



**FIDELIDADE**

SEGUROS DESDE 1808

# INVESTOR PRESENTATION

Fidelidade – Companhia de Seguros

September 2022

# Today's presenters



**Rogério Henriques**

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*Chief Executive Officer  
Member of the Board of Directors*



**André Cardoso**

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*International Operations, Strategic  
Planning & Business Development  
and Member of the Board of Directors*



**Tomas Chen**

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*Risk & Accounting  
Member of the Board of Directors*

I.

# Fidelidade overview



# More than 210 years at the forefront of the Portuguese market...

## History and Key Milestones

1808

- Creation of Seguros Bonança



2000 - 2013

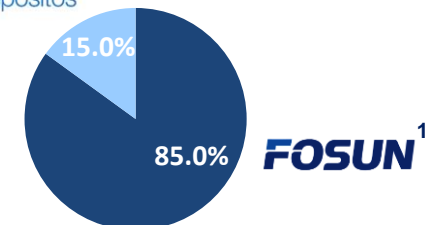
- Mergers among largest insurers (including Bonança) and launch of single brand Fidelidade



2014 - today

- 2014: Fosun acquires 85% stake of Fidelidade from CGD
  - As part of the transaction, Fidelidade signs an exclusive bancassurance agreement with CGD for 25 years

  
Caixa Geral de Depósitos



1. Fosun owns 84.99%, with the remaining 0.01% owned by employees

# ...playing a fundamental role in the Portuguese financial ecosystem

**Clear leadership**



**29%**

Overall market share in Portugal  
*#1 in Life*  
*#1 in Non-life*



**€4.9Bn<sup>1</sup>**

Written Premiums

*54% Life*      *79% Portugal*  
*46% Non-life*    *21% International*



**>8.3 Mn**

Customers globally including 2.3Mn in Portugal<sup>2</sup>



**>8,000**

Employees in Fidelidade Group with 3,400+ in Portugal



**€17.6Bn**

Assets under Management<sup>3</sup>, amongst largest investors in the country



**€270Mn**

Net Income

Source: Company information as of 2021

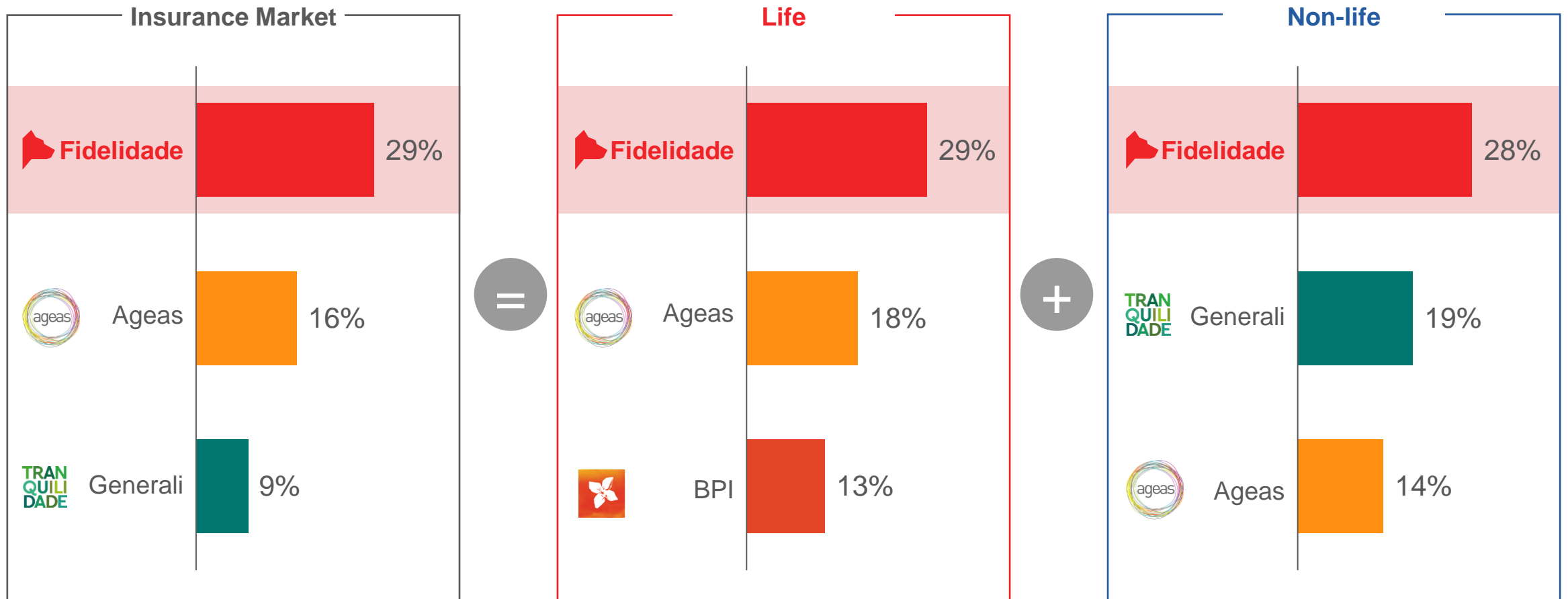
1. Including investment contracts

2. Fidelidade Group's insurance clients in Portugal, excluding Via Directa

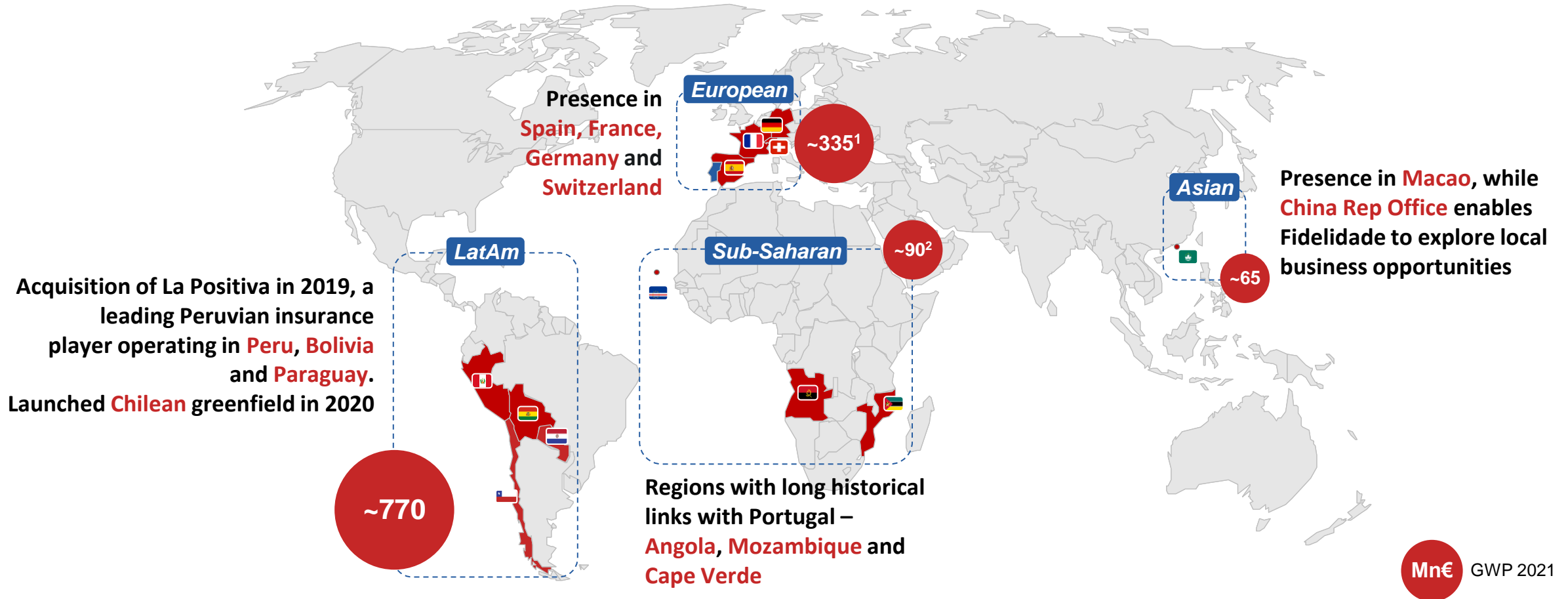
3. Assets under management including Treasury, Fixed Income Securities, Equity and Real Estate Investments (excluding Property for Own Use)

# Undisputed national champion across segments

## Portugal - Premiums Market Shares 2021



# Complemented with sustainable international operations structured around 4 regional clusters

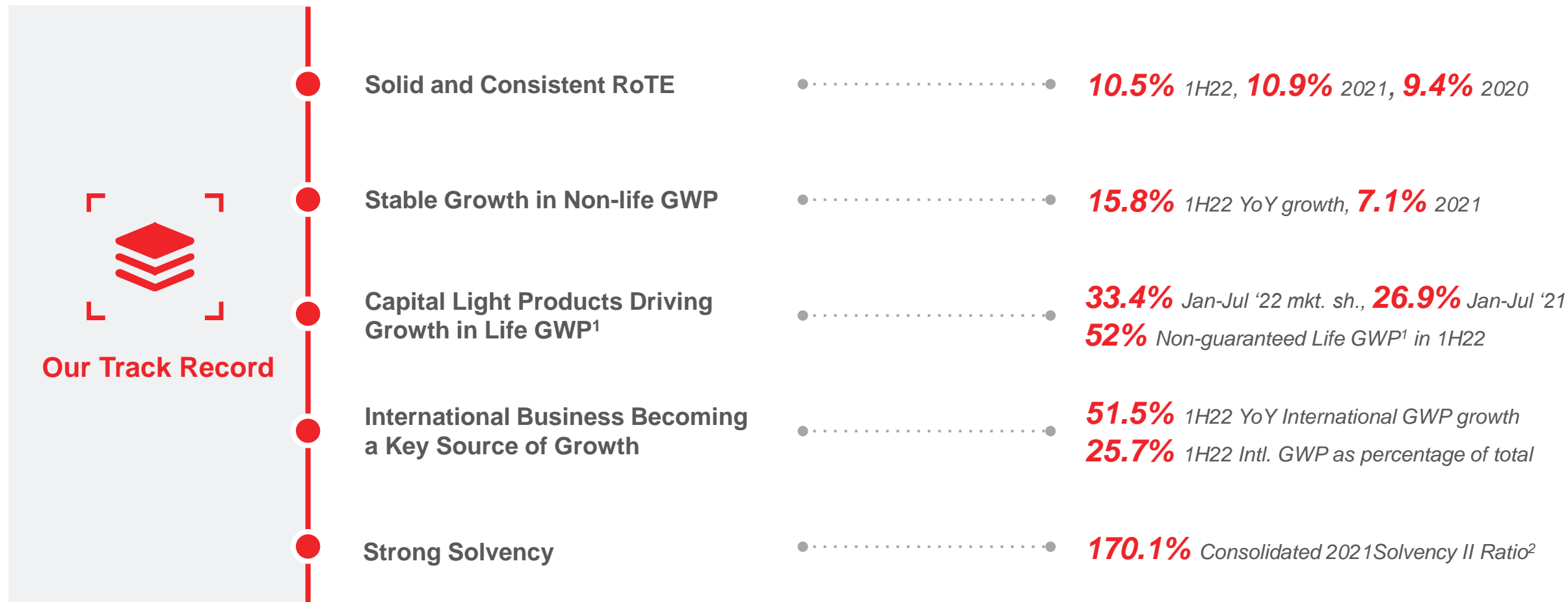


Source: Company information as of 2021

1. Includes total gross premiums written from The Prosperity Group in 2021 (€208.3Mn) for information purposes. Acquisition of 70% stake in the company closed in February 2022
2. Includes total gross premiums written from SIM in 2021 (~€20Mn) for information purposes. Acquisition of 70% stake in the company closed in December 2021

