



**FIDELIDADE**

SEGUROS DESDE 1808

# Fidelidade – Companhia de Seguros S.A.

Investor Presentation

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October 3<sup>rd</sup>, 2023

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# Agenda

- 1 Fidelidade Overview**
- 2 1H2023 Update**
  - 2.1** Recent Group Performance
  - 2.2** IFRS 17 Considerations
  - 2.3** Investments and Capital
- 3 Strategic Outlook**

1.

# Fidelidade Overview



# 215 years at the forefront of the Portuguese market...

## History and Key Milestones

1808

- Creation of Seguros Bonança



2000 - 2013

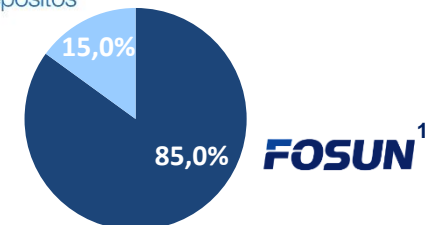
- Mergers among largest insurers (including Bonança) and launch of single brand Fidelidade



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% held by employees

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

**Clear leadership**



**30%**

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



**5.1 B€<sup>1</sup>**

Written Premiums

*49% Life*

*70% Portugal*

*51% Non-life*

*30% International*



**>8 M**

Customers globally including 2.3 M in Portugal



**>8,000**

Employees in Fidelidade Group with 3,500+ in Portugal



**16.4 B€**

Assets under management<sup>2</sup>, amongst largest investors in the country



**220 M€**

Net Income

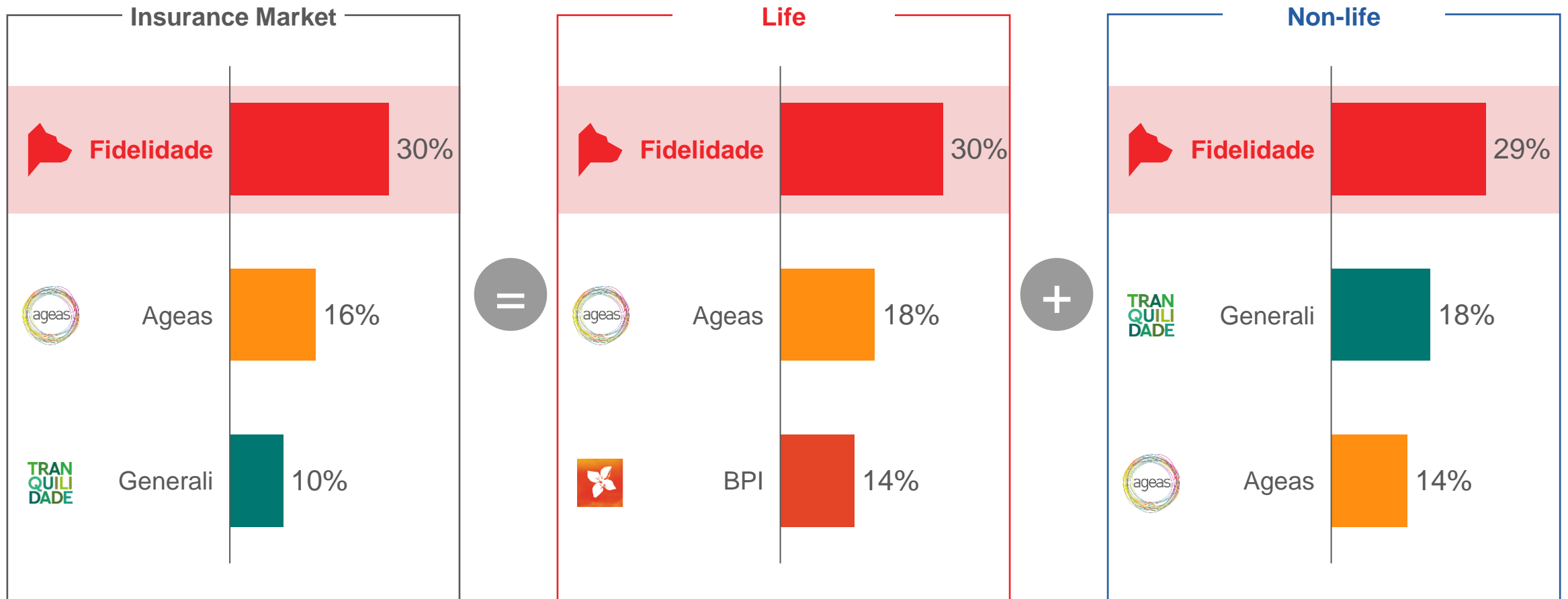
Source: Company information as of December 2022

1. Including investment contracts

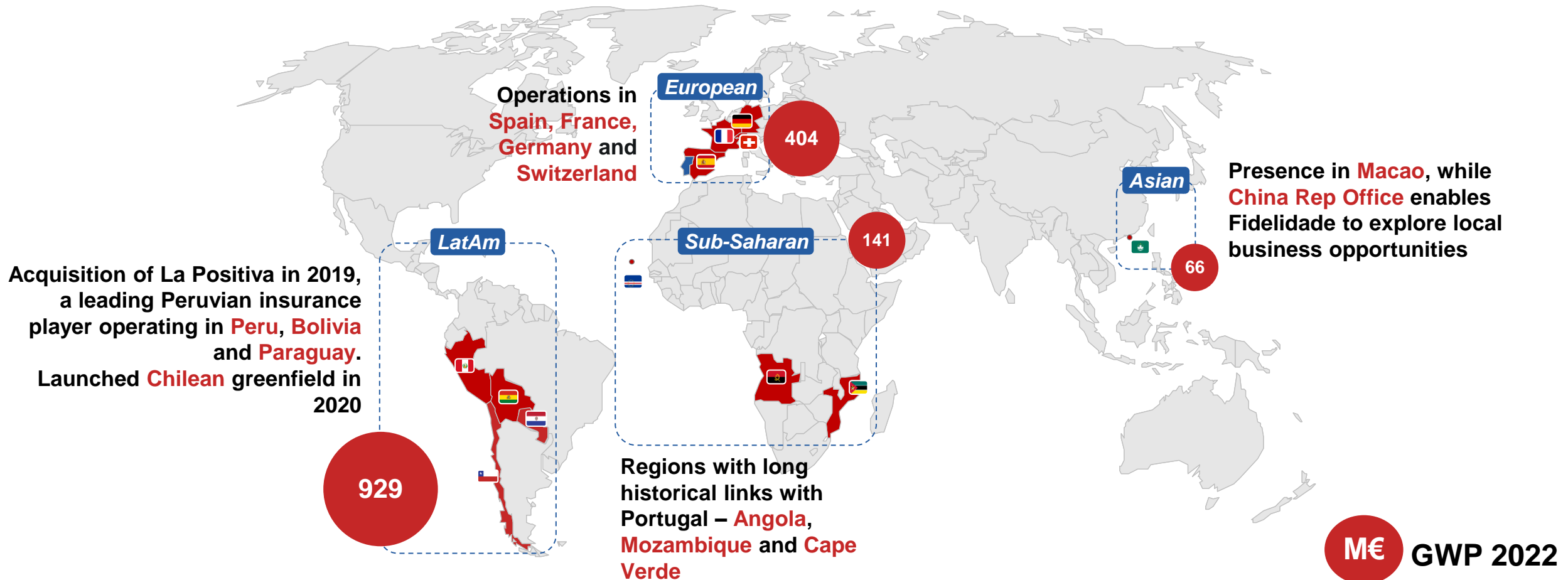
2. Assets under management including treasury, fixed income securities, equity and real estate investments (excluding property for own use)

