



## Fidelidade - Companhia de Seguros, S.A.

(incorporated in Portugal with limited liability)

### €500,000,000.00 Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes

**Issue Price: 100 per cent.**

The €500,000,000.00 Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes (the “Notes”) will be issued by Fidelidade - Companhia de Seguros, S.A. (the “Issuer” or “Fidelidade”) on 29 May 2024 (the “Issue Date”).

The Notes will bear interest from (and including) 29 May 2024 (the “Issue Date”) to (but excluding) the First Reset Date (as defined in the Conditions) at the rate of 7.750 per cent. per annum. The Interest Rate will be reset on each Reset Date (each term as defined in the Conditions) and will be determined by the Agent in accordance with the Conditions. Interest shall be payable semi-annually in arrear on 29 May and 29 November in each year, commencing on 29 November 2024, provided that the Issuer may at its discretion (but subject as provided in Condition 4(d)) at any time elect to cancel any Interest Payment, in whole or in part, and must cancel Interest Payments (each term as defined in the Conditions) in the circumstances described in Conditions 4(b) and 4(c). Any Interest Payment (or, as the case may be, part thereof) which is so cancelled will not accumulate or be payable at any time thereafter, no amount will become due from the Issuer in respect thereof and cancellation thereof shall not constitute a default for any purpose on the part of the Issuer.

Upon the occurrence of a Trigger Event, the Prevailing Principal Amount of each Note will be immediately and mandatorily Written Down by the relevant Write Down Amount and any interest accrued to the relevant Write Down Date (each term as defined in the Conditions) and unpaid shall be cancelled in accordance with the Conditions subject as provided in Conditions 5(a). Noteholders may lose some or all of their investment as a result of such a Write Down. Following such a Write Down, the Issuer may, in certain circumstances and at its sole and full discretion, Write Up (as defined in the Conditions) the Prevailing Principal Amount of each Note, in accordance with the Conditions.

The Notes are perpetual securities with no fixed redemption date. Noteholders have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer has the right, in its sole and full discretion but subject to the satisfaction of the conditions to redemption as set out in Condition 9, to redeem the Notes in whole but not in part (i) on any Optional Redemption Date, (ii) if a Deductibility Event or a Gross-up Event has occurred and is continuing, (iii) if a Capital Disqualification Event has occurred and is continuing, (iv) if a Ratings Methodology Event has occurred and is continuing, (v) if an Accounting Event has occurred and is continuing or (vi) if 75 per cent. or more of the aggregate principal amount of the Notes originally issued have been purchased by the Issuer or by any other person beneficially for the Issuer’s account and, in each case, cancelled pursuant to the Conditions, in each case at their Prevailing Principal Amount (each term as defined in the Conditions), together with (to the extent not previously cancelled in accordance with the Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. The Issuer shall be required to defer redemption of the Notes in certain circumstances as set out in the Conditions.

If a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event occurs at any time, or in order to ensure the effectiveness and enforceability of Condition 18(d), the Issuer may also elect to substitute all (but not some only) of the Notes or modify them, all as described in and subject to the conditions to variation set out in the Conditions.

The Notes are direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves. See “Terms and Conditions of the Notes — Status”.

This Offering Circular is for the purpose of the application to the Irish Stock Exchange plc trading as Euronext Dublin (“Euronext Dublin”) for the listing of the Notes and does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Application has been made for this Offering Circular to be approved by Euronext Dublin as listing particulars. Application has also been made to Euronext Dublin for the Notes to be admitted to the official list (the “Official List”) and to trading on the Global Exchange Market of Euronext Dublin (the “Global Exchange Market”). The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EC (as amended) (“MiFID II”).

The Notes will be represented in book entry form (*forma escritural*) in registered form (*nominativas*), in denominations of €200,000 and will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“Interbolsa”), as the entity responsible for the management and operation of the Central de Valores Mobiliários, a Portuguese Securities Centralised System (the “CVM”). The CVM currently has links in place with Euroclear Bank, SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”) through securities accounts held by Euroclear and Clearstream, Luxembourg with Affiliate Members of Interbolsa (as described herein).

The Notes are expected to be rated BBB- by Fitch Ratings Ltd. (“Fitch”). Fitch is established in the European Union (“EU”) and registered under Regulation (EU) No 1060/2009, as amended. Fitch is displayed on the latest update of the list of registered credit rating agencies on the ESMA website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Investing in the Notes involves certain risks.** There are significant risks inherent in the holding of the Notes, including the risks in relation to their subordination, the circumstances in which the Notes may be written down or converted to ordinary shares and the implications on Noteholders (such as substantial loss), the circumstances in which Noteholders may suffer loss as a result of holding the Notes are difficult to predict and the quantum of any loss incurred by investors in the Notes in such circumstances is also highly uncertain. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular.

#### Joint Lead Managers

Caixa – Banco de Investimento

Citigroup

Morgan Stanley

Offering Circular dated 27 May 2024

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “*Subscription and Sale*” below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “*Subscription and Sale*” below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C).

Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Offering Circular or any other financial statements should purchase the Notes.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the Notes; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. The Notes are not a suitable or appropriate investment for all potential investors. Investing in the Notes involves risks. A potential investor should not invest in the Notes in the primary or secondary markets unless it is a professional investor, understand the risks involved and has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. The Notes are not suitable for retail investors. There are risks inherent in the holding of the Notes, including the risks in relation to their subordination and the circumstances in which noteholders may suffer loss as a result of holding the Notes should the Issuer become subject to any resolution procedure or insolvent.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Certain financial and statistical information in this Offering Circular has been subject to rounding adjustments. Accordingly, certain data presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “€”, “EUR”, “Euro” and “euros” are to the single currency of those member states of the EU participating in the third stage of the European economic and monetary union from time to time as amended.

**In connection with the issue of the Notes, Morgan Stanley Europe SE (in such capacity, the “Stabilising Manager”) (or any person acting on behalf of any Stabilising Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager or person acting on behalf of any Stabilising Manager in accordance with all applicable laws and rules.**

This Offering Circular contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Offering Circular containing information on future earning capacity,

plans and expectations regarding the Fidelidade Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Offering Circular are based on current estimates and assumptions that Fidelidade makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Fidelidade Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Fidelidade Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Offering Circular to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Offering Circular: "*Risk Factors*" and "*Description of the Issuer*". These sections include more detailed descriptions of factors that might have an impact on the Fidelidade Group's business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Offering Circular may not occur.

In addition, neither the Issuer nor the Joint Lead Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK

has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**PROHIBITION OF SALES AND DISTRIBUTIONS TO HONG KONG RETAIL INVESTORS** - The Notes are intended to be offered, sold, distributed or otherwise made available in Hong Kong to Professional Investors only in the primary and secondary markets and are generally not suitable for retail investors.

**RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS** - The securities described in the Offering Circular are complex financial instruments with high risk and are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of certain securities with characteristics similar to the securities described in the Offering Circular. Potential investors in the securities described in the Offering Circular should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the securities described in the Offering Circular (or any beneficial interests therein).

In the UK, the Financial Conduct Authority (“FCA”) Conduct of Business Sourcebook (“COBS”) requires, in summary, that certain securities with characteristics similar to securities described in the Offering Circular should not be offered or sold to retail clients (as defined in COBS 3.4 and each a “**retail client**”) in the UK.

In addition, in October 2018, the Hong Kong Monetary Authority issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss-absorption features (such as the Notes) and related products (the “**HKMA Circular**”). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments, are to be targeted in Hong Kong at professional investors (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any subsidiary legislations or rules made under the SFO, “**Professional Investors**”) only and are generally not suitable for retail investors in either the primary or secondary markets.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the securities described in the Offering Circular (or any beneficial interests therein), including the COBS and the HKMA Circular.

Investors in Hong Kong should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are generally not suitable for retail investors.

The Issuer and the Joint Lead Managers are each required to comply with some or all of the COBS and/or the HKMA Circular. By purchasing, or making or accepting an offer to purchase, any securities described in the Offering Circular (or a beneficial interest in such securities) from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Joint Lead Managers that:

- (i) it is not a retail client in the UK;
- (ii) if it is in Hong Kong, it is a Professional Investor;
- (iii) whether or not it is subject to the COBS or the HKMA Circular, it will not:
  - (a) sell or offer the securities described in the Offering Circular (or any beneficial interest therein) to retail clients in the UK or retail investors in Hong Kong; or

(b) communicate (including the distribution of the Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the securities described in the Offering Circular (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK or any customer in Hong Kong who is not a Professional Investor,

and in selling or offering the securities described in the Offering Circular or making or approving communications relating to the securities described in the Offering Circular, it may not rely on the limited exemptions set out in the COBS.

The obligations above are in addition to the need to comply at all times with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA, the UK or Hong Kong) relating to the promotion, offering, distribution and/or sale of the securities described in the Offering Circular (or any beneficial interests therein), including (without limitation) any requirements under MiFID II, the UK FCA Handbook, the HKMA Circular and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the securities described in the Offering Circular (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, the securities described in the Offering Circular (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”)** - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Neither the Issuer nor any Joint Lead Manager nor any of their respective affiliates make any representation as to the suitability of the Notes to fulfil any environmental criteria required by any prospective investors. None of the Joint Lead Managers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the Issuer's Green Financing Framework (as defined below) or the monitoring of the use of proceeds (or amounts equal thereto), including without limitation in connection with any Eligible Green Projects and Assets (as defined under the Issuer's Green Financing Framework), or the allocation of the proceeds to any Eligible Green Projects and Assets. Neither the Issuer nor any Joint Lead Manager nor any of their respective affiliates makes any representation as to the suitability of the Issuer's Green Financing Framework and none of the Joint Lead Manager nor any of their respective affiliates makes any representation as to the content of the Issuer's Green Financing Framework or any opinion or certification of any third party (whether or not solicited by the Issuer) (including, without limitation, the Opinion (as defined below)) which may or may not be made available in connection with the issue of the Notes. For the avoidance of doubt, the Issuer's Green Financing Framework and the Opinion are not, nor shall they be deemed to be, incorporated in and/or form part of this Offering Circular.

## Alternative Performance Measures

This Offering Circular includes certain financial metrics which the Fidelidade Group considers to constitute alternative performance measures (“APMs”) and which are provided in addition to the PCES<sup>1</sup> financial indicators obtained directly from the consolidated financial statements of the Fidelidade Group for the years ended 31 December 2022 and 31 December 2023. The Fidelidade Group considers that these APMs provide useful information for investors in order to better understand the underlying business, the financial position, cash flows and results of the operation of the Fidelidade Group.

The list below presents APMs contained in the Offering Circular, along with an explanation of the criteria used to construct them:

- **“Total Premiums Management Accounts”**: total of the insurance contract premiums (**“Total Premiums P&L”**) plus the investment contracts’ premiums, as defined by IFRS 9;
- **“Net Combined Ratio”** (or **“Non-Life Combined Ratio”**): measure of non-life underwriting profitability calculated by dividing the total non-life insurance service expense net of reinsurance by the total non-life insurance contract revenues net of reinsurance;
- **“Insurance Result”**: presents in profit or loss insurance revenue, insurance service expenses including incurred claims and other incurred insurance service expenses as well as the reinsurance service result;
- **“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;
- **“Leverage Ratio”**: balance sheet ratio between total debt and comprehensive shareholders’ capital and total debt;
- **“Average Comprehensive Return”**: measures investment income (P&L), realized and unrealized gains relatively the average Assets Under Management base at the beginning and at the end of the last fiscal year. It can be used for the total Assets Under Management or only to a certain asset class;
- **“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 income from unit-linked assets and 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”**: in 2022 and 2023 corresponds to the sum of the following balance sheet items, excluding unit-linked assets: cash and cash equivalents and sight deposits, 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;

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<sup>1</sup> PCES stands for “Plano de Contas para as Empresas de Seguros” and is the GAAP followed by Fidelidade which is IFRS based



- **“Compounded Annual Growth Rate” / “CAGR”**: average annual growth rate of over a specified period of time longer than one year. It is computed by dividing the value at the end of the period in question by its value at the beginning of that period, raising the result to the power of one divided by the period length, and subtracting one from the subsequent result;
- **“Total Comprehensive Return”**: sum of unrealised capital gains and Investment Yield;
- **“Liability Coverage Ratio”**: indicates the ratio between total assets and total liabilities;
- **“Available Distributable Items”**: indicates the non-consolidated profits and distributable reserves of the Issuer (net of undistributed balances related to research and development expenses) as calculated pursuant to the principles applicable to the Issuer’s non-consolidated financial statements;
- **“Debt Ratio”**: indicates the ratio between subordinated debt and total assets; and
- **“Comprehensive Shareholders’ Capital”**: the comprehensive shareholders’ capital includes Shareholders’ equity and the contractual service margin.

Investors should not consider these APMs in isolation, as alternative to the information prepared in accordance with PCES, as indications of operating performance or as measures of the Fidelidade Group’s profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for, or superior to, financial information prepared in accordance with PCES and investors are advised to review these APMs in conjunction with the consolidated financial statements of the Fidelidade Group contained in this Offering Circular.

Furthermore, these APMs are not indicative of the historical operating results of the Fidelidade Group, nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Fidelidade Group’s presentation may not be consistent with similar measures used by other companies. Accordingly, investors are cautioned not to place undue reliance on these APMs.

### **Presentation of Financial Information**

The consolidated financial statements of Fidelidade for the years ended 31 December 2023 and 31 December 2022 were prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (“**PCES**”), Portuguese local GAAP, approved by Standard No. 9/2022-R, of 2 November, of Autoridade de Supervisão de Seguros e Fundos de Pensões (the “**ASF**”), and the remaining regulatory standards issued by the ASF. The standards set out in the PCES correspond in general terms to International Financial Reporting Standards (“**IAS/IFRS**”) as adopted by the EU in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on the information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision and consult with their own professional advisors.*

*The term the “Fidelidade Group” refers to Fidelidade - Companhia de Seguros, S.A. and its subsidiaries from time to time.*

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in “Terms and Conditions of the Notes” below.*

### **Factors that may affect the Issuer’s ability to fulfil its obligations under or in connection with the Notes**

#### ***Financial and Economic risks***

***The level of and volatility in interest rates may adversely affect the Issuer and the Fidelidade Group’s businesses.***

To be able to meet their future liabilities, insurers invest in a variety of assets that typically include a large portfolio of fixed income securities. Interest rate volatility can adversely affect insurance businesses by reducing the returns earned and by reducing the market value of such portfolios. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and internal economic and political considerations, inflation, governmental debt, the regulatory environment and any other factors that are beyond the Fidelidade Group’s control.

In particular, the insurance sector can be adversely impacted by sustained low interest rates. In times of low interest rates – as experienced between 2008 and 2022 – yields typically decrease. Consequently, when the bonds mature, the sums realised are reinvested in bonds with lower yields, which in turn decreases the investment income of the insurer. A protracted period of low interest rates has a negative impact, especially on life insurers with substantial interest rate guarantees on a traditional book of business where the portfolio yield approximates the guaranteed interest rate on the policies written. Persistently low interest rates not only render delivering the necessary return for clients or offering competitive profit sharing more difficult, but also hamper efforts to maintain the required profitability to remunerate shareholders. Low interest rates also make it difficult to continue to offer clients attractive life investment and savings insurance products, which may lead to a reduction in new business and hence have a negative impact on the Fidelidade Group’s results of operations. Additionally, if interest rates decrease, life and non-life reserve liabilities (particularly the long-tail) may experience significant fair value increases, potentially leading to negative solvency impacts (i.e. in case of positive interest rate gap).

Contrarily, as interest rates rise, the value of fixed income investments held by Fidelidade Group may decline, leading to a reduction in investment returns. This scenario could put pressure on Fidelidade's investment results, affecting its ability to generate adequate returns on its investment portfolio.

Moreover, in periods of rising interest rates, there is a heightened risk of policy lapses and withdrawals within Fidelidade's insurance policies. Policyholders may be inclined to seek higher returns available in the market, leading to increased surrender rates. This trend could result in liquidity challenges for Fidelidade, as it would need to fulfil cash payment obligations to policyholders seeking to withdraw funds. To meet these obligations, Fidelidade may be compelled to sell its investment assets at discounted prices, thereby incurring investment losses.

Additionally, rising interest rates may trigger increased collateral requirements under Fidelidade's hedging derivatives. The escalation in collateral obligations could strain Fidelidade's liquidity position and financial resources, potentially impacting its solvency and financial condition.

The prevailing environment of rising interest rates since 2022 underscores the relevance of this risk. Further increases in interest rates remain a possibility, given the dynamic nature of economic conditions. Such an increase could further challenge Fidelidade's premiums, investment income, and overall financial outlook.

Although to a lesser extent, the Fidelidade Group's non-life insurance business is also impacted by interest rate volatility, as its long tail business is heavily dependent on investment returns, thereby displaying direct sensitivity to interest rate movements.

To reduce the interest rate sensitivity of its business, the Fidelidade Group attempts to match its liabilities with assets whose sensitivity to interest rates is the same as, or similar to, that of the liabilities, thereby compensating the interest rate risk. However, to the extent that such asset liability matching is not practicable or fully achieved, there still may be fluctuations in the value of assets and liabilities as interest rates change, which may have a negative effect on the Fidelidade Group's financial condition or results of operations.

***The Fidelidade Group is vulnerable to spread risk with respect to its fixed income portfolio.***

Like most insurance companies, the Fidelidade Group has a significant fixed income portfolio in which assets are typically matched against its insurance liabilities. The exposure to (credit) spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A spread widening will reduce the value of fixed income securities held and, conversely, spread tightening will generally increase the value of fixed income securities in the portfolio. A number of factors can cause an individual asset or a whole class of assets to decrease in market value, including a perception or fear in the market that there is an increase in the likelihood of defaults.

Although the Fidelidade Group has developed the necessary tools to closely monitor and manage its credit spread risk, a residual risk may still exist and spread widening could have a material adverse effect on its results and financial condition.

***The Fidelidade Group is exposed to counterparty default risk, which could have a material adverse effect on its results and financial condition.***

The Fidelidade Group is exposed to default risk, which is the risk that third parties owing money, securities or other assets to the Fidelidade Group do not pay or fulfil their obligations when due. These parties include trading counterparties, counterparties under credit and derivative contracts, clearing agents, exchanges, clearing houses, reinsurers, bond issuers, banks, insurance clients, ceding companies and financial intermediaries. Third parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, fraud or other reasons.

Although the Fidelidade Group has the necessary tools in place to closely monitor default risk, a residual risk exists and could negatively impact the Fidelidade Group's results and financial condition.

***The Fidelidade Group is subject to the risk of potential sovereign debt credit deterioration because of its substantial exposure to sovereign debt obligations in its investment portfolio.***

The Fidelidade Group holds a large proportion of sovereign bonds in its investment portfolio. As at 31 December 2023, the exposure of the Fidelidade Group to sovereign bonds (including bonds issued by public sectors and guaranteed by the Portuguese State) represents 22 per cent. (see “*Description of the Issuer – Investment Portfolio*”) of its total investment portfolio, excluding unit-linked assets. As a consequence, the Fidelidade Group is subject to the risk of potential sovereign debt credit deterioration and default. Investing in such instruments creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments) and to the creditworthiness of the sovereign. The risk exists that the debt issuer may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt and the Fidelidade Group may have limited recourse to enforce payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by different factors (such as the relative size of the debt service burden to the economy as a whole) that are beyond the Fidelidade Group's control. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issues. If a sovereign were to default on its obligations, this could have a material adverse impact on the Fidelidade Group's financial condition and results.

Uncertainty over the fiscal policies of some European governments (especially following potential escalations of the military conflict between the Russian Federation and Ukraine and the recent war in the Middle East which provoked volatility in financial markets globally), their consequences, and the response of the EU may trigger a re-emergence of a sovereign debt crisis in highly-indebted EU member states. A default or debt restructuring by a sovereign issuer, with possible “knock-on” effects on other sovereign issuers and on the financial markets in general, could still have a potentially material adverse effect on the Fidelidade Group's results or financial condition.

As the Fidelidade Group mainly operates its insurance activities and business in Europe, it has a substantial exposure towards Italy, Spain, and Portugal in its government bonds portfolio (7 per cent., 6 per cent., and 4 per cent., respectively as at 31 December 2023). Hence, the Fidelidade Group is largely exposed to the risks associated with the Eurozone political and economic situation, which could have a significant impact on the value of the Fidelidade Group's investment portfolio. A sovereign debt default or restructuring by a government (or government-backed) issuer in the Eurozone or elsewhere could have potentially significant negative consequences both for the holders of such debt and for the stability of the broader financial markets and the insurance sector. Although the Fidelidade Group monitors its sovereign debt exposure closely, any of these events, depending on their specific nature and magnitude, could have a material adverse effect on the results and financial condition of the Fidelidade Group.