Mn€ GWP 2021

# Track record of profitability and strengthening of balance sheet



Source: Company information

1. Non-guaranteed Life GWP also referred to as capital light life GWP or Unit-linked GWP

2. Supplementary capital (€165 Mn) was fully repaid in June 2022, representing an estimated 7 p.p. impact in the Fidelidade Group's SCR coverage ratio



# Recent rating by Fitch positions Fidelidade at the frontline of Portuguese corporates

**A**  
Stable

1

## Top-tier rating within Portugal

Rating outcome **above the Sovereign Portuguese Rating** and among the top-rated corporations in Portugal



## Capital markets credibility

Access to **reduced direct financing costs** and a reinforcement of Fidelidade's credibility on the capital markets



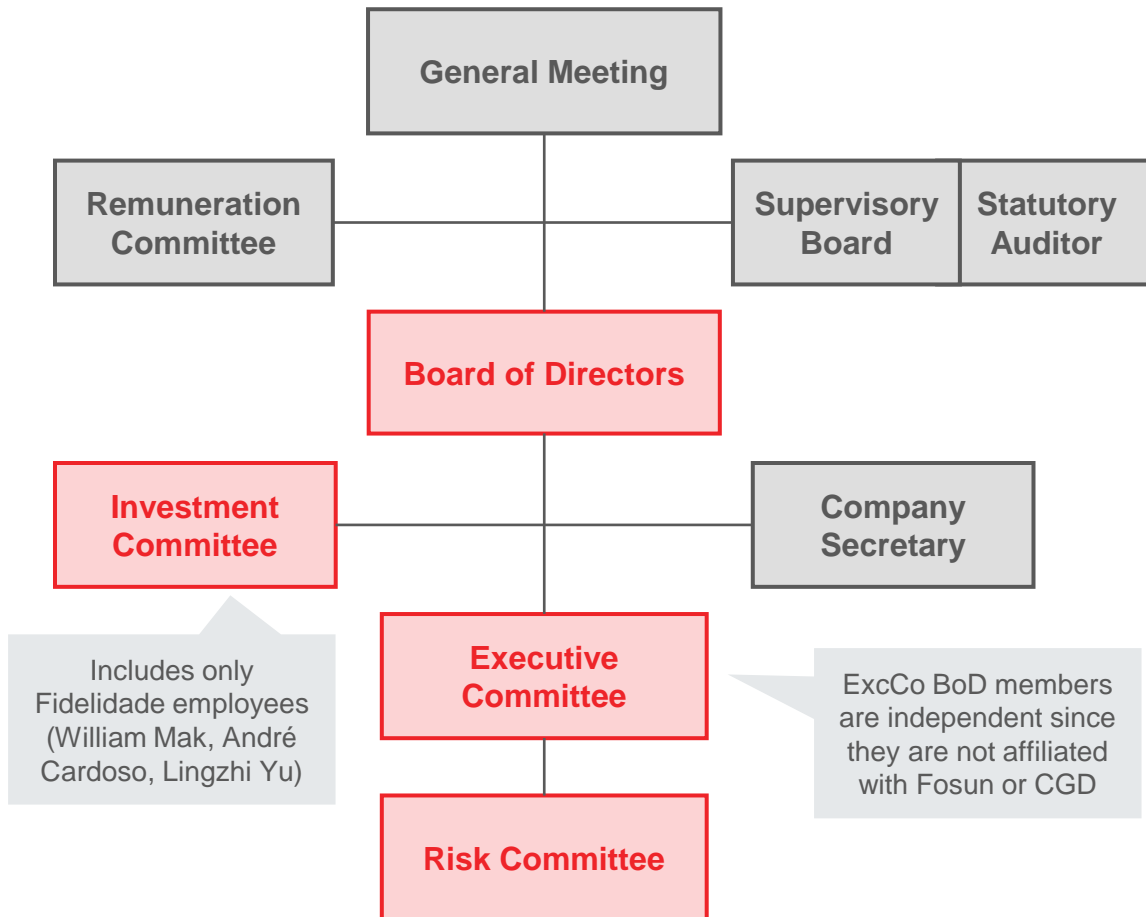
## Business opportunities

**Unlock potential business opportunities** regarding reinsurance and cooperation with other business counterparts

This rating is not only the **recognition of the long-term value creation strategy** followed by Fidelidade, but most importantly a sign of **trust and protection of our clients**

# Simple and agile corporate governance

## Corporate Governance Structure
















## Key Governing Bodies

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• 16 Members:             <ul style="list-style-type: none"> <li>– 7 executives</li> <li>– 9 non-executives                 <ul style="list-style-type: none"> <li>➢ 6 nominated by Fosun</li> <li>➢ 3 nominated by CGD</li> </ul> </li> </ul> </li> <li>• Chaired by Jorge Magalhães Correia, former CEO and with more than 20 years of experience at Fidelidade</li> </ul>
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>• 7 Members, all members of the Board of Directors</li> <li>• Chaired by CEO</li> </ul>
<b>Investment Committee</b>	<ul style="list-style-type: none"> <li>• Appointed by and reporting to the Board of Directors</li> <li>• 3 members             <ul style="list-style-type: none"> <li>– William Mak (EC Member)</li> <li>– André Cardoso (EC Member)</li> <li>– Lingzhi Yu (Head of Investments)</li> </ul> </li> </ul>
<b>Risk Committee</b>	<ul style="list-style-type: none"> <li>• Review and approval of ORSA, Solvency II and risk related matters; risk regulation evaluation</li> <li>• Members:             <ul style="list-style-type: none"> <li>– Thomas Chen (Executive Committee - Risk)</li> <li>– Juan Arsuaga Serrats (Executive Committee - Technical)</li> <li>– Luis Martins (Head of Risk)</li> <li>– Antonio Noronha (Responsible for Life Division)</li> <li>– Representatives of main subsidiaries</li> </ul> </li> </ul>



# Executive Committee with extensive industry experience

	Years in Industry/Fidelidade	Previous experience		Years in Industry/Fidelidade	Previous experience
 <p><b>Rogério Henriques</b> Chief Executive Officer</p>	<ul style="list-style-type: none"> <li>• 14 years in the industry</li> <li>• 14 years in Fidelidade</li> </ul>		 <p><b>André Cardoso</b> International Operations, Strategic Planning &amp; Business Development</p>	<ul style="list-style-type: none"> <li>• 8 years in the industry</li> <li>• 8 years in Fidelidade</li> </ul>	
 <p><b>Juan Arsuaga Serrats</b> Underwriting &amp; Operations Non-life Business</p>	<ul style="list-style-type: none"> <li>• &gt;25 years in the industry</li> <li>• 2 years in Fidelidade</li> </ul>		 <p><b>William Mak</b> Investments</p>	<ul style="list-style-type: none"> <li>• &gt;25 years in the industry</li> <li>• 8 years in Fidelidade</li> </ul>	
 <p><b>António Noronha</b> Commercial Departments &amp; Life Business</p>	<ul style="list-style-type: none"> <li>• 25 years in the industry</li> <li>• 25 years in Fidelidade</li> </ul>		 <p><b>Thomas Chen</b> Risk &amp; Accounting</p>	<ul style="list-style-type: none"> <li>• 17 years in the industry</li> <li>• 3 years in Fidelidade</li> </ul>	
 <p><b>Miguel Abecasis</b> Motor Business and Innovation</p>	<ul style="list-style-type: none"> <li>• &gt;20 years in the industry</li> <li>• &lt;1 year in Fidelidade</li> </ul>				

**Members of the Executive Committee are all executive members of the Board of Directors**

# Sustained by a corporate strategy built on four key imperatives driven for success



## Accelerate Growth

- Instill a sales-oriented culture
- Build a distinctive international presence



## Optimise Profitability

- Transform life business
- Implement state-of-the-art automation



## Client Focus

- Reshape customer experience through digitalization
- Build digitally-enabled ecosystems



## Mobilise the organization

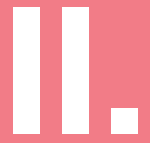
- Guarantee a talented and agile organization
- Foster a strong culture identity



**Global Service  
Provider of  
People Protection**

# We have adopted a holistic approach to ESG





# Investment highlights



# Investment highlights

## Fidelidade's main competitive advantages



### Undisputed leadership

Largest client base with significant potential for increased penetration



### Technical and innovation capabilities

Proven technical expertise and distinctive claims management platform; solid innovation capabilities



### Leading brand

Both in value and client recognition, several top-of-mind brands in the market



### Diversified asset management

Asset management leveraging global know-how and supported by renowned asset managers



### Unique distribution position

Leadership and top partnerships in growth channels and unique position in agents and brokers