# Undisputed national champion across segments...

## Portugal – 2022 Premium Market Shares



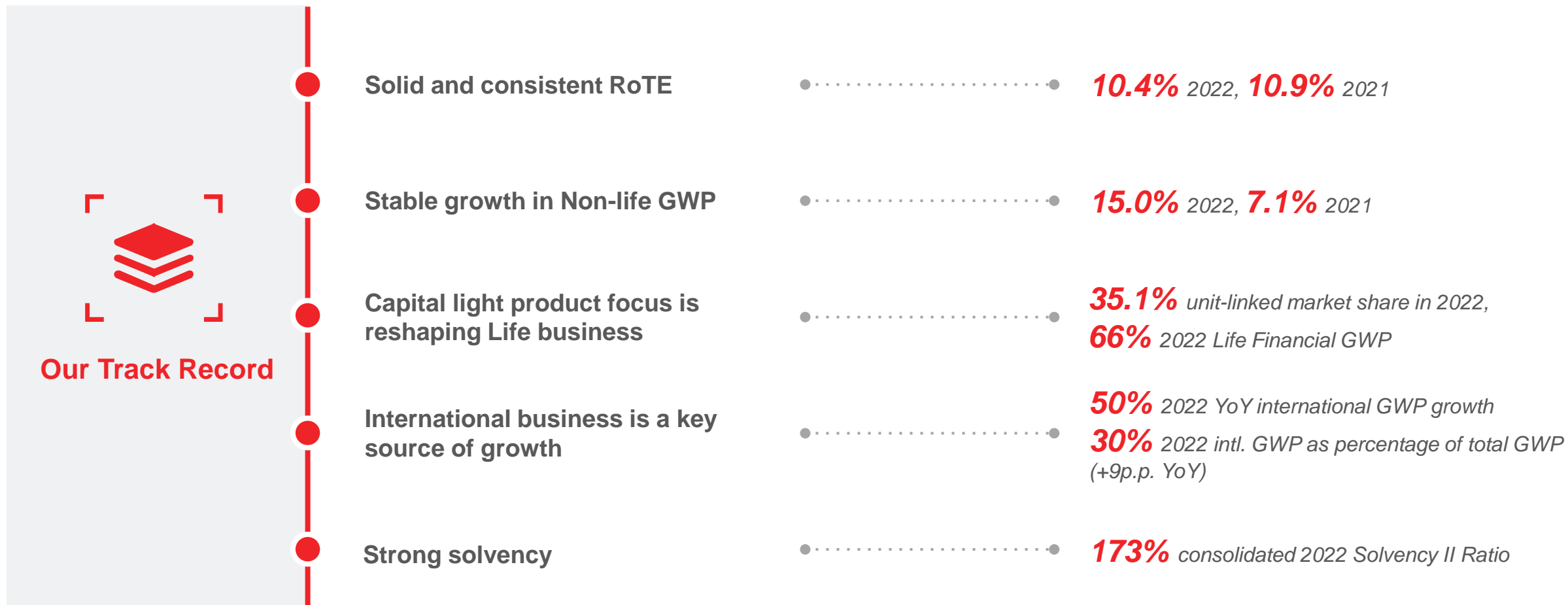
# ...complemented with sustainable international operations structured around 4 regional clusters



**M€ GWP 2022**



# Track record of profitability and strengthening of balance sheet



# Fidelidade's A rating positions the company at the frontline of Portuguese corporates

Issuer Default Rating



**A/A-**  
*Stable*



Investment Grade Rating

**Fitch highlights:**



**Positive corporate strategy**



**Strong capitalization, with robust solvency**



**Undisputed leadership in Portuguese market**

- Best corporate Rating in Portuguese market
- Rating above Portuguese Sovereign
- Rating better than both shareholders, Fosun and CGD

# Experienced Executive Committee manages the day-to-day operations

Marketing, IT, Human Resource, Sustainability & Health Business



**Rogério Campos Henriques**  
Chief Executive Officer

- 15 years in the industry
- 15 years at Fidelidade



**Juan Arsuaga Serrats**

Underwriting & Operations, Non-Life Business

- >25 years in the industry
- 3 years at Fidelidade



**António Noronha**

Commercial Departments & Life Business

- >25 years in the industry
- >25 years at Fidelidade



**André Cardoso**

International Operations, Strategic Planning & Business Development

- 9 years in the industry
- 9 years at Fidelidade



**Miguel Abecasis**

Motor Business, Direct Insurance, Innovation

- >20 years in the industry
- 1 year at Fidelidade



**William Mak**

Investments

- >25 years in the industry
- 9 years at Fidelidade



**Thomas Chen**

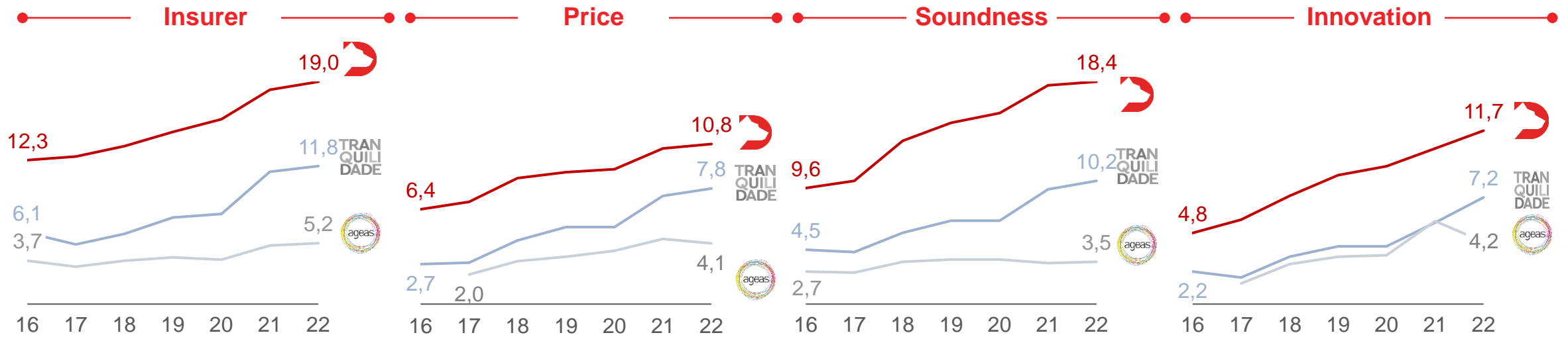
Risk, Capital & Accounting

- 18 years in the industry
- 4 years at Fidelidade



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

## BASEF market study – TOP Players 2016-2022 (Global)



**Escolha do Consumidor '23**  
Best satisfaction and reputable insurer



**Reader's Digest Trusted Brands '22**  
21st consecutive time as best reputable insurer



**Portugal Digital Awards '22**  
Best Insurance Project - Just in Case

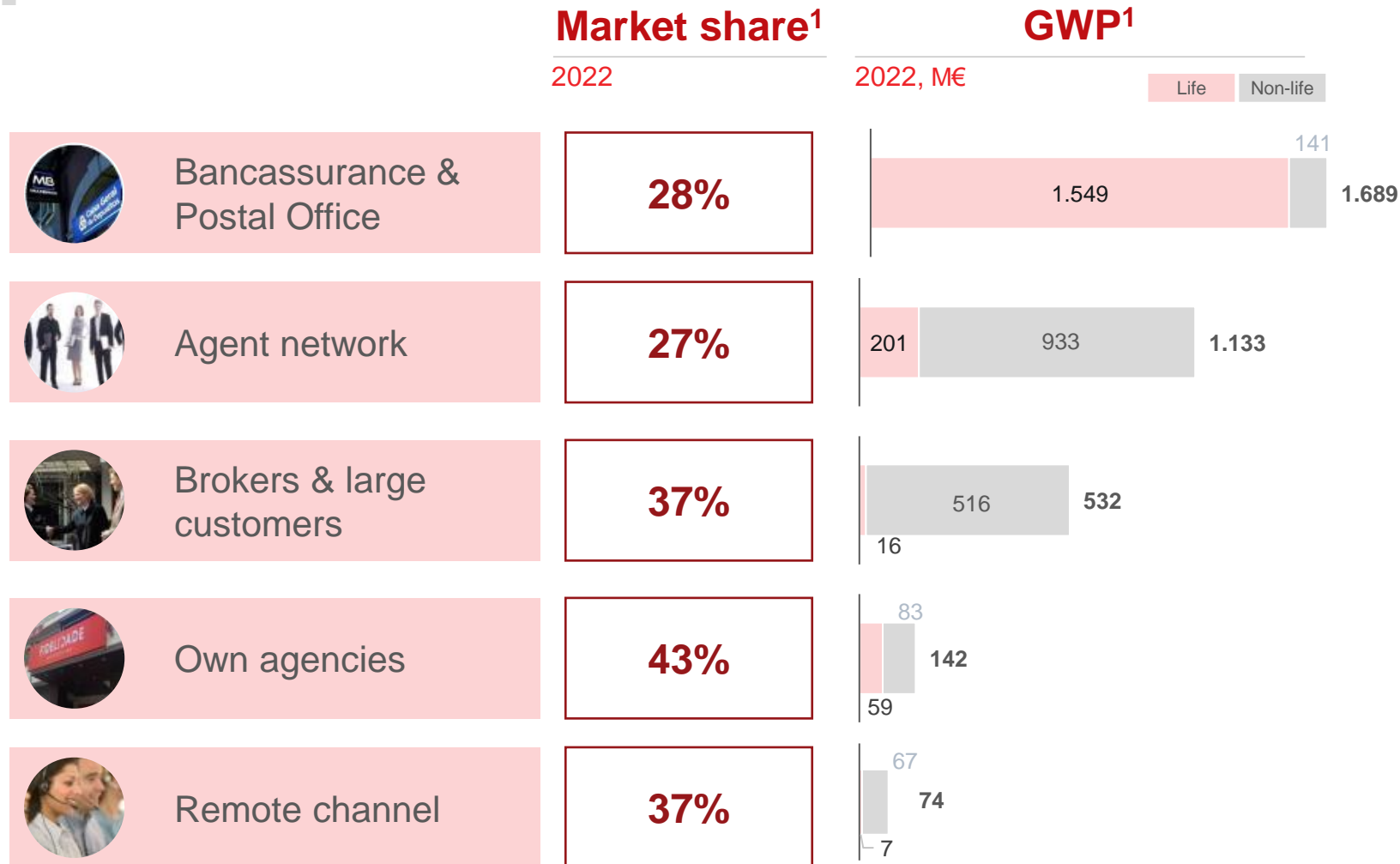


**Marktest Reputation Index '22**  
Most reputable insurance brand in Portugal



**Superbrands '22**  
Top-of-Mind insurance brands in Portugal

# First class distribution through an omnichannel approach



**1,311 bank branches & post offices**  
*CGD, EuroBic and Post Offices selling Fidelidade products through distribution agreements*