***Stock market volatility or downturns can adversely affect the activities of the Issuer and the Fidelidade Group.***

Stock market volatility and overall declines in stock market indices can negatively affect the Fidelidade Group's activities. Volatility and declines in market indices can impact Fidelidade's solvency position. Volatility can also negatively affect the demand for certain insurance products such as unit-linked products. Stock market downturns and high volatility can occur not only as a result of the economic cycle, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Fidelidade Group's control.

While the Fidelidade Group has the necessary tools and risk management strategies in place to closely monitor and manage its share portfolio, residual risks persist and a durable decline in the market values of its share portfolio could have a material adverse effect on the Fidelidade Group's results and financial condition.

***Fluctuations in currency exchange rates may affect the Fidelidade Group's results of operations and solvency.***

The Fidelidade Group is exposed to foreign currency fluctuations through its investments. While the Fidelidade Group aims to manage almost all of its exposure to foreign currency fluctuations through hedging instruments, fluctuations in exchange rates may still have a significant impact on the Fidelidade Group's results of operations and cash flows. For example, a strengthening or weakening of the euro against the emerging market currencies like Angolan kwanza, Peruvian sol, Mozambican metical or Bolivian boliviano may adversely affect the Fidelidade Group's results of operations. While the Fidelidade Group uses a range of instruments and strategies to hedge against currency risk, these instruments and strategies may prove ineffective or only partially effective and as a result the Fidelidade Group may suffer losses.

***The Fidelidade Group's exposure to fluctuations in the property markets could adversely affect its returns on invested assets, the value of its investment portfolio or its solvency position.***

The Fidelidade Group has real estate holdings in its investment portfolio and hence it is exposed to property risk.

The value of the property portfolio of the Fidelidade Group is subject to risks related to, amongst others, rent levels, property prices, occupancy levels, consumer spending, interest rates and the volatility of lease laws.

Although the Fidelidade Group has the necessary tools in place to closely monitor the real estate risk to which it is exposed, risks exist and a durable decline in the market values of its property investments could have a material adverse effect on its business, revenues, results and financial condition.

***Asset illiquidity can adversely affect the Issuer and the Fidelidade Group's businesses.***

Market liquidity risk in the Fidelidade Group's business stems from the liquidity characteristics of the assets purchased and the liabilities sold. Non-life liabilities are considered to be illiquid by nature. Some liabilities arising from life insurance products can be surrendered while others, such as liabilities arising from pension insurance, term insurance and annuities, are highly illiquid. The illiquidity of some life insurance products is strengthened by tax regulation and built-in penalties in case of surrender.

Assets are characterised by a different degree of liquidity, going from a highly liquid (cash) to a low degree of liquidity (real estate and strategic investments). Additionally, protracted market declines can reduce the liquidity of markets that are typically liquid.

Funding liquidity risk is the inability to meet the expected and unexpected cash demands of policyholders or other contract holders without suffering unacceptable losses.

While the Fidelidade Group has the necessary tools and risk management strategies in place to closely monitor and manage its liquidity risk, the risk that it would not be able to fund its liabilities could have a material adverse effect on the Fidelidade Group's results and financial condition.

***A sustained increase in inflation rates may negatively affect the Fidelidade Group's business, solvency position and results of operations.***

Inflation, as measured by consumer price indices or other means, is a continuing risk. The military conflict between Russia and Ukraine that started in 2022 led to severe economic impacts for the global economy. Russia and Ukraine are important suppliers of raw materials such as energy, metals, and agricultural products. Consequently, the war has generated a shortage of these resources and accelerated price increases. The recent war in the Middle East may also lead to relevant economic impacts, including the rise of oil and gas prices

worldwide. There are concerns that a further increase in the price of these input factors could translate into higher operating and manufacturing costs, which in turn translates into higher prices and permanently higher inflation expectations. A sustained increase in the inflation rate in the markets where the Fidelidade Group or its subsidiaries operate would have multiple impacts on the Fidelidade Group and may negatively affect its business, solvency position and results of operations. For example, a further sustained increase in the inflation rate may result in an increase in market interest rates which may in turn (i) decrease the estimated fair value of certain fixed income securities the Fidelidade Group holds in its investment portfolio, resulting in reduced levels of unrealised capital gains available to the Fidelidade Group and which could negatively impact its solvency position and net income, and (ii) result in increased surrenders of certain life and savings products, particularly those with fixed rates below market rates. This may also require the Fidelidade Group to pay higher interest rates on debt securities that it might issue in the financial markets from time to time.

The inflationary environment perceived over the last 18 months has had a negative impact on equity markets generally. A sustained decline in equity markets may (i) result in impairment charges to equity securities that the Fidelidade Group holds in its investment portfolio and reduce levels of unrealised capital gains available to the Fidelidade Group, which would in turn reduce net income and negatively impact the Fidelidade Group's solvency position and (ii) negatively impact performance, future sales and surrenders of unit-linked products where the underlying investments are often allocated to equity funds, both of which may have a negative impact on the Fidelidade Group's results of operations. In addition, in the context of certain property and casualty risks underwritten by the Issuer (particularly long-tail risks), a sustained increase in inflation may result in (i) claims inflation (i.e. an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves. In addition, a failure to accurately anticipate higher inflation and factor it into the product pricing assumptions may result in a systemic mispricing of products, resulting in underwriting losses which would negatively impact the Fidelidade Group's results of operations.

***A sustained deflationary environment may affect the Fidelidade Group's business in different ways.***

In a deflation period, consumption delays (resulting from consumption postponement due to price decreases) will cause a drop in the level of aggregate demand which may lead to a drop in the level of inflows, a slack in capacity if the economy is in recession and higher profits pressure as selling prices would drop below costs. As far as non-life insurance business is concerned, a protracted period of deflation can have a positive impact through lower claim severity and margins may be higher. Claims reserves may develop beneficially and may show higher prudence. The life insurance industry may be negatively affected by sustained deflationary pressures. Since many products provide for a minimum rate of return guarantee, any scenario that leads to deflation or sustained periods of very low inflation, may make it difficult for the Fidelidade Group to earn at least the promised rate guarantees, especially in respect of long-tail life insurance products.

***The Issuer's performance is dependent on macroeconomic conditions in the countries where it operates, particularly in Portugal and Latin America.***

The level of income the Issuer is able to obtain from its products and services, depends to a large extent on the strength of the economy and prevailing market trends in the countries where it operates. Even though the Issuer has recently expanded internationally having grown significantly in premiums written, in Latin America in particular, and the majority of its business is performed in Portugal, which accounted for 67 per cent. of total premiums written by the Issuer in 2023. Therefore, the Issuer's performance is still dependent on the level and cyclical nature of business activity in Portugal, which in turn is affected by both domestic and international economic and political events. In a second layer, the Fidelidade Group already has a reasonable amount of exposure to Latin America (Peru, Bolivia, Paraguay and Chile), as total premiums written by the Issuer in this

region have increased to €1,023 million in 2023, representing 20 per cent. of total premiums written by the Fidelidade Group.

## **Portugal**

In 2011 the Economic Adjustment Programme (the “**Financial Assistance Programme**”) was created by a memorandum of understanding on financial assistance with the International Monetary Fund (“**IMF**”), the EC and the ECB to address deteriorating economic conditions in Portugal stemming from the global financial crisis of 2007/2008. The performance of the Portuguese economy between 2011 and 2014 was highly dependent on the implementation of the Financial Assistance Programme. The need to reduce the public deficit was addressed by the adoption of very restrictive budgetary policies, with negative impacts on economic activity in the near term. After having contracted from 2011 to 2013, the Portuguese economy returned to growth in 2014. Economic conditions in Portugal have since then improved and the Portuguese real GDP has grown 2.5 per cent., on average, between 2015 and 2019 (according to IMF data), mainly driven by an acceleration of exports of goods and services (with a particularly strong growth of the services’ component) and, in particular, tourism. However, the economic situation changed dramatically in March 2020, when the COVID-19 pandemic hit. Authorities announced containment measures on 12 March 2020 and a state of emergency was declared on 18 March 2020, with further restrictions on mobility. As a result, in 2020, Portuguese GDP contracted 7.6 per cent., reflecting strong contractions in most economic sectors, particularly tourism and those sectors closely linked to it. Throughout the year 2023, economic growth in Portugal gradually lost momentum due to the cumulative effects of inflation, a slowdown in the activity of key trading partners, and tighter monetary policies, resulting in worsened financial conditions within the euro area and Portugal.

In this context, the Portuguese GDP recorded growth of only 2.3 per cent. in 2023, falling below the pace of 6.7 per cent. observed in 2022. Conversely, inflation decreased compared to the previous year, declining from 8.1 per cent. in 2022 to 5.3 per cent. in 2023, stemming from the moderation of international prices and reduced demand due to rising interest rates. Additionally, the unemployment rate saw an increase of 0.5 percentage points from 2022, reaching 6.6 per cent. in 2023. These economic indicators underscore a more challenging economic environment in Portugal during 2023, characterised by slower growth, moderated inflationary pressures, and a tightening labour market. For 2024 and 2025, the IMF expects that Portugal’s GDP will grow 1.5 per cent. and 2.1 per cent., respectively.

Despite economic recovery expected for the next years, the Portuguese economy continues to be characterised by high levels of public and private debt and thus remains vulnerable to negative external shocks. A deterioration of investor sentiment associated with political and financial market uncertainty, such as increased inflation rates, geopolitical tensions, and unstable oil prices, could increase volatility in global financial markets and have a negative impact on financing conditions. External risks also include changes in the EU’s framework, or uncertainties or consequences arising from the United Kingdom’s (“**UK**”) exit from the EU, including the possibility that other Member States may seek to leave the EU in the future, or any other significant changes to the structure of the EU and/or European Monetary Union.

Concerns relating to macroeconomic conditions in Portugal, including regarding Portuguese public finances and political and social stability, have affected and may continue to affect the business and results of operations of insurance companies in Portugal, including the Issuer.

Portugal’s fragile demographics and low productivity growth exacerbate the growth challenges of the Portuguese economy. Low productivity growth would likely stifle the economy’s growth potential, without further improvements in the efficiency of the public administration, judiciary, and the business environment, including with respect to barriers in services markets.

These concerns may result in, among other things, lower market values for Portuguese sovereign debt, limited liquidity in the Portuguese banking system, decreased demand for insurance products and increased



competition. Macroeconomic conditions may also adversely affect the behaviour and financial condition of the Issuer’s customers and, consequently, impact the supply and demand for the products and services that the Issuer offers. In particular, further economic impacts from the recent military conflicts, a peak in unemployment rates, the low profitability and the high level of indebtedness of many companies, will likely continue to have a negative influence on the ability of the Issuer’s customers to pay their premiums, which could cause an increase in overdue premiums.

These macroeconomic factors, and their impact on the insurance sector in Portugal, could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

The below table shows Portugal’s key macroeconomic indicators for the years 2018 to 2023:

| <b>Portugal Key Macroeconomic Indicators</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  |             |             | (%)         |             |             |             |
| Real GDP Growth                              | 2.8         | 2.7         | (8.3)       | 5.5         | 6.7         | 2.3         |
| Unemployment Rate                            | 7.2         | 6.7         | 7.1         | 6.6         | 6.1         | 6.6         |
| General government gross debt (% of GDP)     | 121.5       | 116.6       | 134.9       | 124.5       | 112.4       | 98.7        |

Source: IMF

### **Latin America**

The economies of some of the countries where the Issuer operates, particularly in Latin America, have historically experienced significant volatility. This volatility results in fluctuations in the relative economic strength of various segments of the economies in which the Issuer operates. In addition, some of the countries where Fidelidade Group operates are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Negative and fluctuating economic conditions, such as slowing or negative growth and a changing interest rate environment, could impact the profitability of the Issuer by causing its margins to decrease and decreased demand for higher margin products and services. In particular, the recent political and social instability in Chile or potential political instability in Peru could have a negative impact on the economy of these countries and may have a material adverse effect on the Issuer.

***The structural reform programmes introduced or to be implemented in Portugal, such as the Recovery and Resilience Plan, in the coming years may not achieve their goals or produce the desired effect.***

The Portuguese Government has prepared and submitted the Recovery and Resilience Plan (“PRR”) to the European Commission. The PRR is an extensive strategic plan, based on three main pillars (resilience, digital transition and energy transition), setting out a number of planned structural reforms that are intended to enhance the Portuguese economy out of the pandemic economic crisis and to guarantee a more resilient future for the Portuguese economy. With this PRR, the EU shall provide Portugal (and other member states) with significant financial support to back these expected structural reforms. The structural changes to be implemented in Portugal may not be sufficient and the reforms contemplated by the PRR or any other reform programmes may not be sustained or, if sustained, may not result in the desired impact on the Portuguese economy. Any failure to implement or complete the recovery reform programmes may have a material adverse effect on the Portuguese economy and, as a consequence the Fidelidade Group’s business, financial condition and results of operations.

***The Fidelidade Group’s business is dependent on the conditions of foreign economies, particularly those that are significant markets for Portuguese businesses.***

The Issuer’s performance has been, and will continue to be in the foreseeable future, dependent on the condition of Portugal’s trading relationships. In light of relatively slow growth in the Portuguese economy and the

subsequent constraints on domestic demand, economic activity in the countries receiving Portuguese exports or international markets where Portuguese companies invest are very important to the Portuguese economy.

A decrease in external demand or the deterioration of economic activity in countries where Portuguese companies have substantial investments may particularly impact the businesses of the Issuer's customers. Such decrease in external demand or weakening of foreign economies may be derived from a multitude of macroeconomic factors impacting Portugal's trading partners, including excessive levels of sovereign debt, ineffective government regulation, increased competition, protectionist policies, a rise in prices of essential commodities such as oil and other raw materials for trading partners which import these or other such commodities, or a fall in prices of essential commodities for trading partners which export these or other such commodities, as well as from a recession in the EU or other significant deterioration in global economic conditions. If sufficiently severe, a decrease in external demand or weakened foreign economies may significantly and adversely impact the Portuguese economy, the business of Portuguese companies generally, including the Issuer's customers, which could ultimately result in a material adverse effect on the Fidelidade Group's business, financial condition or results of operations.

Any deterioration of economic activity in the main trading partners of Portugal (namely Spain, France, Germany, the UK, the United States, the Netherlands, Italy, Angola, Belgium and Poland) could negatively impact the recovery of the Portuguese economy and lead to economic and financial difficulties and affect the achievement of budgetary and structural targets required by the European authorities under the reinforced rules on macroeconomic stability. The Issuer's customers that operate or are otherwise exposed to economic conditions in Portugal's main trading partners may be adversely affected by the economic conditions therein.

***Political and macroeconomic environment in the EU can adversely affect the Issuer's operations, business and financial conditions.***

Sustainable economic growth in the Eurozone continues to be a challenge in certain countries of the Eurozone, including Portugal. Slow economic growth or recession in major EU economies, the restructuring or default by an EU Member State on its sovereign debt obligations or withdrawal from the Eurozone, could significantly increase volatility and uncertainty on financial and currency markets. Rising populism and anti-integration movements in Europe, increasing levels of government debt issued to stimulate the European economy during and post pandemic, external geopolitical tensions such as a potential global trade war, and further deterioration of the economic conditions in Europe and/or financial market volatility could be reflected in a deterioration of market sentiment towards EU Member states and particularly towards Portugal.

In Europe, the UK voted on 23 June 2016 in a national referendum to withdraw from the EU (“**Brexit**”) and gave formal notice to the European Council under Article 50 of the Treaty on European Union of its intention to withdraw on 29 March 2017. Following the approval of the withdrawal agreement by the UK and the EU in January 2020, on 31 January 2020 the UK officially ceased to be an EU member state, on withdrawal terms which established a transition period until 31 December 2020, during which the UK continued to be treated as an EU member state and applicable EU legislation continued to be in force. A trade deal was agreed between the UK and the EU prior to the end of the transition period and the new regulations came into force on 1 January 2021. Even though the so called “Hard Brexit” was avoided, the trade deal did not include agreements on certain areas, such as financial services and data adequacy, although a further transitional period was agreed with respect to rules on the transfer of personal data between the EU and the UK until the end of June 2021. The wider impact of the UK's withdrawal from the EU on financial markets through market fragmentation, reduced access to finance and funding, and lack of access to certain financial market infrastructure, may affect the operations, financial condition and prospects of the Fidelidade Group and those of its customers. The effect of the additional non-tariff trade barriers imposed on products between both parties is equally unknown. It is likely that growth will initially be disrupted as businesses adapt to the new cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers and suppliers. While the longer-term

effects of the UK's withdrawal from the EU are difficult to predict, there is ongoing political and economic uncertainty, which is likely to continue in the medium term and which could negatively impact the UK and EU member states, particularly Portugal, which has had historically significant political and economic ties with the UK (being a main client of Portugal in terms of tourism).

The war conflict between Ukraine and the Russian Federation will have significant economic policy consequences for the EU member states, arising from the adverse supply shock triggered by the rise in oil and gas prices, energy independence measures, the inflow of refugees and boosted defence spending. This war has boosted concerns of a sharp global slowdown, surging inflation and debt, and a possible spike in poverty levels. The negative economic impact may be felt through multiple channels, including commodity and financial markets, international trade, and adverse impact on overall markets' confidence.

Should any or all these risks materialise, the consequences for the underlying economic and financial environment could be adverse and have a material adverse effect on the Fidelidade Group's business, financial condition or results of operations.

***Portugal may be subject to rating downgrades.***

Rating agencies S&P, Moody's, Fitch and DBRS have downgraded the long- and short-term ratings and outlook of Portugal on several occasions since 2010 due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portugal's public debt. Since July 2014, however, each of these rating agencies has raised its long-term ratings or outlook for Portugal. The current long-term ratings of the Portuguese Republic are as follows: S&P: A- (positive); Fitch: A- (stable); Moody's: A3 (stable) and DBRS: A (stable).

The ability to use Portuguese public debt as an asset eligible for collateral for financing with the ECB will depend on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB. A downgrade to "non-investment grade" of Portugal's credit rating by each of the three rating agencies recognised by the ECB would result, amongst others, in the exclusion of Portugal from the ECB's bond-buying programme, which plays an important role in reducing the country's borrowing costs.

A credit rating downgrade may occur in the future due to a number of factors, such as lower than expected tax revenue arising from weaker than expected economic growth, increased public debt as a percentage of GDP, slowdown in corporate sector deleveraging, failure to reduce general public debt, failure to increase GDP ratios, limited access to international financial markets or the failure of structural reforms. Any downgrade in the ratings of Portugal's sovereign debt or other negative statements regarding its credit ratings could negatively impact financial institutions in Portugal and in particular funding conditions for the Issuer. Furthermore, it could also impact sovereign debt portfolios held by Fidelidade Group and also Fidelidade's shareholder and bancassurance partner Caixa Geral de Depósitos, S.A. ("CGD"), a State-owned bank. As a result, a potential credit downgrade could materially and adversely affect the Fidelidade Group's business, financial condition and results of operations.

***Exposure to impairment in goodwill and intangible assets.***

The accounts of the Fidelidade Group include amounts reflecting goodwill and other intangible assets primarily generated through acquisitions and business combinations. Adverse developments in business performance, as well as changes in financial markets and interest rates, may require the recognition of accounting impairment of such assets, which could have a material adverse effect on the operating results and financial position of the Fidelidade Group, as well as its reputation.

No impairment losses were recognised by the Fidelidade Group in 2023.

***Risks related to deferred tax assets.***

The recognition of deferred tax assets is determined by reference to the likelihood of recognising sufficient profits in the future to offset losses. This in turn depends on the performance of each entity concerned as well as applicable tax laws, regulatory requirements and accounting methods. The occurrence of certain events, such as operational earnings being lower than those currently projected or losses continuing over a longer period than originally planned or changes in tax legislation, regulatory requirements, or accounting methods could lead to the derecognition of part of the deferred tax assets for accounting and/or prudential regulatory purposes.

Additionally, other events such as realising potential gains (i.e. converting unrealised (untaxed) gains into taxable gains), or a drop in prices which reduces unrealised gains or increases unrealised losses may cause an increase of deferred tax assets or a decrease of deferred tax liabilities. Considering that an amount equal to the net deferred tax assets (if positive) is deducted from Tier 1 Capital and classified as Tier 3 Capital, the above described evolution of deferred taxes may cause a deterioration in overall capital quality, which would cause a reduction in the Minimum Capital Requirement (“MCR”) coverage ratio because Tier 3 Capital is not eligible to cover it, and in more severe circumstances may cause a reduction in the Solvency Capital Requirement (“SCR”) coverage ratio because Tier 3 Capital eligible to cover the SCR is limited to 15 per cent. of SCR.

