

# FIDELIDADE

SEGUROS DESDE 1808

## Investor Presentation

October 2024

# AGENDA

**1.**

**Recent Performance**

**2.**

**Risk & Capital**

**3.**

**Investments**

**4.**

**Corporate Strategy**

1.



## Recent Performance

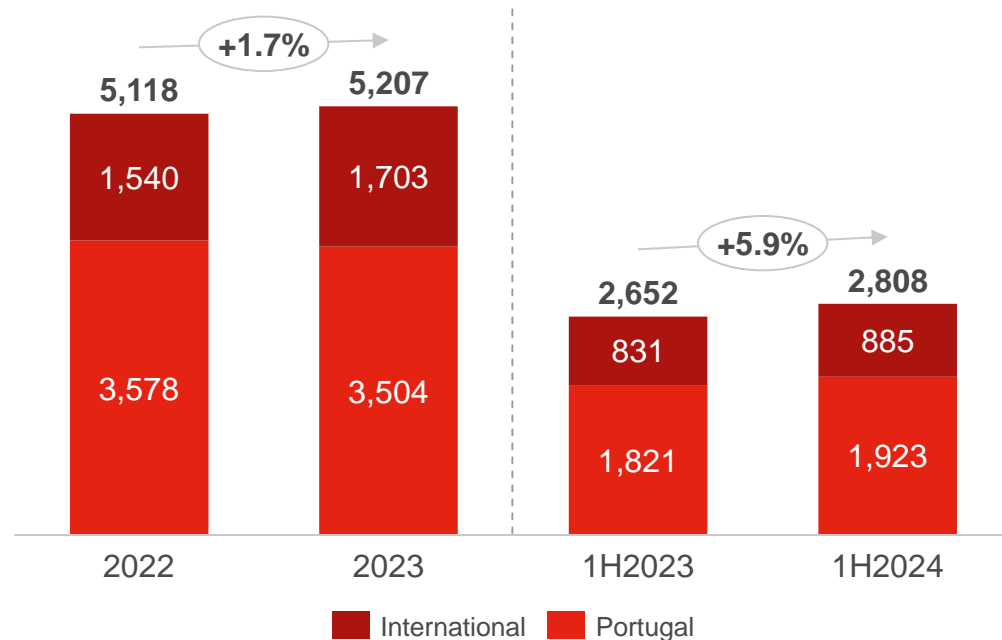
1.1.



## Consolidated Performance

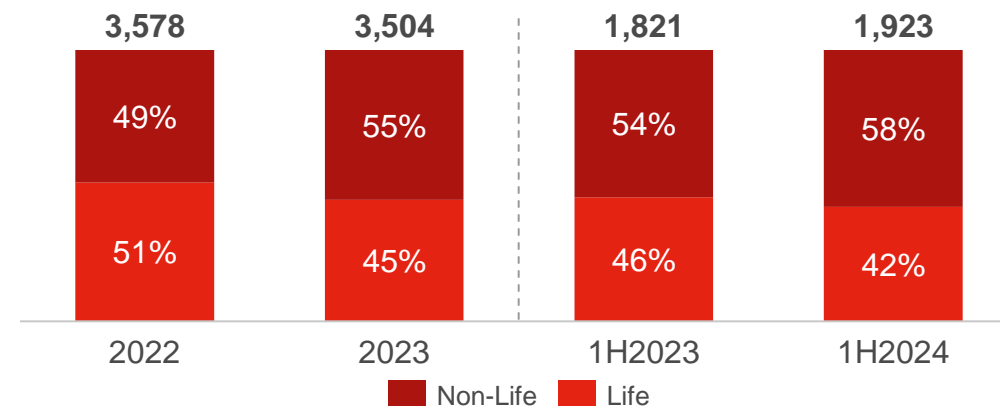
# Consolidated premiums grew 5.9% in the 1H2024, respectively

**Consolidated GWP Evolution**  
M€



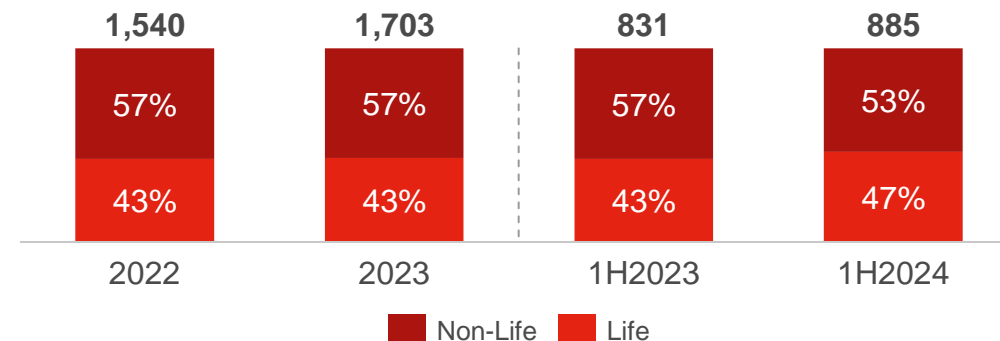
**GWP Evolution in Portugal**

M€; % of Non-Life and Life GWP in Portugal



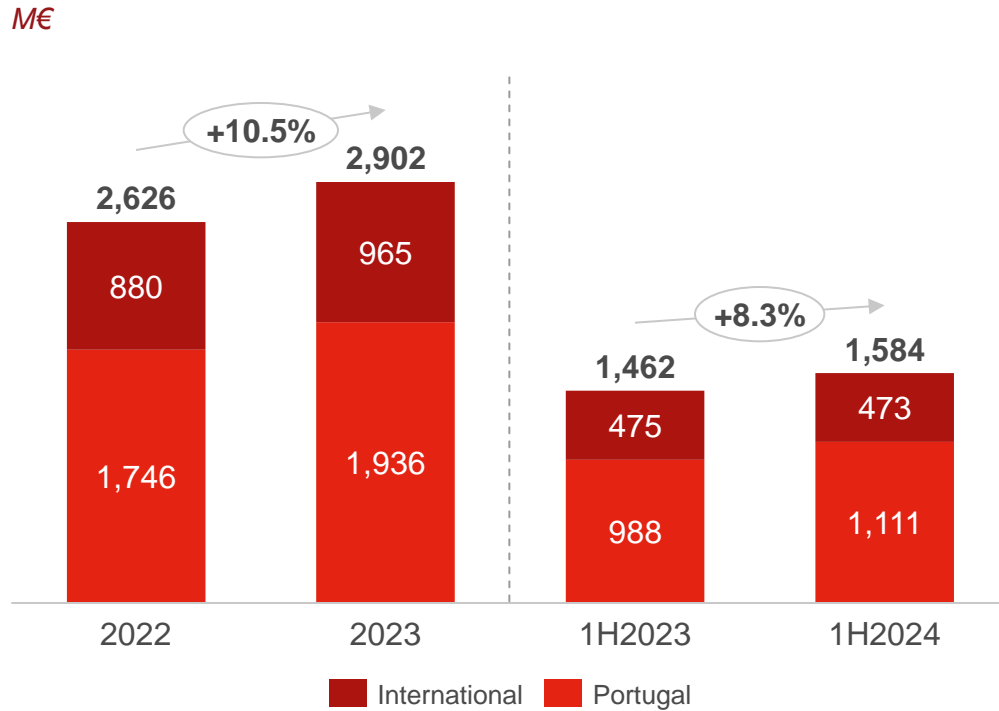
**GWP Evolution in International Operations**