**3,137 agents**  
*selling its products with a personalised service to its clients in Portugal*

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

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

*Fidelidade is the leader in the remote channel in Portugal*

Source: Company information and ASF as of December 2022  
 1. Market shares and GWP in Portugal

2.

1H2023  
Update



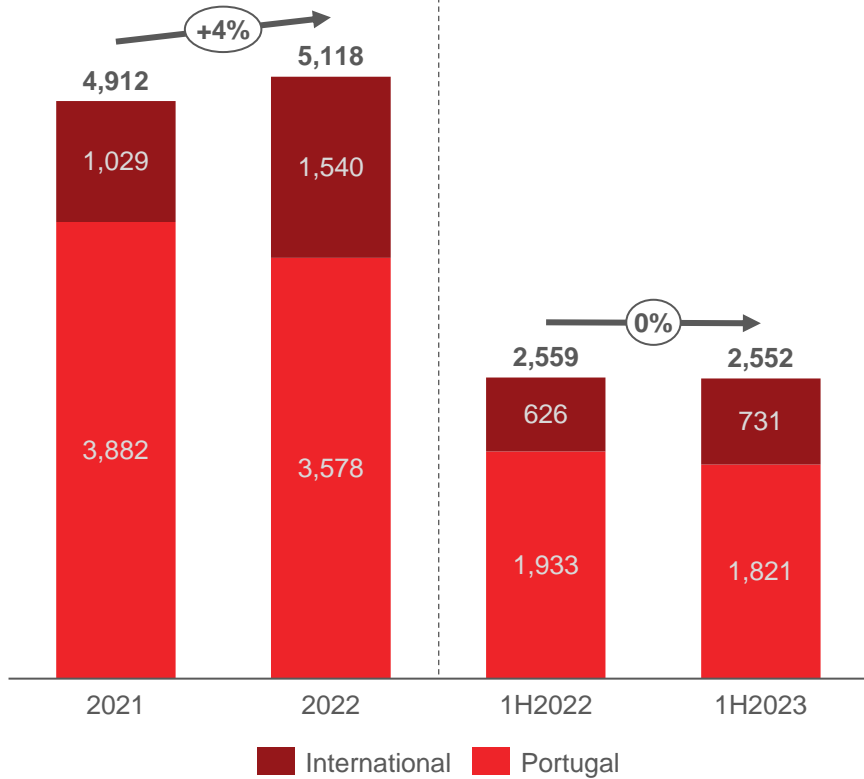
# 2.1

## Recent Group Performance

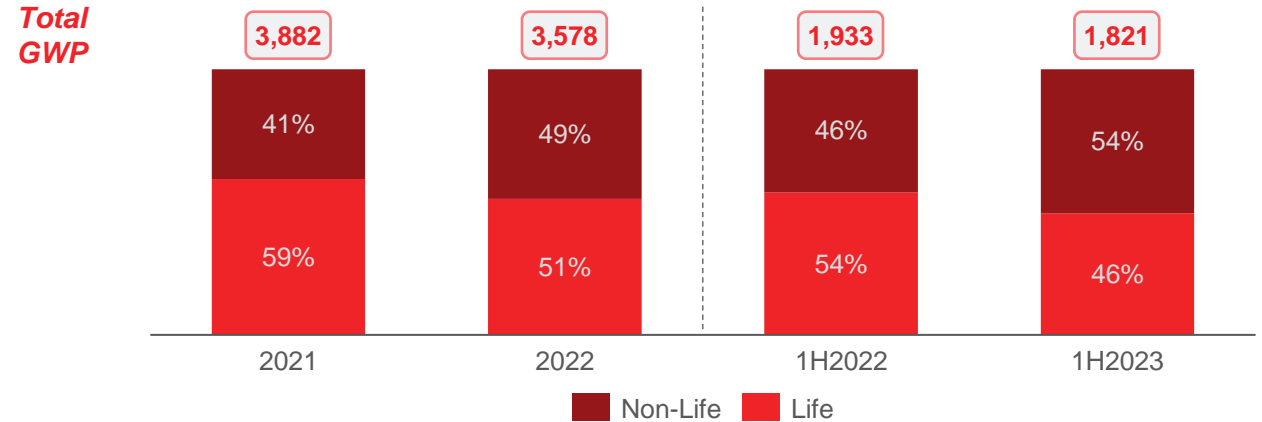


# Stable recent performance on Premiums

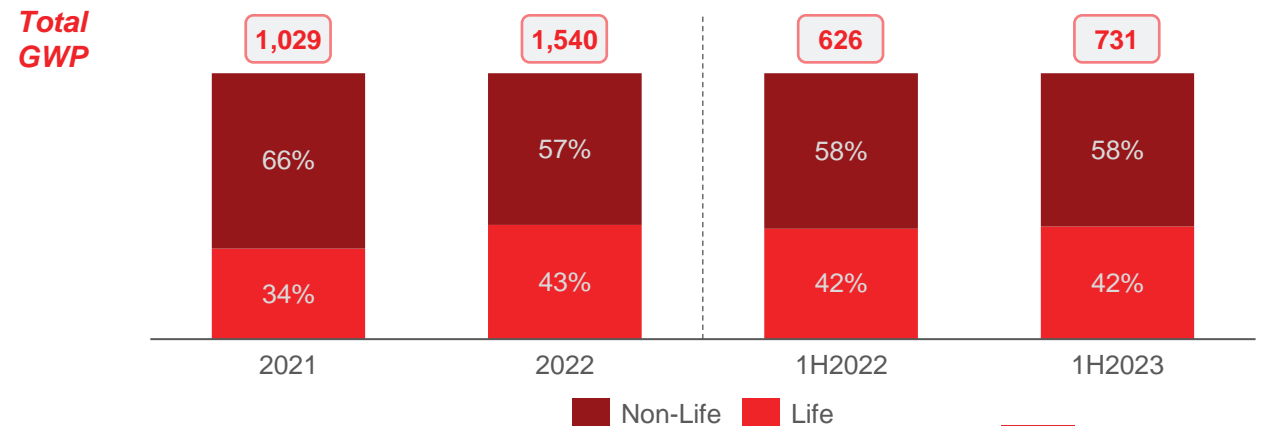
**Consolidated GWP Evolution**  
M€



**GWP Evolution in Portugal**  
M€; % of Non-Life GWP in Portugal



**GWP Evolution in International Operations**  
M€; % of Non-Life GWP in International Operations