***Insurance liability risks***

***Experience in the Issuer’s life and non-life businesses could be inconsistent with the assumptions the Issuer and the Fidelidade Group use to price their products, which could adversely affect their results.***

The results of the Fidelidade Group’s non-life and life businesses depend significantly upon the extent to which its actual claim experience remains consistent with the assumptions used in the pricing of its products. In non-life insurance, claim frequency, claim severity and expense assumptions are used to set prices. Life insurance premiums and Workers Compensation long-term liabilities are calculated using assumptions as to mortality, interest rates and expenses used to project future liabilities. Although experience (i.e. the claims and expenses as actually experienced) is closely monitored, there is no guarantee that actual experience will match the assumptions that were used in initially establishing the future policyholder benefits and related premium levels. To the extent that actual experience differs significantly from the assumptions used, the Fidelidade Group may be faced with unforeseen losses that negatively impact its results.

Furthermore, among the life products marketed by the Fidelidade Group, a subset of these products is related to contracts with guaranteed investment returns (life insurance products). If interest rates remain at high levels, and despite discontinuation of underwriting of certain products with guaranteed rates, the Fidelidade Group could potentially be required to provide additional funds to its life business to support its obligations in respect of products with higher guaranteed returns or increase reserves in respect of products with higher guaranteed returns, which could in turn have a material adverse effect on the Fidelidade Group’s financial condition and results of operations.

***The Issuer and the Fidelidade Group are subject to risks concerning the adequacy of the Issuer’s technical provisions, which could have a negative impact on the Issuer and the Fidelidade Group’s results in case these provisions prove to be insufficient.***

The technical provisions of the Issuer serve to cover the current and the present value of the net future liabilities towards its policyholders added by a risk adjustment and by the future service margin of the Issuer. Technical provisions are established with respect to both the Issuer’s non-life and life businesses and include, *inter alia*, mathematical provisions, liability for incurred claims (for reported and unreported claims), and liability for remaining coverage. These technical provisions and the assets backing them represent the major part of the Issuer’s and the Fidelidade Group’s balance sheet. Depending on the actual realisation of the future liabilities (i.e. the claims as actually experienced), the current technical provisions may prove to be inadequate. For example, the Issuer’s property-casualty reserves are based on estimates of future payments that will be made in

respect of claims, including expenses relating to such claims. Such estimates are made both on a case-by-case basis, as well as based on actuarial models, considering facts and circumstances available at the time the reserves are established. These reserves represent the estimated ultimate cost necessary to bring all occurred claims, pending reported and not reported to final settlement.

Reserves, including claims incurred but not reported, are subject to change due to a number of variables which affect the ultimate cost of claims, such as changes in the legal environment, results of litigation, changes in medical costs and costs of repairs. Reserving inadequacy can also occur due to other factors that are beyond the control of insurers, such as unexpected legal developments, advances in medicine and changes in social attitudes. The Fidelidade Group's results of operations depend significantly upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting the prices for products and establishing the liabilities for obligations for technical provisions and claims. Established loss reserves estimates are periodically adjusted in the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations. For insurance contracts, IFRS 17 requires a loss component to be set up in subsequent measurement when there are unfavourable changes in fulfillment cash flows arising from changes in estimate of future cash flows relating to future service exceeding the carrying amount of the contractual service margin. Although the Fidelidade Group has the necessary actuarial tools in place to closely monitor and manage reserve risk, a residual risk still exists and to the extent that technical provisions are insufficient to cover the Fidelidade Group's actual insurance losses, expenses or future policy benefits, the Fidelidade Group would have to add to these technical provisions and incur a charge to its earnings, which could adversely impact its results and financial condition.

***The Issuer and the Fidelidade Group's operating results may be materially adversely affected by the occurrence of natural or man-made disasters and by the consequences of emerging risks that are unpredictable by nature.***

Natural catastrophic events (such as hurricanes, windstorms, hailstorms and earthquakes) and man-made disasters such as acts of terrorism each have the potential to affect the operating results of the Fidelidade Group adversely. In particular, assessing weather-related risk in a rapidly changing environment has become increasingly difficult, with knowledge of past weather events becoming an unreliable guide for future weather events as a result of climate change. While the Fidelidade Group generally seeks to manage its exposure to any of these risks through reinsurance and through limiting total risk accumulation and even though the Fidelidade Group has not incurred any meaningful losses arising from disasters in the past, it cannot be excluded that the Fidelidade Group could experience material losses from these types of risks in the future. Losses caused by the occurrence of such risks could have a material adverse effect on its results or financial position.

***Reinsurance may not be adequate to protect the Issuer against losses and it may incur losses due to the inability of its reinsurers to meet their obligations.***

In the normal course of its business, the Issuer transfers exposure to certain risks in its non-life and life insurance business to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the Issuer's losses and expenses associated with reported and unreported losses in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not offset by premiums paid to the Issuer, this could adversely affect the Issuer and the Fidelidade Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and therefore could hamper the Fidelidade Group's efforts to diversify its reinsurance risk.

Any decrease in the amount of the Issuer's reinsurance cover relative to its primary insurance liability could increase its risk of loss. Reinsurance arrangements do not eliminate the Issuer's obligation to pay claims and introduce credit risk with respect to the Issuer's ability to recover amounts due from the reinsurers. While the

Issuer monitors the solvency of its reinsurers through a periodic review of their financial statements and reputation and by requiring letters of credit, deposits or other financial measures, as appropriate, the risk of default by a reinsurer cannot be excluded. Any inability of its reinsurers to meet their financial obligations could materially adversely affect the Issuer's and the Fidelidade Group's results and financial condition.

***Fidelidade Group has some degree of exposure to annuity business.***

It is likely that uncertainty will remain in the development of future longevity that cannot be mitigated.

A strengthening in the longevity assumption, either to reflect changes in the underlying life expectancy (for example, as a result of healthier lifestyles, improved screening programmes or increased availability or effectiveness of medical treatments) of the population or of the Fidelidade Group's particular portfolio used to calculate the Fidelidade Group's long-term business liabilities, would result in an increase in these reserves which could materially adversely affect the Fidelidade Group's financial condition.

***Climate change may increase the frequency and/or severity of general insurance claims and make it more difficult to provide insurance cover at prices customers can afford.***

Climate change may result in the Fidelidade Group's pricing being based on inadequate or inaccurate data or inappropriate assumptions and may cause the Fidelidade Group to incorrectly estimate future increases in the frequency and severity of claims.

As a result, the Fidelidade Group could under-price risks, which could negatively affect its loss ratio for general insurance business, or the Fidelidade Group could overprice risks, which could reduce its business volume and competitiveness. Climate change may also mean that it is no longer commercially viable for the Fidelidade Group and its competitors to provide flood and windstorm insurance cover at an affordable price to an increasing proportion of the population in the markets in which it operates and it is unclear what future governmental and regulatory policy response to this market failure would be.

***The impacts of transition risks associated with climate change could adversely affect the Issuer's results of operations and its long-term strategy.***

The Issuer faces potentially significant risks related to the transition to a lower-carbon economy as climate change continues to move up the agenda of many regulators, governments, non-governmental organizations and investors.

Governmental and corporate efforts to transition to a low carbon economy in the coming decades could have an adverse impact on global investment assets. In particular, there is a risk that this transition including the related changes to technology, law and policies and the speed of their implementation, could result in some sectors (such as, but not limited to, the fossil fuel industry) facing significantly higher costs and a disorderly adjustment to their asset values.

There is also the potential that certain climate change risk factors have not yet been fully priced in by financial markets, with the risk that sudden late government policy action in response to a failure to achieve emission goals could lead to unanticipated and potentially large shifts in asset valuations for industries required to rapidly move to a net zero emissions position. If climate considerations are not effectively integrated into the Issuer's investment decisions and fiduciary and stewardship duties this could adversely impact the value and the future performance of its investment assets. The Issuer's business could be adversely affected by this, because where the Issuer's investment horizons are long-term, the relevant assets are potentially more exposed to the long-term impact of climate change and any future changes in policy.

## ***Operational risks***

***While the Fidelidade Group manages its operational risks, these risks remain an inherent part of its business.***

The Fidelidade Group's business is dependent on the processing of a large number of complex transactions across numerous and diverse products, and is subject to a complex and changing legal and regulatory regime. Additionally, because of the long-term nature of much of the business, accurate records have to be maintained for significant periods. This inherently generates operational risks which relate to the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud and cybercrime. These events can potentially result in the irrecoverable loss of essential data, financial loss and harm to the Fidelidade Group's reputation.

While the Fidelidade Group attempts to keep operational risks at appropriate levels by maintaining a sound and well-controlled environment in light of the characteristics of its business, the markets and the regulatory environment in which it operates, these control measures may not mitigate operational risks sufficiently and cannot eliminate them.

***Insurance fraud may adversely affect the Issuer's financial results.***

Fraudulent insurance claims may be made from time to time which the Issuer is unable to detect, despite having fraud prevention systems and processes in place.

The Issuer is at risk from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased and from policyholders who fabricate claims and/or inflate the value of their claims. The Issuer is also at risk from members of its staff who undertake, or fail to follow procedures to prevent, fraudulent activities.

In order to mitigate the risk of fraudulent practice, the Issuer continues to make material investments in staff and systems to work on the identification and prevention of claims fraud and these measures are regularly reviewed.

The volume, value and frequency of fraudulent claims may increase from time to time for various reasons and if not detected and inadvertently paid, can impact on anticipated claims volumes and matching reserves resulting in adverse effects on the profits and results of operations of the Issuer.

***The risk management framework in place may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.***

The Issuer devotes significant resources to the development and implementation of an effective risk management framework consisting of policies, procedures and assessment methods appropriate to its risk profile and risk appetite. To this effect, the governance structure of the Issuer includes several independent control functions such as Internal Audit, Compliance, Risk Management and Actuarial. Risk modelling, duration analysis, and stress testing as well as other risk assessment methods are in place. Nonetheless, these risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including the risks that the risk management fails to identify or anticipate. The Issuer applies statistical and other tools to arrive at quantifications of risk exposures. These tools and metrics may fail to quantify future risk exposures adequately. In addition, the quantified modelling does not take all risks into account and although it is complemented by a more qualitative approach that takes into account a broader set of risks, this could prove to be insufficient. Unanticipated or incorrectly assessed risk exposures could result in material losses in the Fidelidade Group's business.

***The Issuer and the Fidelidade Group may be unable to attract or retain key qualified personnel.***

The Issuer and the Fidelidade Group depend on the availability of highly qualified staff in order to be able to carry out their activities appropriately and duly implement its business strategy. In some cases, as a result of the

intense competition for certain professional profiles (e.g. actuaries), there may be a risk of not being able to attract or retain key professional profiles, which could have a material adverse effect on the Fidelidade Group's business, operating results and financial position, as well as their reputation.

The Issuer and the Fidelidade Group are also at risk from members of its staff who undertake, or fail to follow procedures to prevent, fraudulent activities. In order to mitigate the risk of fraudulent practice, the Issuer and the Fidelidade Group continue to make material investments in staff and systems to work on the identification and prevention of claims fraud and these measures are regularly reviewed.

***The Issuer and the Fidelidade Group depend on advanced information technology systems.***

The integrity, reliability and operational performance of the Fidelidade Group's IT systems are critical to its operations. The Fidelidade Group relies on IT systems, in particular for purposes of servicing customers, handling claims, control and quality assurance of its distribution network, recording new business, sales volumes and distribution, monitoring the Fidelidade Group's investment activities, maintaining its accounting systems and for risk management purposes.

As an insurance group, the Fidelidade Group collects and processes significant amounts of sensitive personal data (including name, address, age, medical details and other personal data) from its customers, business contacts and employees. Despite the controls put in place, there remains a risk that this data could be stolen, lost, corrupted and/or misused as a result of an intentional or unintentional act by parties internal or external to the Fidelidade Group, including through the hacking of its IT systems. This could result in fines, the need to compensate customers, the cost of remediation and a negative impact on the Fidelidade Group's reputation with the consequential impact on sales volumes and hence adversely impact its results of operations. The Fidelidade Group is required to comply with data protection and privacy laws and industry standards in Portugal and the countries of residence of the Fidelidade Group's customers. This includes compliance with the General Data Protection Regulation (EU) 2016/679 ("GDPR") in addition to local regulations. There is a risk that data collected by the Fidelidade Group and its third-party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators, or other counterparties or applicable law. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of risks or overpayment of claims.

Large organizations, such as the Fidelidade Group, are increasingly becoming targets for cyber-crime, particularly if those organizations retain personal information about many people and migrate some of their operations on to digital platforms. The Fidelidade Group is exposed to the risk that the personal data it controls could be wrongfully accessed and/or used, whether by employees or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Fidelidade Group or any of the third-party service providers on which it relies fails to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Fidelidade Group could face liability under data protection laws.

Failure of the Fidelidade Group's IT systems, including the unsuccessful implementation of standardized processes, inadequate data protection, loss of data and hard or software malfunction, could also lead to difficulties in efficient customer service and claims processing, less effective controlling of distribution partners, and accounting or risk management failures. Business continuity procedures, disaster recovery systems and security measures in the event of network or IT failure or disruption, protective measures to detect intrusion or other security breaches (such as sabotage, hackers, viruses, cyber-crime and fraudulent activities on the Fidelidade Group's systems) may not ensure that the Fidelidade Group is able to carry on its business if its IT systems fail or are disrupted.

Any failure of the Fidelidade Group's IT infrastructure, systems or protections may require the Issuer and the Fidelidade Group to divert substantial engineering, financial and marketing resources from other areas to rectify



such problems. Deficiencies in the Fidelidade Group's IT systems may further cause direct or indirect damages or losses and may lead to significant costs and disruptions that may harm the quality of the Issuer and the Fidelidade Group's products and services and its brand and reputation. All of these factors may have a material adverse effect on its business, financial condition and results of operations.

In answer to the above-mentioned risks, the Fidelidade Group continuously monitors and assesses the investment requirements in the renewal of its IT infrastructure and systems. In order to maintain the proper operation of its business and in response to changing customer and market expectations, the Fidelidade Group is periodically faced in numerous instances with the transition to the next generation of IT systems. If the Fidelidade Group fails to adapt its IT infrastructure and systems to respond to the rapidly changing industry needs in due time, this could have material adverse effects on its business, financial condition and results of operations.

***Operating in developing economies carries a series of risks.***

Developing economies where the Fidelidade Group currently operates or is planning to enter, are subject to greater risks than more mature markets, including, in some cases, significant legal, economic and political risks. These geographies can also require more vigilance in terms of anti-money laundering laws.

In 2023, the Fidelidade Group's premiums from developing economies, namely in Latin America, Africa and Asia, represented 24 per cent. of total gross premiums written (including investment contracts).

The performance of the Fidelidade Group's operations in emerging markets may be affected by certain uncertainties which may have a material adverse effect on the Fidelidade Group's financial condition, results of operations and business.

***Strategic risks***

***The Issuer may be unable to maintain a competitive distribution network which could adversely impact its future business and results.***

The Issuer relies on a number of distribution channels for the marketing and offering of its products and services both in Portugal and abroad. Intermediaries, namely agents, brokers and banks, are important distribution channels that are independent of the Issuer. The Issuer does not have, in all cases, exclusivity agreements in place with its intermediaries so they are free to offer products and services from other insurance companies and there is no obligation on them to favour the products offered by the Issuer.

In 2023, in Portugal, the bancassurance channel represented 37 per cent. of the Fidelidade Group's total domestic gross premiums written (including investment contracts), 74 per cent. of the Fidelidade Group's total Life segment premiums and 8 per cent. of the Fidelidade Group's total Non-life segment premiums. During 2022, the Fidelidade Group renegotiated its bancassurance agreement with Caixa Geral de Depósitos, S.A., maintaining its exclusivity for Portugal.

The successful distribution of the Issuer's products and services depends on the choices an intermediary makes as regards its preferred insurance company or companies, and as regards its preferred products and services. An intermediary may determine its preference as to an insurer on the basis of suitability of that insurer for its customers and for itself by considering a diverse number of factors. An unfavourable assessment by an intermediary of the Issuer and/or its product and services could result in the Issuer and/or its products and services not being marketed by intermediaries to their customers, which could have a material adverse effect on the Fidelidade Group's business, operating results and financial position, as well as reputation.

***The Fidelidade Group's activities are still somewhat concentrated in its home country Portugal and hence vulnerable to Portuguese sovereign exposure.***

A large part of the Fidelidade Group's insurance activities and business are carried out in Portugal. The Issuer is a general multi-product insurer providing insurance products to retail clients, public entities and corporates in Portugal. The Fidelidade Group is thus directly exposed to Portugal specific risks and its current international activities are only able to mitigate such concentration risk to a certain extent. Specific conditions in Portugal, including in relation to regulation, political stability, an act of God or any other negative event that could affect the country, may have a direct, and materially adverse impact on the Issuer's and the Fidelidade Group's activities and profitability.

***Effects of recent and future acquisitions and strategic alliances.***

Over the last few years, the Issuer has acquired minority or controlling stakes in various companies (see "Description of the Issuer – Overview, incorporation and history – Legal form and group structure" and "Description of the Issuer – Recent Developments"). New acquisitions or strategic agreements may also be executed in the future in both Portugal and abroad.

In relation to potential inorganic growth opportunities, the Fidelidade Group uses caution and professional criteria during the process of selection and analysis of targets. Initially, the Fidelidade Group assesses the strategic fit of any potential target and at a more advanced stage, in case the target is suitable following the preliminary assessment, the Issuer appoints advisors to support the Issuer across the acquisition stage. Notwithstanding the Fidelidade Group's approach to merger and acquisition opportunities, the risk of an unsuccessful or incomplete integration of the acquired business could result in an adverse impact on the Fidelidade Group's financial performance.

***The Insurance sector is being challenged by disruptive technologies, 'insurtech' companies and new market trends.***

The Fidelidade Group is actively fostering several initiatives to improve internal processes and increase operating efficiency. The Fidelidade Group actively seeks to support its clients in managing their risks by developing new product ranges integrated into the ecosystems in which it operates. These products and services go beyond its core business and increasingly focus on preventing and addressing the holistic needs of the client.

To realize this vision, the Fidelidade Group is developing new product ranges in areas such as Mobility, Investment, Health, and Assistance. Its approach includes the internalization of various services relevant to its operations, as well as the formation of strategic partnerships with important groups operating internationally. This strategy reflects the Fidelidade Group's commitment to offering comprehensive and innovative solutions that go beyond traditional insurance offerings. The Fidelidade Group is dedicated to being a reliable and proactive partner for its clients, assisting them in risk management and safeguarding their interests across all relevant areas of their lives.

Technology and innovation play a crucial role in promoting operational efficiency and risk mitigation. In 2023, there was notable progress in the development of various artificial intelligence tools, which present both significant benefits and important concerns, requiring a coordinated approach among policymakers, companies, and society at large.

These tools offer significant opportunities to boost efficiency and productivity by exploring new models of defence and security, innovation in healthcare, and combating climate change through resource optimization. However, they also bring intrinsic issues related to ethics, data protection, and cybersecurity, with a considerable risk of exacerbating social and economic disparities, especially where access to technology is unequal.

To strengthen support across various geographies and leverage internal expertise, the Fidelidade Group has launched specialized centres of excellence in areas such as advanced analytics, artificial intelligence, pricing,

and innovation. These exchange platforms have made it possible to share best practices among companies, serving as a key component in making them more robust and competitive in their respective markets. Consequently, this strengthens the Fidelidade Group's position in the global landscape.

If the Fidelidade Group fails to adapt its business strategy to the changing environment in an adequate way, this may have a material adverse effect on the Fidelidade Group's prospects, business, financial condition and results of operations.

***The Issuer counts the dividends and other cash flows it obtains from certain subsidiaries.***

Even though the Issuer is the holding company, it is also the most relevant operating company in the overall Fidelidade Group, being mostly independent in terms of cash supply. Notwithstanding this, the Issuer counts the dividends paid by its subsidiaries for its strategic decisions and operational actions.

If governments in the countries where the Issuer is present through its subsidiaries prohibit the repatriation of dividends, capital divestments or make any type of restrictive exchange control policies, this could negatively impact the Issuer's liquidity capacity to a certain extent.

Additionally, in the event of the insolvency of its subsidiaries, the Issuer's claims over their assets will rank junior to claims of other stakeholders.

***The Issuer operates in several markets through arrangements with third parties, and this may expose it to additional risks.***

The Issuer's ability to exercise management control or influence over its partnership operations, its joint ventures and its investment in them depends on the terms of the legal agreements. In particular, the relationships depend on the allocation of control among, and continued co-operation between, the participants.