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

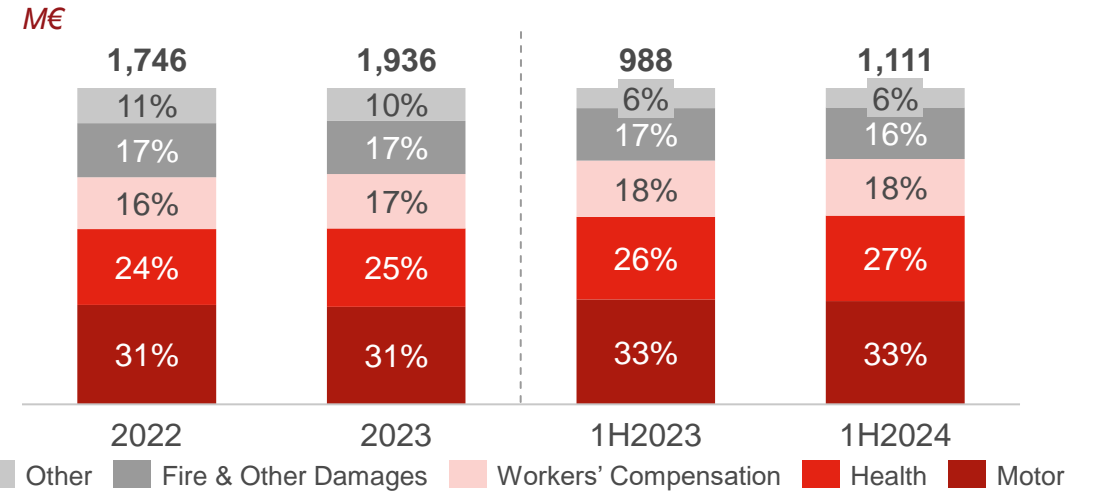


# Non-Life business grew 8.3% YTD, driven by Portuguese business

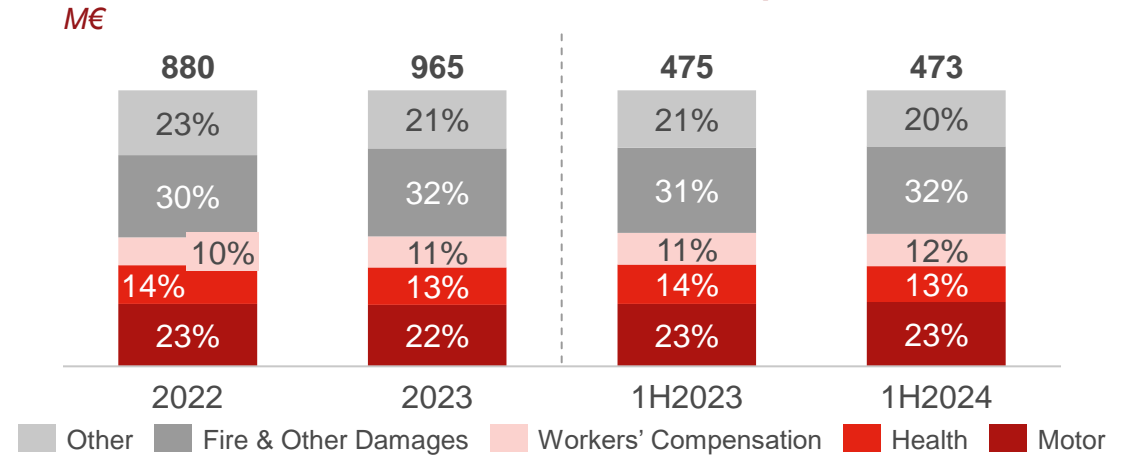
## Consolidated Non-Life GWP



## Non-Life GWP Evolution in Portugal

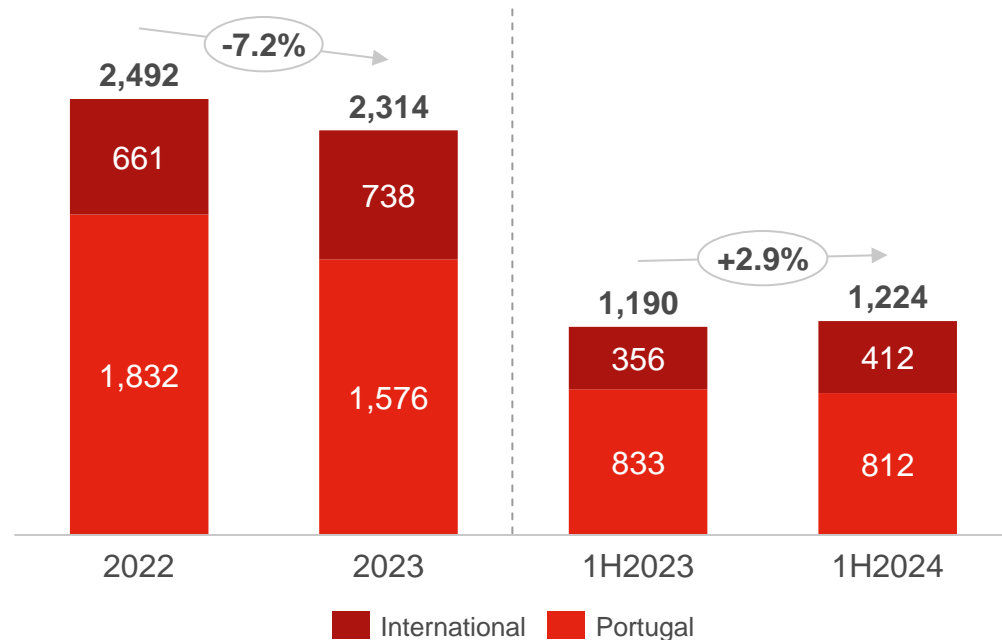


## Non-Life GWP Evolution in International Operations

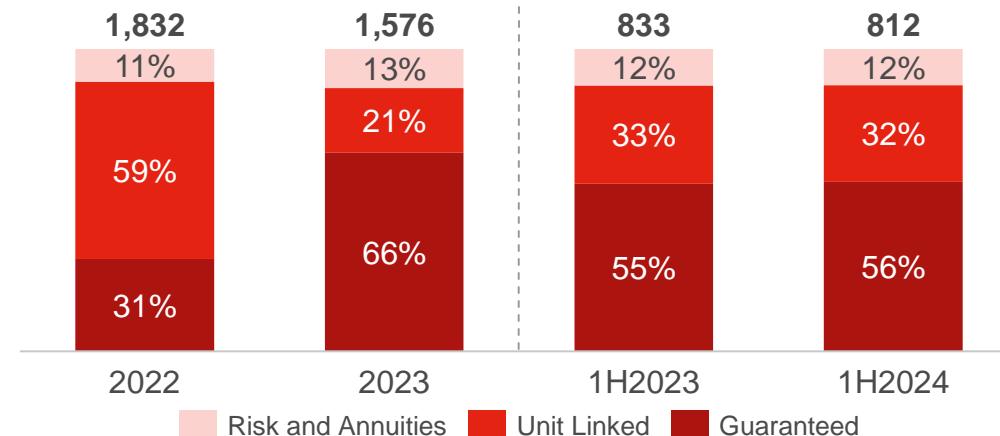


# Life YTD growth driven by International operations

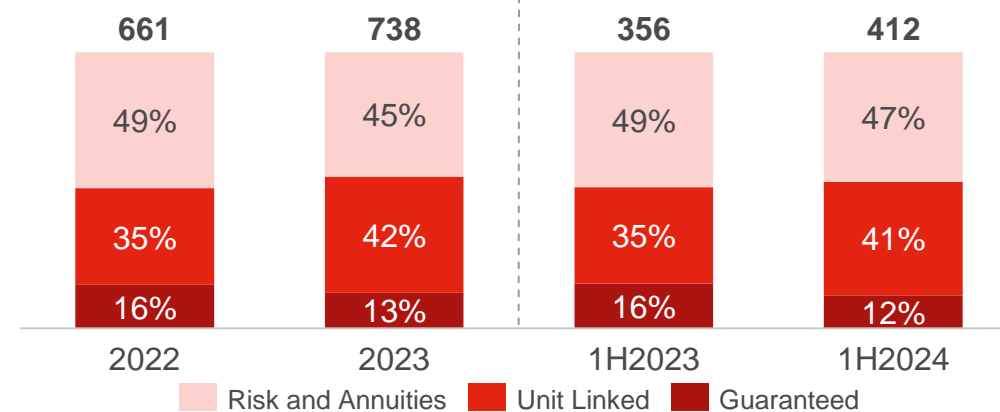
**Consolidated Life GWP**  
M€



**Life GWP Evolution in Portugal**  
M€



**Life GWP Evolution in International Operations**  
M€



# Consolidated Combined Ratio reflects sound underwriting results

## Non-Life Combined Ratio Evolution %



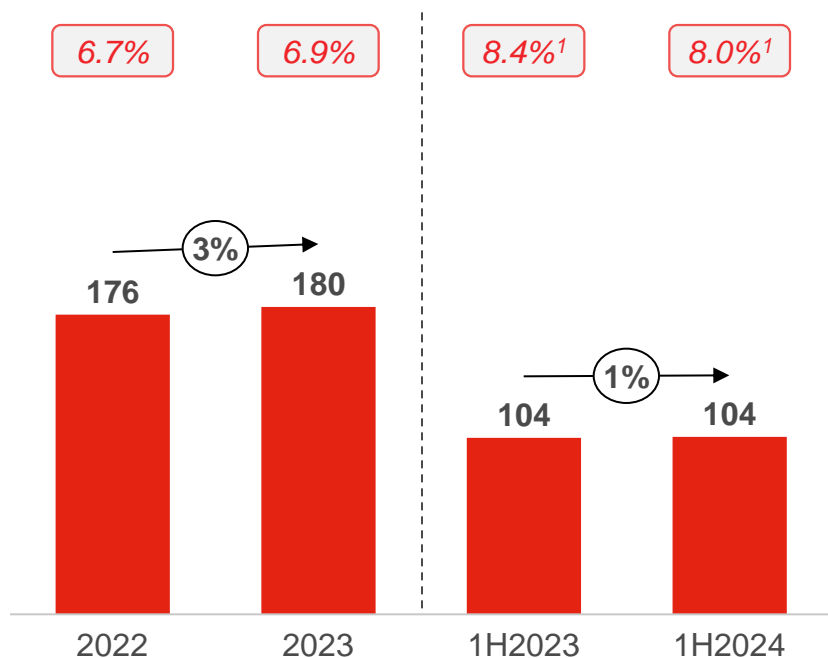
- Repricing efforts, cost-cutting initiatives, and the absence of unusually weather-related events (for the property lines) explain the improvement
- Higher technical profitability in Portugal drove the consolidated Combined Ratio improvement during the 1H2024. All major LoBs improved, especially Health and Fire
- The international business remained profitable, with a Combined Ratio of 91.7%, but it experienced an increase yoy



