Eligible Funds	SCR Coverage Ratio	Total
		(%)	
Spread (+100bps)	(18.22)	(3.28)	(21.09)
Equity Markets (-20%)	(11.34)	2.11	(9.40)
Interest Rate (+100 bps)	4.98	2.27	7.33
Interest Rate (-50bps)	(-2.74)	(1.77)	(4.47)
Real Estate (-10%)	(10.02)	2.33	(7.86)

Risk	Scenario
Debt securities	Impact of a 100 bps (basis points) increase in spreads of debt securities.
Equity markets	Impact of a 20 per cent. decrease in the value of equity, including equity funds.
Interest rate	Parallel increase of 100 bps (basis points) along the whole curve Parallel decrease of 50 bps (basis points) along the whole curve
Real estate	Impact of a 10 per cent. decrease in the value of property, including Real Estate Funds.

The Board of Directors of Fidelidade believes that the SCR Coverage Ratio of Fidelidade Group as at 31 December 2020 would have improved by approximately a further 13 to 26 percentage points had the issuance of the Notes and the planned use of proceeds from the issuance of the Notes (see “*Use of Proceeds*”) all occurred by 31 December 2020, On Fidelidade, in a solo basis, the impact would be between 16 to 33 percentage points. This impact was calculated solely considering the impact in the Own Funds and no increase in the SCR.

Regarding Fidelidade Solo, between 31 December 2019 and 31 December 2020, the SCR Coverage Ratio significantly increase, as presented below:

(€ billion)	Own Funds	SCR	SCR Coverage Ratio
<b>31 December 2019</b>	<b>2.6</b>	<b>1.6</b>	<b>165%</b>
<i>Capital Increase in Kind</i>	0.2		12%
<i>SCR Increase</i>		(0.1)	8%
<i>Net income</i>	0.1		9%
<i>M2M &amp; Other</i>		(0.0)	(2%)
<i>TMTP phase out</i>		(0.0)	(3%)
<b>31 December 2020</b>	<b>2.9</b>	<b>1.5</b>	<b>190%</b>

The effective management of Fidelidade’s risks and the efficient allocation of capital against them is critical in allowing Fidelidade to achieve its strategic and operational objectives. Fidelidade may therefore seek to implement management actions to optimise its capital position and cashflows over time. Additional subordinated debt issuance, using the full spectrum of Solvency II-compliant instruments, may also be used to provide further support to Fidelidade’s solvency capital position. Fidelidade will therefore continue to actively monitor opportunities to issue such capital (and to take other capital management actions) from time to time and may choose to issue further debt instruments over a range of longer and shorter-dated maturities than the

Notes. “The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, if the Issuer’s assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, investors in the Notes will lose all or some of their investment in the Notes.”.

### **Detail of the Fidelidade Group’s proforma key metrics in 2019**

From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, previously owned directly by Longrun and CGD. For the purposes of comparing the performance indicators presented in the Offering Circular, the figures concerning 2019 correspond to the proforma value of these three companies.

The table below shows the reconciliation for the total gross written premiums (including investment contracts), net income, shareholder’s equity and assets under management for the year ended 31 December 2019:

<b>2019 Proforma Perimeter</b>	<b>Fidelidade consolidated</b>	<b>Fidelidade Assistance Consolidated</b>	<b>Multicare</b>	<b>Consolidation Adjustments</b>	<b>Fidelidade Group 2019 Proforma</b>
			<i>(€ millions)</i>		
Total Premiums Management Accounts.....	4,077	53	320	(367)	4,083
Total Premiums P&L.....	2,928	53	320	(367)	2,934
Non-Life.....	2,023	53	320	(367)	2,029
Life Risk & Annuities.....	384	-	-	-	384
Life Financial - Insurance contracts.....	521	-	-	-	521
Life Financial - Investment contracts.....	1,149	-	-	-	1,149
Net Income.....	197	3	10	-	210
Equity.....	2,830	39	93	-	2,962
AuM.....	17,640	52	157	(82)	17,767
Cash and equivalents.....	868	16	15	-	898
Investment Properties.....	2,211	0	-	-	2,212
Investments in associates and joint ventures.....	4	0	0	(0)	4
Financial assets held for trading.....	22	-	-	-	22
Financial assets initially recognised at fair value through profit or loss.....	972	0	1	-	973
Hedge derivatives.....	4	-	-	-	4
Available-for-sale investments.....	11,097	35	60	(0)	11,191
Loans and accounts receivable.....	1,385	0	81	(81)	1,385
Held-to-maturity investments.....	1,074	-	-	-	1,074
Non-current assets held for sale.....	4	-	-	-	4

The table below shows the breakdown of the Fidelidade Group’s assets under management for the year ended 31 December 2020:

<b>Assets under Management</b>	<b>31 December 2020<sup>1</sup></b>
	<i>(€ millions)</i>
Financial assets designated at fair value through other comprehensive income..	9,539

Financial assets at fair value through profit or loss.....	2,935
Investment Properties.....	1,951
Financial assets at amortised cost .....	1,552
Cash and equivalents.....	937
Investments in associates and joint ventures.....	24
Hedge derivatives.....	5
Non-current assets held for sale.....	4
<b>Assets under Management.....</b>	<b>16,947</b>

Note:

- (1) The financial information presented for the year 2020 was based on the audited statutory consolidated financial statements for 31 December 2020.

*Source: Company Information.*

### **Key consolidated financial information**

The consolidated financial statements at 31 December 2020 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), Portuguese local GAAP, approved by Standard No. 3/2018-R, of 29 March, of the ASF, and the remaining regulatory standards issued by the ASF. The standards set out in the PCES correspond in general terms to the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to insurance type contracts were adopted.

The accounting policies used by the Group in the preparation of its financial statements relating to 31 December 2020 are consistent with those used in the preparation of the financial statements relating to 31 December 2019, with the following exception:

- i. The Group adopted IFRS 9 – “Financial Instruments” on 1 January 2020 with the overlay approach. The requirements of the standard were applied retrospectively, by means of adjustments to the balance sheet values at 1 January 2020. The Group applied the exception that permits an entity not to restate comparative financial information from prior periods;
- ii. The Group changed the method used in the Statement of Cash Flows, from the direct method to the indirect method, with the aim of providing more reliable and more relevant information on the effects of transactions that have occurred during the respective years. In addition, there is reasonable correlation between the cash flow position and the other financial items presented by the Group, guaranteeing a clear and coherent interpretation of the cash flows generated during the year. Accordingly, the Statement of Cash Flows from the comparative period is restated;
- iii. The Group changed the method used to value Properties for Own Use, from the revaluation method to the cost method. This change seeks to guarantee greater reliability of the information presented and alignment with the accounting policies of the shareholders.