The Issuer may also face financial or other exposure in the event that any of its partners fail to meet their obligations under their partnership agreements or encounter financial difficulty. Partnership agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms. In addition, a significant proportion of the Issuer's product distribution, such as bancassurance, is carried out through arrangements with third parties not controlled by the Issuer and is dependent upon the continuation of these relationships. A temporary or permanent disruption to these distribution arrangements could affect the Issuer's financial condition. Some of these arrangements require the Issuer's third-party partners to participate in and provide capital to its joint venture, associate and subsidiary undertakings. The Issuer's partners may change their strategic priorities or encounter financial difficulties preventing them from providing the necessary capital to promote future growth.

In addition, the Issuer outsources certain customer service, technology, Asset Management and other functions to third parties and may do so increasingly in the future. If the Issuer does not effectively develop, implement and maintain its outsourcing strategy, third-party providers do not perform as anticipated or the Issuer experiences technological or other problems with a transition to or between such providers, the Issuer may not realise the full extent of productivity improvements or administration and cost efficiencies and, as a result, may experience operational difficulties, increased costs and a loss of business. In particular, failings by the Issuer to outsource partners to perform outsourced functions, or to perform them to the required standards, may adversely affect the Issuer's reputation and lead to the loss of customers and operating profit or to regulatory fines.

The failure or inability to diversify sources for key services or the failure of any key partners to fulfil their obligations could lead to operational issues for the Issuer that could have a negative impact on the quality of service provided to the clients of the Issuer, negatively impact on operations and even result in financial losses for the Issuer.

## ***Business risks***

### ***The Issuer's performance is subject to substantial competitive pressure that could adversely affect its results.***

There is substantial competition in Portugal and in the other markets where the Issuer is present for the type of insurance products that the Issuer offers in both the non-life and life business.

In Portugal, the financial crisis and solvency capital requirements have strongly impacted the financial landscape as they put both non-life and life insurers under pressure to generate profitability in a mature environment. To avoid high capital requirements imposed by Solvency II rules, insurers have invested more in safe haven investments and tried to shift product offerings from high capital consuming savings products to unit-linked and risk offerings. This challenge led to guaranteed interest rate decreases in life insurance products, and tariff increases and adapted product features in non-life products.

In addition to consolidations and partnerships, insurers are also exploring different approaches in distribution as an alternative response to the challenges they have encountered or they expect to encounter in the future. Online aggregators have also introduced a new platform to consumers allowing them to compare insurance premiums.

Consumer demand and awareness also affect competition, in particular as a result of technological advances and the impact of (social) media. Consumers have become more knowledgeable, price conscious and risk averse, demanding more convenience and transparency.

Internationally, the Issuer competes with some of the largest insurance groups, banks, brokers, asset management and financial service companies, some of which hold far-reaching financial, technical and operational resources so are able to offer alternative products to those of the Issuer, or do so at more competitive prices.

The Fidelidade Group therefore operates in concentrated and highly competitive markets that are subject to continuing consolidation and that constantly seek to develop new products and distribution channels. If the Fidelidade Group is unable to offer competitive and attractive products profitably, it may lose market share and/or incur losses on some of its activities and/or in some of the markets where it operates. Competitive pressure could further result in increased pricing pressure, particularly as competitors seek to win market share, which may impair the ability of the Fidelidade Group to maintain or increase profitability.

### ***Continuing difficult market conditions and business cycles in which the Fidelidade Group operates may adversely affect its business and its profitability.***

The Fidelidade Group's business is affected by changing general market conditions, which can cause its results to fluctuate from year to year, as well as on a more long-term basis. These conditions include economic cycles such as insurance industry cycles and financial market cycles, including volatile movements in market prices for securities. In particular, cycles in the non-life insurance industry are characterised by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. Fluctuations in interest rates, credit spreads, consumer and business spending, demographics and other factors also influence the performance of the Fidelidade Group's business.

Market conditions continue to be volatile and there can be no assurance as to the effect of this volatility, particularly if it is prolonged, on the results of the Issuer's and the Fidelidade Group's activities. Although the Issuer has a well-balanced business mix of life and non-life products allowing for a partial mitigation of such volatility, it may experience the negative effects of changing market conditions on its results and financial condition.

### ***Fidelidade's Group structure Risks***

***The Issuer is the ultimate holding company of the Fidelidade Group and therefore payments on the Notes are structurally subordinated to the liabilities and obligations of the Issuer's subsidiaries.***

The Issuer is the ultimate holding company of the Fidelidade Group, with certain of its operations being conducted by operating subsidiaries. Accordingly, in the event of a winding up or dissolution of the Issuer or a subsidiary, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary (i.e. the Issuer or a subsidiary of the Issuer) and so to Noteholders. The Conditions do not limit the amount of liabilities that the Issuer's subsidiaries may incur. In addition, the Issuer may not necessarily have access to the full amount of cash flows generated by its operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the subsidiary's financial requirements and regulatory capital requirements.

### ***Legal and Regulatory Risks***

***There are continuing changes to the implementing measures under the Solvency II regime that could have potentially adverse impacts on the insurance sector as a whole and on the Issuer in particular.***

The EU has developed a new solvency framework for insurance and reinsurance companies operating in the EU, referred to as "**Solvency II**". The adoption of European Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance of 25 November 2009 (the "**Solvency II Directive**") marked an important step in this major reform. The Solvency II Directive entered into force on 1 January 2016. However, a number of changes have already subsequently been implemented or are proposed to be implemented.

The new approach to solvency is based on the concept of three pillars:

- Pillar 1 – eligible funds and capital requirements;
- Pillar 2 – supervisory review of the company's assessment of risk; and
- Pillar 3 – enhanced disclosure requirements.

A key aspect of Solvency II is that capital requirements are risk-based assessed.

On 10 October 2014, the European Commission adopted Commission Delegated Regulation (EU) 2015/35 (the "**Solvency II Delegated Regulation**") supplementing Directive 2009/138/EC on valuation and risk-based capital requirements (pillar I), enhanced governance (pillar II) and increased transparency (pillar III).

After implementation of the Solvency II regime some changes to the rules have been introduced and additionally EIOPA has already issued two sets of advice to the European Commission on specific items in the Solvency II Delegated Regulation.

Changes to the Relevant Rules (as defined in the Conditions) may impact adversely the Issuer's solvency ratio, which could potentially entail an increase in the capital that the Issuer is required to hold to support its business or some of its business lines. Moreover, the Issuer has applied the transitional measure, set out in Article 25 of Law No. 147/2015 of 9 September, on technical provisions for liabilities similar to life regarding the homogeneous risk groups "Capital redemption products", with and without profit sharing, and "Health – SLT", related to liabilities with workers' compensation contracts. Any changes or a potential release in these transitional measures may also negatively impact the Issuer's solvency ratio.

In the event that regulatory capital requirements are, or may be, breached, the ASF, in the interests of policyholder security, is likely to require the Issuer to take remedial action, which could possibly include measures to restore the Issuer's capital and solvency position to acceptable levels, for the purposes of ensuring that the financial resources necessary to meet obligations to policyholders are maintained.

Furthermore, prospective investors should note that changes in Relevant Rules (as defined in the Conditions) may result in the Notes not qualifying as at least Tier 1 Capital (See “*Terms and conditions of the Notes — Definitions — Capital Disqualification Event*”). In such case, the Issuer may elect to redeem the Notes due to the occurrence of a Capital Disqualification Event (See “*Risks relating to the Notes — Risks relating to the structure of the Notes — The Issuer may redeem the Notes at the Issuer’s option or in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes.*”) or to substitute the Notes or modify the Conditions (See “*Risks relating to the Notes — Risks relating to the structure of the Notes — The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions.*”). Furthermore, all redemption rights of the Issuer pursuant to the Conditions are exercisable at the Prevailing Principal Amount of the Notes at the time of redemption, which may be significantly below their nominal amount, thus Noteholders may not be entitled to repayment of the difference between Prevailing Principal Amount of the Notes at the time of redemption and the amount invested (See “*Risks relating to the Notes — Risks relating to the structure of the Notes — The principal amount of the Notes may be written down.*”)

On 22 September 2021, the European Commission published its proposed directive on the recovery and resolution of insurance undertakings (proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012) (“**IRRD**”). Having been approved by the European Parliament’s Committee on Economic and Monetary Affairs (ECON) on 29 January 2024, the next steps include the adoption of the text by the Parliament’s plenary and by the Council. Once adopted, it will be signed by the Council and the Parliament and published in the Official Journal. The proposed IRRD will provide for (i) a variety of preventive measures to reduce the likelihood of insurance undertakings requiring public financial support and (ii) the commencement of resolution procedures when insurance or reinsurance undertakings are failing or likely to fail, where there is no prospect that private sector alternatives or supervisory measures would prevent such failure. The proposed IRRD provides, in case of resolution, for the application of a number of resolution tools, such as write-down and conversion, which would allow resolution authorities to write down or convert capital instruments, debt instruments and other eligible liabilities of insurance undertakings, generally in inverse order of their ranking in liquidation, so that the tool would apply first to equity instruments, then tier 1 instruments (such as the Notes), then tier 2 instruments and then to other instruments with a higher ranking in liquidation. Upon the adoption of the resolution tools, including the bail-in tool, within the proposed IRRD in their current form, Noteholders could be affected and lose all or part of their investment in the Notes if the Issuer and/or the Fidelidade Group were to experience financial difficulty and be failing or likely to fail. In addition, if the Issuer’s and/or the Fidelidade Group’s financial condition deteriorates, or is perceived to deteriorate, the existence of these powers could cause the market value and/or the liquidity of the Notes to decline more rapidly than would be the case in the absence of such powers.

***The business of the Issuer and the Fidelidade Group is subject to extensive laws and regulations and changes in the legal and/or regulatory environment may have an adverse effect on its business, financial condition, reputation or image in the market.***

The Issuer and the Fidelidade Group conduct their business subject to ongoing regulation and associated regulation risks, including the effects of changes in the laws, regulations, policies and interpretation thereof in those jurisdictions in which the Issuer or its subsidiaries conduct business. The timing and form of future changes in regulation are unpredictable and beyond the Issuer’s control. Changes made could materially and adversely affect the Fidelidade Group’s business products, services offering, the value of its assets or the extent of its liabilities.

On 9 December 2014, the PRIIPS Regulation was published in the Official Journal of the EU and came into force on 31 December 2016.

On 20 January 2016, Directive (EU) 2016/97, the Insurance Distribution Directive (“**IDD**”) was published in the Official Journal of the EU and came into force on 22 February 2016.

The IDD and the PRIIPs Regulation are closely linked. The IDD and the PRIIPs Regulation introduce rules aimed at levelling the playing field for the sale and disclosure of insurance and retail investment products to strengthen consumer protection. The IDD addresses sales and disclosure rules for insurance products, including additional sales rules for insurance investment products. The PRIIPs Regulation addresses disclosure rules for retail investment products and introduces a new standard for product information called a “Key Information Document” or “**KID**”. The main issues for the Issuer are transparency of remuneration in life as well as in non-life insurance (with a transitional regime of five years for non-life), a ban on commissions on life insurance investment products sold on the basis of independent advice, the introduction of investment profiles and suitability/appropriateness tests in life investment products and the implementation of the KID.

The European Market Infrastructure Regulation (“**EMIR**”) package including the original Regulation (EU) 648/2012 of the European Parliament and of the Council, of 4 July 2012, and the so-called EMIR Refit approved under Regulation (EU) 2019/834 of the European Parliament and of the Council, of 20 May 2019, addresses the risks involved in OTC trading by imposing new requirements on counterparties entering into OTC derivative contracts. In particular, it imposes (i) central clearing obligations (standardised derivative contracts entered into by financial counterparties such as insurance companies should be cleared through central counterparties in order to reduce the risk in the financial system), (ii) risk management obligations (counterparties entering into non-centrally cleared OTC derivative contracts must apply appropriate risk measures, including – as far as financial counterparties are concerned – the exchange of collateral), and (iii) reporting obligations (all OTC derivative contracts should be reported to trade repositories). Following the adoption of regulatory technical standards for the Regulation on OTC derivatives, central counterparties and trade repositories, all EU derivatives market participants are required to report data relating to OTC derivatives and their counterparties to a trade repository. The introduction of EMIR has given rise to new challenges for the Issuer such as, amongst others, an adaptation of its collateral management infrastructure and organisation, the determination of OTC derivatives valuation methodologies and their documentation, and an update of existing processes and IT applications in order to correctly identify and provide required information and build a daily reporting file.

The EU introduced new obligations within its regulatory framework on sustainable finance, such as the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088, “**SFDR**”) which introduced new obligations with regards to the disclosure of sustainability related information with respect to investment services provided and financial products offered to clients. Additionally, Regulation (EU) 2020/852 (the “**Taxonomy Regulation**”) which also supplements the Non-Financial Reporting Directive also introduced changes by implementing additional disclosure obligations. On 21 April 2021, the European Commission adopted a package of measures and initiatives related to the EU Sustainable Finance Agenda with the aim of laying the ground for an EU framework prioritizing sustainability in the financial system and alignment with the European Green Deal objectives.

As part of this initiative, the European Commission also adopted Commission Delegated Regulation (EU) 2021/1256 amending the Solvency II Delegated Regulation in order to integrate sustainability risks in the governance of insurance and reinsurance undertakings. The amendments result in the system of governance of (re)insurance undertakings and the assessment of their overall solvency having to reflect the impacts of sustainability risks on the values of the investments or on the values of the (re)insurance liabilities. As an example, this measure has implications for the calculation of technical provisions and on the investment strategy. The IDD Delegated Regulations was amended by the Commission Delegated Regulation (EU) 2021/1257: integrating customer preferences in terms of sustainability as a complement to the suitability

assessment in particular with reference to insurance-based investment products as well as sustainability factors into insurance product oversight and governance requirements and conflict of interest rules. On 25 July 2022, Commission Delegated Regulation (EU) 2022/1288 which supplements the SFDR and the Taxonomy Regulation was published and became applicable from 1 January 2023. In it, the content, methodologies and presentation of information relating to sustainability indicators and adverse sustainability impacts are detailed as well as the principle of "do no significant harm", and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

The SFDR and the Commission Delegated Regulation (EU) 2022/2288 are under constant review by the EU authorities and may be subject to significant changes in the future.

If the Issuer fails, or appears to fail, to address regulatory changes, the Fidelidade Group's reputation could be harmed and the Issuer could be subject to additional legal risk, including enforcement actions, fines and penalties. Despite its best efforts to comply with applicable regulations, there are a number of risks in areas where applicable regulations may be unclear or where regulators revise their previous guidance or courts overturn previous rulings. As detailed above, the Fidelidade Group also faces increasing compliance costs in view of the continuously changing regulatory landscape in which it operates, which could impact its results and financial condition.

***The Fidelidade Group could be adversely affected by changes to tax legislation.***

The Fidelidade Group may be adversely affected by changes in the tax legislation applicable in Portugal, the EU or those countries in which it operates, or may operate in the future, as well as by changes in the interpretation by the competent tax authorities of legislation and regulation. The measures taken by the Portuguese Government to achieve fiscal consolidation and to stimulate the economy may result in higher taxes or lower tax benefits. Further changes or difficulties in the interpretation of or compliance with new tax laws and regulations might negatively affect the Issuer's business, financial condition and results of operations. Although according to the Portuguese Constitution legislative amendments which increase taxation cannot have retroactive or retrospective effect, there is no general legal prohibition on amendments with retrospective effect.

***Regulatory Supervision Risk.***

Insurance activities in Portugal and in the EU are subject to extensive and detailed regulation and supervision by supervisory authorities, which have broad administrative power over many aspects of the insurance services business, which include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices, among others, as well as those directly relating to insurance services, which include insurance, reinsurance, pension funds and their management companies and insurance mediation. The resources dedicated to ensure compliance with these various regulations can significantly increase the costs of the Fidelidade Group's structure and limit its possibilities for increasing its income.

The laws governing insurance activity may change at any time in ways which may have an adverse effect on the business of the Fidelidade Group. Furthermore, the Fidelidade Group cannot predict the timing or form of any future regulatory initiatives. Changes in existing laws may materially affect the way in which the Fidelidade Group conducts its business, the products and services it can offer and the value of its assets.

The prudential control of Portuguese insurance companies is the responsibility of the ASF.

As an insurance company, the Issuer is supervised by the ASF in relation to its capital, liquidity and solvency requirements, internal governance and organisation and fit and proper assessment of management and shareholders.



Supervision at group level (group supervision) is also performed by ASF at Longrun Portugal, SGPS, S.A. (“**Longrun**”) level, as Longrun is the ultimate parent company of the Fidelidade Group within the EU.

The ASF has the power to suspend or prohibit the exercise of all or part of the activities or to wholly or partially suspend the performance of ongoing agreements of the companies and groups under its supervision.

This supervisory regime, its implementation and further interpretation by the regulatory bodies and the courts may have an adverse impact on the Issuer’s functioning and operations and hence could adversely impact the Issuer’s and the Fidelidade Group’s results and financial position.

Additionally, non-compliance with rules and regulations enforced by the ASF may result in severe penalties and other sanctions such as bans, restrictions or activities and suspensions, which would directly impact the Fidelidade Group’s ability to perform its activities.

In addition, the Fidelidade Group’s operations are subject to regulation in each jurisdiction in which it operates. Often, these regulations are complex and costly to comply with in terms of time and other resources. Breach of applicable regulations may lead to penalties, fines, compliance costs, reputational harm and even loss of licences to operate.

***Data protection and GDPR framework/regulations.***

The Issuer and the Fidelidade Group are subject to the GDPR, which is directly effective in all Member States without the need for the implementation of additional national legislation, as from 25 May 2018. Under the GDPR, the processing of personal data should be processed lawfully and in transparent manner in relation to the data subject.

The regulatory risk arising from non-compliance with the personal data protection legislation increased significantly after 25 May 2018. The GDPR imposes stricter requirements for the processing of personal data (e.g., companies will have to provide exhaustive information to data subjects; and obtaining valid consent for the processing for personal data from data subjects will be more demanding). Furthermore, the GDPR establishes harsher sanctions in the case of infringement – companies may be sentenced to fines up to the greater of €20,000,000.00 or 4 per cent. of the company’s global annual turnover.

The Fidelidade Group complies with the GDPR and with the local legislation on data protection, having implemented adequate measures and internal strategies to avoid breaches; however, the Fidelidade Group is still exposed to the risks arising from non-compliance with the GDPR.

***Changes to IFRS which affect insurance companies may adversely affect the Fidelidade Group’s financial results.***

The Fidelidade Group’s financial results may be adversely affected by changes to the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) and adopted by the EU.

These standards are subject to interpretation and evolution on a continuing basis. The Issuer cannot predict with any certainty at this time the potential impact of any potential future modifications to the IFRS; however, any significant modifications to the IFRS may adversely impact its financial position and results.

IFRS 17 became effective from 1 January 2023 and the first external audited reporting under this basis is for year-end 2023, with restatement of 2022 comparatives. The new standard requires a fundamental change to accounting, presentation and disclosures for insurance contracts as well as the application of significant judgement and new estimation techniques. These changes mean that investors, rating agencies and other stakeholders may take time to gain familiarity with the new standard and to interpret the Fidelidade Group’s business performance and dynamics. In addition, comparison with previous financial reporting periods will be more challenging in the short term. New systems, processes and controls have been developed to align with the

new IFRS17 basis, and are expected to mature over time. In the short term there may be increased operational risk associated with these new systems and processes. Apart from IFRS 17, any other changes or modification of IFRS accounting policies may also require a change in the way in which future results will be determined and/or a retrospective adjustment of reported results to ensure consistency.

The Fidelidade Group may also have to devote resources to adapt its organisation, processes and systems to reflect these changes. On the currently envisaged timetable, any changes may also need to be considered alongside other regulatory changes which may come into effect, and in particular Solvency II.

### ***Reputational risks***

#### ***Litigation or other proceedings or actions may adversely affect the Issuer's business and hence its financial condition and results of operations.***

The Fidelidade Group's business is subject to the risk of litigation by customers, employees or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation (see "*Description of the Issuer – Legal Proceedings*"). The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions may seek recovery of large or indeterminate amounts or other remedies that may affect the Issuer's ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Fidelidade Group ultimately is found liable. As a result, litigation may adversely affect the Issuer's and the Fidelidade Group's business, financial condition and results.