# Net Income increased 1% in the 1H2024

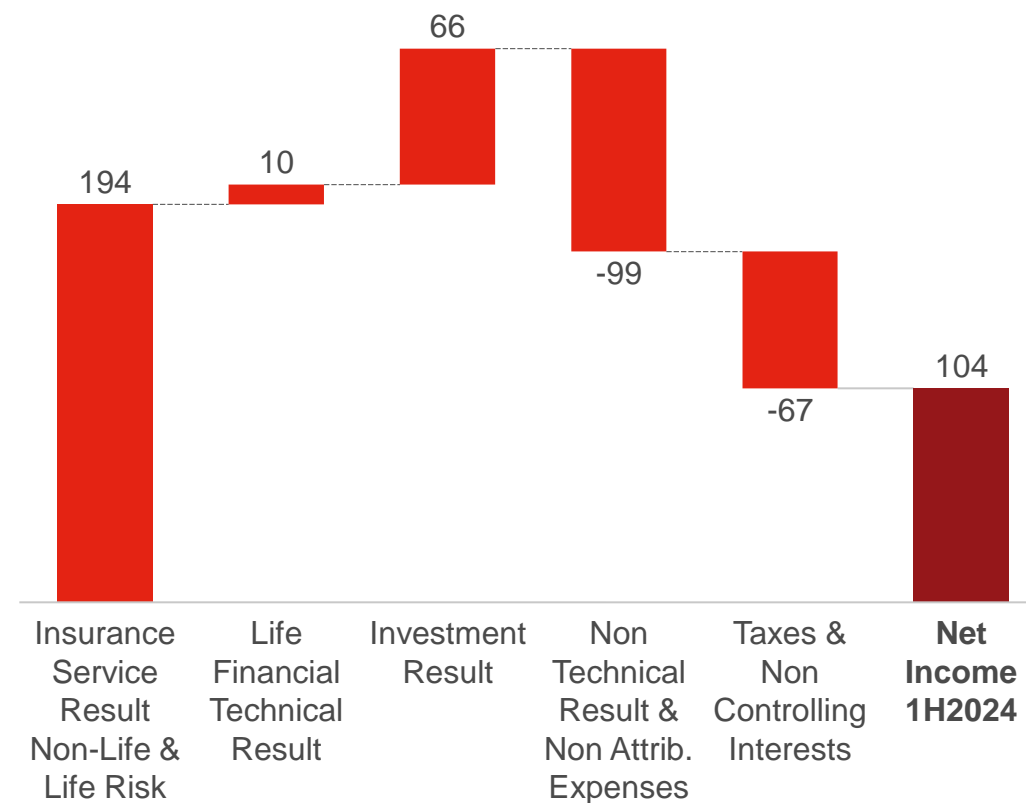
## Net Income and Return on Equity

M€; %



## 1H2024 Net Income Breakdown

M€



# 1.2.

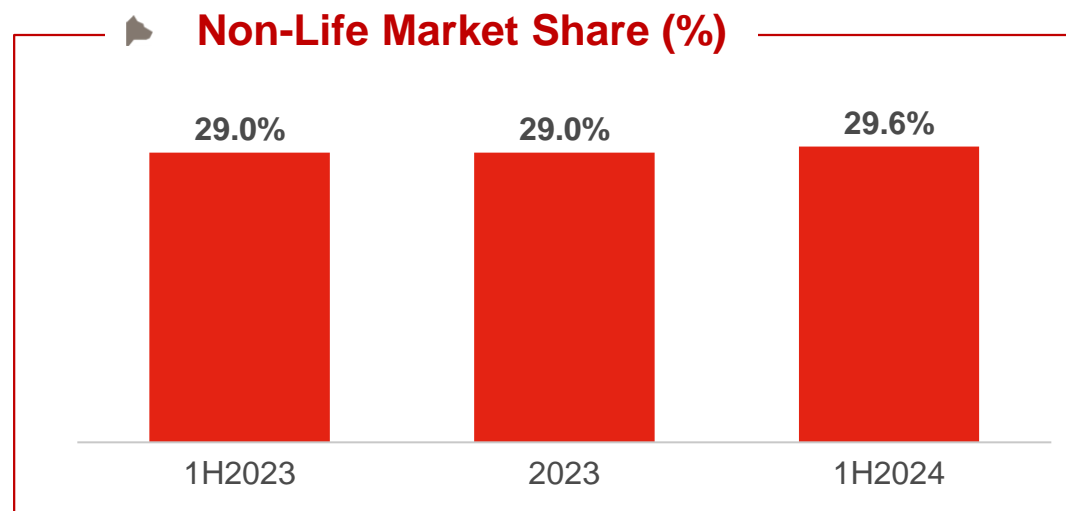
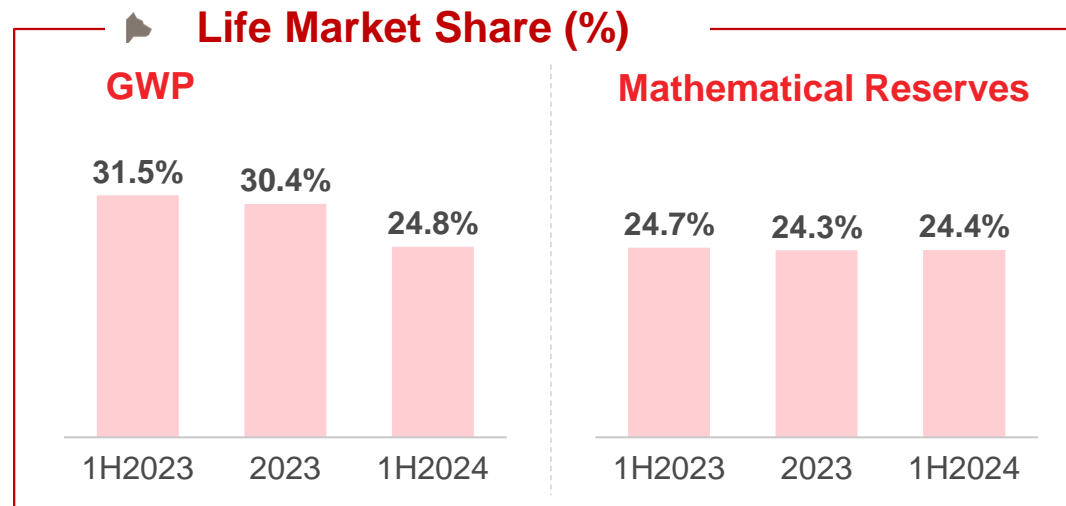
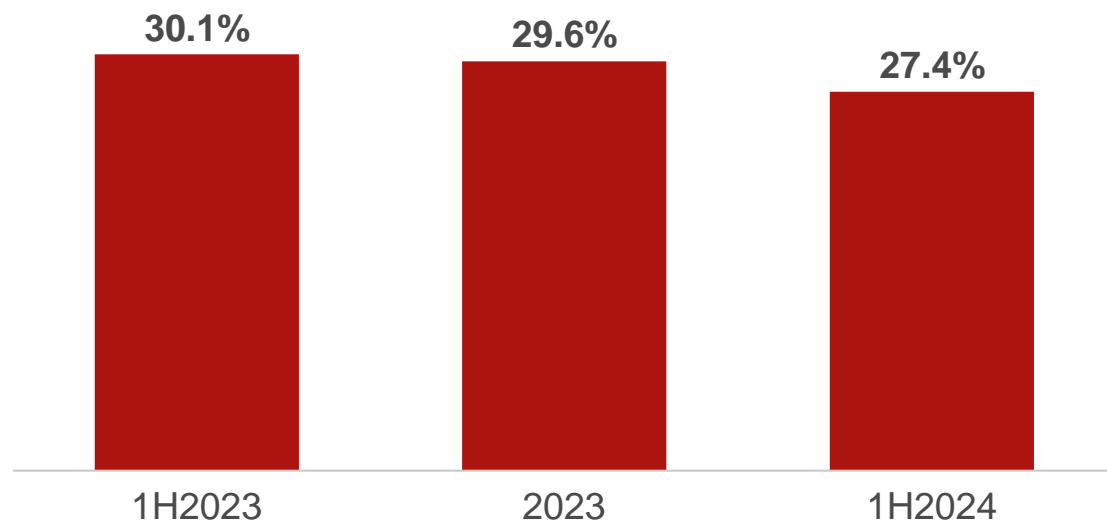


## **Domestic Operations Update**

# GWP Market Share YTD decline attributable to the timing of Life Financial commercial campaigns; Market Share of Life Financial stock stable