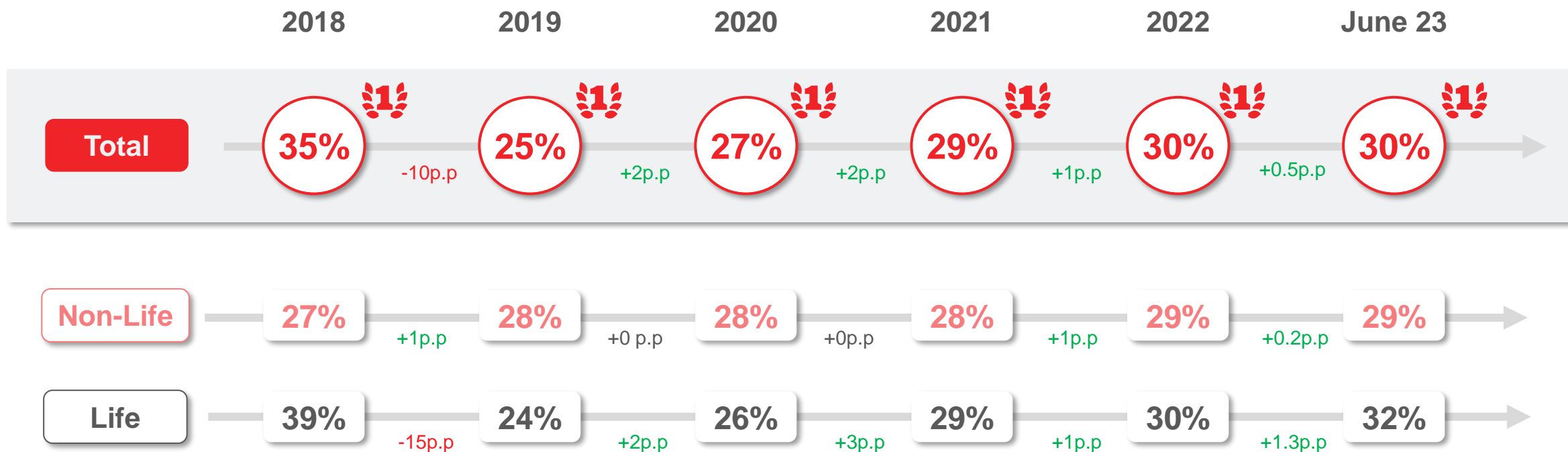




# Fidelidade continues consolidating its undisputed leadership in Portuguese market...

## Fidelidade Group's Market Share Evolution in Portugal

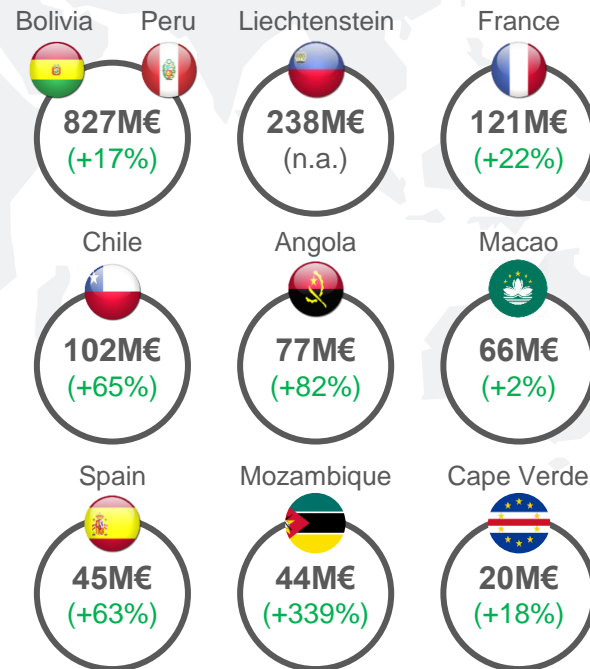
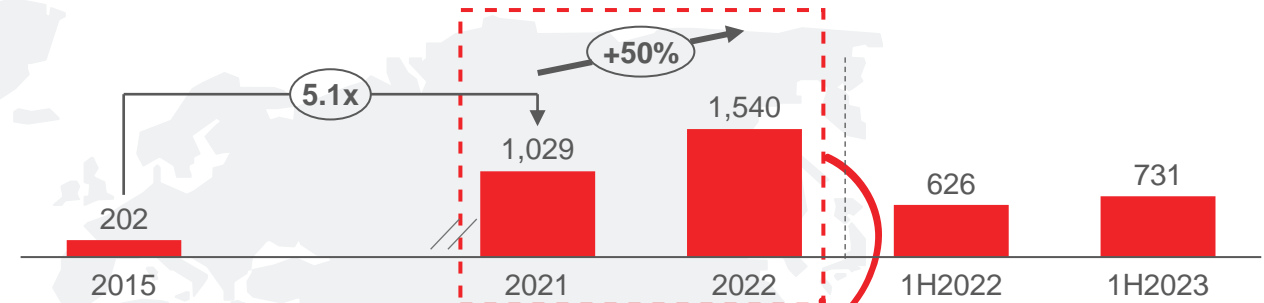
2018 – June 2023



# ... while delivering a solid performance internationally

**>1,500M€**  
*Premiums from the international activity*

Premiums International Activity (M€)

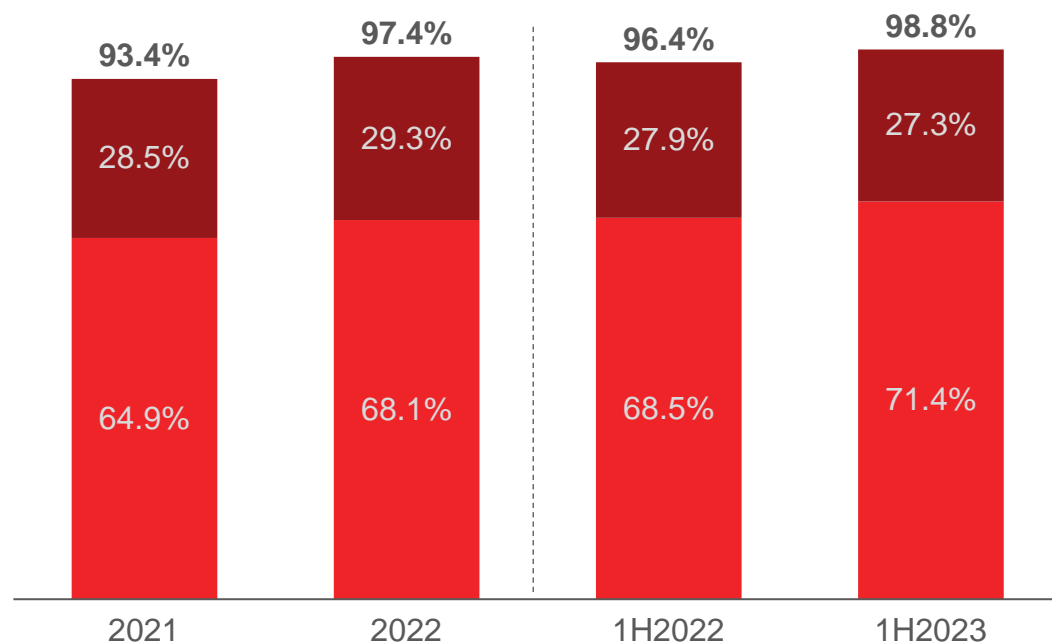


# Frequency increases and higher claim costs pressure technical result

## Consolidated Non-Life Combined Ratio Evolution

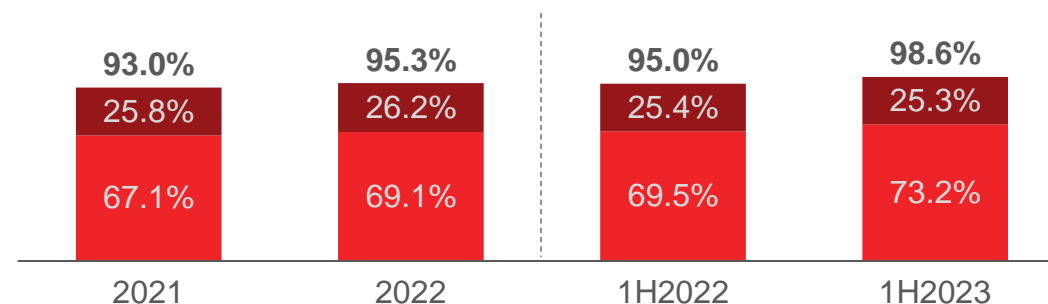
% of Net Earned Premiums

2021 and 1Q2022 positively impacted by COVID-19 lockdown



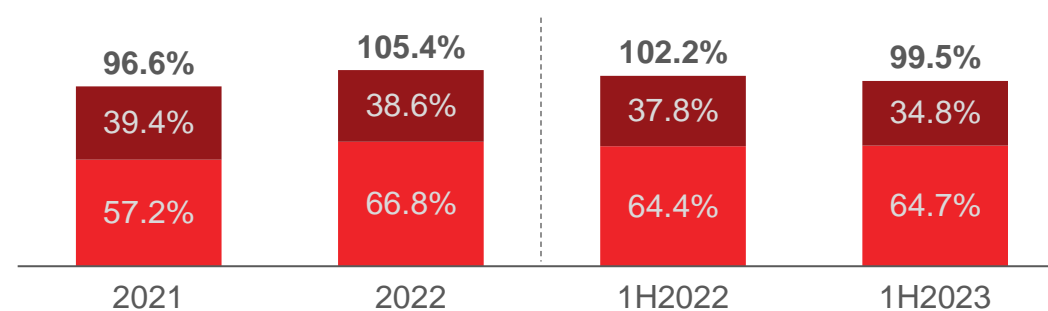
## Portugal Non-Life Combined Ratio Evolution