### **Risks relating to the Notes**

#### **Risks relating to the structure of the Notes**

#### ***The Issuer may redeem the Notes at the Issuer's option or in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes.***

The Issuer has the right, in its sole and full discretion but subject to the satisfaction of the conditions to redemption as set out in Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), to redeem the Notes in whole but not in part (i) on any Optional Redemption Date, (ii) if a Deductibility Event or a Gross-up Event has occurred and is continuing, (iii) if a Capital Disqualification Event has occurred and is continuing, (iv) if a Ratings Methodology Event has occurred and is continuing, (v) if an Accounting Event has occurred and is continuing or (vi) if 75 per cent. or more of the aggregate principal amount of the Notes originally issued have been purchased by the Issuer or by any other person beneficially for the Issuer's account and, in each case, cancelled pursuant to the Conditions, in each case at their Prevailing Principal Amount (which may be less than the Initial Principal Amount), together with (to the extent not previously cancelled in accordance with the Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

During any period when the Issuer may elect, or is perceived to be able to elect, to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The cash paid to Noteholders upon such a redemption may be less than the then current market value of the Notes or the price at which such Noteholders purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on the Notes. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate which is as high as the interest rate on the Notes being redeemed and may only be able to

do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Please also refer to the risk factor entitled “*Redemption of the Notes must be deferred by the Issuer in certain circumstances*” below.

***The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, if the Issuer’s assets are insufficient to meet all its obligations to senior-ranking and pari passu creditors, investors in the Notes will lose all or some of their investment in the Notes.***

The Notes constitute direct, unsecured and subordinated obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves. In the event of the Winding-Up or dissolution of the Issuer (other than in certain limited circumstances), the rights and claims of the Noteholders against the Issuer in respect of the payment obligations of the Issuer under or arising from the Notes, shall be subordinated to the claims of all Senior Creditors of the Issuer, but (subject to mandatory provisions of Portuguese law) shall rank: at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith; and in priority to the claims of holders of all classes of share capital of the Issuer. Accordingly, the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the Notes, *pro rata* and proportionately with payments made to holders of any other *pari passu* instruments (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking claims. A Noteholder may therefore recover a smaller proportion of its claim than the holders of unsubordinated liabilities or liabilities of the Issuer that are not as deeply subordinated as the Notes. If the Issuer’s assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, the holders of the Notes will lose all or some of their investment in the Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes and, accordingly, the Issuer may at any time incur further obligations (including by issue of further debt securities) which rank senior to, or *pari passu* with, the Notes. Consequently, there can be no assurance that the current level of senior or *pari passu* debt of the Issuer will not change. The issue of any such securities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or may increase the likelihood of the cancellation of interest payments under the Notes.

If the Issuer’s financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or dissolved, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound-up or dissolved.

In addition, investors should be aware that, upon a Trigger Event occurring, following a Write Down of the Notes which is not followed by a Write Up, Noteholders will have a significantly reduced claim (which may effectively amount to zero) in the Winding-Up or dissolution of the Issuer. This may be the case even if other existing subordinated indebtedness or share capital remains outstanding and provable in full in the Winding-Up or dissolution, with the effect that any sums recovered in respect of the Notes (if any) may be substantially lower than the relative recovery made by holders of instruments which rank *pari passu* with the Notes. There is a risk that Noteholders will lose substantially the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of Noteholders or of securities subordinated to the same or greater extent as the Notes, in a Winding-Up or dissolution or otherwise.

Furthermore, if the Issuer’s financial condition deteriorates such that there is an increased risk that the Issuer may be subject to a Winding-Up or dissolution or that a Trigger Event might occur, such circumstances can be

expected to have an adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. Investors who sell their Notes in such circumstances may lose some or substantially all of their investment in the Notes, whether or not the Issuer is subsequently subject to a Winding-Up or dissolution or if a Trigger Event occurs.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, an investor in the Notes will lose all or some of its investment should the Issuer become insolvent and its assets are insufficient to meet all its obligations to senior ranking and *pari passu* creditors.

***The principal amount of the Notes may be written down.***

The Notes are being issued for capital adequacy-related regulatory purposes with the intention and purpose of being available for inclusion in restricted Tier 1 Capital of the Issuer and the Group. Such availability depends upon a number of conditions being satisfied, which are reflected in the Conditions.

One of these conditions relates to the ability of the liability represented by the Notes to be written-down upon a Trigger Event occurring. Accordingly, if a Trigger Event occurs (subject as provided in Condition 5(a)), (i) the Prevailing Principal Amount of the Notes will be written down by the Write Down Amount determined pursuant to Condition 5(b) (*Write Down Amount*) and (ii) all accrued but unpaid interest up to (and including) the Write Down Date shall be cancelled, as further described in the Conditions.

Whilst the Write Down Amount will be determined in accordance with paragraphs (i), (ii)(a), (ii)(b) or (iii) of Condition 5(b) (*Write Down Amount*) (as applicable), it is expected that the circumstances in which the Write Down Amount would be determined pursuant to paragraph (ii)(a) of Condition 5(b) (*Write Down Amount*) would only apply where the Issuer and/or the Group (as applicable) had exceeded the regulatory limits for eligible own funds for both restricted Tier 1 Capital and Tier 2 Capital immediately prior to the Write Down Date such that a Write Down would not only improve the quality but also the quantum of own funds which are eligible to cover the relevant Solvency Capital Requirement and/or Minimum Capital Requirement. Furthermore, paragraph (ii)(a) of Condition 5(b) (*Write Down Amount*) will only apply where the Issuer is capable of determining the relevant amount prior to the relevant Write Down Date. In addition, the Relevant Regulator may not have any appropriate reason, discretion or sufficient information available to it prior to the Write Down Date to enable it to approve a different Write Down Amount under paragraph (iii) of Condition 5(b) (*Write Down Amount*) than that provided for in paragraphs (i) and (ii) of Condition 5(b) (*Write Down Amount*). Therefore, upon the occurrence of a Trigger Event, there is a material risk that the Notes will be written down to one cent per Note from their initial denomination of EUR 200,000, in accordance with paragraph (i) of Condition 5(b) (*Write Down Amount*), even where holders of the Issuer's share capital continue to receive dividends.

Although the Conditions grant the Issuer full discretion to reinstate Written Down principal amounts provided certain conditions are met, the Issuer is under no obligation to do so. Moreover, the Issuer's ability to Write Up the principal amount of the Notes depends on there being sufficient profits of the Issuer which contribute to its Available Distributable Items and which are made subsequent to the restoration of compliance with the Solvency Capital Requirement of both the Issuer and the Group and must not be made in a manner which undermines the loss absorbency of the Notes. It is possible that changes to the Relevant Rules may impose other limits on the Issuer's ability to Write Up the principal amount of the Notes from time to time. No assurance can be given that these conditions will ever be met. Furthermore, any Write Up is likely to occur only on a *pro rata* basis with any other Tier 1 instruments providing for a reinstatement of principal amount in similar circumstances.

Interest (if paid) will accrue only on the Prevailing Principal Amount of the Notes outstanding from time to time. Accordingly, any Write Down will (unless and until the amounts of principal Written Down have been

subsequently Written Up) affect the maximum amount of interest which may (subject to cancellation) be payable on the Notes. Furthermore, all redemption rights of the Issuer pursuant to the Conditions are exercisable at the Prevailing Principal Amount of the Notes at the time of redemption (together with accrued and unpaid interest to the redemption date, to the extent not otherwise cancelled) and, accordingly, if the Issuer were to redeem the Notes at a time when the Prevailing Principal Amount is less than the Initial Principal Amount, Noteholders will not be entitled at any time to repayment of the difference in such principal amounts, even if the Issuer subsequently writes up principal on other instruments which (until redemption of the Notes) ranked *pari passu* with, or junior to, the Notes.

If a Winding-Up or dissolution occurs prior to the Notes being Written Up in full, Noteholders' claims for principal will be based on the reduced Prevailing Principal Amount of the Notes. As a result, if a Trigger Event occurs, Noteholders may lose some or substantially all of their investment in the Notes. Any actual or anticipated indication that a Trigger Event is likely to occur may therefore have an adverse effect on the market price and liquidity of the Notes.

***The occurrence of a Trigger Event may depend on factors outside of the Issuer's control.***

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer is required to take at the direction of the Relevant Regulator and regulatory changes. The Relevant Regulator could require the cover for any Solvency Capital Requirement or Minimum Capital Requirement to be calculated on or as of any date and so a Trigger Event could occur at any time on or following the Issue Date.

The ability to meet each applicable Solvency Capital Requirement and Minimum Capital Requirement could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage its assets and liabilities in both its ongoing businesses and those it may seek to exit, losses in its various businesses, or any of the factors described in the risk factors under "*Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Notes*" above. Prudential calculations may also be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Although the Issuer currently publicly reports the Solvency Capital Requirements of the Issuer and the Group at least annually, a Trigger Event could occur at any time. Thus, investors may receive only limited, if any, warning of any deterioration in the solvency ratios which are relevant to the occurrence of a Trigger Event. In addition, the Issuer's regulator may instruct the Issuer to calculate its solvency ratios or those of the Group as at any date or may itself determine that a Trigger Event has occurred. Moreover, any indication that the Issuer's solvency position or that of the Group is moving towards the level of a Trigger Event may have an adverse effect on the market price of the Notes. A decline or perceived decline in the Issuer's solvency position or that of the Group may significantly affect the trading price of the Notes.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount of the Notes may be Written Down and the extent of any Write Down. Similarly, for the reasons given above, there is also uncertainty as to the likelihood that the Issuer will be required to cancel Interest Payments on the Notes. Please also refer to the risk factor entitled "*Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer*" below.

Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer or the Group may be at risk of failing to meet any Solvency Capital Requirement or Minimum Capital Requirement and so approaching a level that would or could in time result in a Trigger Event may have an

adverse effect on the market price and liquidity of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities.

***The Issuer's interests may not be aligned with those of investors in the Notes.***

The availability of Available Distributable Items as well as there being no occurrence of a Trigger Event and/or a Regulatory Deficiency Event will depend in part on decisions made by the Issuer and other entities in the Group relating to their businesses and operations, as well as the management of their capital positions. The Issuer and other entities in the Group consider the interests of all their stakeholders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities in the Group and the Group's structure, but the interests of the Noteholders may be outweighed by those of other stakeholders in certain circumstances. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event or a Regulatory Deficiency Event. It may decide not to propose to its shareholders to reallocate share premium to a distributable reserve account or to take other actions necessary in order for share premium or other reserves or earnings to be included in Available Distributable Items. Conversely, it may decide from time to time to take actions (for example share buybacks), which may themselves negatively impact its available distributable items and/or the solvency margin of the Issuer or the Group. Moreover, in order to avoid the use of public resources, the Relevant Regulator may decide that the Issuer should allow a Trigger Event or Regulatory Deficiency Event to occur or should cancel an Interest Payment at a time when it is feasible to avoid this. Noteholders will not have any claim against the Issuer or any other entity of the Group relating to decisions that affect the capital position of the Group, regardless of whether they result in the occurrence of a Trigger Event or a Regulatory Deficiency Event or a lack of Available Distributable Items. Such decisions could cause Noteholders to lose the amount of their investment in the Notes (or, in the case of a Regulatory Deficiency Event, defer repayment indefinitely).

Please also refer to the risk factor entitled "*Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer*" below.

***The Notes may not be a suitable investment for all investors seeking exposure to green assets.***

It is the Issuer's intention to invest an amount equal to the net proceeds from the issue of the Notes into one or more Eligible Green Projects and Assets (as defined under the Issuer's green financing framework (the "**Green Financing Framework**")). For the avoidance of doubt, neither the proceeds of the Notes nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets and there will be no direct or contractual link between the Notes and any Eligible Green Projects and Assets. Due to the envisaged use of the net proceeds from the issuance of the Notes in accordance with the Green Financing Framework, the Issuer refers to the Notes as green bonds.

In connection with the issue of the Notes, the Issuer has requested Morningstar Sustainalytics ("**Sustainalytics**") to issue an independent opinion ("**Opinion**") confirming that the Notes and Eligible Green Projects and Assets (as defined under "*Use of Proceeds*" below) are in compliance with the International Capital Market Association ("**ICMA**") 2021 Green Bond Principles, as supplemented by the June 2022 Appendix. The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. Sustainalytics' Opinion dated 17 May 2024 is available at [www.fidelidade.pt](http://www.fidelidade.pt).

Even though the Notes are not linked to specific assets or projects, in Sustainalytics' Opinion, they are consistent with the stated definition of green bonds within the Green Bond Principles.

Neither the Green Financing Framework nor the Opinion is incorporated into and forms part of this Offering Circular. The Opinion may not reflect the potential impact of all risks related to the structure, market, additional

risk factors discussed here and other factors that may affect the value of the Notes. The Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date on which the Opinion was initially issued.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) (including, without limitation, the Opinion) which may be made available in connection with the issue of the Notes and in particular with any Eligible Green Projects and Assets to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In particular no assurance is given by the Issuer that the use of an amount equal to such proceeds for any Eligible Green Projects and Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects and Assets.

Furthermore, there is currently no clearly-defined definition (legal, regulatory or otherwise) or market consensus on what precise attributes are required for a particular project to be defined as ‘green’ or ‘sustainable’ or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance can be provided to investors that the Eligible Green Projects and Assets will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects and Assets. The Green Financing Framework and the use of proceeds of the Notes do not satisfy the requirements set out under Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 (the “**EU Green Bond Standard**”).

Although the Eligible Green Projects and Assets have been selected in accordance with the categories recognised by the ICMA Green Bond Principles, and will be developed in accordance with the relevant legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and operation of the Eligible Green Projects and Assets. In addition, where negative impacts are insufficiently mitigated, the Eligible Green Projects and Assets may become controversial, and/or may be criticised by activist groups or other stakeholders.

In the event that the Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects and Assets.

Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission to trading will be maintained for so long as any Notes remain outstanding.

While it is the intention of the Issuer to invest an amount equal to the net proceeds from the issue of the Notes into Eligible Green Projects and Assets, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects and Assets will be capable of being implemented in, or substantially in, the intended manner and/or in accordance with any timing schedule and that accordingly such amount will be totally or partially disbursed for such Eligible Green Projects and Assets. Nor can there be any assurance that such Eligible Green Projects and Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default under the Notes. The Joint Lead Managers will not assess, verify or monitor the application of an amount equal to such net proceeds to Eligible Green Projects and Assets.

Further, notwithstanding the stated use of proceeds of the Notes (see "*Use of Proceeds*") it would not be an event of default under the Notes if the Issuer failed to comply with such stated use, including if the Notes are written down or corrected to cover uses of the Issuer in relation to non-green assets. The examples of Eligible Green Projects and Assets in "*Use of Proceeds*" are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the Issuer during the terms of the Notes. Any failure to use the net proceeds from the Notes on Eligible Green Projects and Assets or to meet or continue to meet the investment requirements of certain environmentally focussed investors with respect to such Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Any such event or failure by the Issuer to apply an amount equal to the net proceeds of the Notes to Eligible Green Projects and Assets and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on or failure to obtain and publish any such reports, assessments, opinions and certifications and/or any Notes no longer being listed or admitted to trading or displayed on any stock exchange or securities market as aforesaid, and/or the fact that the maturity of an Eligible Green Project or Asset may not match the minimum duration of the Notes and/or or the failure by the Issuer to meet any other environmental or sustainability targets, will not (i) give rise to any claim of a Noteholder against the Issuer (or any Joint Lead Manager); (ii) constitute an event of default under the Notes or a breach or violation of any term thereof, or constitute a default of the Issuer for any purpose; (iii) lead to a right or obligation of the Issuer to redeem the Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of the Notes or give any Noteholder the right to require redemption of its Notes; (iv) affect the qualification of the Notes as Tier 1 Capital; (v) lead to a Write Down of the Notes or lead to any cancellation of interest; (vi) otherwise affect or impede the ability of the Issuer to apply the proceeds of the Notes to cover losses in any part of the Group; or (vii) result in any step-up or increased payments of interest, principal or any other amounts in respect of the Notes, or otherwise affect the Conditions.

Any such event or failure to invest an amount equal to the net proceeds from the issue of the Notes into Eligible Green Projects and Assets as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or the Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Notes and also potentially the value of any other securities of the Issuer which are intended to finance



Eligible Green Projects and Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The payments of principal and interest on the Notes shall not depend on the performance of the relevant Eligible Green Projects and Assets or any other environmental targets of the Issuer, nor will any investors in the same have any preferred right against such assets. Neither will such performance affect the right of investors to redeem the Notes or be an incentive for the Issuer to redeem the Notes. The withdrawal of any opinion or certification as described above, or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of the Notes, and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Investors should note that, as the Notes are intended to constitute Tier 1 Capital of the Issuer and/or the Group, the Relevant Rules will apply to the Notes in the same way as they apply to own funds securities issued by the Issuer which are not specifically for investment in Green Projects and Assets. Neither the Notes nor the proceeds of issue thereof will be afforded any special treatment or enhanced investor protections as a result of the proceeds being intended for investment in Green Projects and Assets. The Notes will continue to be subject to lower priority ranking than unsubordinated and higher-ranking subordinated securities of the Issuer. The Notes are designed to be loss-absorbing capital for the Issuer and the Group, and accordingly contain provisions for the Write Down of the Notes, the cancellation of interest payments and the deferral of any planned redemption of the Notes, any of which may take place regardless of the observance of the use of proceeds of the Notes (or amounts equivalent thereto) as specified in this Offering Circular.

Any failure by the Issuer to apply the net proceeds of the Notes (or an amount equal thereto) in Eligible Green Projects and Assets, or any failure in the Eligible Green Projects and Assets to be so eligible or any failure in realising the intended objectives thereof, could have an adverse impact on the Issuer's reputation and its ability to access green financing markets in the future.

The Issuer makes no representation as to the suitability of the Opinion or of the Notes to fulfil such environmental and sustainability criteria. Prospective investors should have regard to the factors described in "Use of Proceeds". If any of the risks outlined in this risk factor materialise, this may have a material adverse effect on the market price of the Notes and/or result in adverse consequences for investors in the Notes, including those with portfolio mandates to invest in securities to be used for a particular purpose. These risks may include, without limitation, forced disposal if such investors are unable to continue to hold Notes held by them as a result of such Notes not, or no longer, meeting any investment criteria or objectives set by or for such investor, and in turn this could lead to increased volatility and/or material decreases in the market price of the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary.

***Changes to Solvency II may increase the risk of the occurrence of a Trigger Event, cancellation of Interest Payments or the occurrence of a Capital Disqualification Event.***

Solvency II requirements adopted in Portugal may change in the future, whether as a result of further changes to Solvency II or changes to the way in which the requirements are interpreted and apply to the Portuguese insurance industry. Any such changes, either individually and/or in the aggregate, may lead to further unexpected requirements in relation to the calculation of each Solvency Capital Requirement and/or each Minimum Capital Requirement, and such changes may make the Issuer's and the Group's regulatory capital requirements more onerous. Such changes may negatively affect the calculation of the Issuer's Solvency Capital Requirement and/or Minimum Capital Requirement and/or the Group's Solvency Capital Requirement and thus increase the risk of (i) cancellation of Interest Payments and/or the occurrence of a Regulatory Deficiency Event

and subsequent deferral of redemption of the Notes by the Issuer, (ii) a Trigger Event occurring, resulting in a Write Down and/or (iii) a Capital Disqualification Event occurring, potentially enabling the Issuer to redeem the Notes at their Prevailing Principal Amount. A Noteholder could lose all or part of the value of its investment in the Notes as a result of any of the foregoing.

In addition, given that the Notes will comprise a proportion of the Issuer's regulatory capital, the occurrence of a Capital Disqualification Event in relation to the Notes (or any other capital instrument issued by the Issuer or the Group) may cause a Trigger Event to occur and the Notes would then be Written Down (even in circumstances where the Notes no longer counted as Tier 1 Capital of the Issuer or the Group). In addition, the occurrence of a Capital Disqualification Event would permit the Issuer to redeem the Notes at their Prevailing Principal Amount at that time.

Please also refer to the risk factor entitled "*The Issuer may redeem the Notes at the Issuer's option or in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes*" above.

***The Notes are perpetual securities and have no scheduled maturity date and Noteholders only have a limited ability to exit their investment in the Notes.***

The Notes are perpetual securities and have no fixed maturity date or fixed redemption date. Although the Issuer may, under certain circumstances described in the Conditions, redeem the Notes, the Issuer is under no obligation to do so and Noteholders have no right to require the Issuer to exercise any right it may have to redeem the Notes.