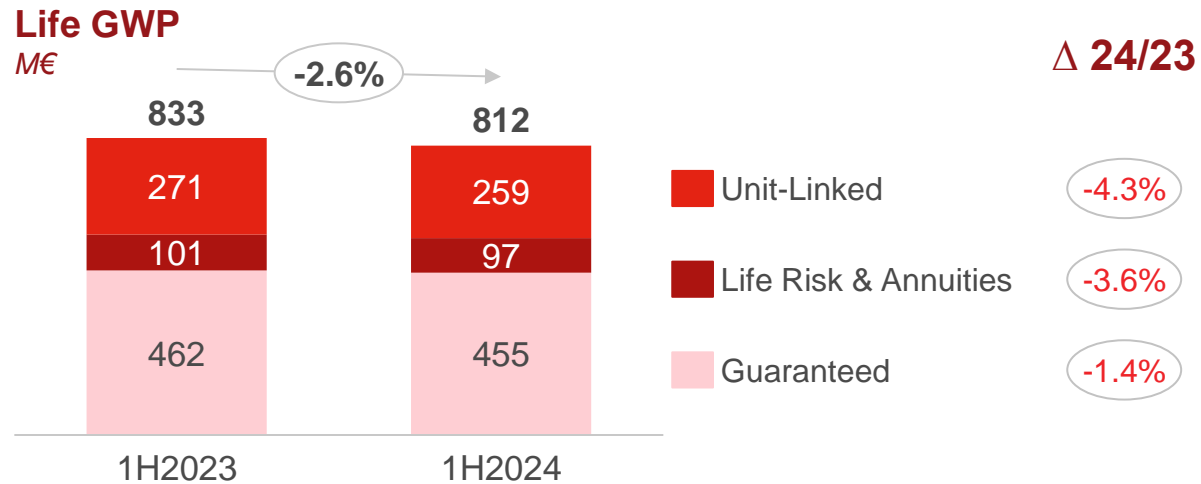
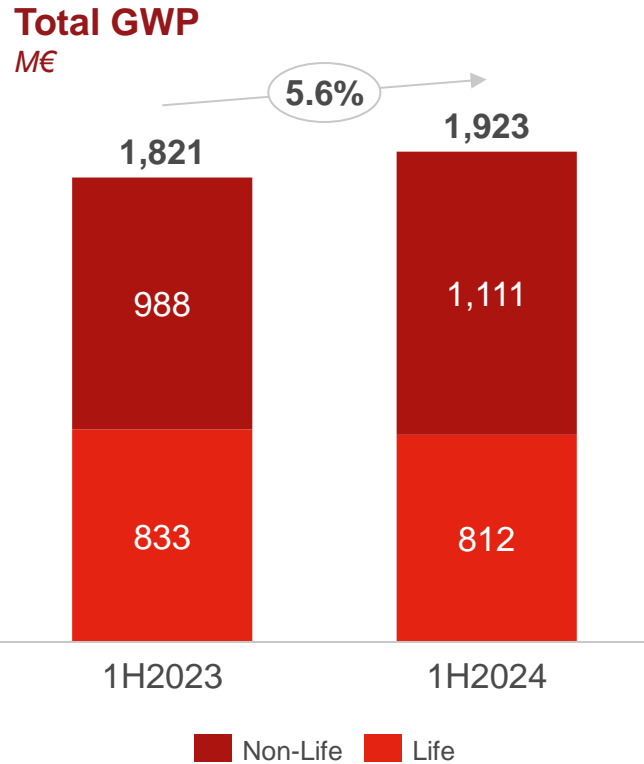
Total Market Share (%)



**Portuguese Insurance market growing double-digit YTD**

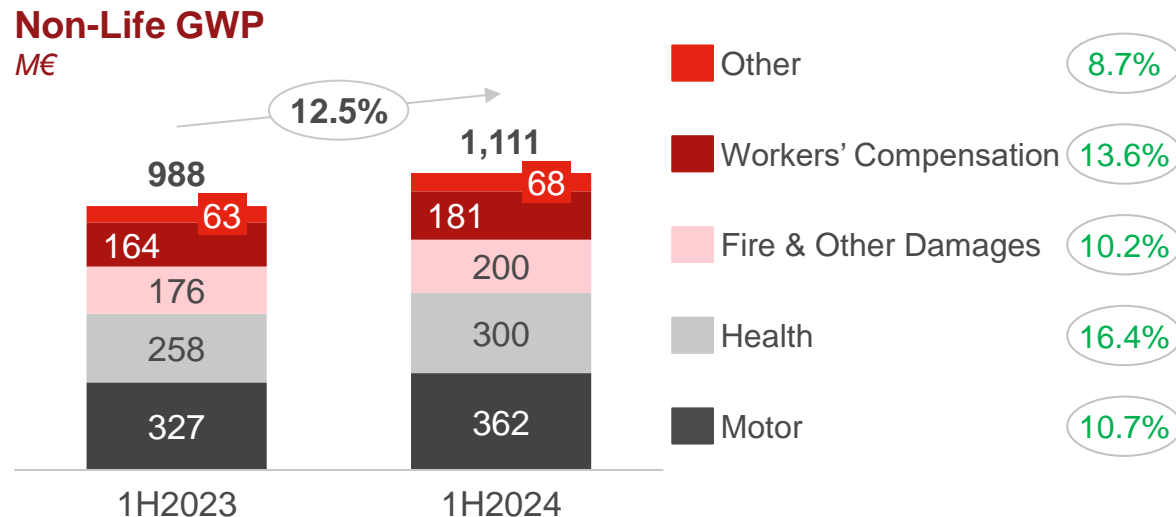
- In 1H2024, total GWP grew 16.2% yoy (Fidelidade +5.6%)
  - Life premiums up 23.5% (Fidelidade: -2.6%)
  - Non-Life growing 10.4% (Fidelidade: +12.5%)

# Strong Non-Life performance offsetting Life business retraction



- Unit-Linked -4.3%
- Life Risk & Annuities -3.6%
- Guaranteed -1.4%

- Portugal's Life GWP to revert to full-year sound growth as capital-light product sales accelerate during 2H 2024



- Other 8.7%
- Workers' Compensation 13.6%
- Fire & Other Damages 10.2%
- Health 16.4%
- Motor 10.7%

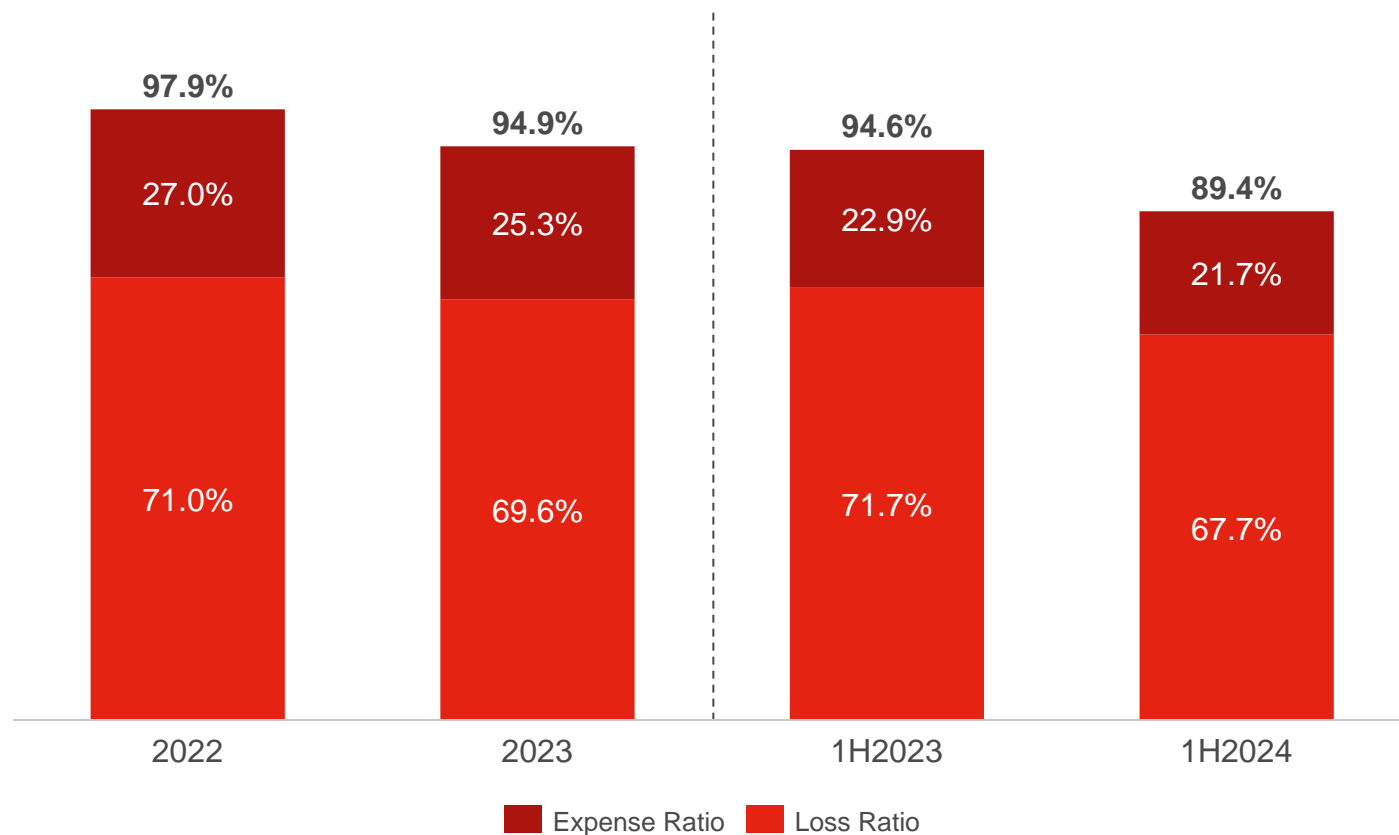
- All four main lines of business experience double-digit growth as a result of the continuing repricing efforts as well as market growth in risk units

Source: Company information  
Note: includes accepted reinsurance

# The Combined Ratio improvement reflected Portugal's sound technical profitability across all major LoBs



Portuguese Operations Combined Ratio Evolution  
%



- Significant improvements in Fire, Workers' Compensation and Health loss ratios on the back of repricing and cost-cutting efforts explain the Combined Ratio improvement
- Although Motor Combined Ratio remained constant yoy, it did so at a sound 95.4%
- The expense ratio reduction improvement was a result of the attention to reducing administrative costs

