

## FY 2023 Results

Lisbon, May 7, 2024

Consolidated 2023 gross written premiums reached 5,207M€, a 1.7% increase YoY. This figure includes two contrasting results: the Non-Life business grew by 10.5%, while the Life volume decreased by 7.5%. Challenging conditions in the unit-linked Portuguese market explained the latter.

Full-year Net Income was 180M€, up 2.6% YoY, due to improved technical profitability and the Group's international and non-insurance operation diversification.

Key Figures (M€, otherwise noted)	2022	2023	Change YoY
Gross Written Premiums	5,118	5,207	1.7%
Net Income	176	180	2.6%
Shareholder's Equity	2,544	2,673	5.1%

Rogério Henriques, Fidelidade's Chief Executive Officer, commented on the main highlights of 2023 and this year's outlook:

"2023 was a year of changes. I am very proud to report our varied teams were up to the challenge, showing significant capacity to adjust to a rapidly shifting operating environment."

"During the year, Fidelidade made significant strides into reinforcing its technical profitability, namely pricing and underwriting adjustments, to limit the impact of inflationary pressures, and implemented cost-efficiency measures, which have significantly improved our combined ratio amid a challenging macroeconomic environment."

"Another key front where our teams showed outstanding adaptability has been their ability to consolidate our leadership position in Portugal while strengthening our diversification. It has been a multi-layered effort that has included marketing execution, product design and innovation, as well as knowledgeable underwriting and sound pricing. This accomplishment is especially noteworthy because of the complex and changing business environment generated by fluid macroeconomic developments and competitive dynamics shifts."

“Our outlook for 2024 is for a year of continuing change. Once again we will rely on agile responses and innovation as key Fidelidade core competencies. We will press on with our balance sheet optimization strategy while staying alert to structural and macroeconomic shifts. Fidelidade will be persistent in its focus on improving its underwriting profitability as well as increasing its operational efficiency. Fidelidade will carry on in the effort to incorporate synergies and best practices in our international businesses and continue executing our long-term ESG strategy in line with our defined objectives such as attaining Net Zero status in our operations by 2040 and in our insurance and investment activities by 2050.”

## **Gross Written Premiums**

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2023 GWP of 5,207M€ (+1.7% YoY) includes two divergent outcomes. The Non-Life business grew 10.5% to 2,902M€; in contrast, Life's top line decreased 7.5% to 2,305M€. The Life business contraction was generated by a substantial reduction of the unit-linked business in Portugal (-68.8% YoY), which was partially offset by the expansion of the international unit-linked business as well as the dynamic sale of capital-light products in Portugal.

The geographic breakdown of the Life business shows Portuguese Life GWP reached 1,568M€, a 14.4% decrease, while the international Life business grew 11.7% to 738M€.

Domestic unit-linked market volumes fell as a result of challenging competition from government retail saving products paying high returns in the first half of the year and high-interest rate bank deposits in the second semester. Fidelidade tactically adjusted its Life Financial offering based on capital-light products. This temporary shift preserves competitiveness in a tough market environment, while simultaneously continuing the capital optimization strategy, which has been ongoing for the last years.

Consolidated Non-Life GWP grew a solid 10.5% and reached 2,902M€ on the back of sound growth in both the Portuguese and international operations. Non-Life GWP in Portugal amounted to 1,936M€, whereas International operations were 965M€. All major Non-Life lines of business experienced healthy expansions supported by the ongoing repricing efforts, the leverage of Fidelidade's strong brand name, and its strong commercial execution.

Fidelidade maintained its market leadership in Portugal. Total 2023 market share was 29.6%, 0.1 pp up compared to 2022 (+0.2 pp in Non-Life to 29.0%, +0.1 pp to 30.4% in Life).

<b>Total Gross Premiums Written (M€)</b>	<b>2022</b>	<b>2023</b>	<b>Change YoY</b>
<b>Portugal</b>	<b>3,578</b>	<b>3,504</b>	<b>-2.1%</b>
<u>Non-Life</u>	<u>1,746</u>	<u>1,936</u>	<u>10.9%</u>
Workers' Compensation	287	333	16.3%
Health	418	479	14.6%
Motor	549	598	8.8%
Fire and Other Damages	298	324	8.7%
Other	195	202	3.9%
<u>Life</u>	<u>1,831</u>	<u>1,568</u>	<u>-14.4%</u>
Risk & Annuities	198	196	-1.0%
Life Financial - Guaranteed	559	1,036	85.4%
Unit-Linked	1,075	336	-68.8%
<b>International</b>	<b>1,540</b>	<b>1,703</b>	<b>10.6%</b>
<u>Non-Life</u>	<u>880</u>	<u>965</u>	<u>9.7%</u>
Workers' Compensation	89	109	22.3%
Health	124	130	5.1%
Motor	199	215	8.4%
Fire and Other Damages	262	308	17.6%
Other	206	203	-1.7%
<u>Life</u>	<u>661</u>	<u>738</u>	<u>11.7%</u>
Risk & Annuities	325	332	2.1%
Life Financial - Guaranteed	104	95	-8.6%
Unit-Linked	231	311	34.3%
<b>Total Premiums Management Accounts</b>	<b>5,118</b>	<b>5,207</b>	<b>1.7%</b>

<b>Total Gross Premiums Written (M€)</b>	<b>2022</b>	<b>2023</b>	<b>Change YoY</b>
<b>Non-Life</b>	<b>2,626</b>	<b>2,902</b>	<b>10.5%</b>
Workers' Compensation	375	442	17.7%
Health	542	609	12.5%
Motor	748	813	8.7%
Fire and Other Damages	560	632	12.9%
Other	401	405	1.0%
<b>Life</b>	<b>2,492</b>	<b>2,305</b>	<b>-7.5%</b>
Risk & Annuities	523	528	0.9%
Life Financial - Guaranteed	663	1,131	70.7%
Unit-Linked	1,306	646	-50.5%
<b>Total Premiums Management Accounts</b>	<b>5,118</b>	<b>5,207</b>	<b>1.7%</b>

## Profitability

Net Income reached 180M€ in 2023, up 2.6% compared to 2022. The key components of this results were the following:

- Insurance Contract Revenue was 3,429M€, a 7.6% increase compared to the previous year, and the Non-Life Combined Ratio was 93.8%, a 5.0 pp improvement compared to 2022 (all IFRS 17 figures). Adjustments to the underwriting process in Portugal and significant repricing efforts drove the reduction. In addition, the 2023 Combined Ratio benefited from the non-recurrence of one-off Workers' Compensation reserve reinforcements made at the Peruvian operation the previous year; and
- The investment result benefited from the capital market's recovery and higher-yielding assets in 2023. The annualized investment yield was 2.7%, a 0.7 pp increase YoY. Simultaneously, this trend was tempered by the effect of interest rates on real estate valuations. The investment result was 218M€, unchanged compared to 2022. Looking forward, the low average duration of the investment portfolio places Fidelidade well to take advantage of the current interest rate environment.

Profitability	2022	2023	Change YoY
Insurance Contract Revenue (M€)	3,186	3,429	7.6%
Non-Life Combined Ratio (%)	98.8%	93.8%	-5.0 pp
Investment Yield (%)*	2.0%	2.7%	0.7 pp
Investment Result (M€)	218	218	-0.1%
Net Income (M€)	176	180	2.6%

\* Excluding unit-linked portfolios

## Recent Developments

After having informed of its intention to launch an IPO of its common shares, Luz Saúde announced on April 23 its decision to postpone the transaction. Market conditions were not favorable to value the asset based on its fundamentals.