

## 9M2023 Results

Lisbon, January 10, 2024

*Unaudited figures*

Consolidated 2023 gross written premiums for the first 9 months of the year reached 3,752M€, a 2.2% decrease. The total top-line figure combined two divergent developments: the Non-Life business was up 10.0%, while the Life volume decreased 15.3%, the latter the result of a contraction of the unit-linked business in Portugal.

Despite technical margin pressure, Fidelidade reported 9M2023 Net Income of 150M€ under IFRS 17. Improved financial returns and the Group's diversification – through international operations and non-insurance businesses – contributed to this result.

Rogério Henriques, Fidelidade's Chief Executive Officer, commented on the main highlights of 9M2023:

“2023 has been a year of relentless change. At Fidelidade, we have deployed a twofold effort to deal with the fluctuating business environment. First, we have adjusted our daily operations to incorporate new market developments into the execution of our established strategic initiatives. For example, to continue with our capital optimization effort in the currently challenging Life financial market, we have fine-tuned our product offer launching new capital-light products that preserve Fidelidade's commercial competitiveness. In addition, we have implemented pricing and underwriting adjustments necessary to preserve technical profitability, while maintaining our leading position in the Portuguese market. Finally, we have taken advantage of the high interest rate environment to reposition our investment portfolio asset allocation.

The second component of the effort to manage change has been to press on with the implementation of the in progress initiatives of our corporate strategy. An example is Fidelidade's ESG strategy. In 2022 we defined it around three pillars: achieving a relevant role in positively impacting society, having a proactive role in the ecological transition, and being a responsible and exemplary economic agent. This year, a key part of this continued effort has been to establish specific KPIs and set up their measurement. The recently assigned Sustainalytics ESG rating has been a significant step in that direction. Fidelidade achieved a rating of 11.7, Low Risk, a result especially rewarding because it places Fidelidade as the fourth best rated insurance company in the world.”

## Gross Written Premiums

The Group's 9M2023 GWP of 3,752M€ (-2.2% YoY) combined two contrasting results: Non-Life business grew 10.0%, reaching 2,185M€, while Life decreased 15.3% and accounted for 1,566M€. The contraction of the Life business was generated by a significant reduction of the unit-linked business in Portugal, which was partially offset by increases in the international unit-linked business, and the rise of sales of capital-light products in Portugal.

Domestic unit-linked market volumes fell as a result of challenging competition from government-issued retail saving products paying high returns (reduced since June) and high interest rate bank deposits. In order to preserve competitiveness while fulfilling its risk-adjusted return thresholds in the current tough market landscape, Fidelidade tactically adjusted its Life-financial offering based on capital-light products. This decision allows Fidelidade to compete effectively while at the same time continue its capital optimization effort.

Fidelidade maintained its leadership in the Portuguese market. During the first 9 months of 2023, total market share was 29.4%, a 0.2 pp decrease compared to FY2022 (+0.1 pp in Non-Life, -0.3 pp in Life).

Total Gross Premiums Written (M€)	9M2022	9M2023	Change YoY
Non-Life	1,987	2,185	10.0%
Life – Risk & Annuities	385	398	3.4%
Life Financial – Insurance Contracts	83	72	-13.4%
<b>Total Premiums P&amp;L</b>	<b>2,455</b>	<b>2,656</b>	<b>8.2%</b>
Life Financial – Investment Contracts	1,381	1,096	-20.6%
<b>Total Premiums Management Accounts</b>	<b>3,836</b>	<b>3,752</b>	<b>-2.2%</b>
of which Non-Life	1,987	2,185	10.0%
of which Life	1,849	1,566	-15.3%

Total 9M2023 Life GWP (1,566M€, -15.3% YoY) was negatively impacted by the underperformance of the Portuguese unit-linked business (-63.1% YoY), which was partially offset by a 23.6% expansion of this business abroad. Portuguese Life GWP was 1,043M€, a 23.7% decrease, while the international Life business grew 8.5% to 523M€.

Total Gross Premiums Written (M€)	9M2022	9M2023	Change YoY
<b>Portugal</b>	<b>2,706</b>	<b>2,516</b>	<b>-7.0%</b>
Non-Life	1,339	1,473	10.0%
Life	1,367	1,043	-23.7%
<b>International</b>	<b>1,130</b>	<b>1,236</b>	<b>9.3%</b>
Non-Life	648	713	10.0%
Life	482	523	8.5%
<b>Total Premiums Management Accounts</b>	<b>3,836</b>	<b>3,752</b>	<b>-2.2%</b>

Life Gross Premiums Written per LoB (M€)	9M2022	9M2023	Change YoY
Life Financial – Guaranteed Products	493	673	36.6%
Life Financial – Unit-Linked Products	971	495	-49.1%
Portugal	814	300	-63.1%
International	158	195	23.6%
<b>Life Financial</b>	<b>1,464</b>	<b>1,168</b>	<b>-20.2%</b>
Life – Risk & Annuities	385	398	3.4%
<b>Total Life Premiums Management Accounts</b>	<b>1,849</b>	<b>1,566</b>	<b>-15.3%</b>

Consolidated Non-Life GWP reached 2,185M€, driven by solid 10.0% growth in both Portuguese and international operations. Non-Life premiums in Portugal amounted to 1,473M€, whereas International operations reached 713M€. These results were materialized across all major Non-Life lines of business and were achieved on the back of a commercial execution that managed an ongoing repricing effort to face inflationary pressures and increases in claim frequencies, supported by Fidelidade's strong brand name and sound positioning in the Portuguese market digitalization.