% of Net Earned Premiums



## International Operations Non-Life Combined Ratio Evolution

% of Net Earned Premiums



■ Expense Ratio ■ Loss Ratio

Source: Company information under IFRS 4

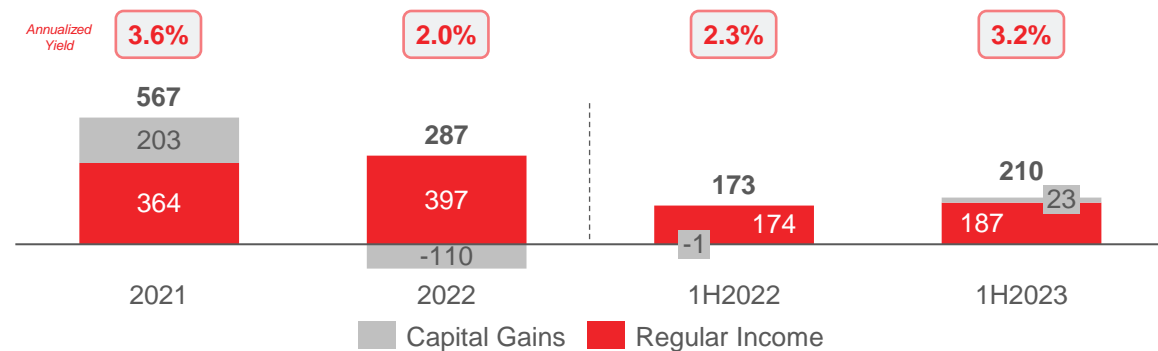
Note: Combined Ratio 2019 – 96.7%; Combined Ratio 2020 – 90.4% (both excluding Luz Saúde and LatAm)

Note: computation based on technical costs of Group insurance companies. Excludes all costs related to technical interest

# Investment result increased 54% during 1H2023, a noteworthy improvement compared to 1H2022

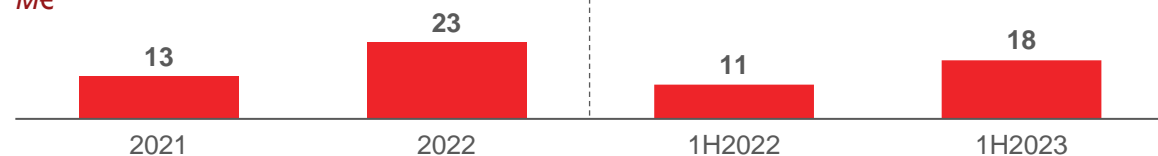
## Investment Income (excl. Unit-Linked) and Yield Evolution

M€; %



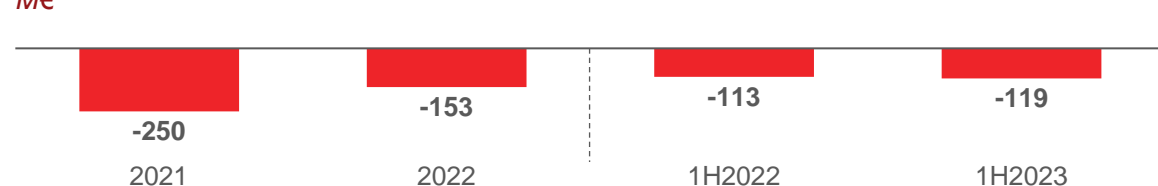
## Unit-Linked Management Fees

M€



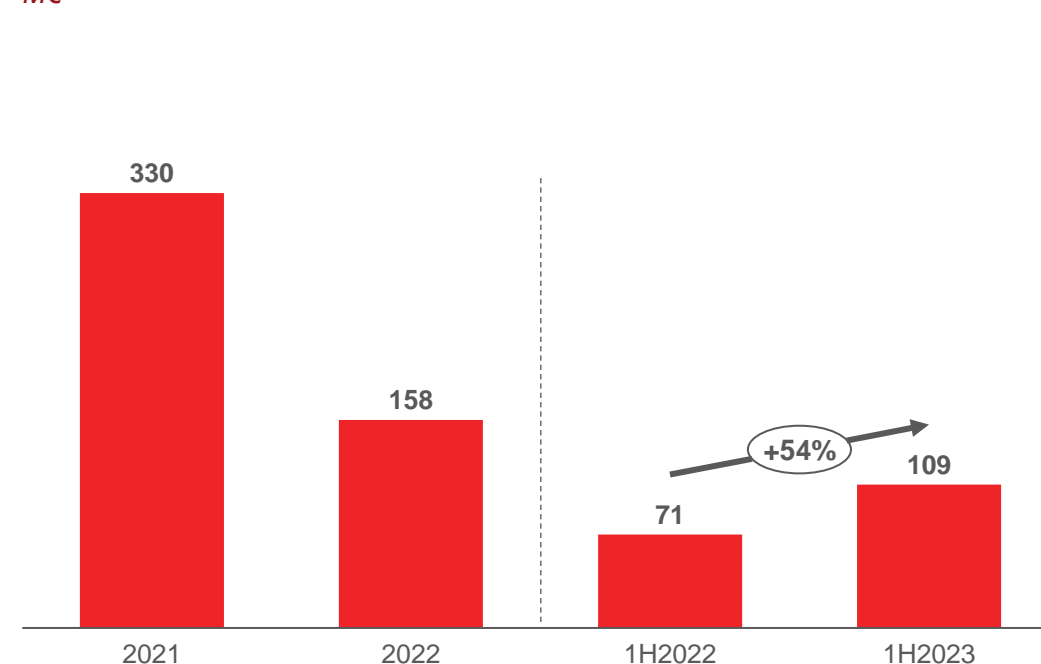
## Investment Expenses & Clients Attribution

M€



## Consolidated Investment Result

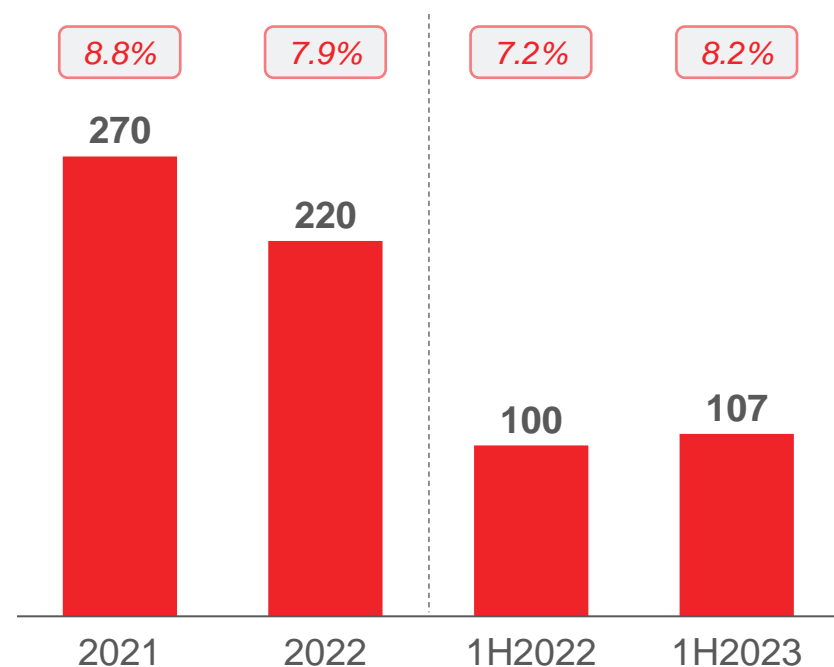
M€



# Solid profitability with Net Income growing in 1H2023

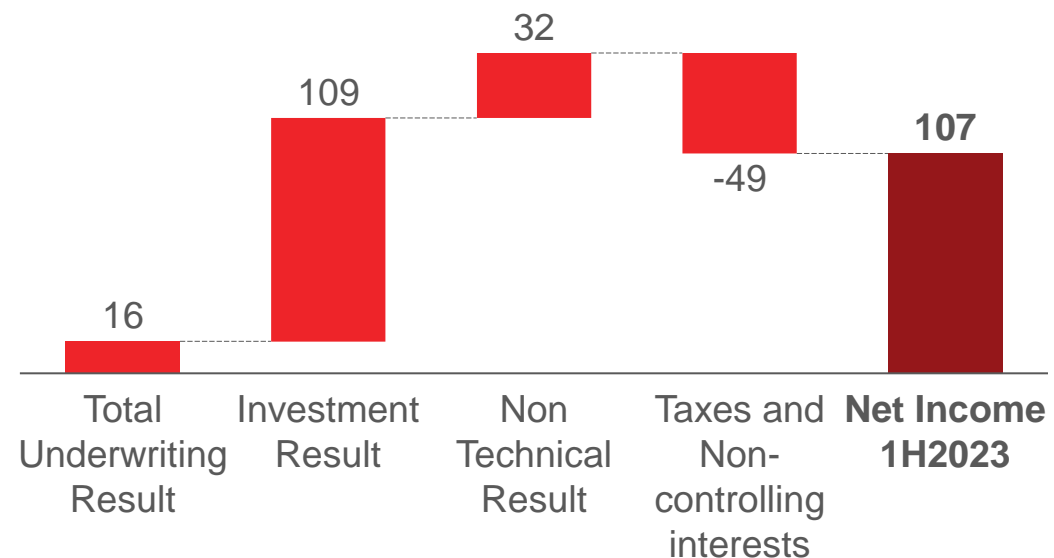
## Net Income and Return on Average Equity