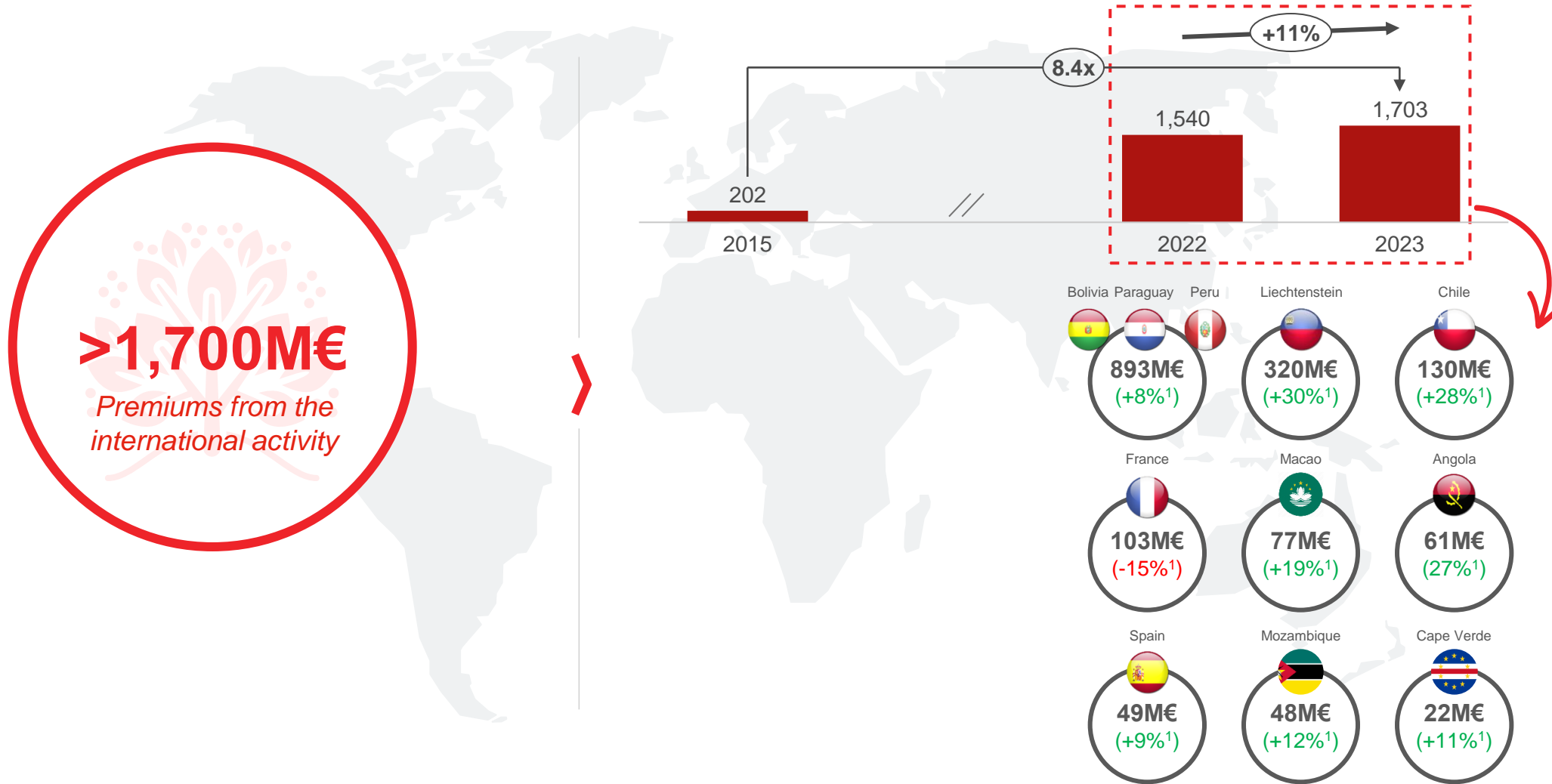
# 1.3.



## **International Operations Update**

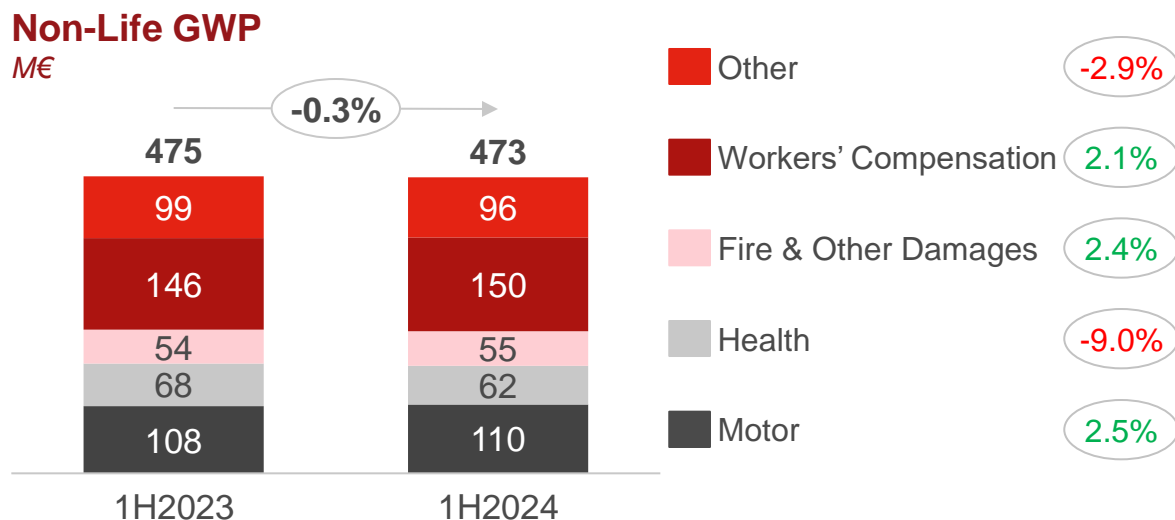
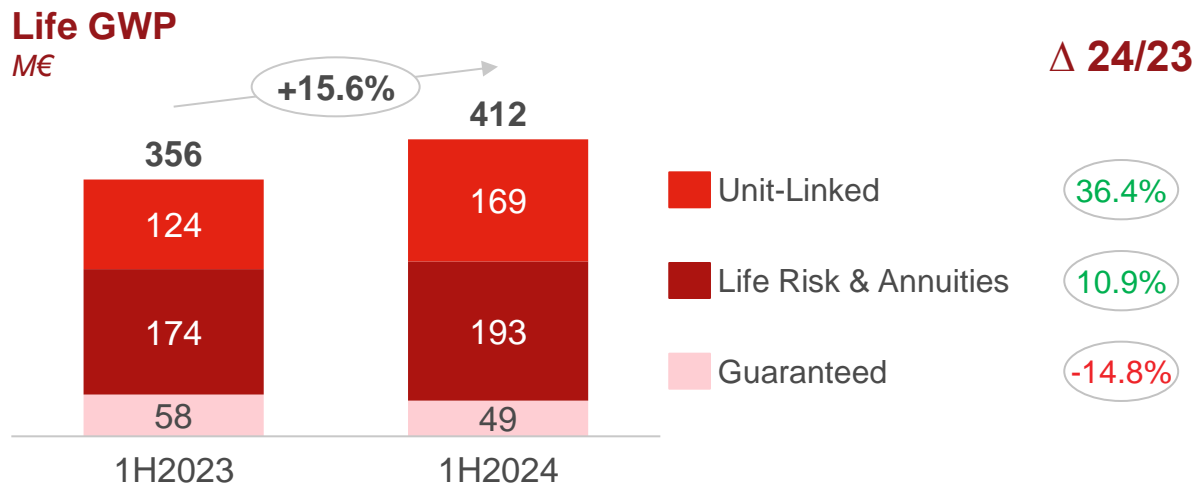
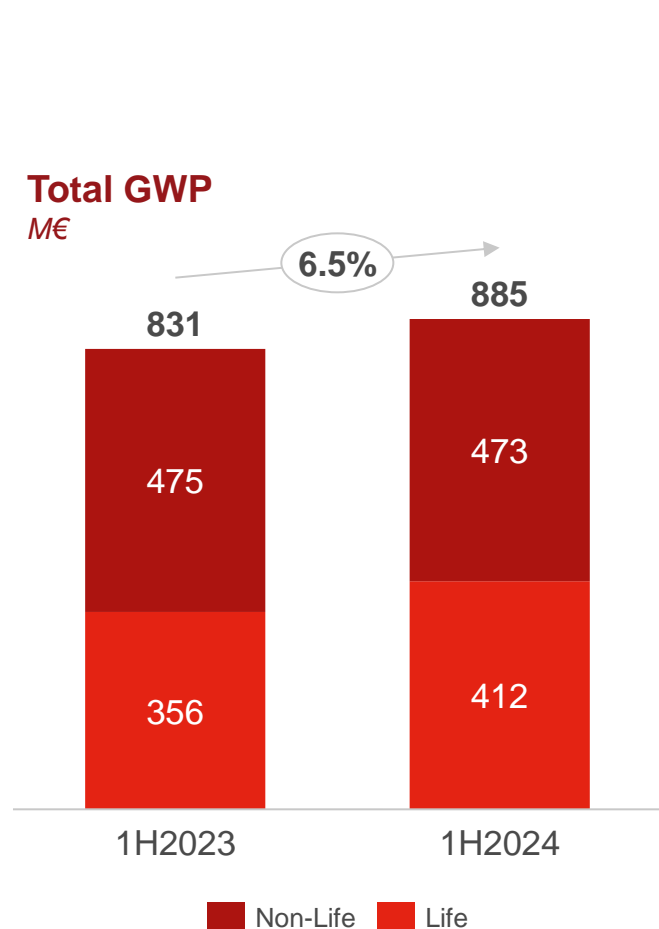
# International operations' GWP reached 1.7B€ in 2023 (+11%), positively adding to the Group's diversification strategy

Premiums International Activity (M€)