The tables below show the consolidated assets, liabilities, equity and income statement of the Fidelidade Group for the years ended 31 December 2019 and 31 December 2020.

<b>Assets</b>	<b>2019 restated<sup>4</sup></b>	<b>2020</b>
	<i>(€ millions)</i>	
Cash and cash equivalents.....	868	937
Investments in associates and joint ventures.....	4	24
Financial assets held for trading.....	22	-
Financial assets initially recognised at fair value through profit or loss.....	972	-
Financial assets at fair value through profit or loss.....	-	2,935
Hedge derivatives.....	4	5
Available-for-sale investments.....	11,097	-
Financial assets designated at fair value through other comprehensive income.....	-	9,539
Loans and accounts receivable.....	1,385	-
Deposits in ceding companies.....	0	-
Other deposits.....	1,362	-
Loans made.....	23	-
Held-to-maturity investments.....	1,074	-
Financial assets at amortised cost .....	-	1,552
Properties.....	2,771	2,480
Properties for own use.....	559	529
Investment properties.....	2,211	1,951
Other tangible assets.....	95	110
Inventories.....	14	22
Goodwill.....	461	461
Other intangible assets.....	127	130
Technical provisions on reinsurance ceded.....	435	371
Provision for unearned premiums.....	121	117
Mathematical provision for life insurance.....	17	23
Claims provision.....	297	223
Profit sharing provision.....	0	0
Other technical provisions.....	-	8
Assets for post-employment and long-term benefits.....	4	7
Other debtors for insurance and other operations.....	530	441
Accounts receivable for direct insurance operations.....	280	300
Accounts receivable for other reinsurance operations.....	21	20
Accounts receivable for other operations.....	229	121
Tax assets.....	235	208
Recoverable tax assets.....	6	2

<sup>4</sup> According to exceptions ii) and iii) mentioned above.

Deferred tax assets.....	229	206
Accruals and deferrals.....	87	72
Non-current assets held for sale.....	4	4
<b>Total Assets.....</b>	<b>20,188</b>	<b>19,297</b>

## Liabilities & Shareholders' Equity

	<b>2019</b>	<b>2020</b>
	<b>restated<sup>5</sup></b>	
	<i>(€ millions)</i>	
<b>Liabilities</b>		
Technical provisions.....	5,894	5,650
Provision for unearned premiums.....	514	482
Mathematical provision for life insurance.....	3,164	2,888
Claims provision.....	2,014	2,071
Life.....	185	164
Workers' compensation.....	973	1,052
Other.....	856	855
Provision for profit sharing.....	85	76
Provision for interest rate commitments.....	29	29
Provision for portfolio stabilisation .....	26	26
Equalisation provision.....	29	31
Provision for unexpired risks.....	32	37
Other technical provisions.....	-	9
Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts.....	8,925	8,360
Financial liabilities held for trading.....	82	-
Financial liabilities at fair value through profit or loss.....	-	38
Other financial liabilities.....	1,043	610
Hedge Derivatives.....	26	6
Deposits received from reinsurers.....	156	36
Loans.....	656	342
Others.....	205	226
Liabilities for post-employment and other long-term benefits.....	0	0
Other creditors for insurance and other operations.....	389	434
Accounts payable for direct insurance operations.....	123	105
Accounts payable for other reinsurance operations.....	125	184
Accounts payable for other operations.....	142	145
Tax liabilities.....	217	255
Tax payable liabilities.....	52	69
Deferred tax liabilities.....	165	186
Accruals and deferrals.....	236	258

<sup>5</sup> According to exceptions ii) and iii) mentioned above.

Other provisions.....	133	120
Liabilities from a group for disposal classified as held for sale.....	1	1
<b>Total Liabilities.....</b>	<b>16,921</b>	<b>15,726</b>

#### Shareholders' Equity

Paid-in Capital.....	457	509
(Treasury shares).....	(0)	(0)
Other Capital Instruments.....	378	315
Revaluation reserves.....	285	179
Adjustments in fair value of financial assets.....	317	-
From adjustments in fair value of debt instruments at fair value through other comprehensive income.....	-	221
Revaluation of properties for own use.....	1	1
Adjustments in fair value of hedging instruments in cash flow hedging.....	(2)	(1)
Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency.....	39	64
Exchange differences.....	(71)	(144)
From adjustments in fair value of equity instruments at fair value through other comprehensive income.....	-	(3)
Allowance for expected credit losses in debt instruments at fair value through other comprehensive income.....	-	43
Deferred tax reserve.....	(70)	(90)
Overlay Approach adjustment .....	-	130
Other reserves.....	1,255	1,577
Retained earnings.....	287	269
Net income for the year.....	200	222
<b>Total Shareholders' Equity.....</b>	<b>2,792</b>	<b>3,111</b>
Non-controlling interests.....	475	460
<b>Total Shareholders' Equity and non-controlling interests.....</b>	<b>3,267</b>	<b>3,571</b>
<b>Total Liabilities, Shareholders' Equity and non-controlling interests.....</b>	<b>20,188</b>	<b>19,297</b>

#### Statement of Profit & Loss

	<b>2019<sup>6</sup></b>	<b>2020</b>
	<i>(€ millions)</i>	
Earned premiums net of reinsurance.....	2,083	2,108
Gross premiums written.....	2,928	2,578
Reinsurance ceded premiums.....	(789)	(495)
Provision for unearned premiums (change).....	(70)	(11)
Provision for unearned premiums, reinsurers' share (change).....	14	37

<sup>6</sup> According to exceptions ii) and iii) mentioned above.

Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts.....	1	1
Claims costs, net of reinsurance.....	(1,168)	(1,531)
Amounts paid.....	(1,157)	(1,443)
Gross amounts.....	(1,598)	(1,631)
Reinsurers' share.....	441	188
Claims Provision (change).....	(11)	(88)
Gross amount.....	10	(96)
Reinsurers' share.....	(21)	8
Other technical provisions, net of reinsurance.....	(4)	(8)
Mathematical provision for life insurance, net of reinsurance.....	(363)	127
Gross amount.....	(367)	121
Reinsurers' share.....	3	6
Profit sharing, net of reinsurance.....	(10)	(3)
Operating costs and expenses, net.....	(586)	(639)
Acquisition expenses.....	(489)	(556)
Deferred cost acquisition (change).....	5	9
Administrative expenses.....	(203)	(162)
Commissions and reinsurance profit sharing.....	101	70
Financial income.....	410	388
From Interest on financial assets not recognised at fair value through profit or loss.....	301	248
Other.....	109	139
Financial expenses.....	(75)	(70)
Other.....	(75)	(70)
Net income on financial assets and liabilities not recognised at fair value through profit or loss.....	82	10
Available-for-sale investments.....	125	-
Financial assets designated at fair value through other comprehensive income.....	(0)	37
Financial assets at amortised cost.....	-	(0)
Financial liabilities recognised at amortised cost.....	(40)	(27)
Other.....	(3)	-
Net income on financial assets and liabilities recognised at fair value through profit or loss.....	(192)	184
Net income on financial assets and liabilities held for trading.....	(227)	-
Net income on financial assets and liabilities initially classified at fair value through profit or loss.....	50	-
Net income on financial assets and liabilities at fair value through profit or loss.....	-	184
Other.....	(15)	-
Exchange differences.....	125	(238)

Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations.....	123	39
Impairment losses (net of reversals).....	(147)	(21)
Available-for-sale investments.....	(123)	-
Financial assets designated at fair value through other comprehensive income.....	-	6
Loans and accounts receivable at amortised cost.....	(0)	-
Financial assets at amortised cost.....	-	(19)
Other.....	(24)	(8)
Overlay Approach adjustment .....	-	10
Other technical income/expenses, net of reinsurance.....	(32)	(13)
Other income/expenses.....	(15)	(39)
Gains and losses of associates and joint ventures (equity method).....	0	1
Gains and losses from non-current assets (or groups for disposal) classified as held for sale.....	-	(0)
<b>Net income before tax and non-controlling interests.....</b>	<b>232</b>	<b>305</b>
Current income tax - current taxes.....	(19)	(52)
Current income tax - deferred taxes.....	11	(35)
<b>Net income after tax and before non-controlling interests.....</b>	<b>224</b>	<b>218</b>
Non-controlling interests.....	(23)	4
<b>Net income for the year.....</b>	<b>200</b>	<b>222</b>

## Operating and financial performance in 2021

In the first three months of 2021, the Fidelidade Group recorded a total gross written premium of €856 million<sup>7</sup>, with the life segment representing 34 per cent. and non-life segment per cent. 66 per cent. of total premiums. The underwriting result and investment result amounted to €30 million<sup>7</sup> and €55 million<sup>7</sup>, respectively, leading to a total net income of €51 million<sup>7</sup>.

As at 31 March 2021, net Assets under Management of the Fidelidade Group (excluding goodwill) reached €16.4 billion<sup>7</sup>, a decrease compared to 31 December 2020, mainly reflecting the evolution of technical provisions.

## Risk management

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September (“**Law No. 147/2015**”), which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016. Pursuant to this regulation, Fidelidade Group implemented a global risk management system, in order to meet the requirements set out therein.

<sup>7</sup> As at 31 March 2021, the accounts from Fidelidade Angola were not consolidated. Additionally, the information regarding the La Positiva Group is not fully incorporated due to expected delays of information, namely regarding the Peruvian market which includes accounts as at February 2021 and regarding Bolivia and Paraguay markets which include accounts as at January 2021.

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

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

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

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

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

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

In 2021, and according to the public reporting requirements, Fidelidade prepared and published its "2020 Solvency and Financial Condition Report", which contains detailed information on its business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for 2020. This information, together with the annual quantitative reports submitted to the ASF, was certified by the statutory auditor and the responsible actuary.

Fidelidade Group also conducted the annual own risk and solvency assessment (ORSA) in 2020 for the Issuer and each of its European Union insurance subsidiaries, reporting its results to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted during the preparatory phase for applying the new Solvency II rules, and the activities, as well as its consolidation during the first two years of its validity, place Fidelidade at a comfortable level of compliance with these new rules.

Alongside the areas with the key functions – risk management, compliance, auditing and actuarial – within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Corporate Performance Division and the Accounting and Financial Information Division, and ensures the existence of substantial, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial situation, the development of the activity, compliance with the defined strategy and objectives, identification of the Fidelidade Group's risk profile, market behaviour and growth prospects.

The process of financial and management information is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the company and its

subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division (risk management and actuarial functions), the Compliance Division, the Audit Division, the Accounting and Financial Information Division and the Strategic Planning and Corporate Performance Division ensure the implementation of the procedures, applying the resources necessary to obtain all the information relevant for the process of consolidation and reporting at the Fidelidade level – with regard to both accounts and support for the management, supervision and control of risks – which include:

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

## **Insurance supervision and regulation**

### **Insurance Supervision**

Fidelidade, being a Portuguese insurance company carrying out activities relating to both life insurance products and non-life insurance products, is supervised by the Portuguese Insurance Supervisor: *Autoridade de Supervisão de Seguros e Fundos de Pensões* (“ASF”).

On the particular matter of supervision, the ASF’s activities comprise:

- prudential supervision, aimed at ensuring insurance and reinsurance companies’ financial soundness, especially through the evaluation of the adequacy of their financial guarantees vis-à-vis their commitments and of the existence of appropriate procedures to guarantee a sane and prudent management of such entities; and
- behavioural supervision, aimed at ensuring that the operators in the insurance and reinsurance market not only comply with the applicable legal framework but also adopt conduct patterns which are in accordance with the best practices.

It should also be noted that the *Comissão do Mercado dos Valores Mobiliários* (the Portuguese Securities Market Commission, hereinafter “CMVM”) co-supervises with ASF certain aspects of insurance contracts linked to investment funds (unit-linked products).

### **Insurance Regulation**

Portugal being a civil law country, the main source for insurance and reinsurance regulatory law is statutory law, which in Portugal may, subject to constitutional requirements, be issued either by the Portuguese Parliament or the Portuguese Government.

The most important statute on insurance regulation is Law No. 147/2015 which contains the Portuguese legal framework for the taking up and pursuit of insurance and reinsurance activities in Portugal and largely embodies the implementation into Portuguese Law of several European Directives on insurance matters and particularly the Solvency II Directive. Also quite relevant for these purposes are the regulations (*normas*) issued by the ASF in order to implement and supplement the legal provisions set out in these and other relevant statutes.

It is additionally noteworthy that Portugal is also bound by legislation issued by the institutions of the EU on insurance matters, namely by the principles and provisions of the EU Treaties, Regulations, Directives, Decisions, Recommendations, as well as court decisions, to the extent they are deemed to be a source of law in the European Union.

### **Material contracts**

There are no material contracts entered into outside of the ordinary course of Fidelidade’s business which could result in Fidelidade or any Group member being under an obligation or entitlement that is material to Fidelidade’s ability to meet its obligations to the holders of the Notes.

### **Management of Fidelidade**

#### **Board of Directors and Executive Committee**

Fidelidade adopts a unitary corporate governance model with a board of directors (the “**Board of Directors**”) which includes an Executive Committee.

The members of the Board of Directors are elected by the Shareholders Meeting. The Chairman and Deputy Chairman of the Board of Directors are chosen by the Board of Directors itself, except when they are appointed by the General Meeting of shareholders which elects the Board of Directors.