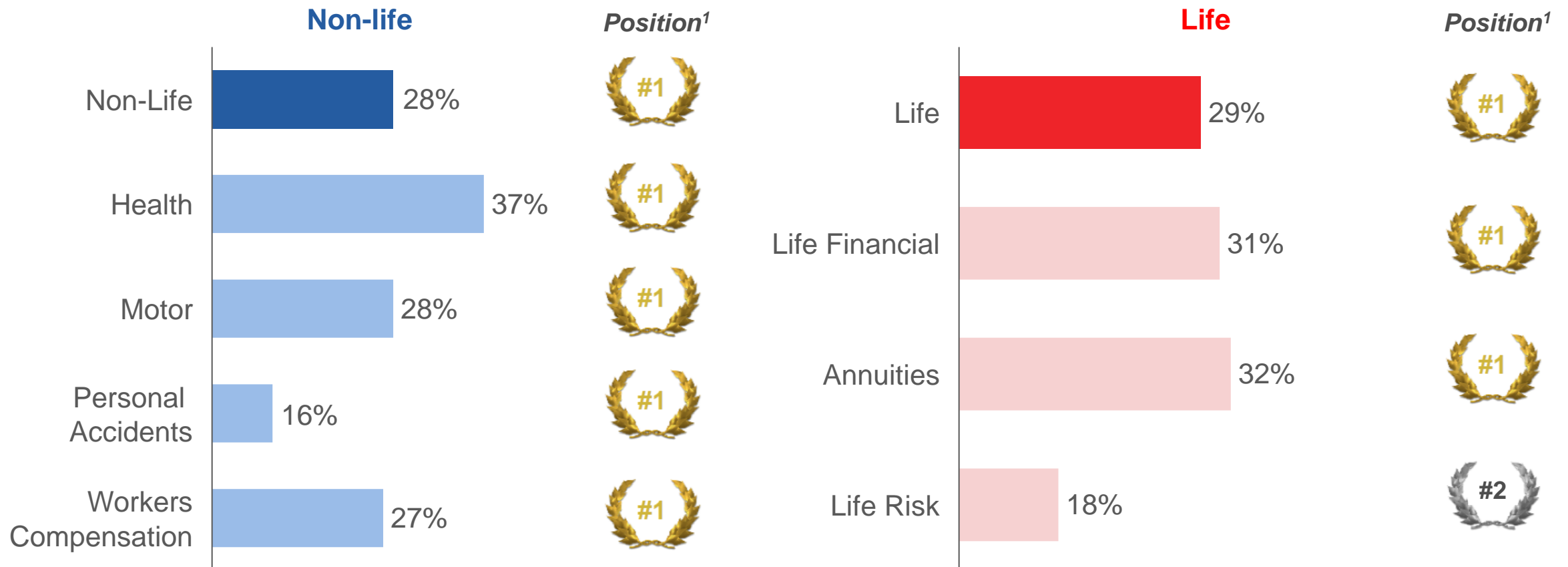
### Prudent capital management

Solid management of solvency capital based on a rigorous risk appetite framework



# Leading competitive position across all insurance business lines in Portugal

## Market Shares by Written Premiums (% GWP, Dec 2021)



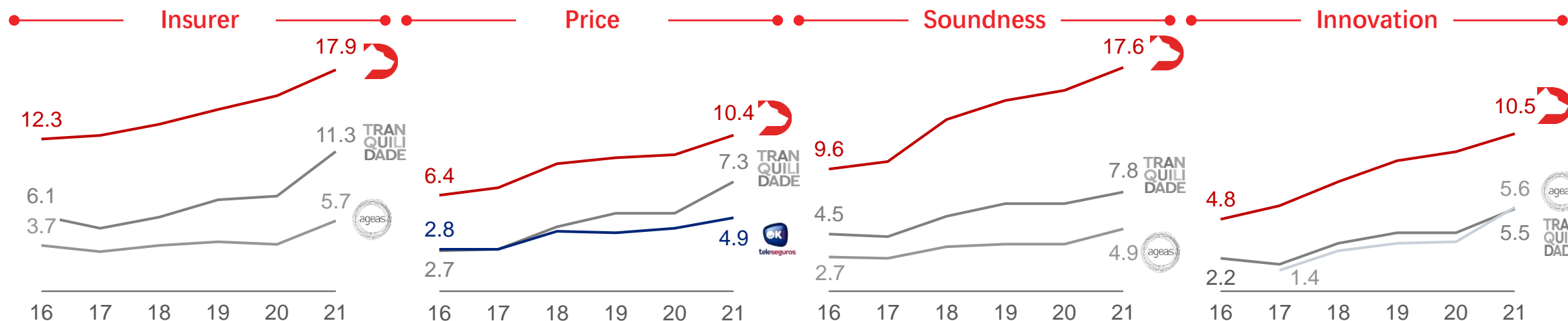
Source: Internal data, ASF  
 1. Ranking per LoB based on 2020





# Fidelidade has developed consistently over time the strongest insurance brand in Portugal

## Top 3 (2016 - 2021)



## Fidelidade's awards



**Escolha do Consumidor '22**  
Highest satisfaction and reputable insurer



**Reader's Digest Trusted Brands '21**  
16th consecutive time as most reputable insurer



**Portugal Digital awards '20**  
Best insurance product - Multicare Vitality



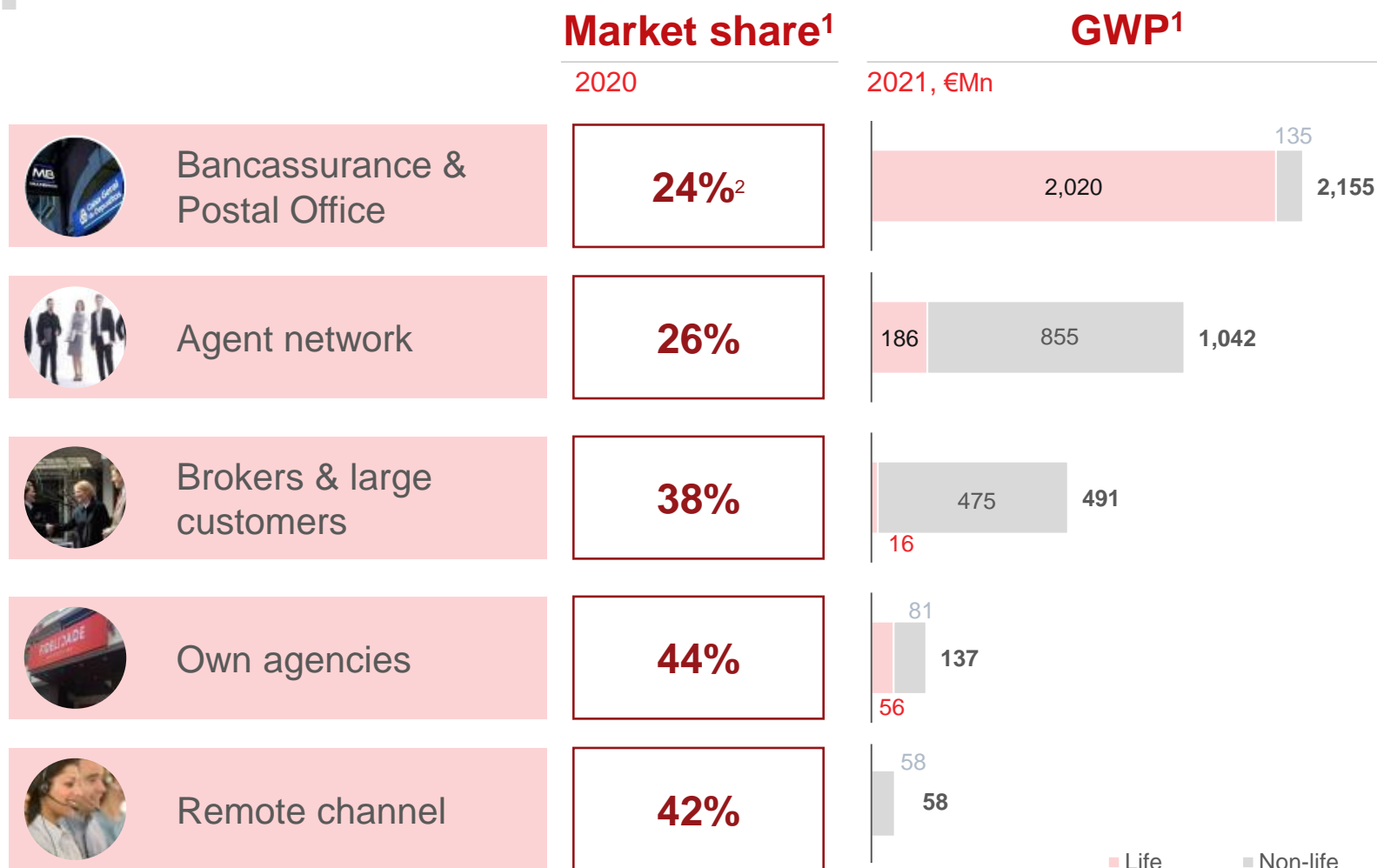
**Marktest Reputation Index '21**  
Most reputable insurance brand



**Superbrands '21**  
Top-of-mind insurance brands in Portugal



# First class distribution network through an omnichannel approach



**900 bank branches & post offices**  
 CGD and EUROBIC selling Fidelidade products through distribution agreements

**3,682 agents**  
 selling its products with a personalised service to its clients in Portugal

**65 brokers**  
 supporting a high-profile client base

**59 own agency locations**  
 make Fidelidade the leader of this distribution channel

Fidelidade is the leader in the remote channel in Portugal

Source: Company information as of 2021, ASF as of 2020.

1. Market shares and GWP in Portugal. Latest available figures

2. Market share only for Bancassurance channel (96% market share for Postal channel)



# Fidelidade is building 5 digitally-enabled core ecosystems serving clients beyond insurance

Fidelidade's strategy evolution has originated value propositions leveraged on partners who add layers to traditional insurance offers

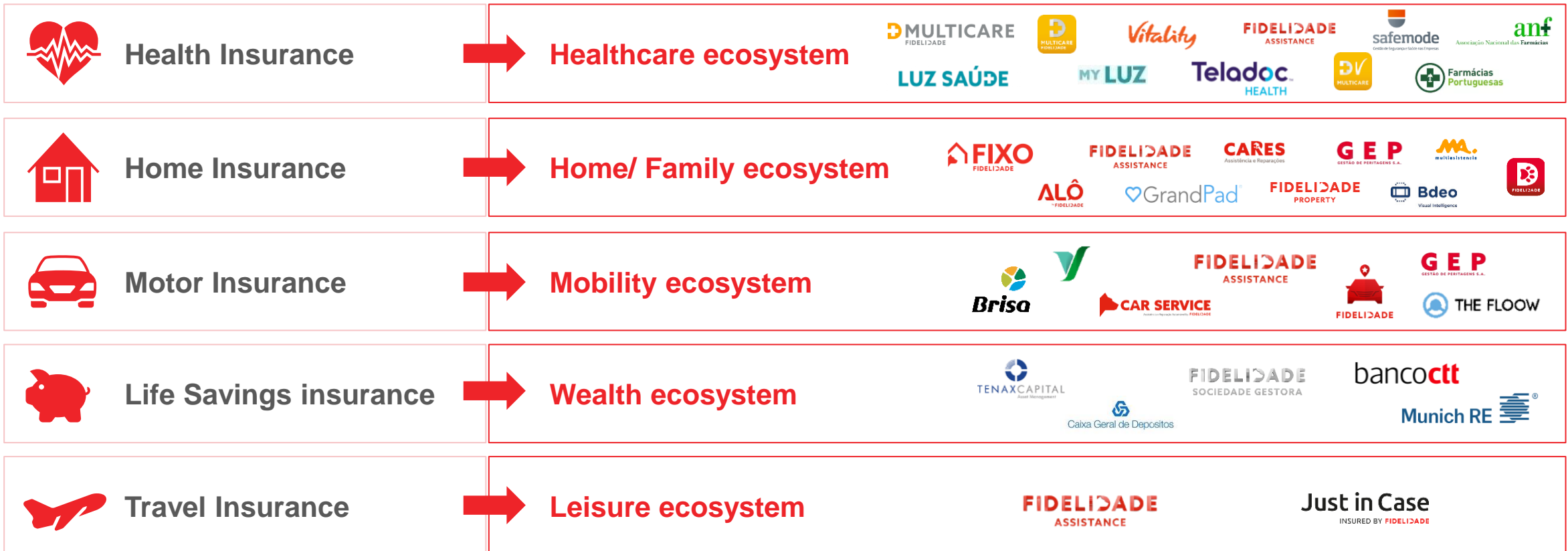
From risk taker ...



... to risk manager

From pure insurance offer...