Non-Life Gross Premiums Written per LoB (M€)	9M2022	9M2023	Change YoY
Motor	556	605	9.0%
Health	417	467	11.9%
Fire and Other Damage	427	472	10.6%
Workers' Compensation	287	340	18.5%
Other*	301	301	0.2%
<b>Total Non-Life Premiums Management Accounts</b>	<b>1,987</b>	<b>2,185</b>	<b>10.0%</b>

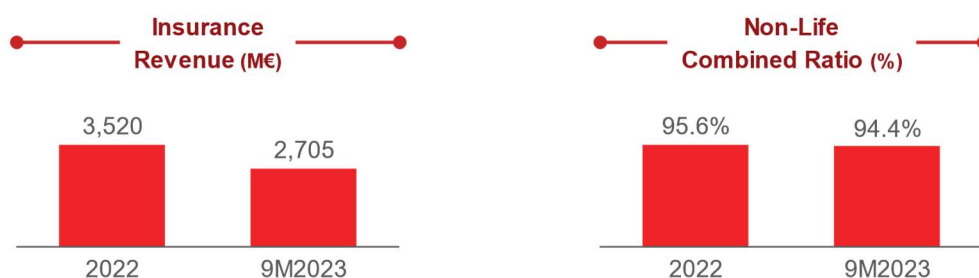
\* Includes Motor insurance assistance and legal protection

## Profitability

In the first nine months of 2023, Insurance Revenue was 2,705M€ and the Consolidated Combined Ratio, computed under IFRS 17, reached 94.4%, a 1.2 p.p. improvement compared to FY2022.

During the first 9 months of 2023, technical margin was under pressure from a combination of systemic developments such as an automobile traffic increase, the Portuguese National Health System's service sharp deterioration and global supply chain disruptions, as well as very infrequent events, such as floodings in Lisbon and Porto at the beginning of 2023.

Several active measures were undertaken to protect the Combined Ratio, including a "war room" approach to repricing decisions that balances current profitability, price elasticity, adjustments to the underwriting process and long-term competitive dynamics in the decision process.



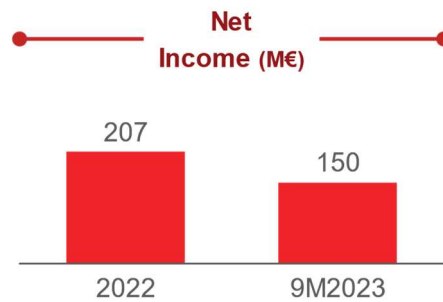
Investment result growth underpinned Net Income as Fidelidade progressively capitalized on the market's recovery and higher market yields. The Group's low average asset duration positions its portfolio well to take advantage of the higher interest rate environment. This effect will be partially tempered by the effect of interest rates in real estate valuations. The investment result was 308M€, 22% higher than in the 9M2022, supported by better capital market performance, as reflected on the annualized investment yield of 3.2%, a 0.9 pp increase YoY.

As a consequence of the aforementioned dynamics, Net Income under IFRS 17 reached 150M€ in 9M2023.

Profitability	9M2022	9M2023	Change YoY
Investment Income (M€) *	252	308	22.0%
Investment Yield (%) *	2.3%	3.2%	0.9 pp
Investment Result (M€)	109	137	25.1%
Net Income (M€) **	-	150	-

\* Excluding Unit-Linked Portfolios

\*\* IFRS 17 Standard



## Recent Developments

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On October 23, Fitch Ratings reaffirmed Fidelidade - Companhia de Seguros, S.A.'s Insurer Financial Strength rating at 'A' and Long-Term Issuer Default Rating at 'A-'.

Sustainalytics assigned an ESG rating of 11.7, Low Risk, to Fidelidade – Companhia de Seguros, S.A. on November 28. This result places Fidelidade as the fourth best rated insurance company in the world (out of 301 ranked by Sustainalytics) and the second among European insurers.

In an early December 2023 Shareholders Meeting, Fidelidade's shareholders approved the distribution of an extraordinary dividend of 99.9M€. The Group anticipates that its solvency position at the end of 2023, post-payout, will closely align with the upper limit of the 150-180% risk appetite framework.

## Definitions

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**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.

**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 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 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).

**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.