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

Pursuant to Fidelidade’s Articles of Association, the Board of Directors is composed of five up to the limit of seventeen members, elected for renewable mandates of three years.

As at the date of this Offering Circular, the Board of Directors was composed of fifteen members appointed to exercise duties for the three-year period 2020-2022, nine of whom were non-executive members and six of whom were executive members, as reflected in the following table. The business address of each of the directors referred to below is Largo do Calhariz, n° 30, 1200 086 Lisbon, Portugal.

<b>Members of the Board of Directors</b>	<b>Position</b>	<b>Date of Appointment to Mandate</b>	<b>Duration of Mandate</b>	<b>Observations</b>	<b>Other Principal Activities</b>
Jorge Manuel Baptista Magalhães Correia	Chairman	30-06-2020	2020/2022	Non-executive	Chairman of the Board of Directors and Member of the Advisory Board of Luz Saúde, S.A. Member of the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. Vice-Chairman of the Board of Directors of Banco Comercial Português, S.A. Member of the Board of Directors of Longrun Portugal, SGPS, S.A.
José Manuel Alvarez Quintero	Vice-Chairman	30-06-2020	2020/2022	Non-executive	Chairman of the Board of Directors of FID LatAm, SGPS, S.A., CARES – ASSISTÊNCIA E REPARAÇÕES, S.A., Fidelidade Angola – Companhia de Seguros, S.A., FID PERU, S.A., FID CHILE, SpA and FID CHILE & MT JV SpA

					Chairman of the Board of Directors and Chairman of the Executive Committee of Fidelidade Assistência – Companhia de Seguros, S.A.
					Vice-Chairman of the Board of Directors of LA POSITIVA SEGUROS Y REASEGUROS S.A.A., LA POSITIVA VIDA SEGUROS Y REASEGUROS S.A., LA POSITIVA S.A. ENTIDAD PRESTADORA DE SALUD, and FID CHILE SEGUROS GENERALES S.A.
					Member of of the Board of Directors of ALIANZA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. E.M.A. And ALIANZA VIDA SEGUROS Y REASEGUROS S.A.
					Member of the Board of Directores of Banco Comercial Português S.A.
					Member of the supervisory board of Bank Millennium, S.A.
Lingjiang XU	Member	30-06-2020	2020/2022	Non-executive	Chairman of the Board of Directors of Longrun Portugal, SGPS, S.A.
					Member non-executive of the Board of Directors of Luz Saúde, S.A.
					Member of the Board of Directors and Member of the Executive Committee of Caixa Geral de Depósitos, S.A.
					Member of the Board of Directors and of the Executive Committee of Banco Caixa Geral, S.A.
José João Guilherme	Member	30-06-2020	2020/2022	Non-executive	Non-executive Chairman of the Board of Directors of Banco Nacional Ultramarino, S.A.
					Non-executive Chairman of the Board of Directors of Banco Interatlântico, S.A.
					Non-executive Member of the Board of Directors of Fundação Eugénio de Almeida
					Member of the Board of Directors and Member of the Executive Committee of Caixa Geral de Depósitos, S.A.
					Non-executive Chairman of the Board of Directors of Banco Caixa Geral – Brasil, S.A.
Francisco Ravara Cary	Member	30-06-2020	2020/2022	Non-executive	1st Non-executive Vice-Chairman of the Board of Directors of Banco Caixa Geral Angola, S.A.
					Non-executive Chairman of the Board of Directors of Banco Comercial do Atlântico, S.A.
					Non-executive Member of the Board of Directors of Banco Comercial e de Investimentos and Locarent – Companhia Portuguesa Aluguer de Viaturas, S.A.

António Manuel Marques de Sousa Noronha	Member	30-06-2020	2020/2022	Executive	Chairman of the Board of Directors of Via Directa - Companhia de Seguros, S.A.  Chairman of the Board of Directors and Chairman of the Executive Committee of Multicare – Seguros de Saúde, S.A.  Member of the Board of Directors and Chairman of the Remuneration Committee of Luz Saúde, S.A.
Rogério Miguel Antunes Campos Henriques	Member	30-06-2020	2020/2022	Executive	Chairman of the Board of Directors of Fidelidade – Property Europe, S.A. and FID I&D, S.A.  Chairman of the Remuneration Committee of Multicare - Seguros de Saúde, S.A., Fidelidade Assistência - Companhia de Seguros, S.A., Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A., Garantia – Companhia de Seguros de Cabo Verde, S.A. and Fidelidade Angola - Companhia de Seguros, S.A.  Chairman of the Board of Directors of Fidelidade – Property International, S.A. and TENAX CAPITAL LIMITED  Member of the Board of Directors of Longrun Portugal, SGPS, S.A., Fidelidade – Property Europe, S.A., Fidelidade – Property International, S.A., Fidelidade Macau – Companhia de Seguros, S.A., Fidelidade Macau Vida – Companhia de Seguros, S.A.
Wai Lam William MAK	Member	30-06-2020	2020/2022	Executive	Member of the Investment Committee of Fidelidade - Companhia de Seguros, S.A., Fidelidade Assistência – Companhia de Seguros, S.A. and Multicare – Seguros de Saúde, S.A.  Chairman of the Investment Committee of Fidelidade Macau – Companhia de Seguros, S.A., Fidelidade Macau Vida – Companhia de Seguros, S.A.  Sole Director of FID III (HK) LIMITED.  Member of the Board of Directors of FID LatAm, SGPS, S.A., FID LATAM, SGPS, S.A., FID PERU, S.A., LA POSITIVA SEGUROS Y REASEGUROS S.A.A., LA POSITIVA VIDA SEGUROS Y REASEGUROS S.A., LA POSITIVA S.A. ENTIDAD PRESTADORA DE SALUD, FID CHILE, SpA., FID CHILE & MT JV SpA, FID CHILE SEGUROS GENERALES S.A., ALIANZA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. E.M.A., ALIANZA VIDA SEGUROS Y REASEGUROS S.A. and FIDELIDADE ANGOLA – COMPANHIA DE SEGUROS, S.A.
André Simões Cardoso	Member	30-06-2020	2020/2022	Executive	