Prospective investors should be aware that they may be required to bear the financial risks associated with an investment in long term securities. Noteholders have no ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem the Notes in accordance with the Conditions, (ii) by selling their Notes (including, following the occurrence of a Trigger Event, their future rights to principal following any future Write Up) or (iii) upon a Winding-Up or dissolution of the Issuer, in which limited circumstances the Noteholders may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors. The proceeds, if any, realised by any of the actions described in (ii) and (iii) above or where the Issuer is able to redeem the Notes as a result of a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event, an Accounting Event or pursuant to Condition 6(e) (*Redemption pursuant to Clean-up Call Option*) may be substantially less than the Initial Principal Amount of the Notes or the amount of the investor's investment in the Notes.

***Waiver of set-off.***

Noteholders waive any right of set-off, compensation or retention in relation to the Notes insofar as permitted by applicable law.

***Redemption of the Notes must be deferred by the Issuer in certain circumstances.***

The Issuer must defer redemption of the Notes on the date set for redemption of the Notes pursuant to the Conditions in the event that a Regulatory Deficiency Event has occurred and is continuing or redemption of the Notes on such date would itself cause a Regulatory Deficiency Event to occur. In addition, if the Issuer has elected to redeem the Notes and prior to the redemption a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect.

Any such deferral of redemption of the Notes will not constitute a default under the Notes or for any other purpose and will not give Noteholders any right to accelerate the Notes such that amounts of principal or interest would become due and payable on the Notes earlier than otherwise scheduled pursuant to the Conditions.

Where redemption of the Notes is deferred pursuant to the occurrence of a Regulatory Deficiency Event, subject to certain conditions, the Notes will be redeemed by the Issuer on the earliest of (i) the date falling ten Business

Days following the date the Regulatory Deficiency Event has ceased (and provided that on such tenth Business Day no Regulatory Deficiency Event has occurred and is continuing and redemption of the Notes on such tenth Business Day would itself not cause a Regulatory Deficiency Event to occur), (ii) the date falling ten Business Days after the Relevant Regulator has agreed to the redemption of the Notes and (iii) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (subject to certain exceptions as set out in the Conditions). Therefore, the Noteholders may receive their investment back at a later point in time than expected or not at all.

If the redemption of the Notes is deferred or the Notes have not been redeemed for the reasons set out above, Noteholders will not receive any additional compensation for the postponement of such redemption.

Any actual or anticipated deferral of redemption will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such an event, investors may lose some or substantially all of their investment in the Notes.

***Other regulatory capital instruments may not be subject to a write down.***

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date of this Offering Circular by the Issuer or any of its subsidiaries may vary and, accordingly, such instruments may not convert into equity or be written down at the same time, or to the same extent, as the Notes, or at all. Further, regulatory capital instruments issued by a member of the Group with terms that require such instruments to be converted into equity and/or written down when a solvency or capital measure falls below a certain threshold, may not be converted or written down in case of the occurrence of a Trigger Event if the relevant capital or solvency measure for triggering a conversion or write down, as the case may be, under those instruments is calculated differently from the capital or solvency measures set out in the definition of Trigger Event. Also, regulatory capital instruments issued by any parent company or subsidiary of the Issuer that are required pursuant to their terms to be converted into equity and/or fully or partially written down when the relevant capital or solvency measure falls below a certain threshold, may not be converted or written down in case of the occurrence of a Trigger Event if the events triggering a conversion or write down, as the case may be, under the terms of those instruments are determined with respect to a group or sub-group of entities that is different from the Group. Therefore, the Notes may be subject to a greater degree of loss absorption than would otherwise have been the case had such other instruments been written down or converted at the same time as or prior to the Notes.

***Substitution or variation of the terms of the Notes upon the occurrence of a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event.***

Subject to Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), if a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 18(d), the Issuer may (without the consent of the Noteholders) at any time either substitute all (but not some only) of the Notes for, or vary the Conditions (including, without limitation, changing the governing law of Condition 18(d)) so that the Notes remain or become (in the case of a Ratings Methodology Event) Rating Agency Compliant Securities or (in any other case) Qualifying Tier 1 Securities. The Notes may only be so substituted and the Conditions may only be so varied if the proposed variation would not of itself give rise to a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event.

Whilst such substitution of the Notes or variation of the Conditions must not result in the substituted Notes or varied Conditions being materially less favourable to Noteholders (as reasonably determined by the Issuer in consultation with an independent investment bank or financial adviser of international standing), there can be no assurance that, due to the particular circumstances of each Noteholder, such substituted Notes or varied Notes, as the case may be, will be as favourable to each Noteholder in all respects.

***The terms of the Notes may be modified with the consent of specified majorities of the Noteholders at a duly convened meeting, and the Agent may consent to certain modifications to the Notes without the consent of the Noteholders.***

The Interbolsa Instrument constituting the Notes contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition, subject to the prior consent of the Relevant Regulator being obtained (to the extent that such consent is required), the Agent may, without the consent of Noteholders, agree to certain modifications of any of the provisions of the Notes in the circumstances described in Condition 14 (*Meetings of Noteholders, Modification and Waiver*).

The Conditions also provide that the Issuer may, under certain circumstances, substitute the Notes or vary the Conditions in accordance with Condition 7 (*Substitution or Variation*). In this respect, please also refer to the risk factor entitled “*Variation of the terms of the Notes upon the occurrence of a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event*” above.

Accordingly, there is a risk that the terms of the Notes may be modified, waived or varied in circumstances where an investor in the Notes does not agree to such modification, waiver or variation, which may adversely impact the rights of such investor.

***Restricted remedy for non-payment when due.***

In accordance with the current requirements for eligible Tier 1 Capital, the sole remedy against the Issuer available to any Noteholder for recovery of amounts which have become due in respect of the Notes will be the proving in any winding-up or dissolution proceedings of the Issuer. In particular, cancellation of payment of interest, as described under the risk factor entitled “*Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer*” below, or a deferral of the payment of principal, as described under the risk factor entitled “*Redemption of the Notes must be deferred by the Issuer in certain circumstances*” above, shall not constitute a default under the Notes for any purpose, including enforcement action against the Issuer.

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

These features, taken together, mean that there is a significant risk that an investor may not be able to recover its investment in the Notes.

***Risks related to Interest Payments***

***Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer.***

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer and is subject to mandatory cancellation in the circumstances described below.

Except to the extent that Condition 4(d) (*Interest cancellation if a Capital Disqualification Event has occurred but the Notes have not been redeemed*) applies, the Issuer may at any time elect to cancel any Interest Payment, in whole or in part, which is otherwise due or scheduled to be paid on any scheduled payment date and if it elects to do so such Interest Payment (or part thereof) will be cancelled permanently.

As further described below, Interest Payments may only be made out of the Issuer's Available Distributable Items. The Conditions do not contain any restriction on the ability of the Issuer to pay dividends or other distributions on its share capital or other subordinated bonds. This could decrease the Issuer's Available Distributable Items and therefore increase the likelihood of a cancellation of Interest Payments on the Notes. Furthermore, the Issuer is not prohibited by the Conditions from making payments on other securities ranking senior, equally with or more junior to the Notes in any circumstances. Please also refer to the risk factor entitled "*The Issuer's interests may not be aligned with those of investors in the Notes*" above. At the time of publication of this Offering Circular, it is the intention of the directors of the Issuer to take into account the relative ranking in the Issuer's capital structure of its share capital and its outstanding restricted Tier 1 securities (including, but not limited to, the Notes) whenever exercising its discretion to declare dividends on the former or to cancel interest on the latter. However, the directors of the Issuer may depart from this policy at any time in their sole discretion.

In addition to the Issuer's right to cancel Interest Payments in whole or in part at any time, the Conditions require that Interest Payments are cancelled under certain circumstances. The Issuer must cancel any Interest Payment on the Notes in the event that, *inter alia*, the Issuer cannot make the payment in compliance with any applicable Solvency Capital Requirement or any applicable Minimum Capital Requirement, or where the Interest Payment would, together with any Additional Amounts payable with respect thereto, exceed the amount of the Issuer's Available Distributable Items as at the time for payment or where required to cancel or defer such payment by the Relevant Regulator in view of the financial and/or solvency condition of the Issuer and/or the Group. The circumstances in which the Issuer is required to cancel Interest Payments on the Notes may depend on factors which are outside the Issuer's control. Please also refer to the risk factor entitled "*The occurrence of a Trigger Event may depend on factors outside of the Issuer's control*" above.

Any Interest Payment (or relevant part thereof) which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, Noteholders will have no rights in respect of the Interest Payment (or relevant part thereof) which is cancelled. In addition, cancellation or non-payment of interest will not constitute an event of default on the part of the Issuer for any purpose.

The cancellation of any Interest Payment (or a market perception that such cancellation is becoming increasingly likely) may significantly adversely affect the market value of an investment in the Notes. Please also refer to the risk factor entitled "*The level of the Issuer's Available Distributable Items is affected by a number of factors, and insufficient Available Distributable Items will restrict the Issuer's ability to make Interest Payments on the Notes*" below.

In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer. Noteholders should be aware that any announcement relating to the future cancellation of Interest Payments or any actual cancellation of Interest Payments (or cancellation or anticipated cancellation of interest on other securities issued by the Issuer) may have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, investors may lose some or substantially all of their investment in the Notes.

***The level of the Issuer's Available Distributable Items is affected by a number of factors, and insufficient Available Distributable Items will restrict the Issuer's ability to make Interest Payments on the Notes.***

As at 31 December 2023, the Issuer's Available Distributable Items amounted to approximately €0.8 billion (calculated in accordance with applicable Portuguese law). The level of the Issuer's Available Distributable Items is affected by a number of factors, principally its ability to make a profit on its activities in a manner which creates Available Distributable Items.

Consequently, the Issuer's future Available Distributable Items and, therefore, the Issuer's ability to make Interest Payments on the Notes are a function of the Issuer's existing Available Distributable Items, future profitability and performance and the ability to distribute dividends from the Issuer's operating subsidiaries to the Issuer. In addition, the Issuer's Available Distributable Items may also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer's subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws accounting practices (including under applicable Portuguese law) and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's operating subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Available Distributable Items.

***Regulation and reform of "benchmarks" may adversely affect the value of the Notes.***

Following the First Reset Date, interest amounts payable under the Notes are calculated by reference to the annual mid-swap rate for swap transactions denominated in Euro with a term of 5 years, which appears on the Bloomberg Screen Page "ICE".

This swap-rate, the Euro Interbank Offered Rate ("**EURIBOR**") underlying the floating leg of this swap rate and other interest rates or other types of rates and indices which are deemed "**Benchmark**" (each a "**Benchmark**") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, including, in June 2016, pursuant to the entry into force of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds; with further changes anticipated. These reforms may cause a Benchmark to perform differently than in the past, or to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Under the Conditions, certain benchmark replacement provisions will apply if a Benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable under the Notes were to be discontinued or otherwise became unavailable.

If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, which must be an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise. Such Independent Adviser will be tasked with determining whether an officially recognised Successor Rate to the discontinued Benchmark exists. If that is not the case, the Independent Adviser will attempt to find an Alternative Rate. If the Independent Adviser determines a Successor Rate or Alternative Rate, such Successor Rate or Alternative Rate will replace the previous Benchmark for purposes of determining the relevant Interest Rate and the Independent Adviser shall apply an Adjustment Spread, if determined, to such Successor Rate or Alternative Rate. Such determination will be binding for the Issuer, the Agent and the Noteholders. In addition, if amendments to the Conditions are required to ensure the proper operation of the Successor Rate, the Alternative Rate or the Adjustment Spread (if any), the Issuer shall, subject to satisfaction of the Regulatory Clearance Condition, vary the Conditions accordingly, without any requirement for the consent or approval of the Noteholders.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the relevant Reset Determination Date, the Issuer may still determine a Successor Rate or an Alternative Rate and an Adjustment Spread (if any) as well as amendments to the Conditions without consulting with an Independent Adviser. If the Issuer or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate following a Benchmark Event, the fall-back

provisions provided for in the definition of “Reset Reference Rate” in Condition 19 (*Definitions*) will apply, which may mean that the Interest Rate applicable to each Interest Period falling within the relevant Reset Period will be determined on the basis that the Reset Reference Rate is equal to the applicable annual mid-swap rate for swap transactions in euro (with a maturity equal to five years) that most recently appeared on the Screen Page. In addition, if a Successor Rate or an Alternative Rate is determined but an Adjustment Spread cannot be determined, the Successor Rate or Alternative Rate (as the case may be) may nevertheless be applied to determine future rates of interest without the application of an Adjustment Spread, which may result in lower rates of interest, including if the basis of the Successor Rate or the Alternative Rate (as applicable) is not comparable to the basis of the original reference rate (for example, if the Successor Rate or Alternative Rate is a risk-free rate).

Furthermore, it is possible that the Reset Reference Rate will continue to be published on the Screen Page but with the EURIBOR component of such rate being replaced with a successor or alternative rate, with the effect that no Benchmark Event will occur but that the basis of determination of the Reset Reference Rate may not be directly comparable to the rates displayed on the Screen Page on or around the Issue Date.

No Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the Conditions be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 1 Capital for the purposes of the Relevant Rules.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters when making their investment decision with respect to the Notes.

***Taxation.***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are issued, transferred, where the investors are resident for tax purposes and/or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Offering Circular but to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, ownership, sale and redemption of the Notes, including in respect of U.S. Foreign Account Tax Compliance Withholding (“**FATCA**”), Common Reporting Standard rules or (proposed) financial transactions taxes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

***Change of tax law and practice.***

The statements in relation to taxation set out in this Offering Circular are based on current law and the practice of the relevant authorities in force or applied at the date of this Offering Circular. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Offering Circular and/or the date of purchase of the Notes may change at any time (including during the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

### ***Limitation on gross-up obligation under the Notes.***

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes imposed in a Taxing Territory under the terms of the Notes applies only to payments of interest and not to payments of principal.

As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders will receive less than the full amount which would otherwise be due to them under the Notes, and the market value of the Notes may be adversely affected.

### ***Risks related to withholding tax.***

Under Portuguese law, income derived from the Notes integrated in and held through (i) Interbolsa, as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or (iii) an EEA Member State, provided, in this case, that such Member State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iv) other centralised systems not covered above, provided that, in this last case, the Portuguese government authorises the application of the Decree-Law No. 193/2005, of 7 November, as amended from time to time ("**Decree-Law No. 193/2005**"), held by non-resident investors are eligible for the debt securities special tax exemption regime, approved by Decree-Law No. 193/2005, which establishes a withholding tax exemption, provided that certain procedures and certification requirements are complied with. Failure to comply with these procedures and certifications will result in the application of Portuguese domestic withholding tax at a rate of 25 per cent. (in case of legal persons or equivalent entities, i.e., non-individuals – "**Legal Persons**"), of 28 per cent. in the case of individuals or of 35 per cent. (in case of payments to (i) *omnibus* accounts without the disclosure of the effective beneficiary or to (ii) Legal Persons domiciled in blacklisted jurisdictions as defined in Ministerial Order no. 150/2004, of 13 February, as amended from time to time ("**Ministerial Order No. 150/2004**"), with which Portugal has no double taxation treaty or exchange tax information agreements in force), as the case may be, or, if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to double taxation treaties signed by Portugal.

See details of the Portuguese taxation regime in "*Taxation — Portugal*".

The Issuer will not gross-up payments in respect of any such withholding tax in any of the cases indicated in Condition 8 (*Taxation*) (i.e. the Issuer will not pay any Additional Amounts, as defined therein, in any such cases), including failure to deliver or incorrect completion regarding the evidence of non-residence status required under the Decree-Law No. 193/2005. Accordingly, Noteholders must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

### **Risks relating to the Notes generally**

#### ***Change of law.***

The Conditions are based on English law or, in the case of Condition 2 (Status and Winding-Up), the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, Portuguese law, in effect as at the date of issue of the Notes. In order to ensure the effectiveness and enforceability of Condition 18(d), the Issuer may (without the consent of the Noteholders) at any time either substitute all (but not some only) of the Notes for, or vary the terms and conditions of the Notes (including, without limitation, changing the governing law of Condition



18(d)). No assurance can be given as to the impact of any possible judicial decision or change to English or Portuguese law or administrative practice after the date of issue of the Notes.

Future regulatory proposals may also impose further restrictions on the Issuer's ability to make payments on the Notes. These issues and other possible issues of interpretation make it difficult to determine whether a Capital Disqualification Event will occur, whether scheduled Interest Payments will be made on the Notes, whether a Trigger Event or a Regulatory Deficiency Event will occur and how quickly (if at all) there will be a Write Up of the Notes following a Write Down. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes. In particular, potential investors should note that any such change in applicable law or administrative practice may have an adverse impact on the secondary market value of the Notes. Furthermore, personal and corporate income tax legislation may affect net return on investments.

### **Risks related to the market generally**

#### ***The secondary market generally.***

The Notes have no established trading market when issued, and one may never develop. If a market for the Notes does develop it may not be liquid. If the Notes are issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in the Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and/or which are rated. Illiquidity may have a severely adverse effect on the market value of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or dissolved, or if at any time there is any actual or anticipated deferral of interest or redemption and/or any risk of early redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

#### ***The Notes may be traded with accrued interest which may subsequently be subject to cancellation***

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes.

If an Interest Payment is cancelled (in whole or in part) as described above, a purchaser of Notes in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes. Please also refer to the risk factor entitled "*Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer*" above.

#### ***Exchange rate risks and exchange controls.***

The Issuer will pay principal and interest on Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Interest rate risks.***

Investment in the Notes, which bear a fixed rate of interest which is reset on each Reset Date, involves the risk that subsequent increases in market interest rates may adversely affect the market value of the Notes.

***Investors will have to rely on procedures of clearing systems and intermediaries.***

The Notes will be issued in uncertificated, dematerialised book-entry form and nominative form registered in securities accounts with Interbolsa and held by investors directly in accounts opened with Affiliate Members of Interbolsa or indirectly through accounts opened with Euroclear and Clearstream, Luxembourg. Legal title to the Notes will be evidenced by book entries in individual securities accounts established by Affiliate Members of Interbolsa only and transfers of title to the Notes will take place in accordance with Portuguese law and the rules and procedures for the time being of Interbolsa.

Each person who is for the time being shown in individual securities accounts established by an Affiliate Member of Interbolsa as the holder of a particular principal amount of the Notes shall be treated by the Issuer and the Agent as the holder of such principal amount of such Notes for all purposes.

Investors will need to rely on the procedures of Interbolsa, the relevant Affiliate Members of Interbolsa, Euroclear and Clearstream, Luxembourg, any participants thereof and any other applicable intermediary, as applicable, to receive any distributions or exercise any rights under the Notes.

***Credit ratings may not reflect all risks.***

The Issuer has been and the Notes are expected to be assigned a credit rating by Fitch. Credit ratings (including any unsolicited credit ratings) may, however, not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this section and other factors that may affect the market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant credit rating agency.

Furthermore, the credit ratings to be assigned to the Notes (including any unsolicited credit ratings) are not a statement as to the likelihood of non-cancellation of interest on the Notes or of the likelihood of a Trigger Event occurring. In addition, if the credit ratings assigned to the Issuer were to be downgraded or withdrawn for any reason, this may in turn lead to the credit ratings assigned to the Notes to be downgraded or withdrawn, which could have an adverse effect on the market value of the Notes.

In general, European regulated investors are restricted under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case

of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. If a credit rating is obtained and the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

## OVERVIEW

The following overview refers to certain provisions of the “Terms and Conditions of the Notes” and is qualified by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms used herein have the meaning given to them in “Terms and Conditions of the Notes”, and references herein to a numbered “Condition” shall refer to the relevant Condition in “Terms and Conditions of the Notes”.

|                                   |   |
|-----------------------------------|---|
| <b>Issuer</b>                     | Fidelidade - Companhia de Seguros, S.A.   |
| <b>LEI</b>                        | 529900FNLE8ZOPUOT704  |
| <b>Issue</b>                      | €500,000,000.00 perpetual subordinated fixed rate resettable temporary write-down restricted tier 1 notes   |
| <b>Issue Date</b>                 | 29 May 2024   |
| <b>Issue Price</b>                | 100 per cent.   |
| <b>Status of the Notes</b>        | The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves.   |
| <b>Subordination of the Notes</b> | In the event of the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in Condition 19 ( <i>Definitions</i> )), the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), the rights and claims of the Noteholders against the Issuer in respect of the payment obligations of the Issuer under or arising from the Notes, including any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in Condition 22(a) ( <i>Status and Winding-Up – General</i> ) to the claims of all Senior Creditors of the Issuer, but shall (subject to mandatory provisions of Portuguese law) rank: (i) at least <i>pari passu</i> with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, <i>pari passu</i> therewith (the “ <b>Parity Securities</b> ”); and (ii) in priority to the claims of holders of all classes of share capital of the Issuer (the “ <b>Junior Securities</b> ”). |
| <b>Interest</b>                   | <p>The Notes bear interest from (and including) the Issue Date to (but excluding) the First Reset Date at the rate of 7.750 per cent. per annum payable (subject as provided under “<i>Cancellation of Interest</i>” and “<i>Write Down and Write-up</i>” below) semi-annually in arrear on each Interest Payment Date.</p> <p>From the Reset Date onwards, the Notes bear interest at the Reset Rate of Interest which will be determined by the Agent for each Interest Period on the relevant Reset Determination Date as the</p>  |

sum of the relevant Reset Reference Rate and the Margin (with such sum converted from an annual to a semi-annual basis by the Agent), unless a Benchmark Event has occurred, in which case the relevant Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 33(i) (*Benchmark discontinuation*).