... to valued added ecosystems with high service levels



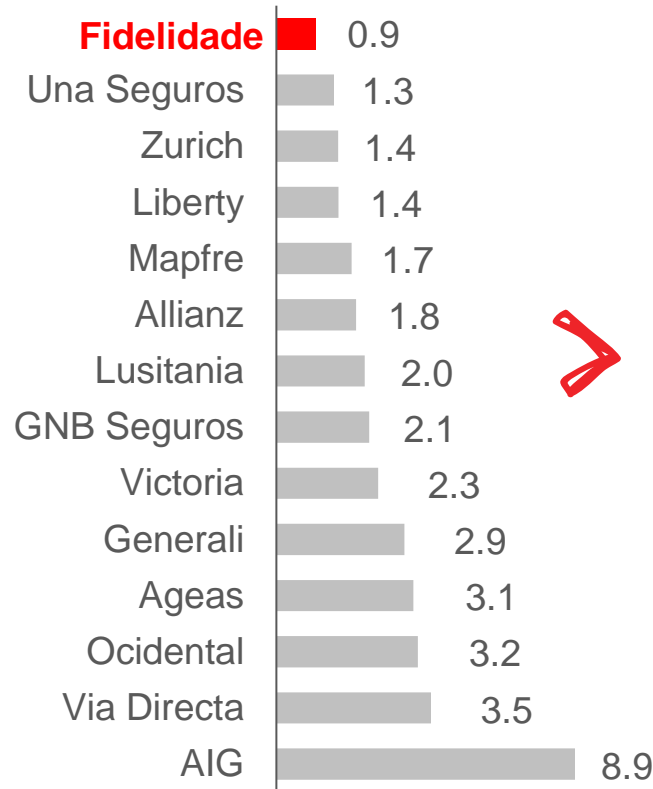


# Best in-class service level to the clients

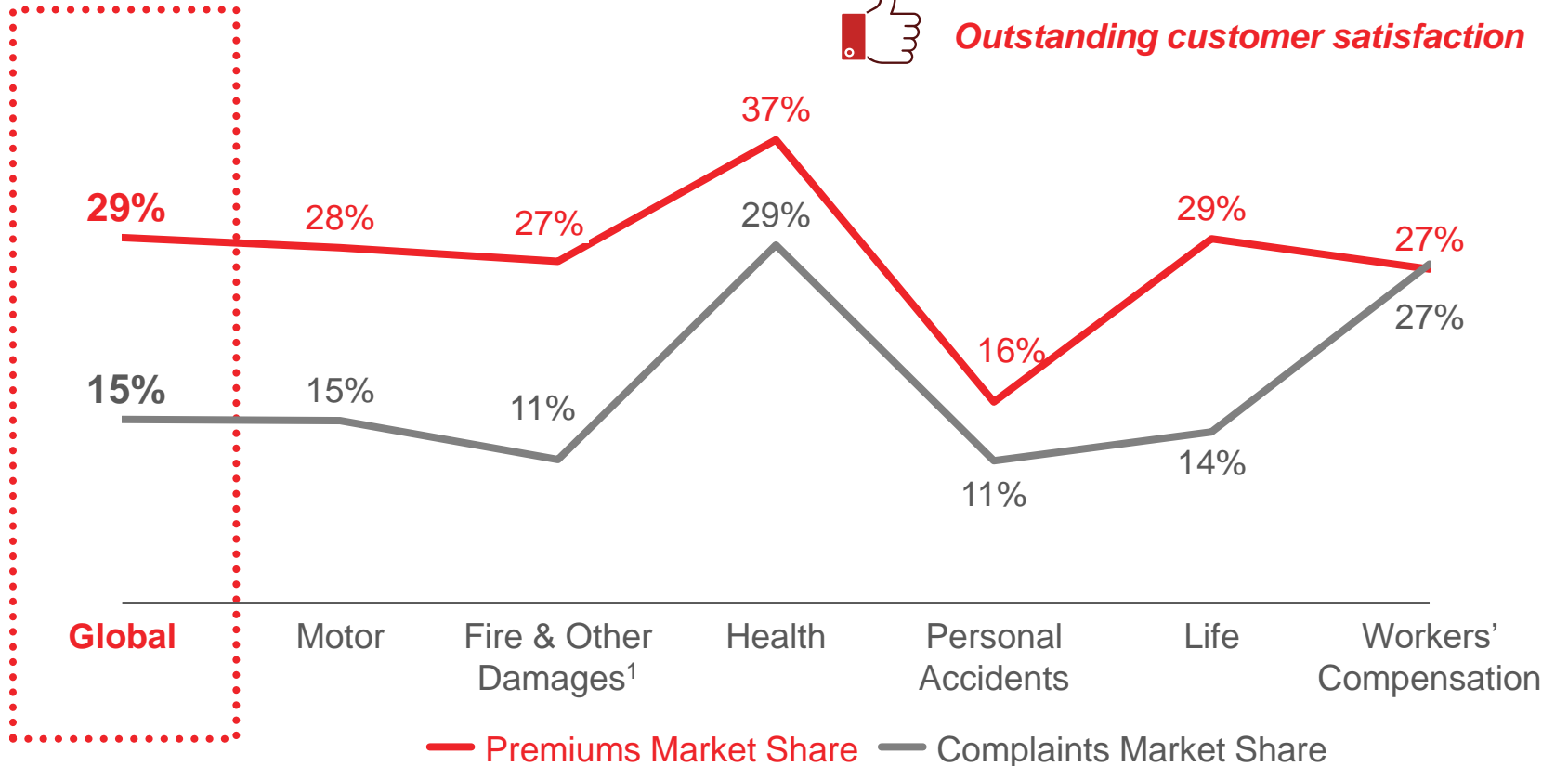
## # of complaints per €Mn of premiums

## FID registered complaints (with the regulator) vs. premiums market shares

Motor, 2020



2021, (%)

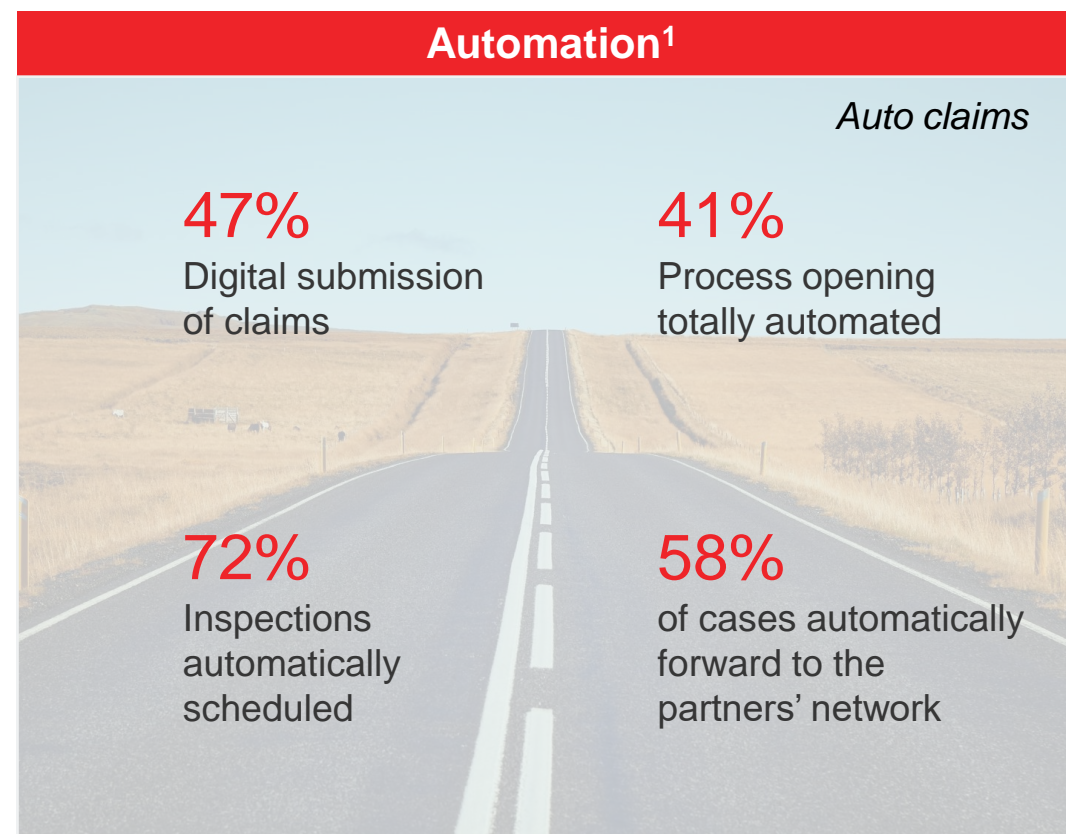
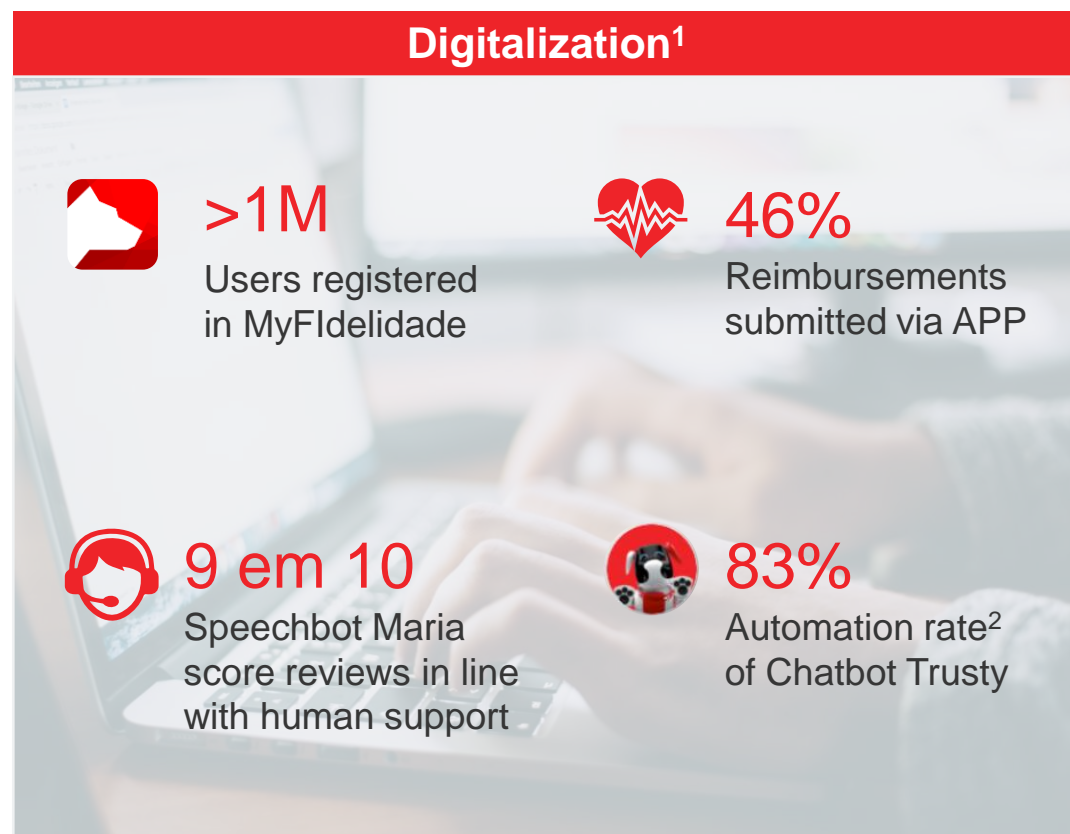