M€; %



## 1H2023 Net Income Breakdown

M€; %



# 2.2

## IFRS 17 Considerations



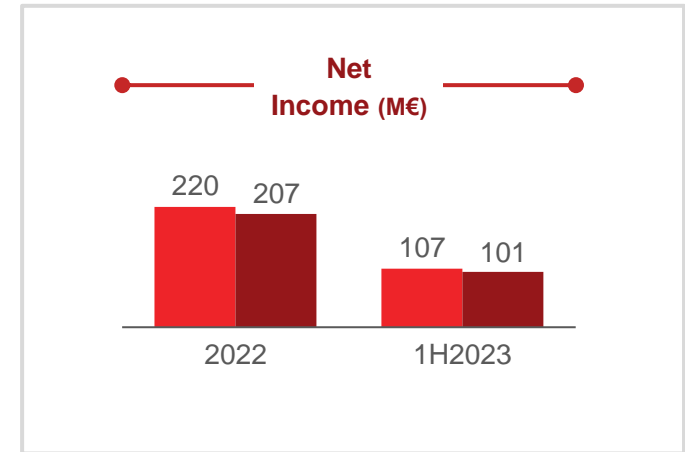
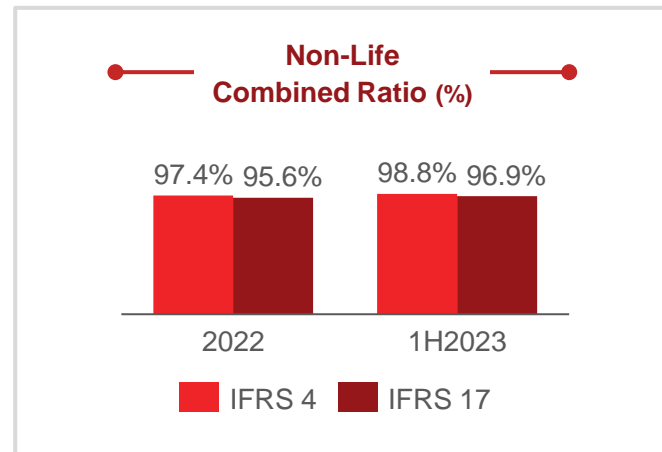
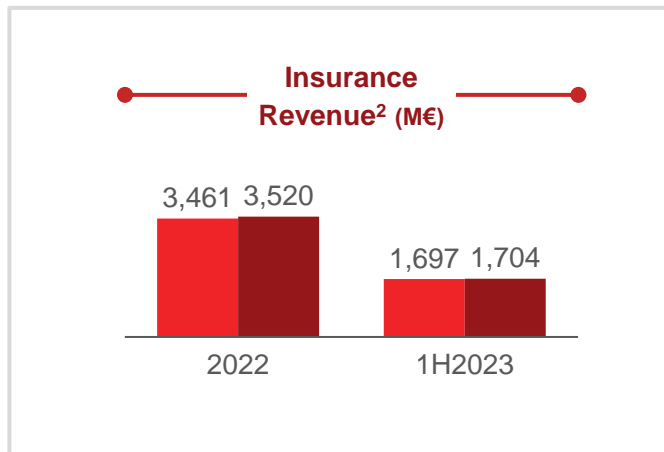
# Strong rationale behind IFRS 17 main accounting and methodological choices

	Available Options	Selected Option	Rationale
<b>Valuation Methods</b>	<ul style="list-style-type: none"> <li>• <b>General Measurement Model (GMM)</b></li> <li>• <b>Premium Allocation Approach (PAA)</b>; simplification of GMM)</li> <li>• <b>Variable Fee Approach (VFA)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>GMM:</b> Annuities, investment products and Life Risk<sup>1</sup></li> <li>• <b>PAA:</b> Non-Life and Life Risk direct business and Reinsurance</li> <li>• <b>VFA:</b> Unit-Linked with risk<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• In line with the market</li> <li>• The Group's earnings capacity is not expected to change after the transition (~86% of premiums subject to PAA)</li> </ul>
<b>Discount Rates</b>	<ul style="list-style-type: none"> <li>• <b>Bottom-up approach:</b> Risk-free Rates + Illiquidity Premium</li> <li>• <b>Top-down approach:</b> Reference Portfolio – Credit risk</li> <li>• <b>Stochastic / Financial instruments variability</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Bottom-up approach:</b> non-life direct business (except WC), reinsurance and Life Risk business</li> <li>• <b>Top-down approach:</b> WC and Annuities</li> <li>• <b>Stochastic:</b> investment with guarantees</li> </ul>	<ul style="list-style-type: none"> <li>• Framework similar to Solvency II</li> <li>• A different methodology for annuities and workers compensation because top-down curves are higher, with a greater impact on long-duration products</li> </ul>
<b>Changes in Discount Rates</b>	<ul style="list-style-type: none"> <li>• <b>Through P&amp;L or OCI</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Through OCI:</b> changes in rates to be recorded in OCI and amortized in P&amp;L over time</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigation of earnings sensitivity to market rates allows for a more stable P&amp;L</li> </ul>
<b>Risk Adjustments</b>	<ul style="list-style-type: none"> <li>• <b>No prescriptive approach</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Computation approach:</b> <ul style="list-style-type: none"> <li>- <b>Cost of Capital (CoC):</b> Life business</li> <li>- <b>Value at Risk (VaR):</b> Non-Life business</li> </ul> </li> <li>• <b>Percentile approach:</b> 75th percentile</li> </ul>	<ul style="list-style-type: none"> <li>• Approach reflects adequate level of prudence on underlying reserves</li> <li>• In line with the market</li> </ul>
<b>Measurement of Listed Equity Investments</b>	<ul style="list-style-type: none"> <li>• <b>Fair Value through OCI:</b> mark-to-market to flow through OCI, with no recycling in P&amp;L</li> <li>• <b>Fair Value through P&amp;L:</b> mark-to-market through P&amp;L</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fair Value through OCI and P&amp;L,</b> depending on the type of asset</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigation of net income sensitivity to equity market fluctuations</li> </ul>
<b>Transition Approach</b>	<ul style="list-style-type: none"> <li>• <b>Full retrospective,</b> when possible</li> <li>• <b>Modified retrospective or fair value</b> as an alternative</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Retrospective approach ~80%</b> (all PAA products)</li> <li>• <b>Fair value approach ~20%</b> (remaining products)</li> </ul>	<ul style="list-style-type: none"> <li>• Default approach used across non-life business and short-term life business</li> <li>• Fair value used only on a limited basis to manage risk of onerous contracts</li> </ul>

Source: Company information

1. With a contractual limit of more than one year; 2. Applicable only to international entities of the Fidelidade Group

# Key P&L figures<sup>1</sup>: IFRS 4 vs. IFRS 17



- The Group's earnings and cash flow generation capacity does not change
- About 86% of premiums are subject to the PAA, simplified approach
- The P&C component of the P&L experiences limited changes
- Life technical income disclosure improves

Source: Company information (unaudited)

1. Preliminary

2. IFRS 17 Insurance Revenue = IFRS 4 GWP + Change in UPR (direct insurance) + Change in Mathematical Reserve (direct insurance)