**Interest Payment Dates**

29 May and 29 November of each year, commencing on 29 November 2024.

**Optional cancellation of Interest**

The Issuer may at its discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 4(b) (*Mandatory cancellation of Interest Payments – Insufficient Available Distributable Items*), 4(c) (*Mandatory cancellation of Interest Payments – Regulatory Deficiency Event*) and 5 (*Write Down and Write Up*), and subject as provided in Condition 4(d) (*Interest cancellation if a Capital Disqualification Event has occurred but the Notes have not been redeemed*) at any time elect to cancel any Interest Payment, in whole or in part, which is otherwise due or scheduled to be paid on any scheduled payment date.

**Mandatory cancellation of Interest Payments – Insufficient Available Distributable Items**

To the extent required by the Relevant Rules, an Interest Payment otherwise due on any scheduled payment date shall not be due (in whole or, as the case may be, in part) and the relevant Interest Payment will be cancelled mandatorily and not made on such scheduled payment date if, and to the extent that the amount of such Interest Payment (including, without limitation, any Additional Amounts in respect thereof) otherwise due would, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all other Tier 1 Capital of the Issuer (excluding for these purposes any such payments or distributions which do not reduce the Issuer's Available Distributable Items and any payments, scheduled payments or accruals already accounted for by way of deduction in determining the Issuer's Available Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such scheduled payment date, exceed the amount of Available Distributable Items of the Issuer as at such scheduled payment date.

“**Available Distributable Items**” means the non-consolidated profits and distributable reserves (if any) of the Issuer as calculated pursuant to the principles applicable to the Issuer's non-consolidated financial statements which are available, in accordance with applicable Portuguese law and regulation at the relevant time, for the payment of dividends on the share capital of the Issuer and the availability of which permits payment of

**Mandatory cancellation of Interest Payments – Regulatory Deficiency Event**

interest on the Notes in accordance with the Relevant Rules at such time.

To the extent required by the Relevant Rules, an Interest Payment otherwise due on any scheduled payment date will not be due (in whole or, as the case may be, in part), and the relevant payment will be cancelled mandatorily and not made on such scheduled payment date (i) if a Regulatory Deficiency Event has occurred and is continuing or (ii) if, and to the extent that, the payment of the Interest Payment otherwise due would cause a Regulatory Deficiency Event to occur.

Notwithstanding the previous paragraph, the relevant Interest Payment will not be cancelled if and to the extent: (i) Relevant Regulator has exceptionally waived the cancellation of such Interest Payment or part thereof (to the extent the Relevant Regulator can give such waiver in accordance with the Relevant Rules); (ii) paying such Interest Payment (or part thereof) does not further weaken the solvency position of the Issuer and/or the Group as determined by the Relevant Regulator in accordance with the Relevant Rules; and (iii) the Minimum Capital Requirement applicable to the Issuer and the Minimum Capital Requirement applicable to the Group will be complied with at the time of and immediately after the Interest Payment (or part thereof) is made.

**“Minimum Capital Requirement”** means (as applicable): (i) the minimum capital requirement of the Issuer; (ii) the minimum consolidated group Solvency Capital Requirement of the Group; and/or (iii) any other minimum capital requirements (as applicable) from time to time, in each case referred to in, or described in, the Relevant Rules applicable to the Issuer and/or the Group (as the case may be).

**“Regulatory Deficiency Event”** means either of the following events: (i) the amount of own-fund items which are eligible to cover the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer and/or the Group is not sufficient to cover such Solvency Capital Requirement and/or Minimum Capital Requirement; or (ii) (if required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer or the Group under the Relevant Rules from time to time) the Relevant Regulator notifying the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer and/or the Group, that in accordance with Relevant Rules at such time, the Issuer must take specified action in relation to the deferral of payments of principal and/or cancellation of payments of interest under the Notes.

**“Solvency Capital Requirement”** means (as applicable): (i) the solvency capital requirement of the Issuer; (ii) the consolidated

group Solvency Capital Requirement of the Group; and/or (iii) any successor capital requirement to (i) or (ii) from time to time, in each case, as referred to in, or described in, the Relevant Rules applicable to the Issuer and/or the Group (as the case may be).

**Interest cancellation if a Capital Disqualification Event has occurred but the Notes have not been redeemed**

To the extent permitted by the Relevant Rules, if (i) a Capital Disqualification Event has occurred and is continuing in respect of the Notes and (ii) the Notes are fully excluded from the Issuer's own fund items but the Issuer has not exercised its option to redeem the Notes pursuant to Condition 6(d) (*Redemption following a Capital Disqualification Event*), the Issuer shall not exercise its discretion under Condition 4(a) (*Optional cancellation of Interest Payments*) to cancel any Interest Payments due on the Notes (in whole or in part) at any time after the occurrence of such Capital Disqualification Event. A "**Capital Disqualification Event**" is deemed to have occurred if, as a result of any replacement of or change to (or change to the official interpretation by the Relevant Regulator or any court or authority entitled to do so of) the Relevant Rules, the Prevailing Principal Amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 1 Capital for the purposes of the Issuer or the Group, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Write Down

If a Trigger Event has occurred, the Issuer shall:

- (i) (unless the Relevant Regulator itself made the relevant determination) immediately inform the Relevant Regulator of the occurrence of the Trigger Event;
- (ii) without delay, give the relevant Trigger Event Notice (which notice shall be irrevocable);
- (iii) immediately and irrevocably cancel any interest which has accrued up to (and including) the relevant Write Down Date and which is unpaid; and
- (iv) following the final determination of the Write Down Amount in accordance with Condition 5(b) (*Write Down Amount*), reduce the then Prevailing Principal Amount of each Note by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**", shall be construed accordingly) as provided further in Condition 5(a) (*Write-Down*).

Write Down Amount

The aggregate reduction of the Prevailing Principal Amounts of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to:

- (i) in the case of a Write Down due to the occurrence of a Trigger Event referred to in any of paragraphs (i), (ii), (v) or (vi) of the definition of “Trigger Event” in Condition 19 (*Definitions*), the amount that would result in the entire Prevailing Principal Amount of a Note with an Initial Principal Amount of €200,000 being reduced to one cent per Note;
- (ii) in the case of a Write Down due to the occurrence of a Trigger Event referred to in paragraphs (iii) or (iv) of the definition of “Trigger Event” in Condition 19 (*Definitions*):
  - a) if a consequence of the relevant Write Down (taking into account the write down or conversion of any other Loss Absorbing Instruments on or around the Write Down Date) would be that the aggregate quantum of own-fund items which are eligible to cover the Solvency Capital Requirement and/or Minimum Capital Requirement of the Issuer and/or the Group (as applicable) would increase such that no Trigger Event would be continuing and the SCR Ratio of each of the Issuer and the Group would be 100 per cent. or more immediately following such Write Down, such amount as would be sufficient such that no Trigger Event would be continuing and the lower of the SCR Ratio of the Issuer and of the Group would be equal to 100 per cent. immediately following such Write Down (provided that this paragraph (ii)(a) shall only apply if the Issuer is capable of determining such amount prior to the Write Down Date); or
  - b) if paragraph (ii)(a) above does not apply, an amount calculated by the Issuer on a linear basis to reflect the prevailing Relevant SCR Ratio on the last day of the relevant 90-day period referred to in paragraphs (iii) or (iv) of the definition of “Trigger Event” in Condition 19 (*Definitions*), or on such other date as may be required by the Relevant Regulator or by the Relevant Rules, where the resulting Prevailing Principal Amount of each Note would be (x) equal to the Initial Principal Amount if the prevailing Relevant SCR Ratio was 100 per cent. (or above) and (y) written down to one cent per Note if the prevailing Relevant SCR Ratio was at or below 75 per cent.; or
- (iii) in any case, such other amount as may be approved by the Relevant Regulator prior to the Write Down Date in accordance with the Relevant Rules in force as at that time



and in its sole and absolute discretion (which amount, if lower, may be equal to zero in the circumstances set out in the following sentence).

Please see Condition 5(b) (*Write-Down Amount*) for further information.

A “**Trigger Event**” shall be deemed to occur if the Issuer or the Relevant Regulator determines that at least one of the following events has occurred:

- (i) the amount of eligible own-fund items of the Issuer is equal to or less than 75 per cent. of the Solvency Capital Requirement of the Issuer;
- (ii) the amount of eligible own-fund items of the Group is equal to or less than 75 per cent. of the Solvency Capital Requirement of the Group;
- (iii) the amount of eligible own-fund items of the Issuer has been less than the Solvency Capital Requirement of the Issuer for a period of at least 90 calendar days;
- (iv) the amount of eligible own-fund items of the Group has been less than the Solvency Capital Requirement of the Group for a period of at least 90 calendar days;
- (v) the amount of eligible own-fund items of the Issuer is equal to or less than the Minimum Capital Requirement of the Issuer; and/or
- (vi) the amount of eligible own-fund items of the Group is equal to or less than the Minimum Capital Requirement of the Group.

Following any reduction of the Prevailing Principal Amount of the Notes to a Prevailing Principal Amount which remains greater than one cent as described in accordance with Condition 5(a) (*Write Down*), interest will accrue on the Prevailing Principal Amount of each Note with effect from (but excluding) the Write Down Date, and will be subject to Conditions 4(a) (*Optional cancellation of Interest Payments*), 4(b) (*Mandatory cancellation of Interest Payments – Insufficient Available Distributable Items*), 4(c) (*Mandatory cancellation of Interest Payments – Regulatory Deficiency Event*) and 5(a) (*Write Down*). For so long as the Prevailing Principal Amount is reduced to one cent, and without prejudice to the continued application of the remainder of these Conditions, no interest shall accrue on the Notes.

## **Write Up**

The Issuer shall, save as provided below in relation to the pre-conditions to any Write Up, have full discretion to reinstate, to the extent permitted in compliance with the Relevant Rules, any portion of the principal amount of the Notes which has been Written Down and which has not previously been Written Up (such portion, the “**Write Up Amount**”). The reinstatement of

the Prevailing Principal Amount (such reinstatement being referred to herein as a “**Write Up**”, and “**Written Up**” shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion) provided that the principal amount of each Note shall never be Written Up to an amount greater than its Initial Principal Amount.

To the extent that the Prevailing Principal Amount of the Notes has been Written Up as described above, interest shall begin to accrue from (and including) the date of the relevant Write Up on the increased Prevailing Principal Amount of the Notes.

Please see Condition 5(d) (*Write-Up*) for further information.

#### **Maturity**

The Notes are perpetual securities with no fixed redemption date. The Notes may only be redeemed or repurchased by the Issuer in the circumstances set out below (and as more fully described in Condition 6 (*Redemption*)).

#### **Redemption**

Noteholders have no right to require the Issuer to redeem the Notes.

The Issuer has the right, in its sole and full discretion but subject to the satisfaction of the conditions to redemption as set out in Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), to redeem the Notes in whole but not in part (i) on any Optional Redemption Date, (ii) if a Deductibility Event or a Gross-up Event has occurred and is continuing, (iii) if a Capital Disqualification Event has occurred and is continuing, (iv) if a Ratings Methodology Event has occurred and is continuing, (v) if an Accounting Event has occurred and is continuing or (vi) if 75 per cent. or more of the aggregate principal amount of the Notes originally issued have been purchased by the Issuer or by any other person beneficially for the Issuer’s account and, in each case, cancelled pursuant to the Conditions, in each case at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with the Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

The Issuer shall be required to defer redemption of the Notes in certain circumstances as set out below (and as more fully described in the Conditions).

#### **Deferral of Redemption**

If a Regulatory Deficiency Event has occurred and is continuing on the date specified in the notice of redemption by the Issuer under Condition 6(b) (*Issuer’s Call Option*), 6(c) (*Redemption for Taxation Reasons*), 6(d) (*Redemption following a Capital Disqualification Event*), 6(e) (*Redemption pursuant to Clean-up Call Option*), 6(f) (*Redemption due to Ratings Methodology Event*) or 6(g) (*Redemption following an Accounting Event*), as

the case may be, or redemption of the Notes on such date would itself cause a Regulatory Deficiency Event to occur, the Issuer shall give notice to the Noteholders in accordance with Condition 6(j) (*Notices and Certificates*) and the Agent that redemption of the Notes shall be deferred, and no redemption pursuant to Condition 6 will fall due or be permitted other than as set out below in Condition 6(h) (*Deferral of Redemption relating to a Regulatory Deficiency Event*) and in accordance with Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*).

In such event, such Notes shall instead become due for redemption at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued but unpaid interest up to (but excluding) the redemption date, upon the earliest of:

- (i) the date falling ten Business Days after the date the Regulatory Deficiency Event has ceased (provided that if on such tenth Business Day a further Regulatory Deficiency Event has occurred and is continuing or redemption of the Notes on such tenth Business Day would itself cause a Regulatory Deficiency Event to occur, the Notes shall not fall due for redemption on such date and the Issuer shall give further notice thereof to the Noteholders in accordance with Condition 6(j) (*Notices and Certificates*) and the Agent, and the provisions of Condition 6(h) (*Deferral of Redemption relating to a Regulatory Deficiency Event*) shall apply *mutatis mutandis* to determine the subsequent date for redemption of the Notes);
- (ii) the date falling ten Business Days after the Relevant Regulator has agreed to the redemption of the Notes; and
- (iii) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (other than a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become payable).

A “**Regulatory Deficiency Event**” means either of the following events:

- (i) the amount of own-fund items which are eligible to cover the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer and/or the Group is not sufficient to cover such Solvency Capital Requirement and/or Minimum Capital Requirement; or

- (ii) (if required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer or the Group under the Relevant Rules from time to time) the Relevant Regulator notifying the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer and/or the Group, that in accordance with Relevant Rules at such time, the Issuer must take specified action in relation to the deferral of payments of principal and/or cancellation of payments of interest under the Notes.

### **Purchases and Cancellation**

Subject to Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), the Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Notes in any manner and at any price. All Notes so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Agent.

### **Substitution or Variation**

Subject to Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), if a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 18(d), the Issuer may (without the consent of the Noteholders) at any time either substitute all (but not some only) of the Notes for, or vary the terms and conditions of the Notes (including, without limitation, changing the governing law of Condition 18(d)) so that the Notes remain or become, (in the case of a Ratings Methodology Event) Rating Agency Compliant Securities or (in any other case) Qualifying Tier 1 Securities. The Notes may only be so substituted and the Conditions may only be so varied if the proposed substitution or variation would not of itself give rise to a Deductibility Event, Gross-up Event, Capital Disqualification Event, Ratings Methodology Event or Accounting Event.

Please see Condition 7 (*Substitution or Variation*) for further information.

### **Preconditions to redemption, substitution, variation or purchases**

#### Preconditions to Redemption or Purchases

Any redemption or purchase of Notes pursuant to Conditions 6 (*Redemption*), or 8 (*Purchases and Cancellation*), respectively, is subject (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time) to:

- (i) the Issuer having satisfied the Regulatory Clearance Condition;
- (ii) in the case of a redemption or purchase of the Notes prior to the fifth anniversary of the Specified Date, either:

- (a) such redemption or purchase being funded out of the proceeds of a new issue of or exchange into one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes; or
- (b) in the case of any redemption or purchase pursuant to Condition 6(c) (*Redemption for Taxation Reasons*) or 6(d) (*Redemption following a Capital Disqualification Event*), the Relevant Regulator being satisfied that the Solvency Capital Requirement of the Issuer and the Group will be exceeded by an appropriate margin immediately after such redemption or purchase (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
  - (A) in the case of any such redemption following the occurrence of a Deductibility Event or a Gross-up Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Specified Date; or
  - (B) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain and the Issuer having demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Specified Date;
- (iii) in the case of a redemption or purchase of the Notes on or following the fifth anniversary of the Specified Date but prior to the tenth anniversary of the Specified Date, either
  - (a) the Solvency Capital Requirement of the Issuer and the Group being exceeded by an appropriate margin (in the opinion of the Relevant Regulator) taking account of the solvency position of the Issuer and the Group (including, without limitation, the medium term capital management plan of the Issuer and the Group) at the time of and immediately following such redemption or purchase or
  - (b) the Notes being exchanged for or converted into, or the redemption or purchase of such Notes being funded out of the proceeds of a new issue of, one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes;
- (iv) there being no continuing Regulatory Deficiency Event and such actions not causing a Regulatory Deficiency Event to occur; and

- (v) no Insolvent Insurer Winding-Up relating to a Group Insurance Undertaking having occurred and being continuing.

Preconditions to Substitution or Variation

Any substitution or variation of the Notes pursuant to Condition 7 (*Substitution or Variation*) is subject (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time) to the Issuer having satisfied the Regulatory Clearance Condition.

Notwithstanding Conditions 9(ii)(a) and 9(iii)(a) (*Preconditions to Redemption, Substitution, Variation and Purchase*), but subject always to the satisfaction of the Regulatory Clearance Condition, the Issuer may redeem or purchase Notes pursuant to Condition 6(b) (*Issuer's Call Option*), 6(c) (*Redemption for Taxation Reasons*), 6(d) (*Redemption following a Capital Disqualification Event*), 6(e) (*Redemption pursuant to Clean-up Call Option*), 6(f) (*Redemption due to Ratings Methodology Event*) or 6(g) (*Redemption following an Accounting Event*), as the case may be, following the occurrence of a Regulatory Deficiency Event if:

- (i) the Relevant Regulator has exceptionally waived the suspension of the redemption or purchase (to the extent the Relevant Regulator can give such waiver in accordance with the Relevant Rules);
- (ii) the Notes are to be exchanged for or converted into another basic own-fund item of at least the same quality as the Notes (which, for the avoidance of doubt, will include (without limitation) a redemption or purchase funded out of the proceeds of a new issue of one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes); and
- (iii) the Minimum Capital Requirement applicable to the Issuer and the Minimum Capital Requirement applicable to the Group will be complied with at the time of and immediately after the redemption or purchase.

Notwithstanding the above requirements of Condition 9 (*Preconditions to Redemption, Substitution, Variation and Purchase*), if, at the time of any redemption, substitution, variation or purchase, the Relevant Rules permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time), the Issuer shall comply with such alternative and/or, as appropriate, additional pre-condition(s) as are then so required.

## **Enforcement Event**

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

Notwithstanding any of the provisions of Condition 12 (*Enforcement Events*), and subject to the Relevant Rules, the right to prove in the Winding-Up or dissolution of the Issuer is limited to circumstances where payment has become due and is not duly paid. In the case of any payment of interest in respect of the Notes, such payment will be cancelled and not be due if Condition 4(a) (*Optional cancellation of Interest Payments*), 4(b) (*Mandatory cancellation of Interest Payments – Insufficient Available Distributable Items*), 4(c) (*Mandatory cancellation of Interest Payments – Regulatory Deficiency Event*) and/or 5 (*Write Down and Write Up*) applies and in the case of payment of principal, such principal will be Written Down following the occurrence of a Trigger Event (and may otherwise be written down pursuant to applicable law and regulation) and may be deferred in accordance with Condition 6 (*Redemption*).

If the Issuer defaults for a period of fourteen days or more in payment of principal when due in respect of the Notes or any of them, each Noteholder may prove in the Winding-Up or dissolution proceedings of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment.

No payment in respect of the Notes may be made by the Issuer pursuant to Condition 12(a) (*No right to institute bankruptcy and other similar proceedings*), nor will any Noteholder accept the same, other than during or after a Winding-Up or dissolution of the Issuer, unless the Regulatory Clearance Condition is satisfied, which the Issuer shall confirm in writing to the Agent.

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

## **Statutory loss absorption powers**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of Condition 18(d), includes each holder of a beneficial interest in the Notes), each Noteholder by its acquisition of the Notes (or any interest therein) acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by (i) the effect of the exercise of any such statutory loss absorption powers, including the reduction of the Relevant Amounts, the conversion of all or a portion of the Relevant amounts, the cancellation of the Notes or the Relevant Amounts or the amendment or alteration of the perpetual nature of the Notes, the interest or the interest payment dates including by suspending payment for a temporary period, and (ii) the variation

of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise nor will such exercise constitute a default for any purpose.

