

FIDELIDADE

SEGUROS DESDE 1808

2022 – 3Q Results

Lisbon, October 31st, 2022

Unaudited Figures

Gross Written Premiums (GWP) for first 9 months of 2022 increased 12,6% YoY and reached 3.821,4M€, with a solid performance both in Portugal and International businesses. Net Income was 139,4M€, a 31,7% decline compared to the same period in 2021. This result was mainly explained by the decrease of the Investment Result, driven by the challenging conditions in the financial markets. RoTE closed the 9-month period at 9,2%, a 1,5p.p. fall compared to 2021.

Key Figures (€ Mn)	Sep-2021	Sep-2022	Change YoY
Gross Written Premiums	3.392,3	3.821,4	12,6%
Net Income	203,9	139,2	-31,7%
Shareholder's Equity	3.140,3	2.323,3	-26,0%

Fidelidade's Chief Executive Officer, Rogério Henriques, commented on 3Q 2022 results:

“Despite the fact that the business context has continued to be difficult, the good commercial momentum experienced in the first half of the year has persisted. Topline is benefiting from both a dedicated execution of our commercial strategy in the domestic market, including effective repricing of Non-Life portfolios, and a very positive contribution from diversification, with strong growth being achieved in external markets. Simultaneously, we've adopted a very disciplined technical approach and strict control over the cost structure to cope with the overall inflationary context.

On the investment front, financial markets have been very challenging, with significant devaluations across different asset classes. Within such context of volatility and uncertainty, our Investment Policy guidelines together with our Risk Appetite Framework have been very useful guides to navigate this turbulence and take the opportunity to improve credit quality of the portfolio, while focusing on capturing some yield pick-up.

Finally, the recent acquisitions of minority stakes in Luz Saúde and La Positiva are very important components of our strategy. Buying back 49% of Luz Saúde provides Fidelidade sole ownership of a strategic asset for the company, with relevant synergies with the group and sound fundamentals standalone. The acquisition of an additional 42,9% stake in the Peruvian insurer will allow us to explore a wider array of opportunities to optimize the business of La Positiva.

With this in mind, and despite the very abnormal year of 2022, we are confident regarding the resilience of Fidelidade performance by year-end.”

Fidelidade Group’s 3Q 2022 Key Highlights

Gross Written Premiums

The Group presented a solid commercial performance during the 9 months ended in September. Total GWP grew 12,6%, fueled mainly by International GWP growth (+75,4%), while Portuguese operations exhibited a dual reality. Portuguese Non-Life business delivering solid performance (+8,5%), whereas Portuguese Life business registered a reduction (-10,3%), mainly driven by a decline of the Life Financial GWP, a consequence of the uncertainty regarding financial markets.

Total Gross Written Premiums (€ Mn)	Sep-2021	Sep-2022	Change YoY
Portugal	2.756,3	2.705,8	-1,8%
International	636,0	1.115,5	75,4%
Total Premiums Management Accounts	3.392,3	3.821,4	12,6%

In any case, Fidelidade outperformed its competitors in Portuguese market as of September 2022, raising its overall market share to 30,3%, a 1,7p.p. increase compared to the previous year. On the Life segment, market share reached 31,3% (2,8p.p. higher YoY), and in the Non-Life segment, the market share reached 29,3% (0,5p.p. higher YoY). These share gains reflect solid

performances on new business as well as renewals, which is even more relevant considering the ongoing repricing strategy in the main lines of business.

International operations delivered solid growth in both Life and Non-Life segments. Overseas GWP grew 75,4% to 1.115,5M€ in the first 9 months of 2022 and accounted for 29% of total Fidelidade's premiums during that period. Main drivers behind this increase were the robust organic expansion in the markets where Fidelidade was already established, also fueled by the appreciation of foreign currencies, and the consolidation of recently acquired Seguradora Internacional de Moçambique in Mozambique (SIM) and The Prosperity Company in Liechtenstein (TPC). Still, excluding these two companies, the international business would have grown c. 50%.