					Chairman of the Board of Directors of Fidelidade Macau - Companhia de Seguros, S.A. and Fidelidade Macau Vida - Companhia de Seguros, S.A.
					Member of the Investment Committee of Fidelidade - Companhia de Seguros, S.A., Fidelidade Assistência - Companhia de Seguros, S.A. and Multicare - Seguros de Saúde, S.A.
					Chairman of the Remuneration Committee of Fidelidade Macau - Companhia de Seguros, S.A. and Fidelidade Macau Vida - Companhia de Seguros, S.A.
					Non-executive of Peak Reinsurance Holdings Limited, and Peak Reinsurance Company Limited.
					Senior Vice President of Fosun International Limited
Tao LI	Member	30-06-2020	2020/2022	Non-executive	Director of Fosun United Health Insurance Co., Ltd., Pramerica Fosun Life Insurance Co., Ltd., Yongan Property Insurance Company Limited, Billion Eastgate I (HK) Limited, Billion Eastgate II (HK) Limited, Millennium Gain Limited, Miracle Nova Limited, Spinel Investment Limited, Taunus Capital Advisory GmbH, AmeriTrust Group, Inc., Sol Investment (Bermuda) Limited, Mettlesome (Bermuda) Limited, Alpha Hoper (HK) Limited, Alpha Hoper (BVI) Limited and TCA (BVI) Limited
Hui CHEN	Member	30-06-2020	2020/2022	Executive	Member of the Board of Directors of Longrun Portugal, SGPS, S.A.
Carlos António Torroaes Albuquerque	Member	30-06-2020	2020/2022	Non-executive	Member of the Board of Directors and Member of the Executive Committee of Caixa Geral de Depósitos, S.A.
Andrew John Zeissink	Member	30-06-2020	2020/2022	Non-executive	Director of Peak Reinsurance Holdings Limited, Peak Reinsurance Company Limited, TCA GmbH, Taunus GP S.a.r.l, Aubrac MLP S.a.r.l, Taunus Group S.A. Member of the Supervisory Board of Frankfurter Lebensversicherung AG, Frankfurter Munchner Lebensversicherung AG, Pro bAV Pensionskasse, Prudentia AG and Hauck & Aufhäuser Global Investment Management GmbH
Yulong PENG	Member	30-06-2020	2020/2022	Non-executive	Non-Executive Director of YONGAN Property Insurance Company Limited and New China Life Insurance Company Ltd. Chief Supervisor of Pramerica Fosun Life Insurance Co., Ltd. Director of Fosun Safety Investment Limited and Fosun TSPM Investment (BVI) Company Limited Executive Director of Fostar Agency

Juan Ignacio Arsuaga Serrats Member 16-07-2020 2020/2022 Executive

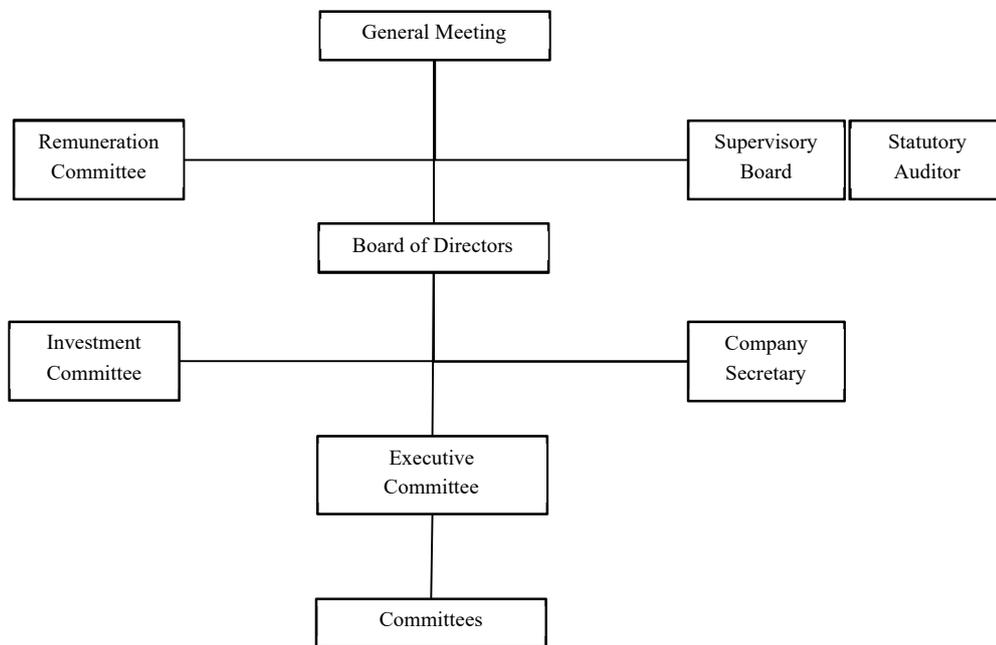
Chairman of the Board of Directors of GEP – Gestão de Peritagens, S.A., EAPS – Empresa de Análise, Prevenção e Segurança, S.A., CETRA - Centro Técnico de Reparação Automóvel, S.A. and Companhia Portuguesa De Resseguros, S.A.

At the date of this Offering Circular, the Executive Committee, each of whose business address is Largo do Calhariz, nº 30, 1200 086 Lisbon, Portugal, is composed as follows:

Members of the Executive Committee (EC)	Position	Date of Appointment to Mandate	Duration of Mandate
Rogério Miguel Antunes Campos Henriques.....	Chairman	30-06-2020	2020/2022
António Manuel Marques de Sousa Noronha .....	Member	30-06-2020	2020/2022
Wai Lam William MAK.....	Member	30-06-2020	2020/2022
André Simões Cardoso.....	Member	30-06-2020	2020/2022
Hui Chen .....	Member	30-06-2020	2020/2022
Juan Ignacio Arsuaga Serrats .....	Member	16-07-2020	2020/2022

No conflicts of interests of the board members or of the members of the executive committee exist between any duties to Fidelidade and their private interests or other duties.

The following chart represents Fidelidade’s Corporate Governance structure during 2020:



The Board of Directors, as a governing body of Fidelidade, has the broadest powers to manage and represents Fidelidade. Pursuant to Article 15(1) of the Articles of Association, besides the general powers given to it, the Board of Directors shall:

- a) Manage the company’s business and do all things in connection with its corporate purpose that are not committed to other governing bodies of the company;
- b) Represent the company in court or otherwise, as a plaintiff or as a defendant, with powers to desist, transact and confess in any suits and also to enter into arbitration agreements;
- c) Acquire, sell or otherwise dispose of or charge any rights and property, either movable or real estate property;
- d) Create companies, subscribe, acquire, charge and dispose of shareholding interests;
- e) Set up the technical and administrative organisation of the company, determine internal operating rules, namely in respect of staff and payroll; and
- f) Appoint attorneys with the powers the Board shall see fit, including the power to delegate said powers.

## **I Supervision**

### **Supervisory Board and Statutory Auditor**

Supervision of the company is charged, pursuant to Article 413(1) a) of the Portuguese Code of Commercial Companies, to a supervisory board (“**Supervisory Board**”) and a statutory auditor firm (“**Statutory Auditor Firm**”), with the competences set out in law and the current mandate of which corresponds to the period 2020-2022.