Source: Company information  
1. Local currency growth rate

# International operations delivering solid performance YTD in Life, whereas Non-Life is stable year-on-year



- International Life Financial volumes benefited from unit-linked sales at The Prosperity Company, and the Life-Risk business from growth in Peru

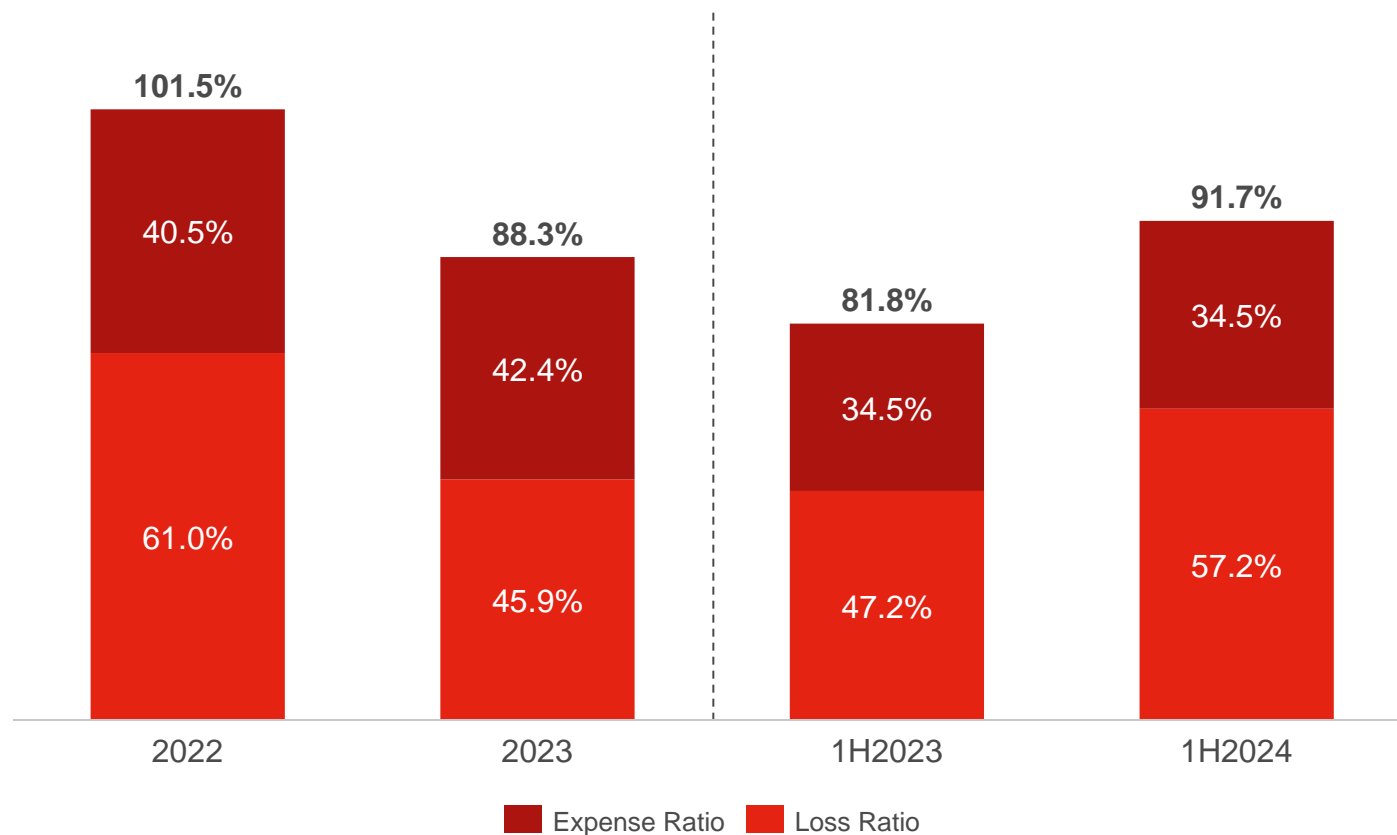
- Non-Life GWP were unchanged. Peru was slightly down due to volume reductions in Health and Motor. In addition, local currency depreciation affected Angola's business volumes



# International Non-Life business reported solid technical results

## International Operations Combined Ratio Evolution

%



- Despite a 9.9 p.p. yoy increase in its Non-Life Combined Ratio, the International business reported a solid 91.7% in 1H 2024
- The yoy Combined Ratio increase was the result of several main factors:
  - For some international operations, including Peru, Chile, and Mozambique, achieving Health technical profitability is still a work in progress
  - Currency devaluation, especially in Angola and Chile, impacted technical profitability
  - International business one-off release of technical reserves in 2023

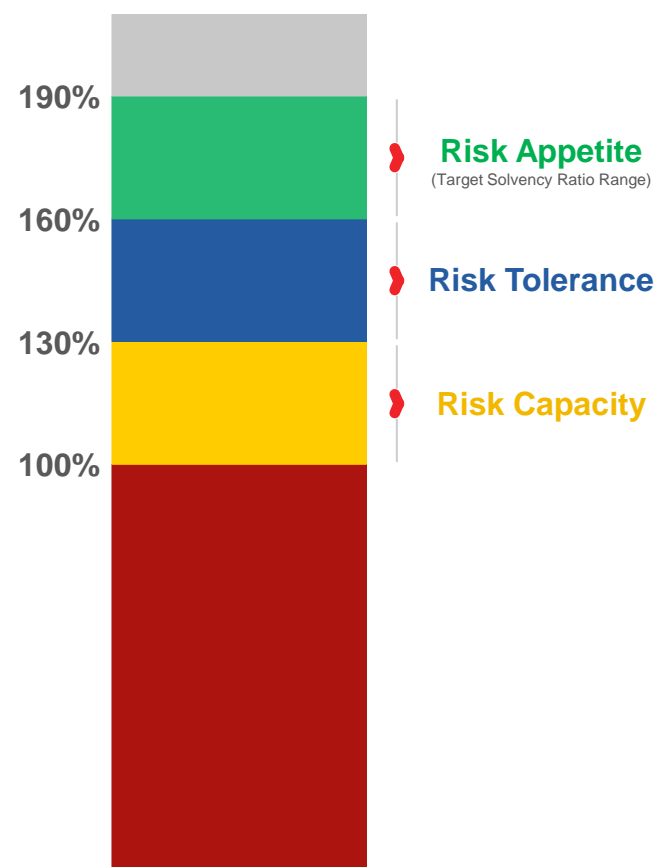
# 2.



## Risk & Capital

# Fidelidade has raised again its target consolidated Solvency II ratio range

## Fidelidade Group Risk Appetite Framework

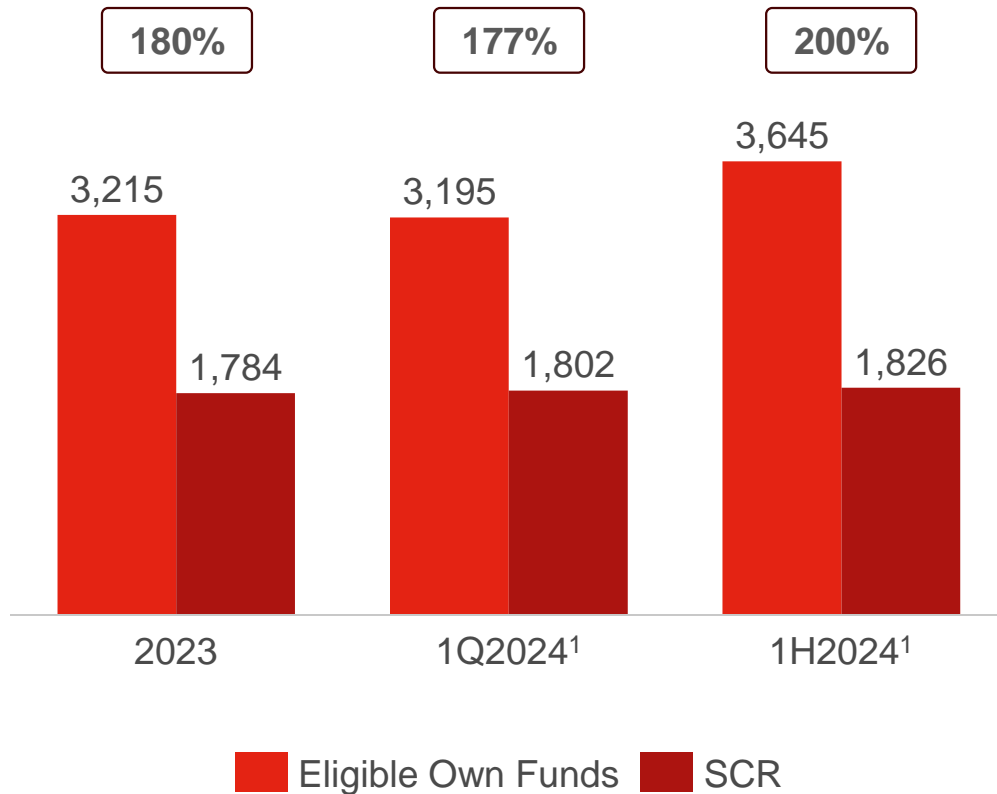


- **Recently Fidelidade updated its Risk Appetite Framework, increasing the Target Solvency Ratio range to 160-190% (from 150-180%)**
  - ✓ Management is committed to maintaining the Solvency ratio close to the higher end of this range
- **Solvency ratio thresholds aligned with Fidelidade's Risk Appetite 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 160% Solvency ratio**
  - ✓ No distributions to ordinary shareholders are to be performed if those result in a solvency ratio below this limit