Source: ASF and Company information as of 2021

1. Includes Home, Industrial and Commercial, and other fire and other damage insurance



# Digitization of Fidelidade's processes supports both client experience and overall efficiency

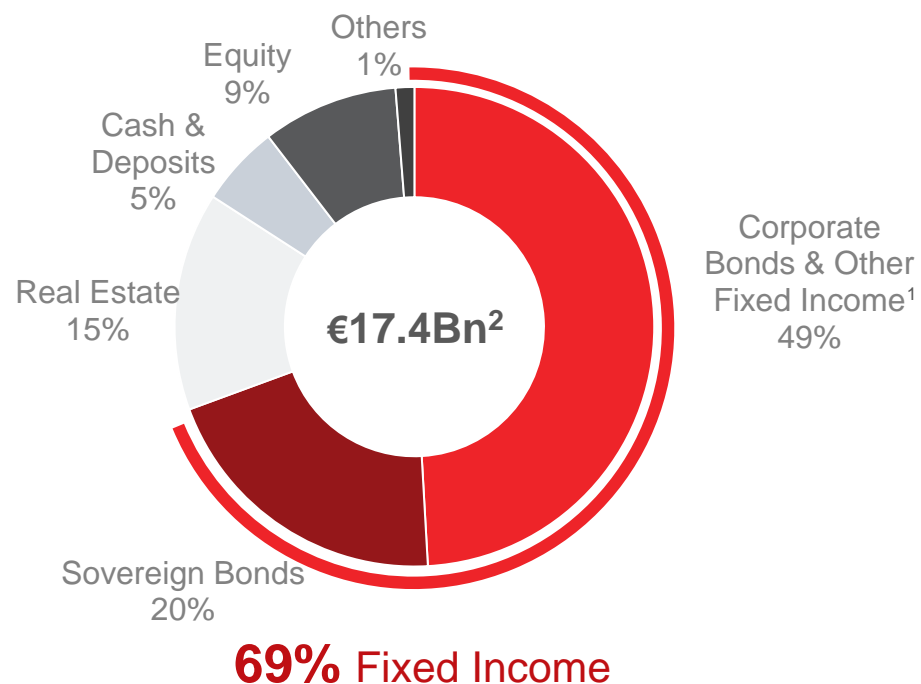


1. Values as of December 2021    2. Sessions without human interaction

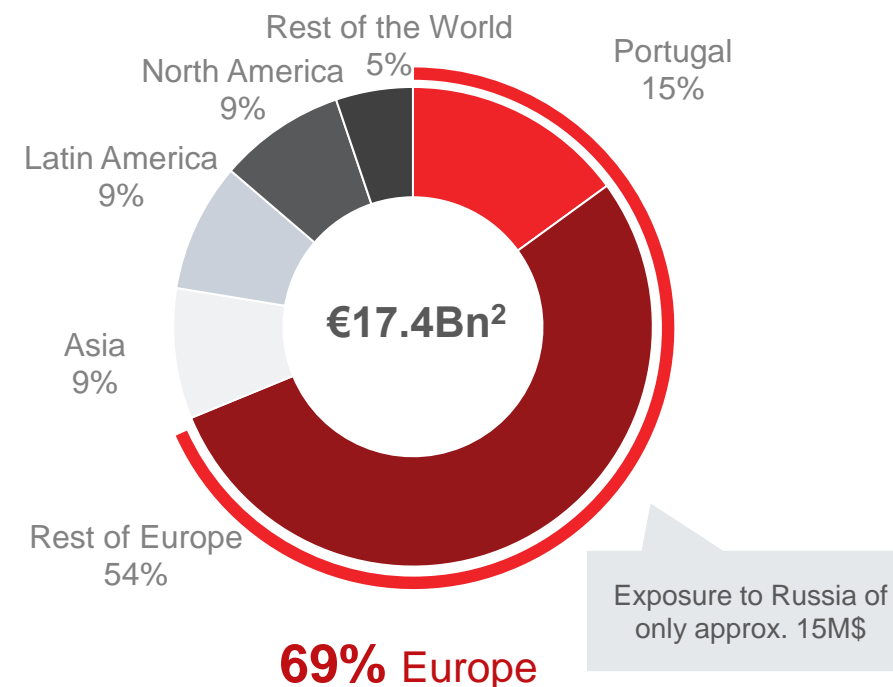


# Prudent investment strategy, with c.70% of total portfolio allocated to fixed income

## Breakdown by asset class



## Breakdown by geography



Source: Company information as of June-2022

1. Includes Corporate Bonds, Bond Investment Funds, Loans, Commercial Paper & Other Fixed Income Instruments  
 2. Total Assets under management excluding properties for own use

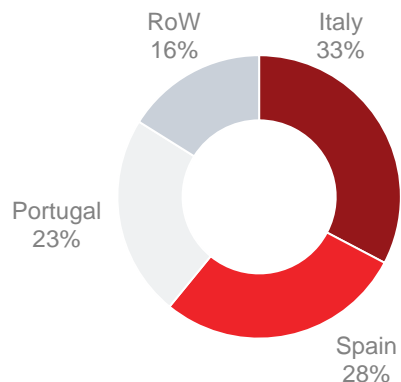


# Diversified fixed income portfolio

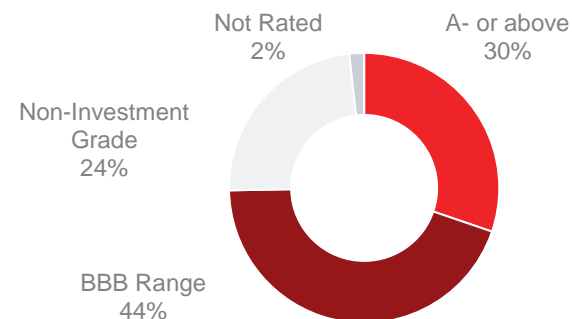
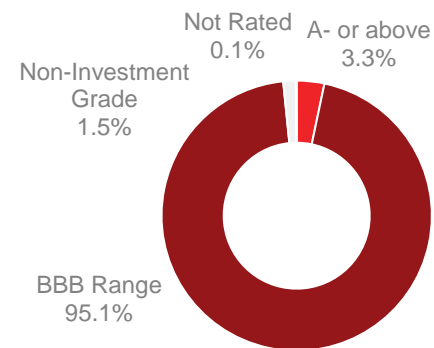
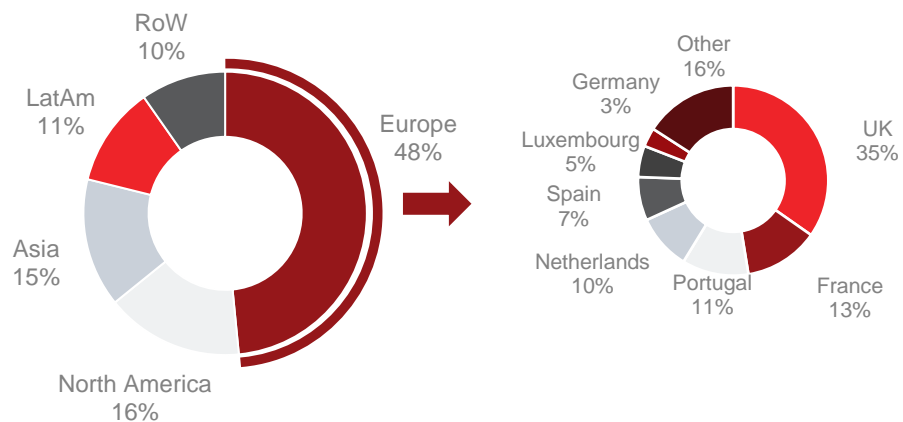
## Breakdown by geography

## Breakdown by rating

Sovereign bonds  
(€3.6Bn)



Corporate bonds<sup>1</sup>  
(€6.7Bn)



Source: Company information as of June-2022

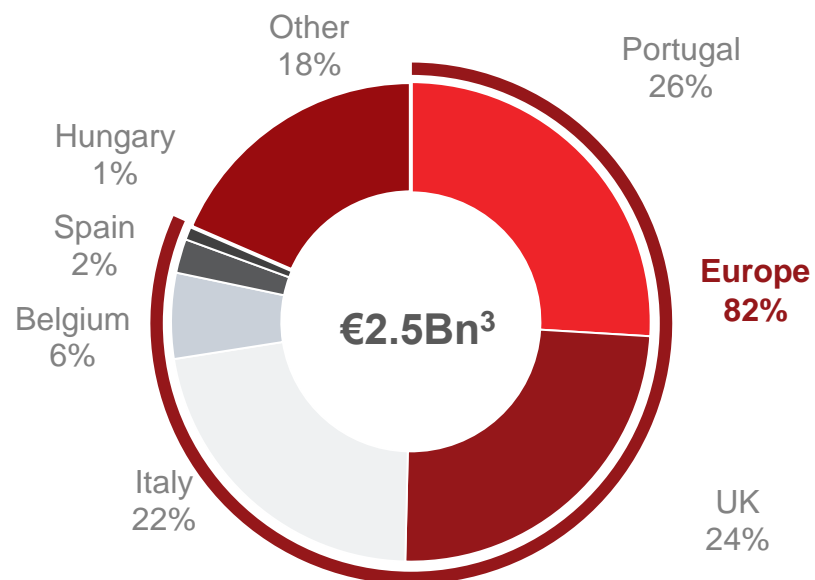
1. Excludes Bond Investment Funds, Loans, Commercial Paper & Other Fixed Income Instruments



# Real estate portfolio: focus on premium assets

## Breakdown by region<sup>1</sup>

(%)



## Top real estate exposures<sup>1,2</sup>

€Mn, investments above €100Mn

	€ Mn	Country	% of real estate	Sector focus	Occupancy level
Asset 1	550	Italy	22%	Office & Retail Development	57% <sup>4</sup>
Asset 2	408	UK	16%	Office Complex	80%
Asset 3	254	Portugal	10%	Mixed Use Development	n.a. <sup>4</sup>
Asset 4	178	UK	7%	Office Complex	79%
Asset 5	144	Belgium	6%	Office Complex & Development Land	75%
Asset 6	102	Japan	4%	Office Complex	100%
<b>Total RE &gt;€100Mn Projects</b>	<b>1,636</b>		<b>65%</b>		

Source: Company information as June-2022

1. Real Estate for own use excluded
2. Projects with a Book Value over €100Mn
3. Investments in Real Estate funds (€0.1Bn) not included
4. Asset under development





# Reduced equity exposure with limited co-investments with shareholders

## Key considerations on equity exposure

- **Limited equity investments, <10% of portfolio**
  - ✓ *Equity Investments sum up to €1,611Mn*
- **Highly liquid equity investments**
  - ✓ *77% of the Equity Investments are listed*
- **Well diversified investment portfolio**
  - ✓ *Geographical diversification with exposures to Europe, Asia, Latam and North America*
- **More focused co-investments with Fosun**
  - ✓ *More than 60% reduction, from €756Mn invested in 2017 to €281n in June-2022*
  - ✓ *Approximately €8Mn of potential capital gains*

## Equity co-investments with Fosun

€Mn, Current book-value co-investments above €10Mn

	€Mn	Potential capital gain <sup>1</sup> (€Mn)	Country	Listed	Dividend yield (LTM <sup>2</sup> )
New China Life Insurance	169	0	China	✓	9.1%
Ageas	86	8	Belgium	✓	6.7%
Chongqing Rural Commercial	20	0	Hong Kong	✓	11.0%
<b>Total Top 3 Co-Investments</b>	<b>275</b>	<b>8</b>	-	-	-
<b>Total Co-Investments</b>	<b>281</b>	<b>8</b>	-	-	-

Source: Company information as of June-2022

1. Potential capital gains: potential impact in Fidelidade's P&L in a scenario of a disposal as of June 2022

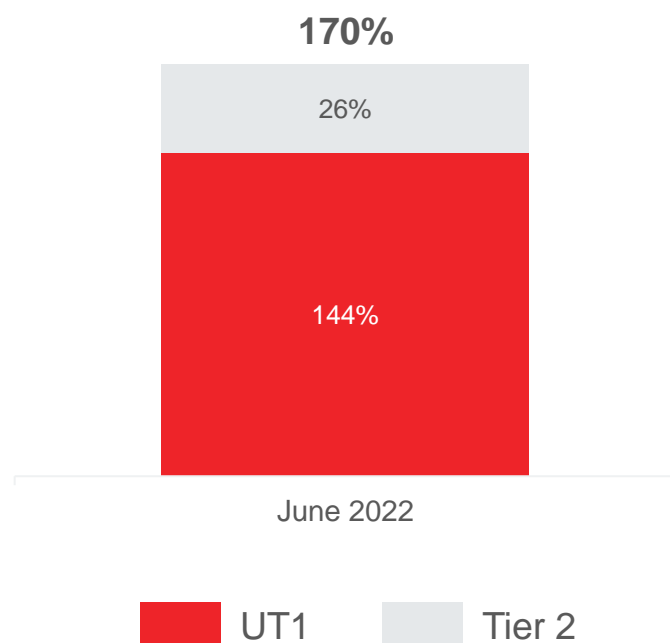
2. Dividend yield calculated as the sum of gross dividend per share amounts that have gone ex-dividend over the prior 12 months, divided by the share price (as of August 2022)



# Strong capital position both at group and solo levels, comfortably within the risk appetite

## Solvency II ratio

(%) Fidelidade Group SCR coverage ratio



## Key considerations

- **Fidelidade Group SCR coverage ratio of 170.1% as of June 2022**
- **198% Solo SCR coverage ratio as of June 2022**
  - ✓ *Isolated impact of ~20p.p. from consolidation of La Positiva, mainly from Solvency II consolidation effect<sup>1</sup>*
- **Outstanding supplementary capital as of December 2021 (€165 Mn) was fully repaid in June 2022**
  - ✓ *~9 p.p. estimated impact on Group SCR coverage ratio*
- **Solid and sustainable capital position, validated by Fitch as part of its strong inaugural rating assessment**