Fidelidade’s Articles of Association establish the Supervisory Board’s competences as those which are set out in the law.

The Supervisory Board is composed of three permanent members and one alternate member, with renewable mandates of three years and was composed as follows at 31 December 2020:

<b>Members of the Supervisory Board</b>	<b>Position</b>	<b>Date of Appointment to Mandate</b>	<b>Duration of Mandate</b>
Vasco Jorge Valdez Ferreira Matias.....	Chairman	30-06-2020	2020/2022
João Filipe Gonçalves Pinto.....	Member	30-06-2020	2020/2022
Pedro Antunes de Almeida.....	Member	30-06-2020	2020/2022
Anabela de Jesus Nunes Prates.....	Alternate	30-06-2020	2020/2022

The members of the Supervisory Board comply with the independence requirements set out in Article 414(5) of the Portuguese Code of Commercial Companies, as they are not associated with any specific interest group in Fidelidade and there are no circumstances which might affect their impartiality when analysing or taking decisions.

The statutory auditor is Ernst & Young Audit & Associados – SROC, S.A. (the “**Statutory Auditor**”), represented by its partner Ricardo Nuno Lopes Pinto, Statutory Auditor no. 1579 and registered with the CMVM with the no. 20161189.

The Statutory Auditor was appointed on 15 May 2014, and reappointed on 31 March 2017 and 30 June 2020, and will exercise its duties until the end of the period 2020/2022.

## **II Committees**

### **Investment Committee**

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

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

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

The current members of the Investment Committee are Wai Lam William Mak, André Simões Cardoso and Lingzhi Yu.

### **Remunerations Committee**

The remunerations of the Board of Directors and Supervisory Board of Fidelidade as well as the remuneration policy are defined and approved, by the Remunerations Committee, in accordance with the regulations in force.

The composition of the Remunerations Committee is the following:

<b>Name</b>	<b>Title</b>
Yumin CAI .....	President
Min GAO .....	Member

## **Legal proceedings**

From time to time, Fidelidade is involved in litigation arising in the ordinary course of its business, both as claimant and as defendant. Fidelidade adequately manages the legal proceedings in which it is involved and for which customary and adequate provisions have been made.

## TAXATION

*The following is a general description of the Issuer's understanding of certain Portuguese tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Portugal or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date, even with retroactive effect.*

### **Portugal**

This chapter summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Notes, in force as at the date of this Offering Circular. This chapter does not analyse the tax implications that may indirectly arise from the decision to invest in the Notes, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Notes.

This chapter is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.

The tax treatment of each type of potential investor described in each section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. In particular, the tax regime for Portuguese tax resident individuals is not set out. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Notes, in light of their specific circumstances.

This chapter does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("Convention") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.

The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "Notes", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Offering Circular. No other interpretations or meanings, potentially employed in other countries, are considered.

The tax framework described in this chapter is subject to any changes in law and practices (and the interpretation and application thereof) at any moment, although, according to the Portuguese Constitution, legislative amendments which increase taxation cannot have retroactive or retrospective effect.

### **General tax regime**

Where no specific tax regime is applicable, e.g. the special debt securities tax regime further described below, the tax regime summarized in this section should generally apply.

***Corporate entities resident for tax purposes in Portugal or non-Portuguese tax resident entities with a permanent establishment to which income associated with the Notes is imputable***

#### *Acquisition of Notes for consideration*

The acquisition of Notes for consideration is not subject to Portuguese taxation.

### *Income arising from the ownership of Notes*

Investment income arising to Noteholders from the Notes is subject to Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Coletivas – “IRC”*). IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), except where the Noteholder is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or otherwise benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

This withholding is considered as a payment on account of the final tax due. IRC is levied on the taxable profit at a rate of (i) 21 per cent. or (ii) 17 per cent. on the first Euros 25,000 in the case of small or medium-sized enterprises as defined by law and 21 per cent. on income in excess. A municipal surcharge (*derrama municipal*) up to 1.5 per cent. of the taxable profit, at variable rates according to the decision of the municipal bodies, may also apply. Moreover, corporate taxpayers are also subject to a state surcharge (*derrama estadual*) of 3 per cent., on the taxable income from Euros 1,500,000.00 to Euros 7,500,000.00, of 5 per cent., for a taxable income from Euros 7,500,000.00 to Euros 35,000,000.00, and of 9 per cent. on the taxable income exceeding Euros 35,000,000.00.

Investment income paid or made available (*colocado à disposição*) in accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed.

There is no obligation to withhold tax, partially or entirely, on investment income of the issuer made available to taxpayers globally exempt from IRC (for instance: corporate entities recognised as having public interest and charities; pension funds; and collective investment undertakings, provided that, with respect to all the above funds, they are organised and operate in accordance with Portuguese law) or which benefit from a total or partial exemption on the investment income made available by the Issuer, assuming that proof of such exemption is presented to the entity responsible for the payment.

### *Capital gains and capital losses arising from the disposal of Notes for consideration*

Realised capital gains and capital losses are taken into consideration for the computation of the taxable profit for IRC purposes. Accordingly, please refer to the aforementioned tax regime framework.

### *Gratuitous acquisition of Notes*

The positive net variation in worth (*variação patrimonial positiva*), not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Notes to Portuguese tax resident corporate entities liable for IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

Accordingly, please refer to the aforementioned tax regime framework.

### ***Corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which income associated with the Notes is imputable***

#### *Acquisition of Notes for consideration*

The acquisition of Notes for consideration is not subject to Portuguese taxation.

### *Income arising from the ownership of Notes*

Investment income arising to the Noteholders from the Notes is subject to IRC. IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Noteholders from the obligation to disclose the above income to the Portuguese Tax

Authorities (PTA) and from the payment of any additional amount of IRC. If the Noteholder is an entity with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in the Ministerial Order (*Portaria*) no. 150/2004 of 13th February, as amended from time to time (“**Blacklisted Jurisdiction**”), the withholding tax rate is increased to 35 per cent..

The 25 per cent. withholding tax above rate may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, provided that both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist in filling out and signing a specific official form (*Modelo 21-RFI*) supplemented with a document issued by the local tax authorities of the country of residence of the Noteholder regarding the year investment income becomes due and payable attesting both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. This documentation evidence is valid for a maximum of one-year period counting as from issuance date.

#### *Capital gains and capital losses arising from the disposal of Notes for consideration*

Capital gains arising from the disposal of Notes should be exempt from taxation as long as they qualify as “securities” (*valores mobiliários*), unless the seller is a tax resident in a Blacklisted Jurisdiction, or more than 25 per cent. of the non-resident entity’s capital is held by a resident person (except if the disposing entity complies with the legally established conditions and requirements). Furthermore, capital gains arising from the disposal of Notes for consideration by a seller resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention.