Total Gross Written Premiums (€ Mn)	Sep-2021	Sep-2022	Change YoY
Non-Life	1.654,0	1.987,1	20,1%
Life – Risk & Annuities	287,9	380,1	32,0%
Life Financial - Insurance Contracts	60,6	83,0	37,0%
Total Premiums P&L	2.002,5	2.450,2	22,4%
Life Financial - Investment Contracts	1.389,8	1.371,2	-1,3%
Total Premiums Management Accounts	3.392,3	3.821,4	12,6%

Life Gross Premiums Written per LoB (€ Mn)	Sep-2021	Sep-2022	Change YoY
Life Financial guaranteed products	607,2	492,8	-18,8%
Life Financial non-guaranteed products	843,2	961,3	14,0%
Life Financial	1.450,4	1.454,1	0,3%
Life - Risk & Annuities	287,9	380,1	32,0%
Total Life Premiums	1.738,3	1.834,2	5,5%

Life Financial business as of September 2022 remained essentially unchanged compared to the same period in 2021 (+0,3%). However, this result incorporated two offsetting changes: guaranteed products decreased -18,8% YTD and non-guaranteed sales increased 14%. This reflects both the implementation of the predefined strategy to reshape Life Financial business towards capital lighter products, as well as the consolidation of TPC. In addition, the Life Risk & Annuities business grew a solid 32% to 380,1M€.

Non-Life Gross Premiums Written per LoB (€ Mn)	Sep-2021	Sep-2022	Change YoY
Motor	483,4	555,6	14,9%
Health	351,6	416,8	18,6%
Fire and other damage	331,9	427,1	28,7%
Workers' compensation	232,9	287,0	23,2%
Others ¹	254,1	300,5	18,3%
Total Non-Life Premiums	1.654,0	1.987,1	20,1%

¹ Includes Motor insurance assistance and legal protection

Main Non-Life lines of business delivered solid growth. Non-Life segments grew 8,5% YTD in Portugal and a noteworthy 53,5% abroad. The Portuguese Non-Life business benefited from solid commercial momentum and the ongoing initiative to reprice product portfolios across the different lines of business to cope with cost pressures.

The Non-Life international GWP growth was propelled by economic recovery and foreign currency appreciation. Countries where Fidelidade is present abroad (in Africa and Latin America) generally benefited from energy and commodities prices moving upwards. Fidelidade currently has a solid competitive position in several of the foreign markets where it operates, with top 3 positioning in Angola, Cape Verde, Mozambique, Peru and Bolivia.

Profitability

The technical result remains resilient despite an overall complex context. The insurance business underwriting result was 102,3M€ for the first 9 months of the year, slightly lower than the 104,5M€ achieved in the same period in 2021. The decrease in Non-Life technical result was partially compensated by the Life Risk improvement, which is related with the over-mortality in Peru due to COVID-19 in 2021.

Underwriting Result (€ Mn)	Sep-2021	Sep-2022	Change YoY
Non-Life	103,8	62,6	-39,7%
Life Risk	0,7	39,7	5.646,0%
Insurance Business Underwriting Result	104,5	102,3	-2,0%

Non-Life Combined Ratio (CoR) increased 5,1p.p. from 91,2% to 96,3% YoY, the result of a 4,3p.p. upsurge in the Loss Ratio and a 0,8p.p. rise in the Expense Ratio.

In Portugal, the normalization of claims frequency post-COVID and the overall inflationary context continued to pressure claims costs. However, the ongoing repricing initiative impacting main lines

of business has already started to generate intra-year improvements. As an example, Portuguese CoR shows a positive trend with 94,1% YTD vs. 95,0% in June-22.

The International CoR of 105,4% reflects the non-recurring impact of Workers Compensation provisioning at La Positiva. Specifically, this extraordinary adjustment had two origins: an IBNR release in 2021 to be compensated in 2022 (regulator guidance to strengthen industry balance sheets against the pandemic in 2021), and provision reinforcement related to mining activity. This impact alone accounted for 7p.p. of the International CoR.

Non-Life Technical Ratios (%)	Sep-2021	Sep-2022	Change YoY
Consolidated Combined Ratio	91,2%	96,3%	5,1 p.p.
<i>Net Loss Ratio</i>	<i>63,8%</i>	<i>68,1%</i>	<i>4,3 p.p.</i>
<i>Net Expense Ratio</i>	<i>27,4%</i>	<i>28,2%</i>	<i>0,8 p.p.</i>
Combined Ratio – Portugal	90,8%	94,1%	3,3 p.p.
Combined Ratio – International	94,1%	105,0%	10,9 p.p.

