

## 2022 – 1Q Results

Lisbon, May 16, 2022

*Unaudited figures*

Fidelidade Gross Written Premiums (GWP) for the 1Q 2022 were 1.348 M€, a 57% increase compared to the same period in 2021, on the back of significant increases both in the Portuguese and International operations. Net income was 42 M€, 17% lower than in the 1Q 2021, mainly due to the reduction of the quarter' investment result and, to a lesser extent, a lower technical result. RoTE was 7,3%, a 0,7 p.p. decline compared to March 2021.

Key Figures (€ Mn, otherwise noted)	Mar'2021	Mar'2022	Change YoY
Gross Written Premiums	855,9	1.347,6	57,4%
Net Income	50,5	42,0	-16,9%
Shareholder's Equity <sup>1</sup>	3.054,7	2.883,1	-5,6%
Fidelidade Group's SCR Coverage Ratio <sup>2</sup>	144%	171%	27 p.p.

<sup>1</sup> End-of-year 2021 and March 31, 2022 Shareholders' Equity.

<sup>2</sup> 2020 audited and 2021 guidance SCR Coverage ratios.

Rogério Henriques, Chief Executive Officer of Fidelidade, commented on the 1Q 2022 results:

“It has been a challenging beginning of the year, with a rapidly changing economic environment and significant financial market volatility. While on the commercial side, we keep observing positive trends on the different geographies, profitability decreased in the period. On the one hand, investment results were under pressure with financial markets recent developments; on the other hand, technical results were affected by the normalization of frequencies post-Covid.”

“At the same time, this difficult environment tested Fidelidade, and I am glad to say Fidelidade strategy has prepared the company. By reshaping the life business, by strengthening the solvency position, by increasing the balance sheet efficiency, and by managing investments risk prudently, Fidelidade is ready to face the adverse market conditions. And in addition,

we have maintained Fidelidade focus in serving our customers' needs, with good value propositions delivered through our several channels.”

## Fidelidade Group's 2021 Key Highlights

### Gross Written Premiums

Similarly, to the trend observed in 2021, Positive momentum on the commercial side, with a GWP growth of 57% and positive contributions from both Portuguese and International operations, continued during the 1Q 2022.

Total Gross Written Premiums (€ Mn)	Mar'2021	Mar'2022	Change YoY
Portugal	685,6	1.053,7	53,7%
International	170,3	293,9	72,6%
<b>Total Premiums Management Accounts</b>	<b>855,9</b>	<b>1.347,6</b>	<b>57,4%</b>

The Portuguese market GWP benefited from a solid Non-Life performance, and the ongoing repositioning of the Life business towards non-guaranteed products. In fact, the Life business in Portugal, which grew 142% from 230 M€ in the 1Q 2021 to 557 M€ in the 1Q 2022, was the main driver for the performance in the home country.

The international business, which grew 73% to 294 M€, evolved with a combination of solid organic growth from all international units, as well as the consolidation of the recently acquired unit in Mozambique. Improved economic outlooks in most of the foreign markets where Fidelidade operates and the implementation of the international governance model continued generating growth opportunities.

Fidelidade total market share in Portugal reached 30,4% in the 1Q 2022, a 6,3 p.p. increase compared to the 1Q 2021. In the Life market, the share was 30,8%, 12,9 p.p. higher, propelled by the non-guaranteed business growth. The Non-Life business market share was 30%, a 0,7 p.p. rise YoY.

Total Gross Written Premiums (€ Mn)	Mar'2021	Mar'2022	Change YoY
Non-Life	568,5	687,0	20,8%
Life – Risk & Annuities	86,2	124,8	44,8%
Life Financial - Insurance Contracts	18,9	28,1	48,6%
<b>Total Premiums P&amp;L</b>	<b>673,6</b>	<b>839,9</b>	<b>24,7%</b>
Life Financial - Investment Contracts	182,4	507,7	178,4%
<b>Total Premiums Management Accounts</b>	<b>855,9</b>	<b>1.347,6</b>	<b>57,4%</b>

Life Gross Written Premiums per LoB (€ Mn)	Mar'2021	Mar'2022	Change YoY
Life Financial guaranteed products	140,4	200,4	42,7%
Life Financial non-guaranteed products	60,8	335,4	451,3%
<b>Life Financial</b>	<b>201,3</b>	<b>535,8</b>	<b>166,2%</b>
Life - Risk & Annuities	86,2	124,8	44,8%
<b>Total Life Premiums</b>	<b>287,4</b>	<b>660,5</b>	<b>129,8%</b>

The Life business continued its significant transformation initiated two years ago. The non-guaranteed Life Financial business in Portugal was the main driver behind the expansion of Fidelidade's Life premiums. Non-guaranteed premiums represented 63% of the life financial business in the 1Q 2022, up from 30% during the same quarter the previous year. The unit linked business increased 451% from 61 M€ in the 1Q 2021 to 335 M€ in the 1Q 2022, supported by successful savings products such as the closed series Investimento Portugal and Investimento Iberia and a sound distribution channel strategy, anchored by the exclusive bancassurance agreement with Caixa Geral de Depósitos. These efforts are part of Fidelidade's strategic decision to become a leading provider in the retirement and savings market and simultaneously optimize its capital consumption.