In case the taxable event cannot be exempted from taxation, capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. The profit will be taxed at a 25 per cent. IRC rate, but a deduction of the costs necessary and effectively incurred in the relevant disposals is available.

Losses arising from disposals for consideration in favour of counterparties with domicile, legal seat or place of effective management in a Blacklisted Jurisdiction, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

#### *Gratuitous acquisition of Notes*

The positive variation in worth (*variação patrimonial positiva*) arising from the gratuitous acquisition of Notes by corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which they are imputable is taxed at a 25 per cent. rate.

### **Special debt securities tax regime**

#### ***Overview***

Decree-Law no. 193/2005, of 7 November 2005, as amended from time to time, introduced a special tax regime applicable to income arising from debt securities (“**STRIDS**”).

Under the STRIDS investment income arising from and capital gains obtained on the disposal of the Notes, as securities integrated in (i) a centralised system managed by Portuguese resident entities such as the Central de Valores Mobiliários, managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e Sistemas Centralizados de Valores Mobiliários, S.A., (ii) an international clearing system operated by a managing entity established in an EU Member State other than Portugal or in a European Economic Area Member State, provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or (iii) integrated in other centralised systems not covered above, provided that, in this last case, the Portuguese Government authorises the application of the Debt Securities Taxation Act may be exempt from tax, provided that the beneficiary falls into one of the following categories:

- (a) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable and are not resident in a Blacklisted Jurisdiction;
- (b) Central banks and government agencies;
- (c) International organisations recognised by the Portuguese state; or
- (d) Entities resident in a country or jurisdiction with which Portugal has entered into a Convention or a Tax Information Exchange Agreement (“**TIEA**”) currently in force.

Applying STRIDS requires completion of certain procedures and certifications providing evidence of the non-resident status of the beneficial owner of the Notes. Under these rules, the direct register entity is to obtain and keep proof, as described below. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date of payment of any interest (or prior to the redemption date, as applicable), or prior to their transfer, as the case may be.

A general description of the rules and procedures on the evidence required for the exemption to apply at source is set out below with respect to domestic cleared notes such as the Notes.

The beneficial owner of the Notes must provide proof of non-residence in the Portuguese territory substantially in the following terms:

- (i) If the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the beneficial owner itself, duly signed and authenticated or evidenced pursuant to (ii) or (iv) below;
- (i) If the beneficial owner is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a Convention, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (a) its tax identification; or (b) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner and its domicile; or (c) proof of non-residence, pursuant to the terms of paragraph (iv) below;
- (ii) If the beneficial owner of the Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a Convention or TIEA, certification shall be provided by means of any of the following documents: (a) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of its incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below;
- (iii) In any other case, confirmation must be made by way of (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (b) a document issued by the relevant Portuguese consulate certifying residence abroad; or (c) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are additional rules on the authenticity and validity of the documents mentioned in sub-paragraph (iv) above. In this respect, the beneficial owner of the Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period, counting from the date such document is issued. The beneficial owner of the Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying. For the cases mentioned in subparagraph (i) to (iii), proof of

non-residence is required only once, the beneficial owner having also to inform the register entity of any changes that impact the entitlement to the exemption.

No Portuguese exemption shall apply at source under the STRIDS, if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply instead.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the STRIDS, whereby the refund claim is to be submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax after the above six-month period is to be claimed to the PTA within two years from the end of the year in which the tax was withheld. The refund is to be made within three months, after which interest is due.

The form currently applicable for the above purposes was approved by Order (*Despacho*) no. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, 2nd series, No. 37, of 21 February 2014 and is available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

### **Automatic exchange of information**

Pursuant to the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard CRS regimes, both in force in Portugal, the Issuer is required to obtain information regarding certain accountholders and, if applicable, report such information. These regimes establish the exchange of non-resident financial account information with the tax authorities in the account holders' country of residence, under some circumstances.

The FATCA regime, which originates from the Hiring Incentives to Restore Employment Act of the USA, is enacted in Portugal through the FATCA Intergovernmental Agreement (IGA) in force with the USA. The FATCA regime is effective in Portuguese legislation since 1 January 2015, introduced by the Financial Information Communication Regime (RCIF) set in Article 239 of the State Budget Law for 2015, containing the obligations for financial institutions in terms of policies' identification and reporting of information to the PTA.

Following FATCA, the OECD was authorised by the G20 Group to develop a global standard for automatic exchange of financial and tax information, based on the FATCA standard. In this context, OECD published in July 2014 the Global Standard of Automatic Exchange of Information containing (i) a Model Agreement between Competent Authorities (signed by Portugal) and (ii) the CRS, which should be transposed into the legislation of the signatory countries. In this sense, and in order to ensure and facilitate the implementation of the standard at European level, the CRS was also adopted by the EU through Council Directive 2014/107/EU of 9 December 2014 (DAC2).

Regarding Portugal, DAC2 was transposed through the publication of Decree-Law no. 64/2016, in 11 October 2016, as amended from time to time, which besides the incorporation of CRS regime, also introduced the FATCA complementary regulations in connection with the implementation of the IGA signed with the US.

In this sense, the Issuer is required to collect information regarding certain accountholders and report, if applicable, such information to the PTA, which, in turn, will report such information to the IRS for FATCA purposes or to the respective Tax Authorities for CRS purposes.

Prospective holders of the Notes should consult their tax advisers regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Caixa – Banco de Investimento, S.A., HSBC Continental Europe and Morgan Stanley Europe SE (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 2 June 2021 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 100 per cent. of their principal amount less commissions. In the Subscription Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment in respect of the Notes being made to the Issuer.

### **Selling Restrictions**

#### **United States of America**

The Notes have not been and will not be registered under the Securities Act, and, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and will be issued and delivered in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the “**C Rules**”). The Notes will not be offered, sold or delivered within the United States or its possessions in connection with their original issuance. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.

#### **Portugal**

No offer or sale of Notes may be made in Portugal except in circumstances that will result in compliance with the rules concerning marketing of Notes and the laws of Portugal generally. See also “*Prohibition of Sales to EEA Retail Investors*” below.

The Offering Circular has not been nor will be subject to the approval of the Portuguese Securities Market Commission (the “**CMVM**”). Each Joint Lead Manager has represented and agreed, and each further Joint Lead Manager appointed will be required to represent and agree that it has not offered or sold, and it will not offer or sell any Notes in Portugal or to residents of Portugal otherwise than in accordance with applicable Portuguese Law.

No approval has been or will be requested from the CMVM that would permit a public offering of any of the Notes referred to in this Offering Circular, therefore the same cannot be offered to the public in Portugal.