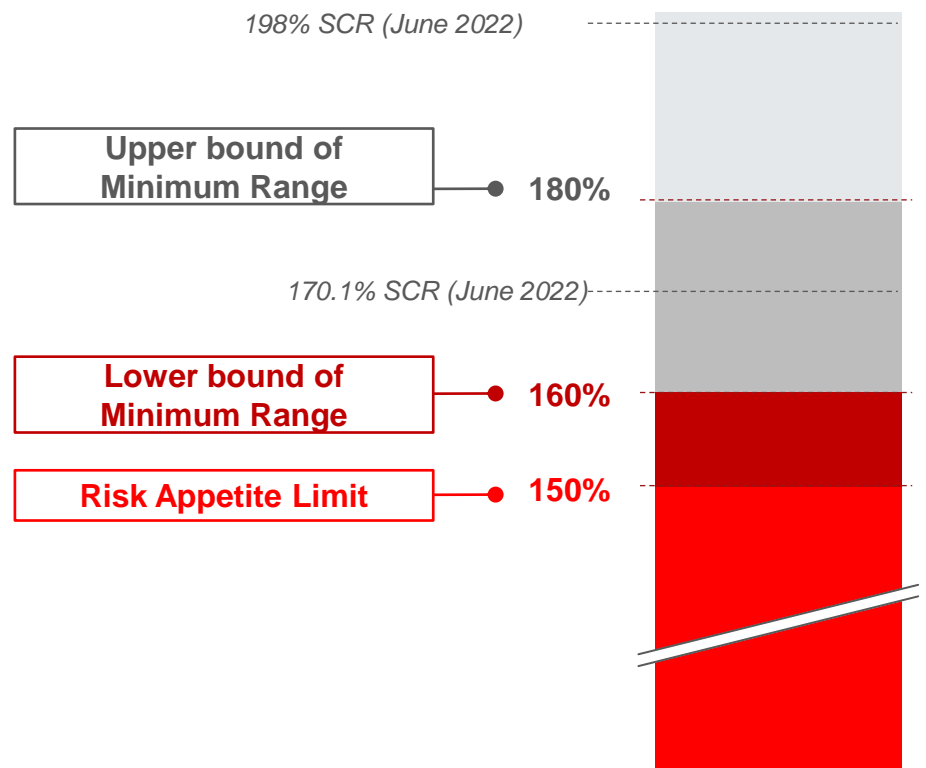
Source: Company information

1. Under solvency II regulation, Fidelidade consolidates 91.5% of La Positiva Generales since the acquisition of its initial 51% stake in 2019. In June 2022, Fidelidade reached an agreement to acquire an additional 40.5% stake in the company. This provides significant opportunities for capital usage optimization.



# Solvency II ratio buffers defined by Fidelidade as part of its risk appetite framework, recently validated by Fitch

## Fidelidade Group solvency ratio<sup>1</sup>



## Solvency thresholds

- **Solvency ratio thresholds aligned with Fidelidade's Risk Appetite Framework (RAF)**
  - ✓ Top management ambition to maintain current rating and pursue an Investment Grade credit rating at all times (even under scenarios of stress)
- **Risk Appetite Limit set at 150% Solvency ratio**
  - ✓ No distributions to ordinary shareholders to be performed if those result in a solvency ratio below this limit<sup>3</sup>
- **Minimum 160-180% management target range**
  - ✓ Lower bound set at 160% (incremental 10 p.p. "management buffer")
  - ✓ Upper bound set at 180% (in line with ORSA target)

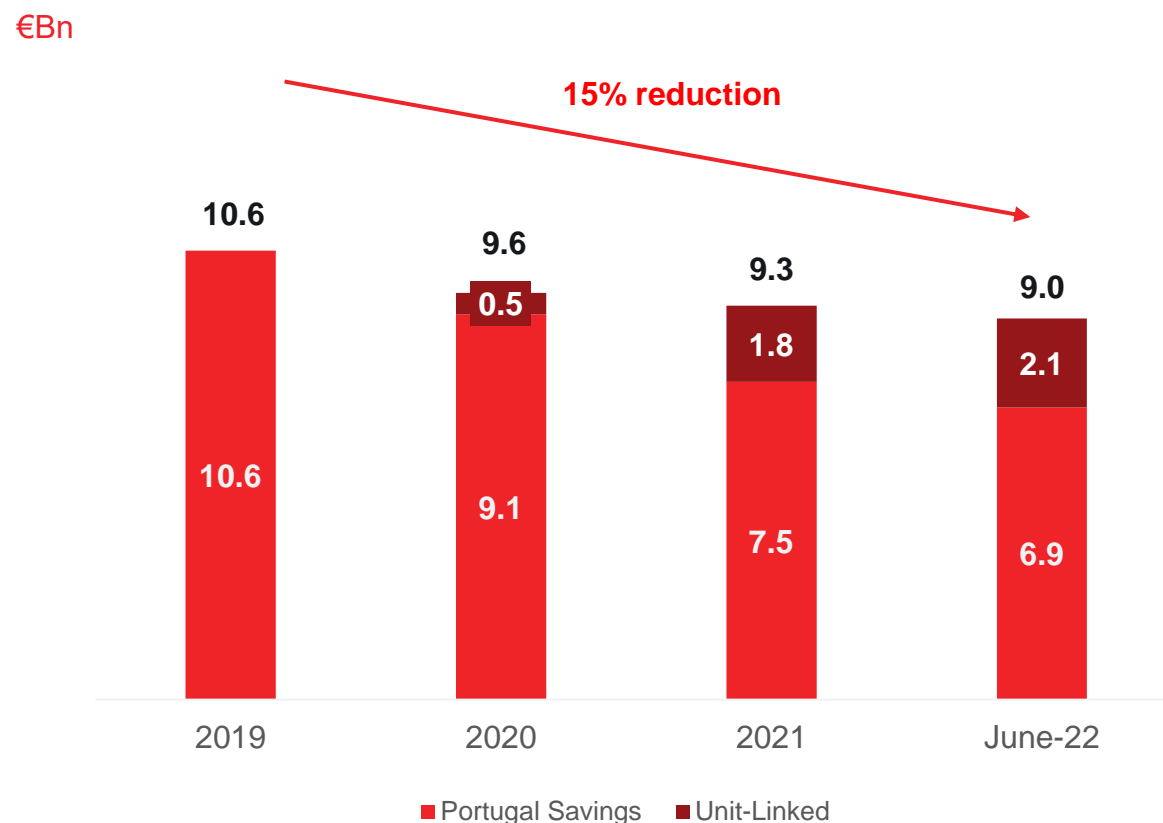
Source: Company information

1. Thresholds defined considering TMTP (Transitional Measure on Technical Provisions)
2. Unless measures to increase Solvency ratio above 150% in a period of no more than 3 months are put in place



# Back-book de-risking with reshaping of Life financial business (I)

## Evolution of PT Life financial back-book<sup>1</sup>



## Overview of Life financial back-book<sup>1</sup>

- **In June-2022, provisions related to Portuguese life-savings products amounted to €9.0Bn**
  - ✓ Majority of Portuguese life saving products are short-term guarantees
  - ✓ 72% of them are annually reviewed products with an average yield of 0.06%
  - ✓ 4% of them are related to fixed rate products with an average yield of 3.13%
  - ✓ 23% of them are related with unit-linked products
  - ✓ Material back-book decrease following cautious underwriting of Life products in 2020, 2021 and 1H2022
- **The decrease registered in the last two and a half years reflects the reshaping of the Financial Life business towards non-guaranteed products**

Source: Company information

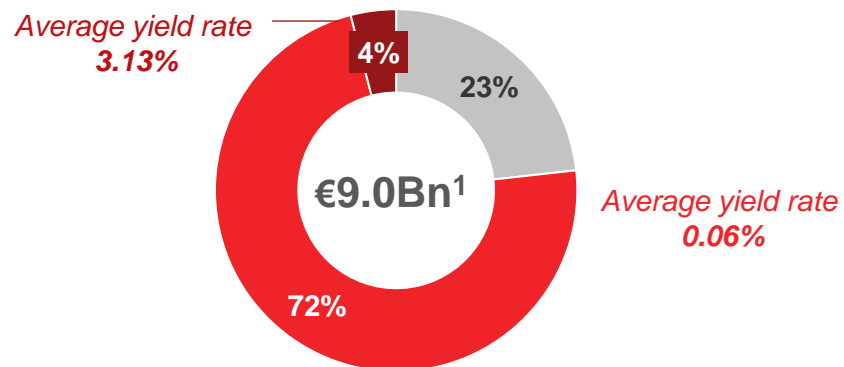
1. Value presented includes Mathematical Provisions and Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts (exclude risk & annuities)



# Back-book de-risking with reshaping of Life financial business (II)

## Breakdown of savings products in Portugal

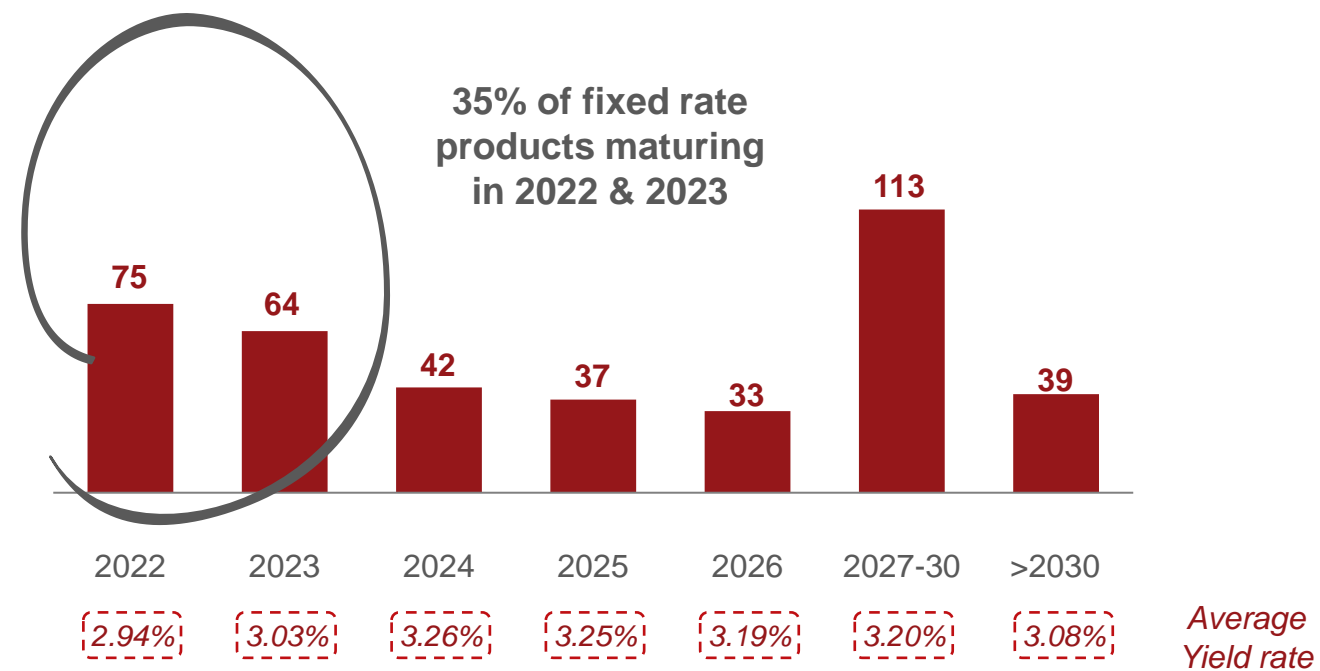
€Bn, Excluding Risk & Annuities



- €2.1Bn Unit Link (non-guaranteed products)**
  - Represented 59% of Portuguese new business in 1H22
- €6.5Bn Annually<sup>2</sup> Reviewed Guaranteed Rate products**
  - > 65% maturing in the next three years
  - Rates reviewed annually based on existing interest rate
- €0.4Bn Fixed Rate products with Guaranteed Returns**
  - New business related with Reinvestment product
  - Majority maturing in the next three years