# Fidelidade's consolidated Solvency II ratio reached 200% in June 2024

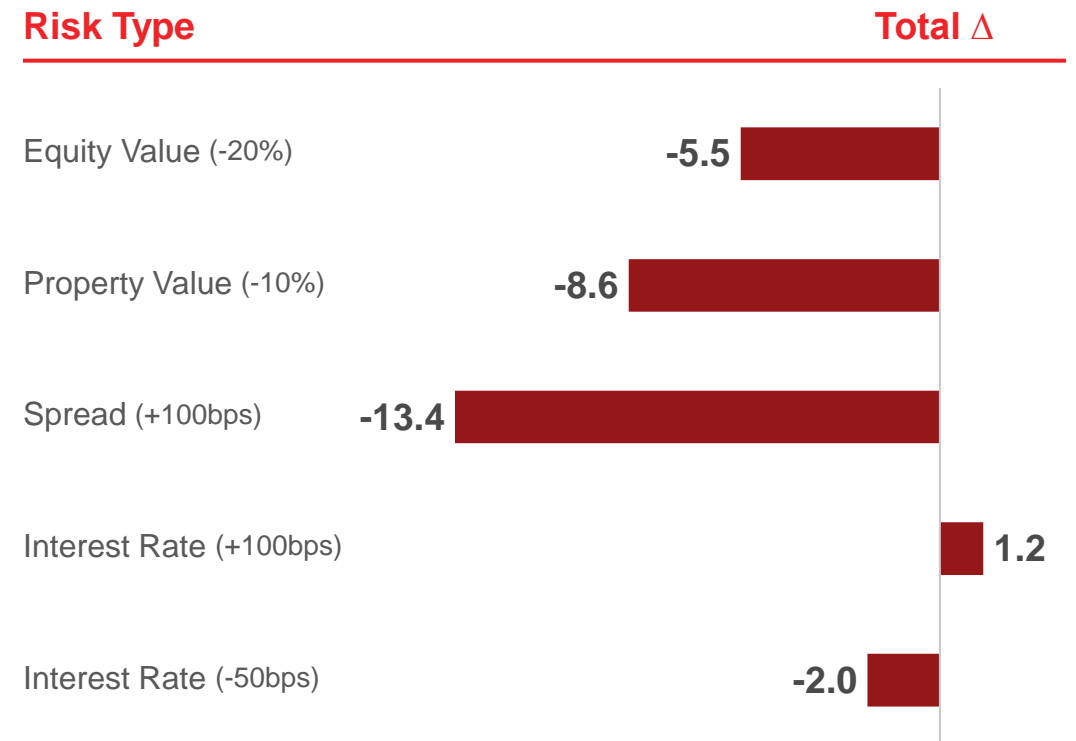
## Fidelidade Consolidated Solvency II Ratio

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

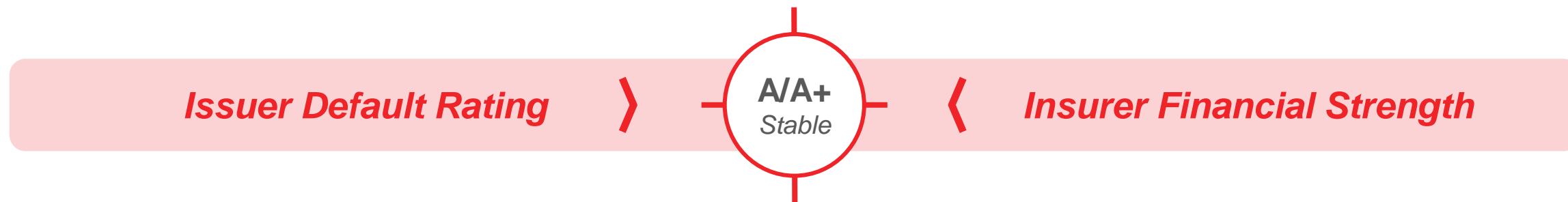


## Solvency II Ratio Risk Sensitivities (Dec. 2023)

p.p. change



# Fitch has upgrade Fidelidade's rating in September 2024



Rating grade above the Sovereign Portuguese Rating and in line with the top-rated corporations in Portugal



Established market leader in Portugal with significant geographical diversification



Very Strong capitalisation and leverage



Improved quality of assets

**3.**

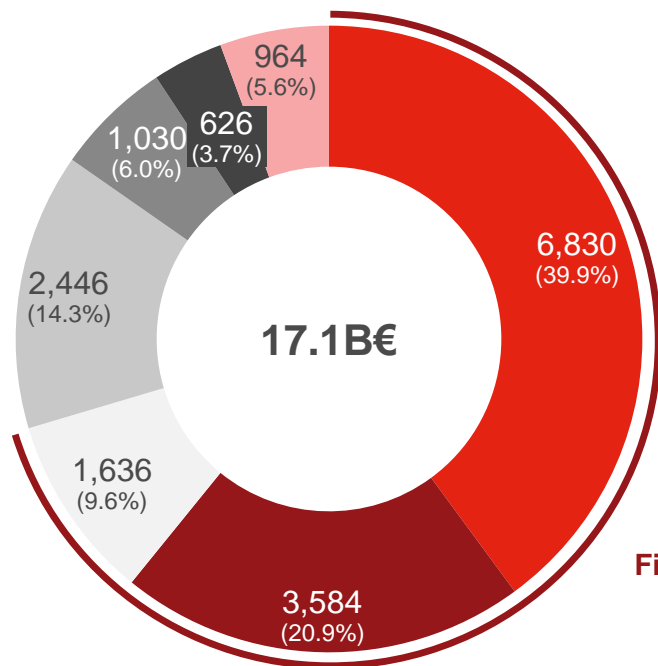


**Investments**

# Fidelidade consolidated AuM: 17.1B€ in total investments vs. 13.0B€ in non-Unit-Linked positions

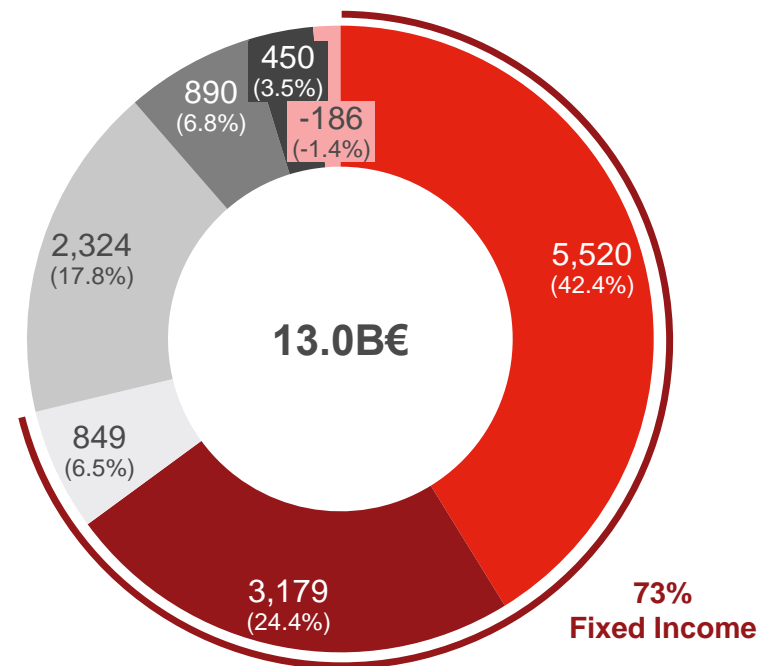
## Fidelidade Consolidated AuM

M€ (% of total AuM)



## Fidelidade Consolidated Non-Unit-Linked AuM

M€ (% of total Non-Unit-Linked AuM)



■ Corporate Bonds 
 ■ Sovereign 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 2024 (excluding unit-linked assets)

1. Includes commercial paper, fixed income funds and loans

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

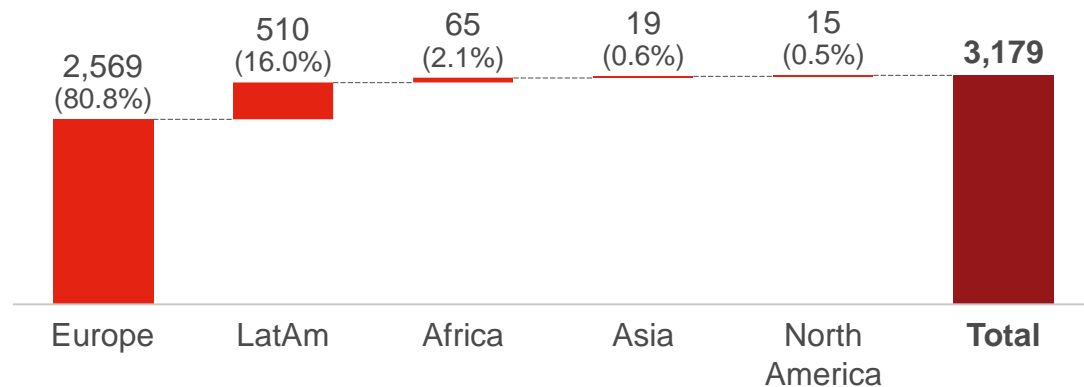
3. Includes shares and equity funds

4. Includes commodity funds, currency swaps, exchange forwards, interest rate futures, interest rate swaps, options, policy loans, repos, receivables, settlement reserves, total return swaps and TPC's Unit-Linked investments