Accordingly, each Joint Lead Manager has represented and agreed that no Notes have been or may be offered or sold to addressees who are not Professional Investors and no offer has been preceded or followed by promotion or solicitation to unidentified investors, public advertisement or publication of any promotional material. In particular, this Offering Circular and the offer of Notes is only intended for Professional Investors. Professional Investors within the meaning of Article 30 of the Portuguese Securities Code (*Código dos Valores Mobiliários*) includes credit institutions, investment firms, insurance companies, collective investment institutions and their respective managing companies, pension funds and their respective pension fund-managing companies, other authorised or regulated financial institutions, notably entities with a specific purpose for securitisation and their respective management companies and, if applicable, all other financial companies, venture capital companies, venture capital funds and their respective management companies, financial institutions incorporated in a state that is not a member state of the EU that carry out activities similar to those previously mentioned, entities trading in financial instruments related to commodities and regional and national governments, central banks and public bodies that manage debt or manage funds which finance social security systems, retirement pensions or employee protection regimes at regional or national level, supranational or international institutions, namely the European Central Bank, the European Investment Bank, the International Monetary Fund and the World Bank, people who provide investment services or carry out investment activities, which consist exclusively in dealing on own account in futures or cash markets, the latter for the sole purpose of hedging positions on derivatives markets, or deal or make prices on behalf of other members of said markets and which are guaranteed by a clearing member of the same markets, where responsibility for ensuring the performance of contracts is assumed by one of said members, as well as any legal entity which meets two of the following size requirements: (1) equity of EUR 2,000,000.00; (2) total assets of EUR 20,000,000.00; and (3) an annual net turnover of EUR 40,000,000.00 all as shown in its last annual individual accounts, and any person who has requested to be classified as such.

### **Prohibition of Sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

### **United Kingdom**

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to any Notes be distributed in Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the “**Prospectus Regulation**”) and any applicable provision of Italian laws and regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the with the Legislative Decree No. 58 of 24 February 1998, as amended,

CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”); and

- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **Switzerland**

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **General**

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that (to the best of its knowledge and belief) it will comply with all applicable laws, regulations and directives in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular (in preliminary, proof or final form), any other offering material, and neither the Issuer nor any other Joint Lead Manager shall have responsibility therefor, and in all cases at its own expense. It will also ensure that (to the best of its knowledge and belief) no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

## GENERAL INFORMATION

1. It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Global Exchange Market will be granted on or about 4 June 2021.
2. Fidelidade has obtained all necessary consents, approvals and authorisations in Portugal in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 10 May 2021 and a resolution of the Executive Committee under a delegation of the Board of Directors passed on 28 May 2021.
3. There has been:
  - (a) no significant change in the financial or trading position of the Fidelidade Group since 31 December 2020; and
  - (b) no material adverse change in the prospects of Fidelidade since 31 December 2020.
4. Each of the Issuer and its subsidiaries is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position or profitability of Fidelidade and/or the Fidelidade Group.
5. The Notes have been accepted for settlement and clearing through the CVM, managed and operated by Interbolsa through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. The ISIN of the Notes is PTFIDBOM0009 and their Common Code is 234946595. The address of Interbolsa is Avenida da Boavista, 3433, 4100 – 138 Porto, Portugal.
6. The yield on the Notes to the Reset Date will be 4.254 per cent. per annum. Such yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
7. For as long as the Notes are listed on the Official List and admitted to trading on the Global Exchange Market, copies of the following documents will, when published, be available in physical form, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of Fidelidade:
  - (a) the Agency Agreement;
  - (b) the Interbolsa Instrument;
  - (c) the constitutional documents of the Issuer;
  - (d) the audited consolidated financial statements of Fidelidade for the years ended 31 December 2020 and 31 December 2019, including the reports of the statutory auditors in respect thereof; and
  - (e) a copy of this Offering Circular together with any offering circular supplement or further offering circular.

The Interbolsa Instrument and a copy of this Offering Circular together with any offering circular supplement or further offering circular will also be available for the time indicated above at the specified office of Caixa – Banco de Investimento, S.A..

In addition, this Offering Circular will also be available for viewing on the website of Euronext Dublin at (<https://live.euronext.com/>).

8. Ernst & Young Audit & Associados – SROC, S.A. (which is a member of the Portuguese Institute of Statutory Auditors – Ordem dos Revisores Oficiais de Contas), registered with the CMVM with

registration number 20160841, with registered office at Avenida da República, no. 90-6.º, 1600-206 Lisbon, Portugal have audited the consolidated financial statements of Fidelidade for the years ended 31 December 2020 and 31 December 2019 in accordance with IFRS.

9. Any websites included in this Offering Circular are for information purposes only and do not form part of this Offering Circular.
10. The Joint Lead Managers and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, Fidelidade and its affiliates in the ordinary course of business.
11. Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in and to form part of, this Offering Circular and are published on the website of the Issuer ([www.fidelidade.pt](http://www.fidelidade.pt)):

1. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020, which are available at:

[https://www.fidelidade.pt/PT/a-fidelidade/informacoes\\_legais/informlegais/Documents/RC\\_Fidelidade\\_2020\\_EN.pdf](https://www.fidelidade.pt/PT/a-fidelidade/informacoes_legais/informlegais/Documents/RC_Fidelidade_2020_EN.pdf)

2. The auditor's audit report in respect of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 (Pages 451 to 458), which is available at:

[https://www.fidelidade.pt/PT/a-fidelidade/informacoes\\_legais/informlegais/Documents/RC\\_Fidelidade\\_2020\\_EN.pdf](https://www.fidelidade.pt/PT/a-fidelidade/informacoes_legais/informlegais/Documents/RC_Fidelidade_2020_EN.pdf)

3. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019, which are available at:

[https://www.fidelidade.pt/PT/a-fidelidade/QuemSomos/QuemSomos/Documents/RC2019/FIDELIDADE\\_2019\\_ENG\\_v3.pdf](https://www.fidelidade.pt/PT/a-fidelidade/QuemSomos/QuemSomos/Documents/RC2019/FIDELIDADE_2019_ENG_v3.pdf)

4. The auditor's audit report in respect of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 (Pages 276 to 285) , which is available at:

[https://www.fidelidade.pt/PT/a-fidelidade/QuemSomos/QuemSomos/Documents/RC2019/FIDELIDADE\\_2019\\_ENG\\_v3.pdf](https://www.fidelidade.pt/PT/a-fidelidade/QuemSomos/QuemSomos/Documents/RC2019/FIDELIDADE_2019_ENG_v3.pdf)

save, that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of the documents incorporated by reference in this Offering Circular may be inspected, free of charge, during usual business hours at the specified offices of the Issuer. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

**THE ISSUER**

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