## Fixed/predefined rate by term date

€Mn

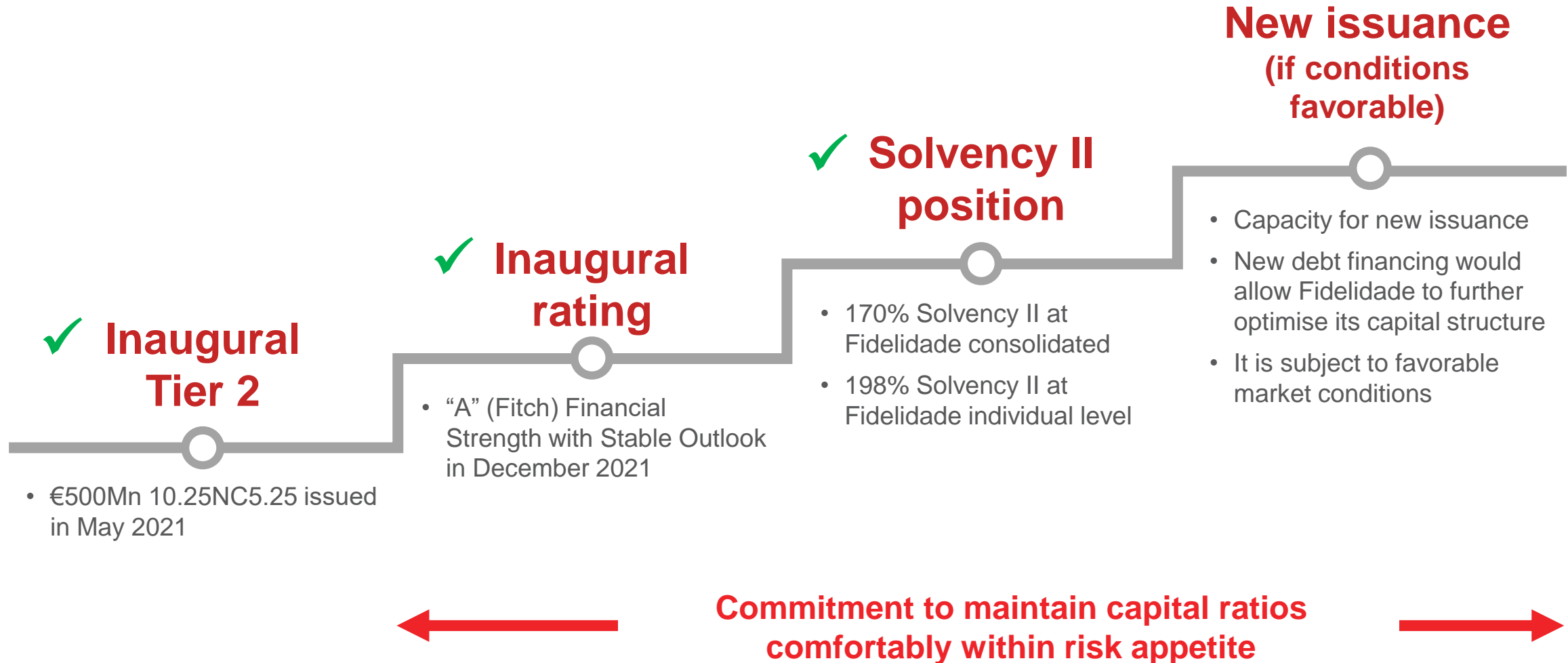


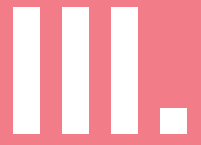
Source: Company information

- Value presented includes Mathematical Provisions and Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts (exclude risk & annuities)
- Rate can be reviewed annually, every 6 months or quarterly, depending on the specific product



# Fidelidade's proactive capital plan provides flexibility going forward





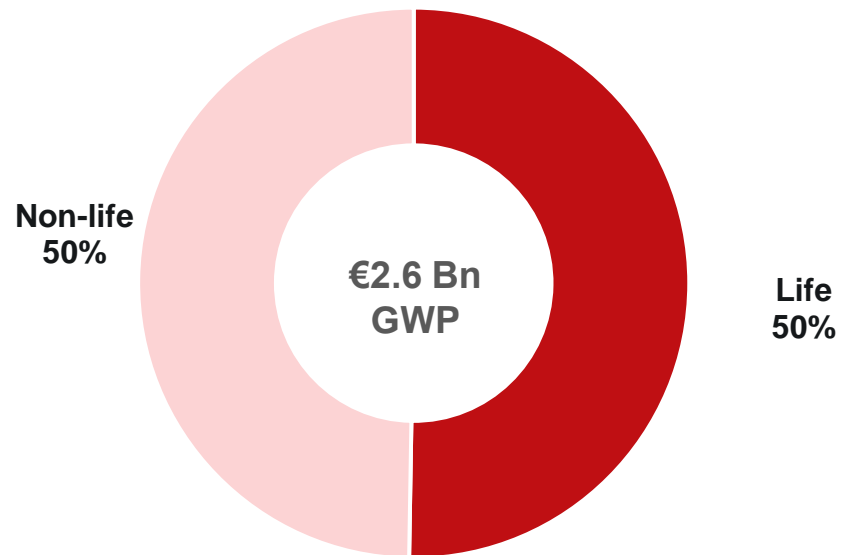
1H22 update



# A well balanced, growing business

## Breakdown by Line of business

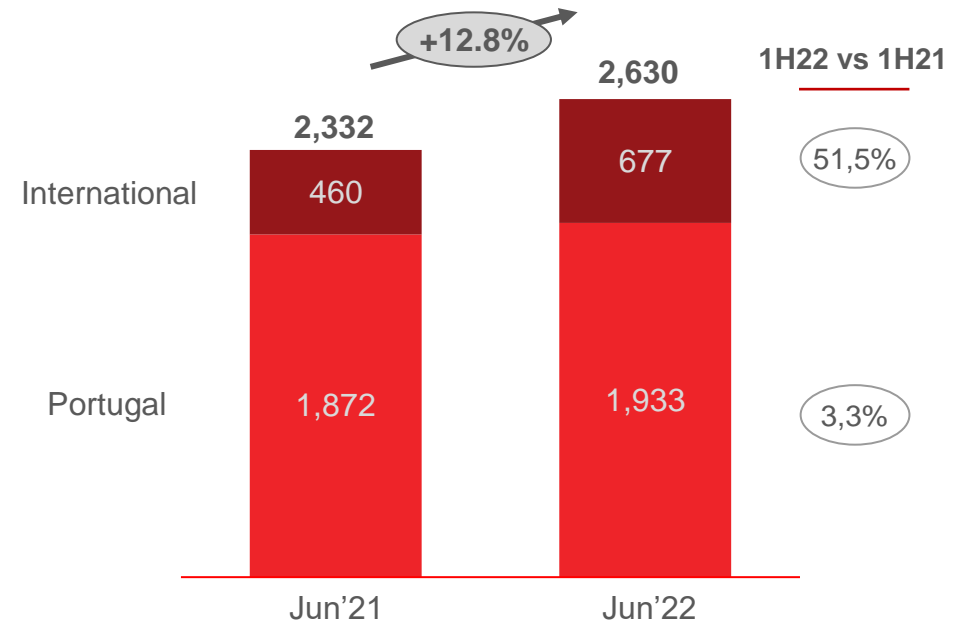
1H22 GWP



Portugal accounts for 74% of the GWP  
International Operations account for 26% of the GWP

## Total GWP

€Mn

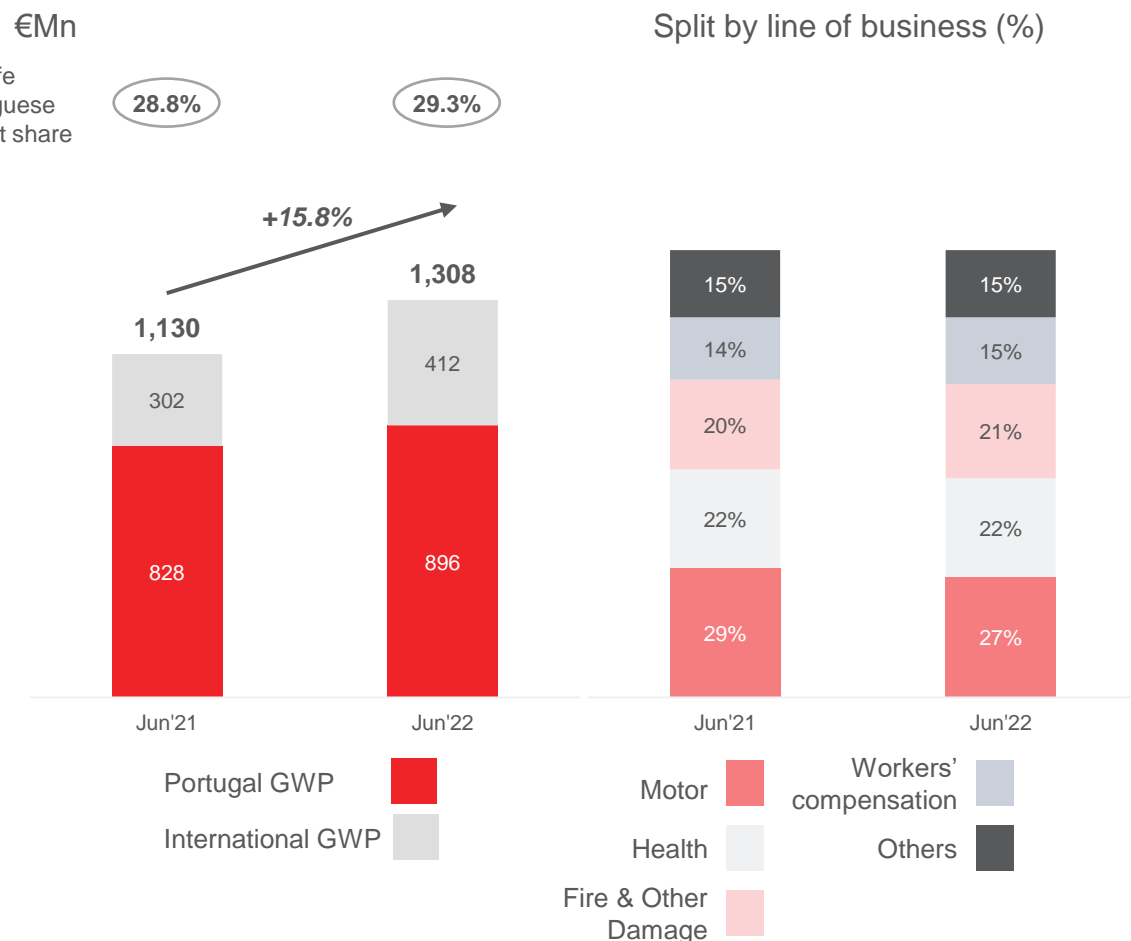


SIM (acquired in Dec 2021) and TPC (Feb 2022) accounted for 90M€ GWP YTD, GWP growth excluding those at 9%