Non-Life Gross Written Premiums per LoB (€ Mn)	Mar'2021	Mar'2022	Change YoY
Motor	155,1	181,3	16,9%
Health	130,4	152,1	16,7%
Fire and other damage	117,9	141,4	19,9%
Workers' compensation	77,9	105,4	35,4%
Others <sup>1</sup>	87,3	106,8	22,4%
<b>Total Non-Life Premiums</b>	<b>568,5</b>	<b>687,0</b>	<b>20,8%</b>

1 Includes Motor insurance assistance and legal protection.

The Non-Life business experienced significant growth in both Portugal and abroad. In line with Fidelidade's international business strategy, focused on high-growth markets outside Portugal, its foreign business outpaced Portugal's. Non-Life GWP grew 9% in Portugal and 68,9% abroad during the 1Q 2022. Non-Life international premiums represent 27,8% of total Fidelidade's Non-Life business.

The Portuguese Non-Life business expansion reflects the economic activity recovery after severe COVID-19 related restrictions in the 1Q 2021 and the continued strategy to foster a client focused culture with digitally enabled ecosystems as a key driver of Fidelidade's commercial effort. Workers' Compensation (19,7% YoY growth), Health (7,8%), and Motor (6,6%) experienced the largest GWP upsurges.

The growth of Non-Life international GWP was propelled by economic recovery, specially in Latin America. Premium increases were bolstered also by the acquisition of SIM in Mozambique and favorable exchange rates among Latin American currencies.

## Profitability

1Q 2022 net income was 42 M€, a 16,9% reduction compared to the same quarter in 2021, mainly because of the reduction of the quarterly investment result from 56 M€ to 14 M€. Volatile markets generated by the possible economic repercussions of Russia's invasion of Ukraine and monetary tightening in many economies during the 1Q 2022 affected negatively investment revenue.

In addition, the technical result declined from 30,3 M€ to 20,1 M€ in the quarter due to increased claims costs both reflecting higher frequency in the 1Q 2022 compared to the 1Q 2021, period in which a significant lockdown was in place, and higher claims costs due to inflation.

Underwriting Result (€ Mn)	Mar'2021	Mar'2022	Change YoY
Non-Life	37,8	25,2	-33,3%
Life Risk	6,5	5,1	-21,2%
Life Financial Underwriting Costs	-13,9	-10,3	-26,3%
<b>Total Underwriting Result</b>	<b>30,3</b>	<b>20,1</b>	<b>-33,9%</b>

Non-Life combined ratio increased 7 p.p. from 88,9% to 96,8%. The rise was the result of a 3,2 percentage point increase in the loss ratio and a 3,8 rise in the expense ratio. The main driver for the loss ratio increase was the normalization of claims frequency post-Covid, while a key factor behind the expense ratio increase relates with the reduction of reinsurance commissions

received. In any case, figures for the quarter might also be impacted by impacts to be diluted throughout the year.

Non-Life Technical Ratios (%)	Mar'2021	Mar'2022	Change YoY
Consolidated Combined Ratio	89,9%	96,8%	7,0 p.p.
<i>Net Loss Ratio</i>	64,6%	67,8%	3,2 p.p.
<i>Net Expense Ratio</i>	25,3%	29,1%	3,8 p.p.
Combined Ratio – Portugal	88,9%	94,5%	5,6 p.p.
Combined Ratio – International	95,3%	104,7%	9,4 p.p.

Profitability	Mar'2021	Mar'2022	Change YoY
Investment Income (€ millions) <sup>1</sup>	112,9	71,3	-36,8%
Investment yield (%) <sup>1</sup>	2,8%	1,9%	-0,9 p.p.
Investment result (€ millions)	56,4	13,7	-75,7%
Net income (€ millions)	50,5	42,0	-16,9%

1 Excludes unit link portfolios.

The 1Q 2022 investment result was 13,7 M€, 75,7% lower YoY. Investment revenue experienced a significant reduction because of a decrease in the investment yield from 2,8% to 1,9% due to unfavorable financial markets conditions.

## Balance Sheet

Net assets under management reached 17,2 Bn€, a 2,5% increase compared to December 2021, and shareholders' equity closed the quarter at 2,9 Bn€, down 5,6% from the end of 2021. The main cause of the latter's decrease was the unfavorable performance of the financial market, which resulted in a reduction in the revaluation reserve. The RoTE reached 7,3%, a 0,7 p.p. reduction compared with the 1Q 2021. Fidelidade's latest consolidated Solvency II ratio guidance, from December 2021, is 171%. The end of the year audited Solvency II position will be published in the second half of May.

Balance sheet	Mar'2021	Mar'2022	Change
Assets Under Management (€ millions) <sup>1</sup>	17.783,8	18.217,4	2,4%
Shareholders' Equity (€ millions)	3.121,1	2.883,1	-7,6%
RoAE (%)	6,5%	5,7%	-0,8 p.p.
RoTE (%)	8,0%	7,3%	-0,7 p.p.

1 Includes own use properties. Net of investment related liabilities.

In the 1Q 2022 Fidelidade continued its strategy of managing the balance sheet and using capital more efficiently. An essential component of this effort is management's commitment to keep Fidelidade's Solvency II ratio comfortably within the 150%-180% range, which is formally reflected in Fidelidade's risk appetite framework. The company has also continued initiatives such as refocusing the Life business towards non-guaranteed products, discussed above, and actively incorporating capital usage in the investment portfolio management.

## Definitions

---

**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).

**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.

**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.