# Diversified Sovereign and Corporate bond portfolio with a BBB average rating

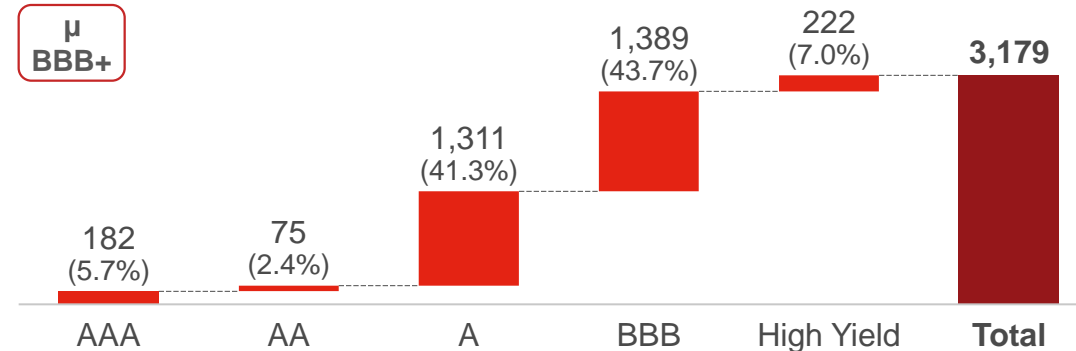
## Non-UL Sovereign Bonds by Geography

M€ (% of Non-UL Sovereign Bonds Book Value)



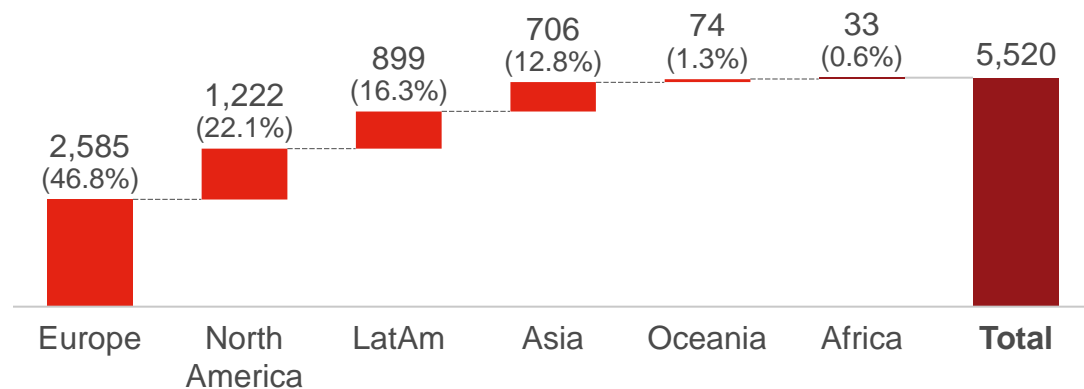
## Non-UL Sovereign Bond by Rating Range

M€ (% of Non-UL Sovereign Bonds Book Value)



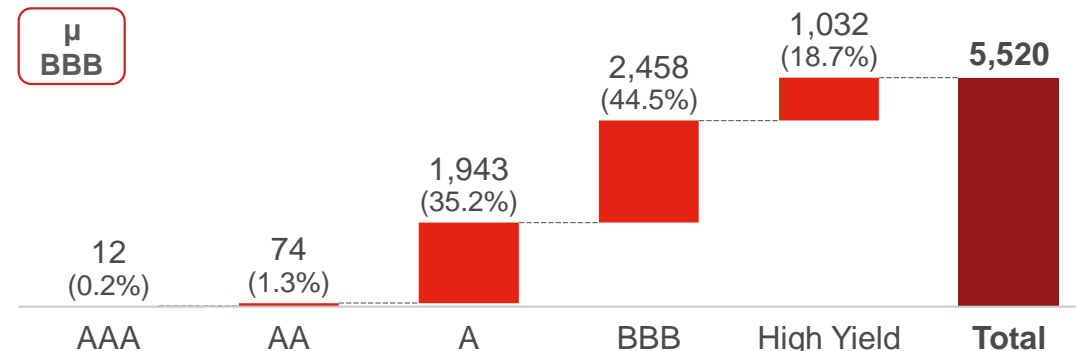
## Non-UL Corporate Bonds by Geography

M€ (% of Non-UL Corporate Bonds Book Value)



## Non-UL Sovereign Bond by Rating Range

M€ (% of Non-UL Corporate Bonds Book Value)

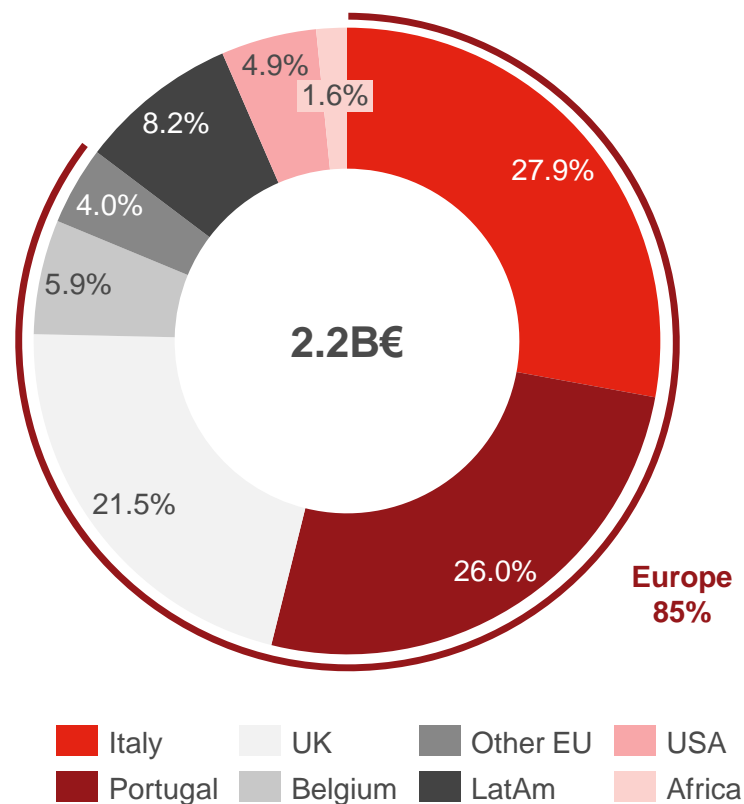




# Real Estate portfolio focuses on prime assets

## Real Estate Properties<sup>1</sup> by Region

% of Real Estate Investments Book Value



## Main Real Estate Projects

Asset	Country	Book Value (M€; % Real Estate <sup>1</sup> )	Focus	Occupancy Level
Medelan	Italy	624 (28%)	Office & Retail Development	98%
Entrecampos <sup>2</sup>	Portugal	413 <sup>2</sup> (18%)	Mixed Use Development	n.a. <sup>3</sup>
Moretown	UK	269 (12%)	Office Complex	81%
Smithson	UK	183 (8%)	Office Complex	67%
Pegasus	Belgium	132 (6%)	Office Complex & Development Land	73%
Rendina	USA	109 (5%)	Medical Office Buildings	75%
<b>Total</b>		<b>1,730 (77%)</b>		

Source: Company information as of 30 June 2024 (excluding unit-linked assets)

1. Excludes own use properties and real estate funds

2. Includes New Headquarters (excluding own use property (42M€))

3. Under development

**4.**



## **Corporate Strategy**

# Fidelidade's Corporate Strategy

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** 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 is fully committed with its ESG ambition, with an important set of ongoing strategic initiatives



## Relevant role in **Social** dimension, impacting Society

## Proactive role in the **Ecological** transition

## Responsible & exemplary **Economic** agent



### Offer sustainable products and services

Ambition: current ESG offer revision and new product launches



### Active agent of Social Responsibility

Ambition: continue promoting PFC and other CSR initiatives



### WeCare commitment

Ambition: continue fostering WeCare in everything we do



### Sustainability Active Promotor and Orchestrator in Portuguese Economy

Ambition: Advocate for sustainability in the various forums Fidelidade is present and lead sustainability initiatives (e.g. Fidelidade co-lead sustainability working group of Business Roundtable Portugal that includes +40 largest corporate in Portugal)



### Subscriber of global sustainability commitments

Ambition: Honor our current public commitments (UN Global Compact, PSI, PRI, NZAOA and FIT) while evaluating subscription of new commitments



### Climate Change Mitigation

Ambition: Net Zero in Operations in 2040 and Invest. & UW in 2050.  
Promoter of a forestry fund (12M€)



### Climate Change Adaptation

Ambition: Launch Impact Center for Climate Change



### Responsible investor

Ambition: ESG investment portfolio revision (1<sup>st</sup> green bond already issued)



### Responsible procurement & partner

Ambition: ESG criteria in selection & advocacy with partners



### One of the best companies to work for

Ambition: DEI, talent, well-being, etc.

# Sustainalytics' upgrade places Fidelidade at the forefront of ESG Risk Rating among insurers worldwide

## Material ESG Issues per Subindustry

Product Governance



Human Capital



ESG Integration - Financials



Data Privacy and Security



Business Ethics



Corporate Governance



● Negligible Risk ● Low Risk ● Medium Risk ● High Risk

ESG Risk Rating

COMPREHENSIVE ?

11.8 Low Risk



Ranking

Industry Group (1st = lowest risk)

Insurance 6 out of 300

Universe

Global Universe 761 out of 16006



Fidelidade included in Sustainalytics' 2024 Top-Rated ESG Companies List

**FIDELIDADE**

**SEGUROS DESDE 1808**