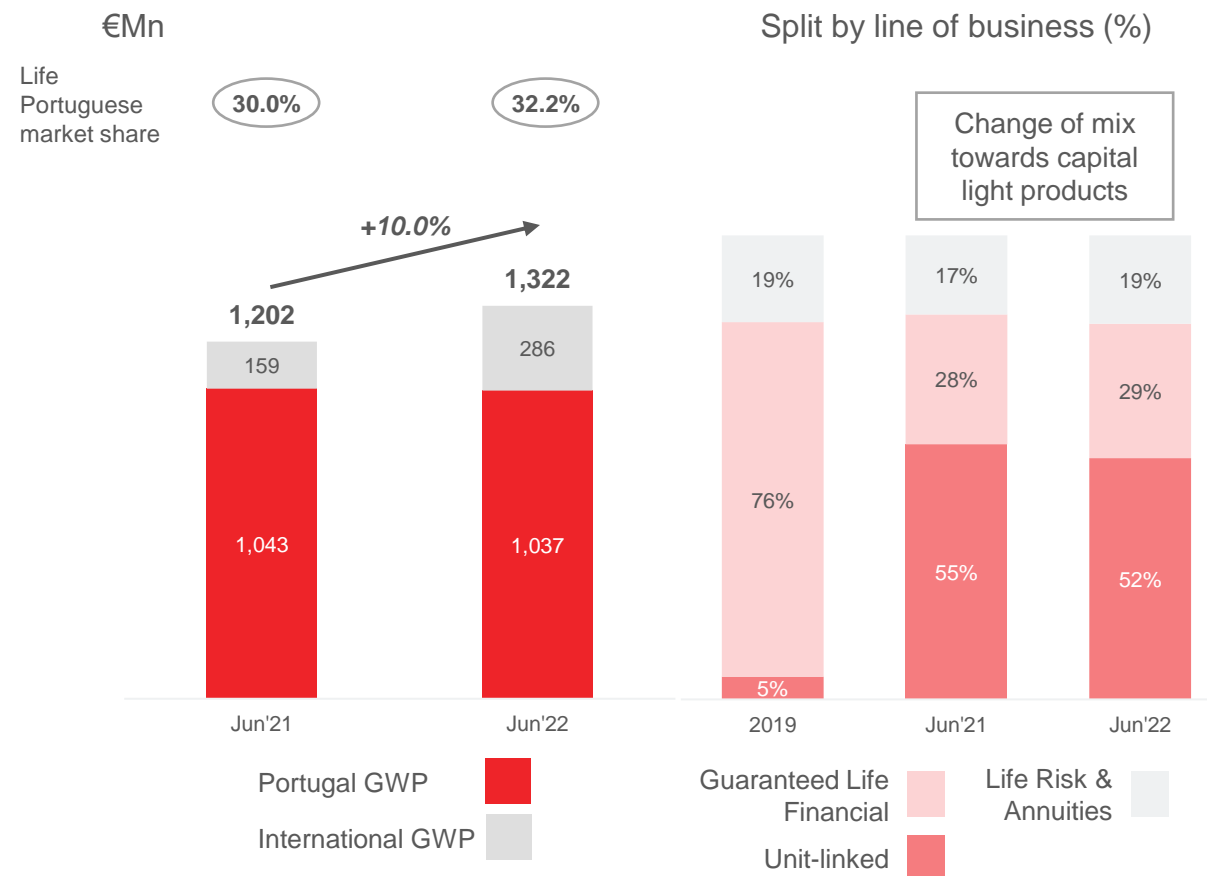


# Strong sales track record continued in the first half of 2022 despite the macroeconomic uncertainty

## GWP Non-life

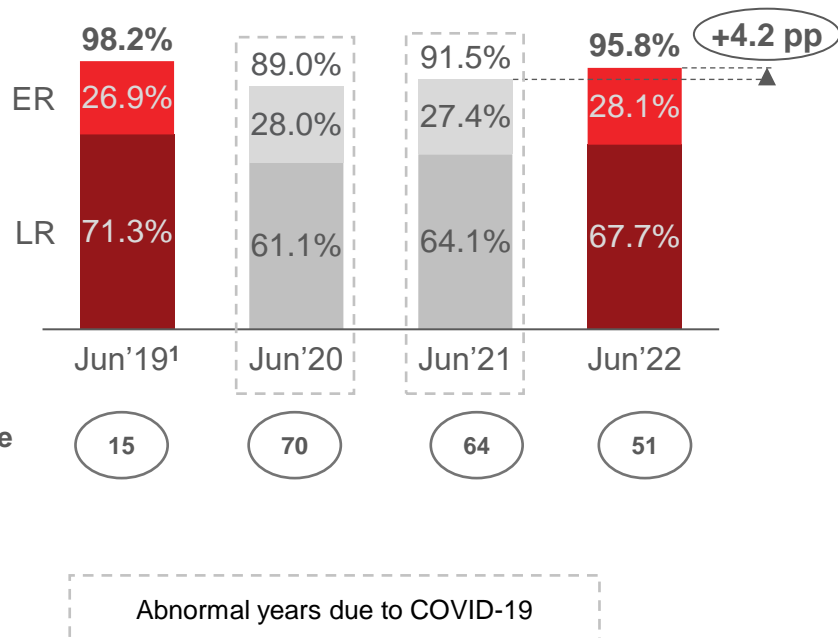


## GWP Life

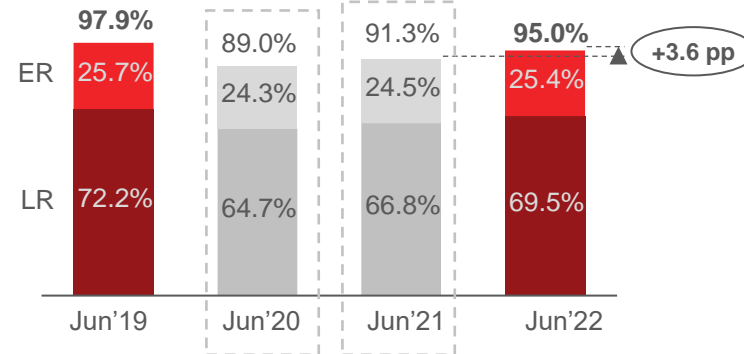


# COR returning to normal pre-pandemic levels, price increases ongoing in several lines of business

**Group Non-life Combined Ratio (CoR) (%)**

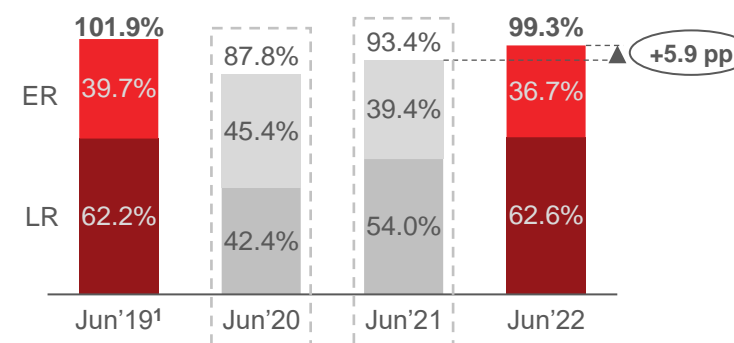


**Portugal Non-life Combined Ratio (CoR) (%)**



- Portuguese underwriting result pressured by frequency/utilization increase and claims cost increases
- Price revisions are already underway in all major Non-Life lines of business (incl. Motor, Health and Property)

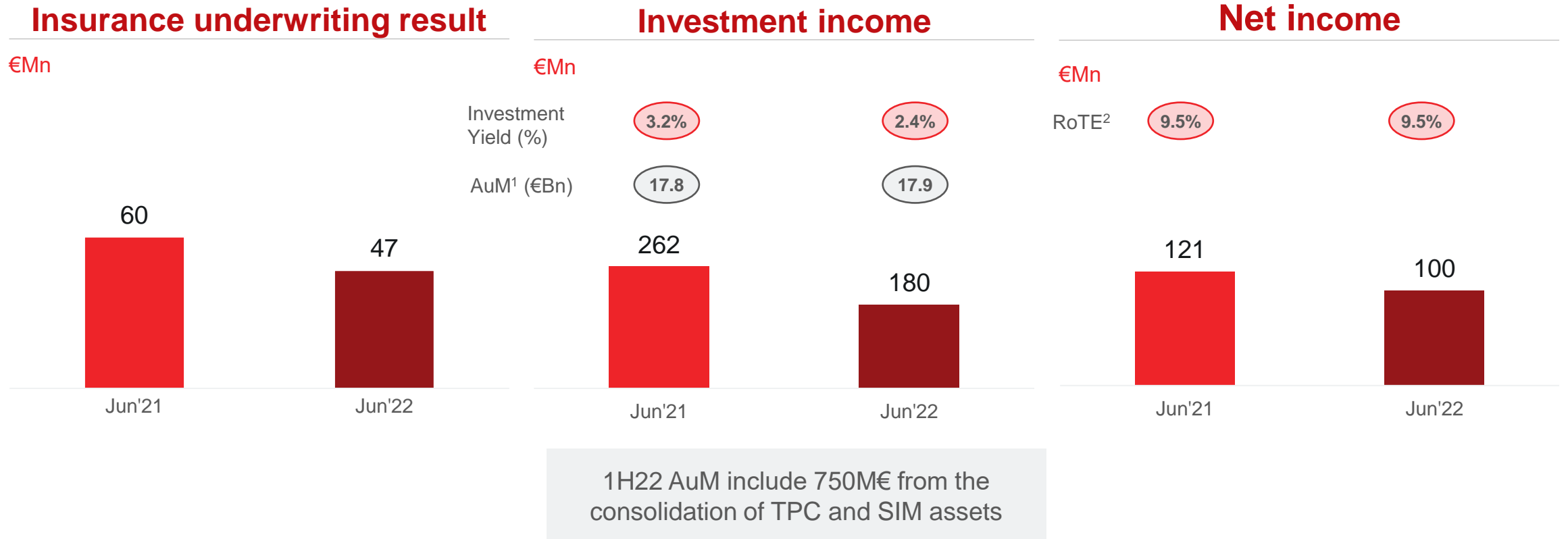
**International Non-life Combined Ratio (CoR) (%)**



- International CoR was impacted mainly by Workers' Comp. provision reinforcements in Peru<sup>2</sup>, which accounted for 6.7 p.p. of International CoR and 1.5 p.p. on consolidated CoR
- Impact expected to be partially diluted in the 2H2022

1. Excluding La Positiva 2. Release of IBNR in 2021, suggested by SBS regulator, to be compensated in following years

# Performance kept resilient despite the pressures on both technical and investment fronts



Source: Company information as of 1H22

1. Assets under management excluding properties for own use

2. Defined as the annualized reported 1H22 net income over the average of Dec 21 and Jun 21 tangible book values

# IV.

2H 2022  
outlook



# Fidelidade management team is focused on delivering in 2022 the usual resilient performance despite the turbulent times

## Business focus in the 2H 2022

### 1. Ensure sustainable repricing across major LoBs and segments in Portuguese operation

- Guarantee effective adjustments on premiums for key LoBs, namely Motor and Health, and specific segments

### 2. Increase efficiency to boost profitability

- Focus on UW performance targeting a tight control over claims evolution and ensuring stabilization at sustainable levels in the post-pandemic reality
- Materialize cost optimization efforts in tangible expense reduction and better service levels

### 3. Leverage financial markets to improve portfolio yields

- Take good opportunities to improve quality of the counterparts
- Be selective while picking new names in order to increase portfolio yields

### 4. Extract the benefits of a diversified international footprint

- Ensure solid contribution for the bottom-line from international ops