# 2.3

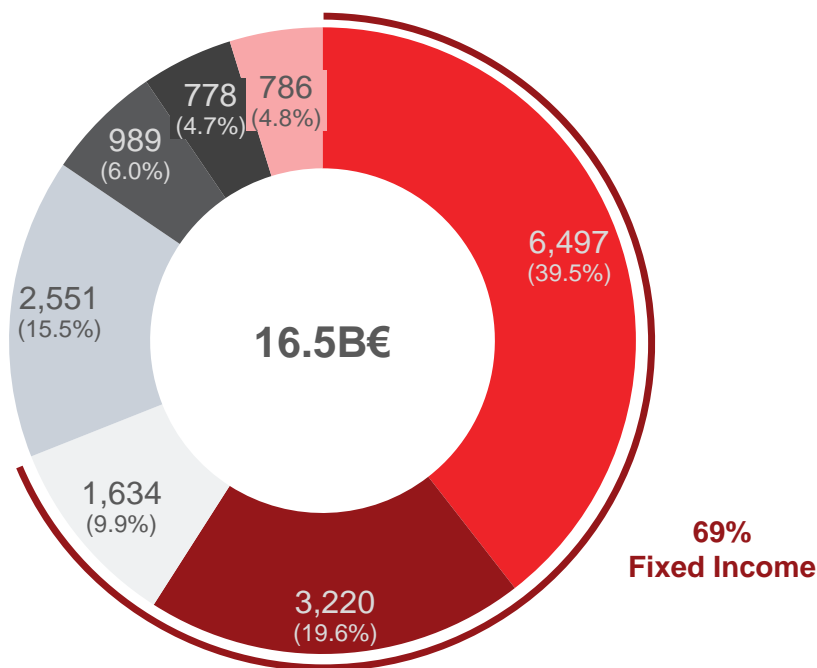
## Investments and Capital



# Fidelidade consolidated AuM: 16.5B€ in total investments vs. 13.0B€ in non-Unit-Linked positions

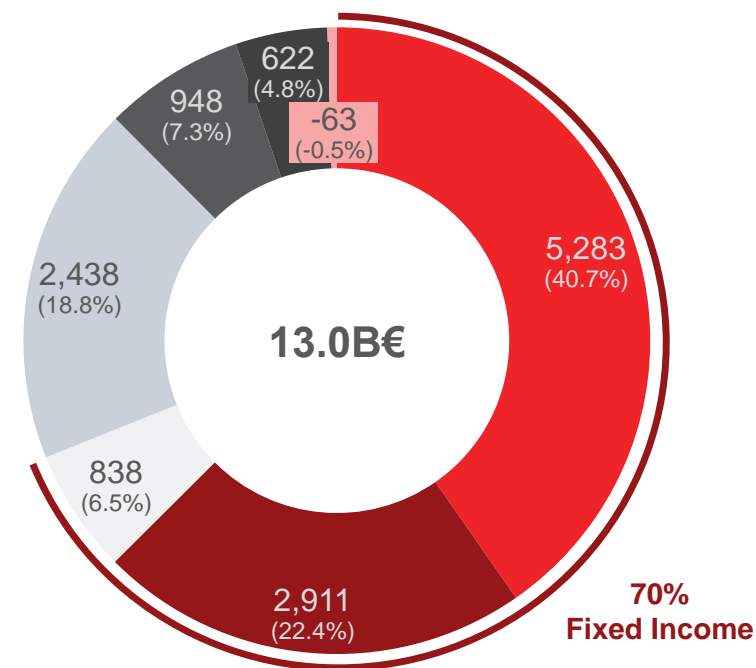
## Fidelidade Consolidated AuM

M€ (% of total AuM)



## Fidelidade Consolidated Non-Unit-Linked AuM

M€ (% of total Non-Unit-Linked AuM)



■ Corporate Bonds 
 ■ Government Bonds 
 ■ Other Fixed Income<sup>1</sup>
■ Real Estate<sup>2</sup>
■ Cash and Deposits 
 ■ Equity<sup>3</sup>
■ Other<sup>4</sup>

Source: Company information as of 30 June 2023

1. Includes commercial paper, fixed income funds and loans

2. Includes real estate funds and properties; Excludes own use properties

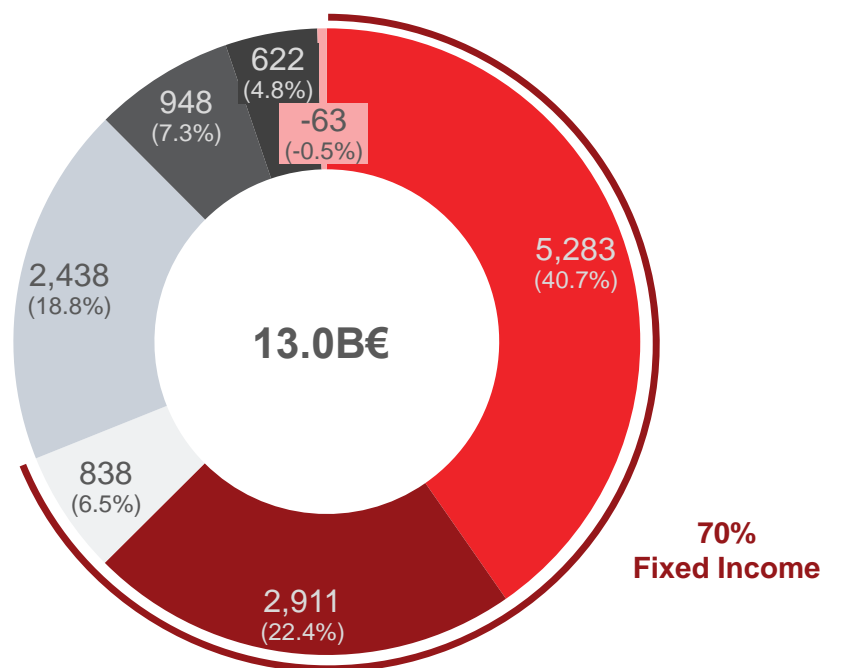
3. Includes shares and equity funds

4. Includes collateral deposits, currency swaps, IR swaps, forwards, futures, options, policy loans, repos, receivables, settlement reserves, total return swaps and TPC's Unit-Linked investments

# Non-Unit-Linked investments geographically dispersed across all continents, with more than 63% invested in Europe

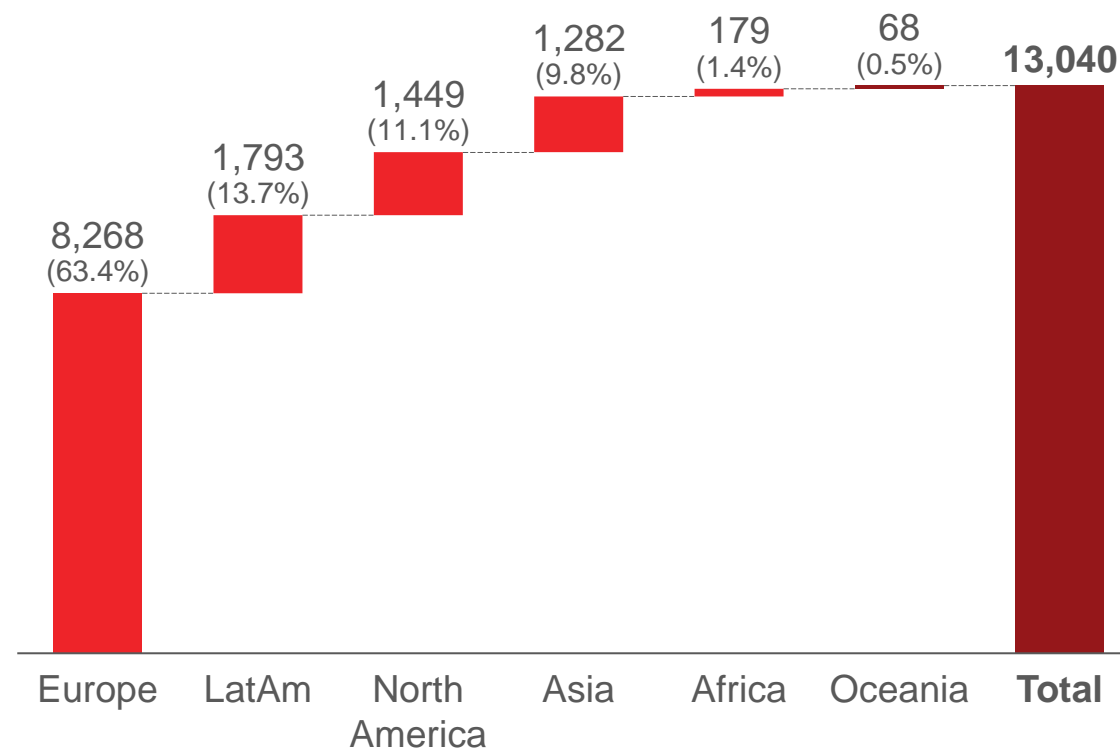
## Fidelidade Consolidated Non-UL AuM

M€ (% of total Non-UL AuM)