Net Income reached 139,2M€ in the first 9 months of the year, 31,7% lower than in the same period in 2021. The investment result was 109,3M€ YTD, 53,1% lower than in 2021. Investment Income for the period was down with annualized investment yield at 2,3%, a 0,9p.p. decrease compared to the previous year. Global macroeconomic uncertainties and geopolitical risks continued negatively impacting asset performance in the financial markets.

Profitability	Sep-2021	Sep-2022	Change YoY
Investment Income (€ Mn) ¹	385,1	250,0	-35,1%
Investment Yield (%) ¹	3,2%	2,3%	-0,9 p.p.
Investment Result (€ Mn)	232,8	109,3	-53,1%
Net Income (€ Mn)	203,9	139,2	-31,7%

¹ Excludes unit link portfolios

Balance Sheet

Net Assets under Management reached 17,3 Bn€, a -2,7% decrease compared to September 2021. The generalized devaluation of assets due to the financial market downturn was partly offset by the consolidation of SIM and TPC, which had a positive impact on net assets in the quarter.

Regarding Fidelidade's asset portfolio, its credit counterpart exposure to shareholders evolved significantly with the recent repayment of the Xingtao bond due by Fosun group. By October 15th, the credit exposure to Caixa Geral de Depósitos was 65M€ in bonds and nil to Fosun.

Shareholders' Equity closed the quarter at 2,3 Bn€, down 8,2% from June 2022, mainly driven by the asset portfolio devaluation due to the unfavorable financial markets.

Fidelidade's latest consolidated Solvency II Ratio guidance, from June 2022, is 170%. This figure lies comfortably within the Risk Appetite range of 150 to 180% and incorporates the effect of the 165M€ final supplementary capital contribution reimbursement last June.

Balance sheet	Sep-2021	Sep-2022	Change
Assets under Management (€ Mn) ¹	17.776,7	17.299,8	-2,7%
Shareholders' Equity (€ Mn)	3.140,3	2.323,3	-26,0%
RoAE (%)	8,7%	6,9%	-1,8 p.p.
RoTE (%)	10,7%	9,2%	-1,5 p.p.

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

Recent Developments

During the third quarter of 2022, Fidelidade concluded two strategic transactions involving its main subsidiaries:

- Fidelidade successfully closed the tender offer for the remaining 49% in its Peruvian subsidiary La Positiva in October. It is relevant to note Fidelidade entered the company with a 51% stake back in 2019 and the initial Transaction Agreement considered an option mechanism for Fidelidade to further raise its stake from 2022 onwards. With the completion of the tender offer, Fidelidade's stake in the Peruvian insurer increases to 93,9%.

This is a clear sign of Fidelidade interest in La Positiva, which has demonstrated a strong competitive position in local market and delivered a consistent performance over the last years. This milestone will allow the group to explore a wider array of opportunities to optimize the business in Peru, while at the same time generating marginal incremental capital requirement (due to the option mechanism in place, Fidelidade Group solvency estimates already consolidated the full stake in La Positiva previously).

- Fidelidade bought back 49% of Luz Saúde five years after having sold that same stake to Fosun. Fidelidade's 2017 sale of those shares to Fosun had been part of its then capital optimization effort and international expansion deployment. After, this transaction, Fidelidade holds 99,8% shares of Luz Saúde, a strategic asset with sound financial prospects.

Fidelidade was presented with the opportunity to consolidate its position in Luz Saúde at a very favorable time. The healthcare group is poised to deliver record financial results, with a strong post-pandemic demand recovery and the increased new capacity available after the conclusion of the expansion plan. Luz Saúde financials present very good prospects and are expected to keep growing at fast pace for the next years.

The acquisition highlights the relevance of the recurrent synergies within the group, especially those related to the health and workers' compensation businesses. Furthermore, the transaction signals a strong conviction on Luz Saúde's significant value creation potential in the Portuguese market as well as in Fidelidade's international operations.

This transaction represents a solvency impact of -10p.p., which does not jeopardize management goal to have a solvency position comfortably within the Risk Appetite by year-end.

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.