## Fidelidade Consolidated Non-UL AuM per Region

M€ (% of total Non-UL AuM excluding Other<sup>4</sup>)



- Corporate Bonds
- Other Fixed Income<sup>1</sup>
- Cash and Deposits
- Other<sup>4</sup>
- Government Bonds
- Real Estate<sup>2</sup>
- Equity<sup>3</sup>

Source: Company information as of 30 June 2023

Note: excludes Unit-Linked assets

1. Includes commercial paper, fixed income funds and loans

2. Includes real estate funds and properties; Excludes own use properties

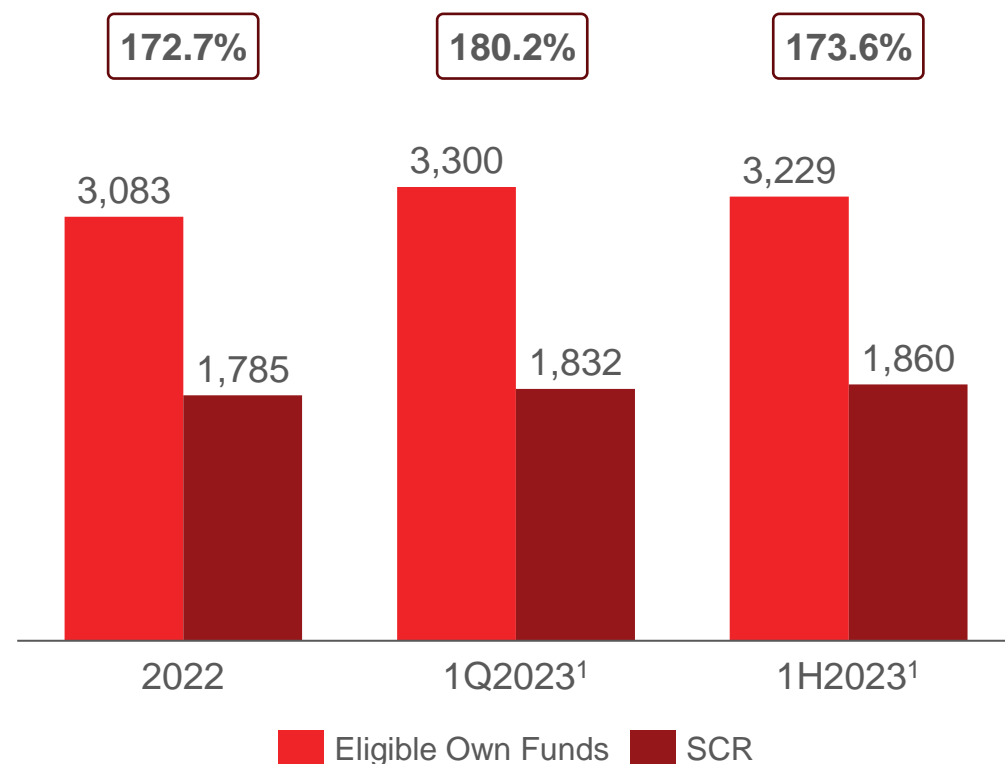
3. Includes shares and equity funds

4. Includes collateral deposits, currency swaps, IR swaps, forwards, futures, options, policy loans, repos, receivables, settlement reserves and total return swaps

# Fidelidade's consolidated Solvency II ratio reached 173% in December 2022 and 174% in June 2023

## Fidelidade Consolidated Solvency II Ratio

Own Funds and SCR in M€; Solvency II Ratio in %



## Solvency II Ratio Risk Sensitivities (Dec. 2022)

p.p. change

Risk Type	Own Funds $\Delta$	Capital Reqs. $\Delta$	Total $\Delta$
Equity Value (-20%)	-9.2	4.0	-5.5
Property Value (-10%)	-12.6	4.3	-8.6
Spread (+100bps)	-14.9	1.7	-13.4
Interest Rate (+100bps)	1.0	0.2	1.2
Interest Rate (-50bps)	-1.1	-0.9	-2.0

3.

Strategic  
Outlook



# AMBITION25 STRATEGIC PRIORITIES

Develop Fidelidade's business with **Sustainability at its core**

## 1 PROPEL GROWTH

Ensure **commercial proactiveness** via omnichannel approach

**Capture SME** segment potential

Boost overall **customers' loyalty**



International

## 2 STEP CHANGE PROFITABILITY

Improve **operational efficiency**

Transform **Life Savings** business

Protect **business margin** optimizing capital

**Expand & grow** organically international operations, while exploring **opportunistic M&A opportunities**

## 3 PUT CUSTOMERS AT THE CENTER

Ensure a suitable and **differentiating offer**

Boost **Customer Experience** through **Digitalization**

Scale-up **ecosystems** by entering business beyond insurance

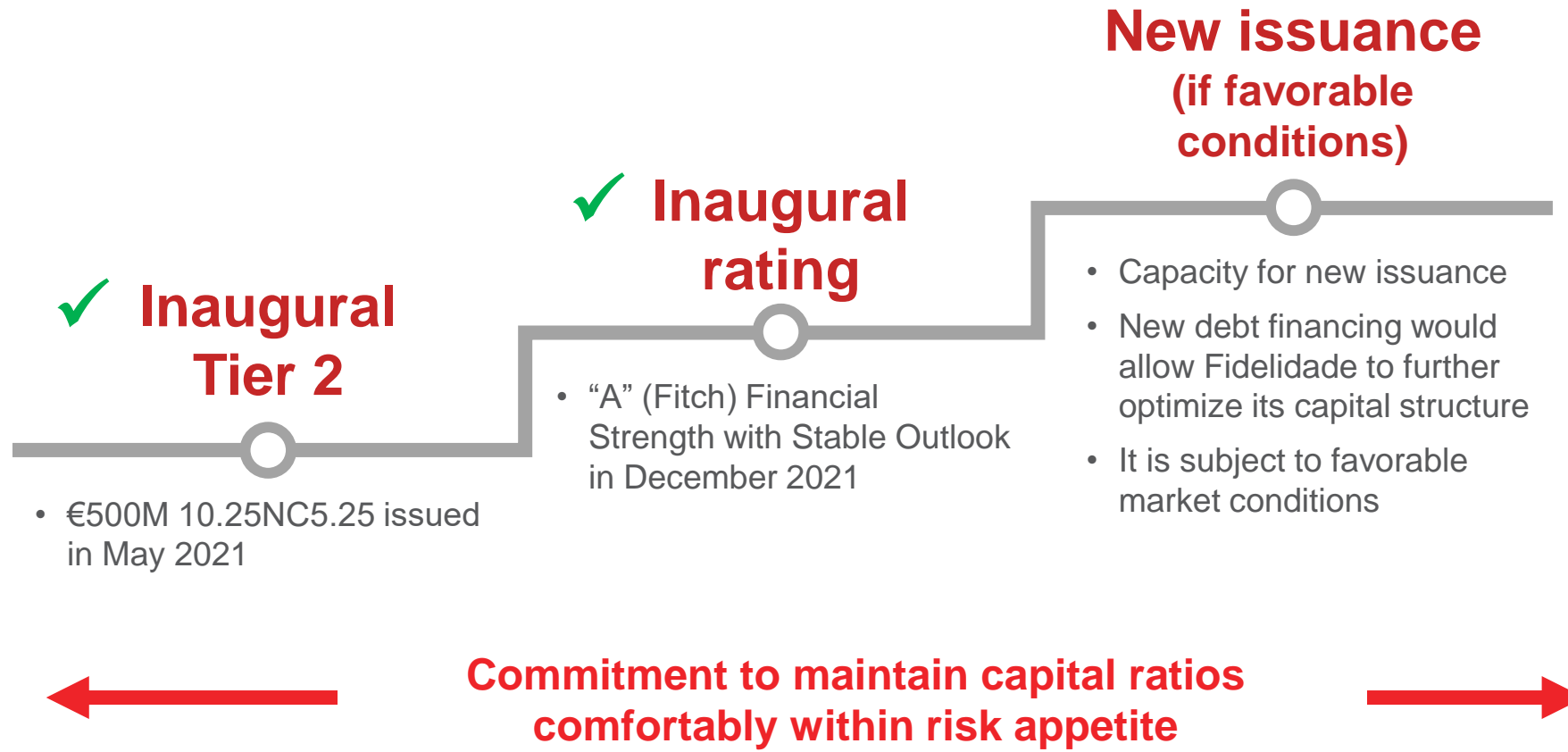
## 4 MOBILIZE THE ORGANIZATION

Develop & retain **talent**

Foster an **Agile organization**

Boost **analytics** with clear **data strategy**

# Fidelidade's proactive capital plan provides flexibility going forward





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