The Issuer shall notify the Noteholders of the exercise of any Statutory Loss Absorption Powers.

### **Use of proceeds**

An amount equivalent to the net proceeds raised by the issuance will be used to finance or refinance, in whole or in part, existing and/or future Eligible Green Projects and Assets that meet the Eligibility Criteria and are financed by Fidelidade through operating and capital expenditure, in line with the Green Financing Framework published in Fidelidade's website.

Fidelidade intends to allocate an amount equal to the net proceeds raised by the issuance to the Eligible Green Projects where expenditures have taken place within a 3-year period preceding the date of the issuance. Eligible Green Building Assets will be recognized at their market value and shall qualify for refinancing without a specific look-back period.

Fidelidade's Treasury team will manage the allocation of an amount equivalent to the net proceeds of its green financing instruments to Eligible Green Projects and Assets. Fidelidade will strive to achieve a level of allocation to the Eligible Green Projects and Assets portfolio that matches or exceeds the balance of net proceeds of its outstanding green financing instruments within 3 calendar years of issuance of the Notes.

Pending full allocation of an amount equal to the net proceeds of outstanding green financing instruments, the proceeds will be held in accordance temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Fidelidade's treasury management policies.

If any Eligible Green Projects or Eligible Green Assets are removed from the Eligible Green Projects and Assets portfolio, Fidelidade will strive to substitute those projects with replacement eligible projects, as soon as possible.

For the purpose of this section:

**“Eligible Green Projects and Assets”** means Green Buildings, Environmentally Sustainable Management of Living Natural



Resources and Land Use, provided that these comply with the Eligibility Criteria, each an “**Eligible Green Project**” or an “**Eligible Green Asset**”, as applicable. For the avoidance of doubt, financing related to the following activities are excluded from the proceeds of the Notes: fossil fuel energy, nuclear energy, large hydro (more than 25MW), gambling, tobacco, alcohol, weapons and industrial scale livestock.

“**Eligibility Criteria**” means the criteria prepared by the Issuer as set out in the Issuer’s Green Financing Framework (available on the Issuer’s website at [www.fidelidade.pt](http://www.fidelidade.pt)). Fidelidade will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Notes proceeds to Eligible Green Projects, provided by its external auditor.

**Form**

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*) and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM). No physical document of title will be issued in respect of the Notes.

**Listing and Admission to Trading**

Application has been made to list the Notes on the Official List and to be admitted to trading on the Global Exchange Market.

**Denominations**

The Notes are issued in denominations of €200,000.

**Governing Law**

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that Condition 2 (*Status and Winding-Up*), and the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall, in each case, be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and shall be construed in accordance with, Portuguese law.

**Ratings**

The Notes have been attributed a rating of BBB- by Fitch.

**Selling Restrictions**

The United States, Portugal, EEA, UK, Hong Kong, Singapore and Switzerland. See “*Subscription and Sale*”.

Category 2 offering restrictions have been implemented for the purposes of Regulation S.

C Rules (as defined in “*Subscription and Sale*” below) apply.

**Risk Factors**

Prospective investors should carefully consider the information set out in “*Risk Factors*” in conjunction with the other information contained in this Offering Circular.

**ISIN**

PTFIDAOM0000

**Common Code**

283154084

**Joint Lead Managers**

Caixa – Banco de Investimento, S.A., Citigroup Global Markets Europe AG and Morgan Stanley Europe SE

**Agent**

Caixa – Banco de Investimento, S.A.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Conditions, save for the paragraphs in italics that are included for information only and shall not form part of the Conditions.*

The €500,000,000.00 perpetual subordinated fixed rate resettable temporary write-down restricted tier 1 notes (the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) are issued by Fidelidade – Companhia de Seguros, S.A. (the “**Issuer**”).

References herein to the Notes shall mean the book-entries representing the Notes while held through *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* (“**Interbolsa**”), as management entity of the Portuguese Centralised System of Registration of Securities (“*Central de Valores Mobiliários*”).

The Notes have the benefit of a deed poll given by the Issuer in favour of the Noteholders dated 29 May 2024 (such deed poll as amended and/or supplemented and/or restated from time to time, the “**Interbolsa Instrument**”) and of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 29 May 2024 and made and agreed between the Issuer, Caixa – Banco de Investimento, S.A. as agent and paying agent (the “**Agent**”, which expression shall include any successor agent and paying agent) and any other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean the persons in whose name the Notes are registered in the individual securities account held with an Affiliate Member of Interbolsa (as defined below) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 11, the effective beneficiary of the income attributable thereto.

In these Conditions, the expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg; “**Clearstream, Luxembourg**” means Clearstream Banking S.A.; and “**Euroclear**” means Euroclear Bank SA/NV.

Copies of the Interbolsa Instrument and the Agency Agreement are available for inspection during normal business hours at the specified office of the Agent. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Interbolsa Instrument and the Agency Agreement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Interbolsa Instrument and the Agency Agreement.

Words and expressions defined in the Interbolsa Instrument or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument shall prevail.

### 1 Form, Denomination, Title and Transfer

The Notes have an Initial Principal Amount of €200,000 each.

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*) (in which case Interbolsa, at the Issuer’s request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer), and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate

Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM). No physical document of title will be issued in respect of the Notes. Each person shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in the Notes shall be treated as the holder of the principal amount of the Notes recorded therein. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue) for all purposes.

The transferability of the Notes is not restricted. Subject as set out below, title to the Notes will pass upon registration of transfers in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code and the relevant procedures of Interbolsa. Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Note. No holder of a Note will be able to transfer such Note, except in accordance with Portuguese law and with the applicable procedures of Interbolsa.

## 2 Status and Winding-Up

### (a) *General*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in Condition 19), the terms of which reconstruction, amalgamation or substitution (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), the rights and claims of the Noteholders against the Issuer in respect of the payment obligations of the Issuer under or arising from the Notes, including any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in this Condition 2(a) to the claims of all Senior Creditors of the Issuer, but shall (subject to mandatory provisions of Portuguese law) rank:

- (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith (the “**Parity Securities**”); and
- (ii) in priority to the claims of holders of all classes of share capital of the Issuer (the “**Junior Securities**”).

### (b) *Waiver of Set-off*

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Noteholder shall, by virtue of its holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator of the Issuer) and, until such

time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(c) ***References to include principal and interest***

The foregoing provisions of this Condition 2 apply only to the principal, interest and other amounts under or arising from the Notes and nothing in this Condition 2 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of any Paying Agent or the rights and remedies of any Paying Agent in respect thereof and in such capacity each Paying Agent shall rank as an unsubordinated creditor of the Issuer.

### **3 Interest**

(a) ***Interest Rates***

Subject to the provisions of this Condition 3 and Conditions 4 and 5, the Notes bear interest on their Prevailing Principal Amount from time to time at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 3.

Subject to the provisions of this Condition 3 and Conditions 4 and 5, interest shall be payable semi-annually in arrear on 29 May and 29 November in each year (each, an “**Interest Payment Date**”), commencing on 29 November 2024 (the “**First Interest Payment Date**”).

Accordingly, if paid in full, the amount of interest payable (subject to Conditions 4 and 5) on each Interest Payment Date up to (and including) the First Reset Date shall be €7,750.00 per Calculation Amount (assuming that the Prevailing Principal Amount remains equal to the Initial Principal Amount at all times during that period).

(b) ***Accrual of Interest***

Subject to the provisions of this Condition 3 and Conditions 4 and 5, the Notes will cease to bear interest from (and including) (i) the date of redemption thereof pursuant to Condition 6 or (ii) from (and including) the date on which the Notes become repayable in a Winding-Up or dissolution of the Issuer in accordance with Conditions 2 and 12, as the case may be, unless payment of all amounts then due in respect of the Notes is not made, in which case interest shall continue to accrue at the Interest Rate in respect of unpaid amounts on the Prevailing Principal Amount of the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Where it is necessary to compute an amount of interest in respect of any Note for any period (other than any full Interest Period), the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from (and including) the date from which interest begins to accrue (the “**Accrual Date**”) to (but excluding) the date on which it falls due (any such period, an “**Accrual Period**”), divided by the product of (a) two and (b) the actual number of days in the period from (and including) the Accrual Date to (but excluding) the next scheduled Interest Payment Date.

Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If the Prevailing Principal Amount of the Notes is Written Down or Written Up during an Interest Period pursuant to Condition 5 (and/or is otherwise adjusted pursuant to applicable law and regulation), the Calculation Amount will be adjusted to reflect such Prevailing Principal Amount from time to time so

that the relevant amount of interest is determined by the Agent by reference to such Calculation Amount as adjusted from time to time and as if such Interest Period were comprised of two or (as applicable) more consecutive interest periods, with interest calculations based on the number of days for which each Prevailing Principal Amount and Calculation Amount was applicable.

(c) ***Initial Fixed Interest Rate***

For the Initial Fixed Rate Interest Period, the Notes bear interest, subject to this Condition 3 and Conditions 4 and 5, at the rate of 7.750 per cent. *per annum* (the “**Initial Fixed Interest Rate**”).

(d) ***Reset Rate of Interest***

The Interest Rate will be reset (each a “**Reset Rate of Interest**”) in accordance with this Condition 3 on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin (with such sum converted from an annual to a semi-annual basis by the Agent), unless a Benchmark Event has occurred, in which case the relevant Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 3(i).

(e) ***Determination of Reset Rate of Interest***

The Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Reset Determination Date, determine the Reset Rate of Interest in respect of the relevant Reset Period.

(f) ***Publication of Reset Rate of Interest***

The Issuer shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 3 in respect of each Reset Period to be given to each Paying Agent and any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 15, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 12 and for so long as the Notes remain outstanding thereafter, the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent in accordance with this Condition 3 but no publication of the relevant Reset Rate of Interest need be made.

(g) ***Appointment of Agent***

The Issuer will maintain an Agent. The name of the initial Agent is set out at the start of these Conditions.

If the Agent is unable or unwilling to continue to act as the Agent or fails duly to determine the Reset Rate of Interest in respect of any Reset Period as provided in Condition 3(d) or the accrued interest per Calculation Amount payable in respect of the Notes, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in the Eurozone or another independent financial adviser of international repute to act as such in its place. The Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) ***Determinations of Agent binding***

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Agent, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and (in the absence of

wilful default or negligence) no liability to the Noteholders or the Issuer shall attach to the Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) ***Benchmark discontinuation***

Notwithstanding the other provisions of Condition 3 above, if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any Reset Rate of Interest (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions of this Condition 3(i) shall apply.

(i) ***Independent Adviser***

The Issuer shall use its reasonable endeavours, at its own expense, to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3(i)(ii)) and, in either case, an Adjustment Spread (if any) (in accordance with Condition 3(i)(iii)) and any Benchmark Amendments (in accordance with Condition 3(i)(iv)). In making such determination, the Independent Adviser shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 3(i).

If the Issuer is unable to appoint an Independent Adviser in accordance with this Condition 3(i) or the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the relevant Reset Determination Date, the Issuer, acting in good faith and in a commercially reasonable manner, may still determine (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread (if any) and/or any Benchmark Amendments in accordance with this Condition 3(i) (with the relevant provisions in this Condition 3(i) and the relevant defined terms used herein applying *mutatis mutandis* to allow such determinations to be made by the Issuer rather than by an Independent Adviser). Where this paragraph applies, without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer will take into account relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(ii) ***Successor Rate or Alternative Rate***

If the Independent Adviser determines that:

- (a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread (if any) shall subsequently be used by the Agent in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes in respect of periods beginning from the end of the then current Reset Period onwards or, if the Issuer determines that a Benchmark Event has occurred prior to the first Reset Determination Date, from the First Reset Date onwards, subject to the further operation of this Condition 3(i); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread (if any) shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes in respect of periods beginning from the end of the then current Reset Period onwards or, if the Issuer determines that a Benchmark Event has occurred prior to the first Reset Determination

Date, from the First Reset Date onwards, subject to the further operation of this Condition 3(i).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 3(i) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (if any) (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to satisfaction of the Regulatory Clearance Condition and to giving notice thereof to the Noteholders in accordance with Condition 15, without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Agent of a certificate signed by two Authorised Signatories pursuant to Condition 3(i)(v), the Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Agency Agreement), provided that the Agent shall not be obliged so to concur if in the opinion of the Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent in these Conditions or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such modifications in accordance with this Condition 3(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3(i), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of the Notes be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 1 Capital for the purposes of the Relevant Rules.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread (if any or, if none, confirmation that one has not been determined) and the specific terms of any Benchmark Amendments determined under this Condition 3(i) will be notified promptly by the Issuer to the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.



No later than notifying the Paying Agents of the same, the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread (if any) and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 3(i);
- (b) stating whether the Successor Rate or, as the case may be, the Alternative Rate and (in either case) the applicable Adjustment Spread (if any) and the Benchmark Amendments (if any) were determined by an Independent Adviser; and
- (c) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination thereof and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Agent and the Noteholders.

(vi) *Survival of Original Reference Rate provisions*

Without prejudice to the obligations of the Issuer under this Condition 3(i), the Original Reference Rate and the fall-back provisions provided for in the definition of "Reset Reference Rate" in Condition 19 will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and any Benchmark Amendments, in accordance with the relevant provisions of this Condition 3(i).

#### **4 Cancellation of Interest**

(a) ***Optional cancellation of Interest Payments***

The Issuer may at its discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 4(b), 4(c) and 5, and subject as provided in Condition 4(d)) at any time elect to cancel any Interest Payment, in whole or in part, which is otherwise due or scheduled to be paid on any scheduled payment date.

(b) ***Mandatory cancellation of Interest Payments – Insufficient Available Distributable Items***

To the extent required by the Relevant Rules, an Interest Payment otherwise due on any scheduled payment date shall not be due (in whole or, as the case may be, in part) and the relevant Interest Payment will be cancelled mandatorily and not made on such scheduled payment date if, and to the extent that the amount of such Interest Payment (including, without limitation, any Additional Amounts in respect thereof) otherwise due would, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all other Tier 1 Capital of the Issuer (excluding for these purposes any such payments or distributions which do not reduce the Issuer's Available Distributable Items and any payments, scheduled payments or accruals already accounted for by way of deduction in determining the Issuer's Available Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such scheduled payment date, exceed the amount of Available Distributable Items of the Issuer as at such scheduled payment date.

(c) ***Mandatory cancellation of Interest Payments – Regulatory Deficiency Event***

To the extent required by the Relevant Rules, an Interest Payment otherwise due on any scheduled payment date will not be due (in whole or, as the case may be, in part), and the relevant payment will be cancelled mandatorily and not made on such scheduled payment date (i) if a Regulatory Deficiency Event has occurred and is continuing or (ii) if, and to the extent that, the payment of the Interest Payment otherwise due would cause a Regulatory Deficiency Event to occur.

Notwithstanding the previous paragraph, the relevant Interest Payment will not be cancelled if and to the extent:

- (i) the Relevant Regulator has exceptionally waived the cancellation of such Interest Payment or part thereof (to the extent the Relevant Regulator can give such waiver in accordance with the Relevant Rules);
- (ii) paying such Interest Payment (or part thereof) does not further weaken the solvency position of the Issuer and/or the Group as determined by the Relevant Regulator in accordance with the Relevant Rules; and
- (iii) the Minimum Capital Requirement applicable to the Issuer and the Minimum Capital Requirement applicable to the Group will be complied with at the time of and immediately after the Interest Payment (or part thereof) is made.

(d) ***Interest cancellation if a Capital Disqualification Event has occurred but the Notes have not been redeemed***

To the extent permitted by the Relevant Rules, if (i) a Capital Disqualification Event has occurred and is continuing in respect of the Notes and (ii) the Notes are fully excluded from the Issuer's own fund items but the Issuer has not exercised its option to redeem the Notes pursuant to Condition 6(d), the Issuer shall not exercise its discretion under Condition 4(a) to cancel any Interest Payments due on the Notes (in whole or in part) at any time after the occurrence of such Capital Disqualification Event.

(e) ***Notice of cancellation of Interest Payment***

Upon the Issuer electing to cancel any Interest Payment (or part thereof) pursuant to Condition 4(a), or being prohibited from making any Interest Payment (or part thereof) pursuant to any of Conditions 4(b), 4(c) and 5, the Issuer shall, as soon as reasonably practicable on or prior to the relevant Interest Payment Date, give notice of such non-payment and the reason therefor to the Noteholders in accordance with Condition 15 and the Agent, provided that any failure to give such notice shall not affect the cancellation of any Interest Payment (in whole or, as the case may be, in part) and shall not constitute a default under the Notes for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant Interest Payment that will be or has been paid on the relevant scheduled payment date.

(f) ***Interest non-cumulative; no default***

Any Interest Payment (or, as the case may be, part thereof) not paid on any scheduled payment date by reason of Condition 4(a), 4(b), 4(c) or 5, shall be cancelled and shall not accumulate or be payable at any time thereafter.

If the Issuer does not pay any Interest Payment (in whole or, as the case may be, in part) on the relevant scheduled payment date, such non-payment (whether the notice referred to in Condition 4(e) has been given or not) shall evidence the cancellation of such Interest Payment (in whole or, as the case may be, in part) by reason of the cancellation of such Interest Payment (in whole or, as the case may be, in part)

in accordance with Conditions 4(b), 4(c) or 5 or, as appropriate, the Issuer's exercise of its discretion to cancel such Interest Payment (in whole or, as the case may be, in part) in accordance with Condition 4(a). Accordingly, non-payment of any Interest Payment (in whole or, as the case may be, in part) in accordance with any of Condition 4(a), 4(b), 4(c) or 5, will not constitute a default by the Issuer for any purpose and the Noteholders shall have no right thereto whether in a Winding-Up or dissolution of the Issuer or otherwise.

## 5 Write Down and Write Up

### (a) *Write Down*

If a Trigger Event has occurred, the Issuer shall:

- (i) (unless the Relevant Regulator itself made the relevant determination) immediately inform the Relevant Regulator of the occurrence of the Trigger Event;
- (ii) without delay, give the relevant Trigger Event Notice (which notice shall be irrevocable);
- (iii) immediately and irrevocably cancel any interest which has accrued up to (and including) the relevant Write Down Date and which is unpaid; and
- (iv) following the final determination of the Write Down Amount in accordance with Condition 5(b), reduce the then Prevailing Principal Amount of each Note by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**", shall be construed accordingly) as provided below.

Such cancellation and reduction shall take place without the need for the consent of Noteholders and without delay on such date as is selected by the Issuer (the "**Write Down Date**") but which shall be no later than one month following the occurrence of the relevant Trigger Event and in accordance with the requirements set out in the Relevant Rules. The Relevant Regulator may require that the period of one month referred to above is reduced in cases where the Relevant Regulator assesses that sufficient certainty on the required Write Down Amount is established or in cases where it assesses that an immediate Write Down is needed.

For the purposes of determining whether a Trigger Event has occurred, the Solvency Capital Requirement and Minimum Capital Requirement of the Issuer and the Group may be calculated at any time based on information (whether or not published) available to management of the Issuer and the Relevant Regulator, including information internally reported within the Issuer and the Group pursuant to their respective procedures for monitoring their capital requirements.

Any Trigger Event Notice delivered to the Agent shall be accompanied by a certificate signed by two Authorised Signatories certifying the accuracy of the contents of the Trigger Event Notice. Such certificate shall be treated and accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be conclusive and binding upon all such persons. Any such certificate delivered to the Agent shall also be made available to the Noteholders.

A Trigger Event may occur on more than one occasion (and each Note may be Written Down on more than one occasion). If a Trigger Event occurs pursuant to paragraph (iii) or (iv) of the definition of "Trigger Event" in Condition 19 which does not result in the entire Prevailing Principal Amount of the Notes being written down (subject to the one cent floor referred to below), a further Trigger Event may occur:

- (i) pursuant to any of paragraphs (i), (ii), (v) or (vi) of the definition of “Trigger Event” in Condition 19 at any time; or
- (ii) pursuant to paragraph (iii) or (iv) of the definition of “Trigger Event” in Condition 19 at any time on or after the date falling 90 days after the last day of the relevant 90-day period referred to in paragraph (iii) or (iv) of such definition or, if earlier, on such date as may be determined by the Relevant Regulator or required by the Relevant Rules.

If a Trigger Event has occurred, if permitted by the Relevant Rules at the time the Trigger Event occurs, the Issuer may decide not to effect a Write Down if:

- (i) the relevant Trigger Event has occurred pursuant to paragraph (iii) or (iv) of the definition of “Trigger Event” in Condition 19;
- (ii) no Trigger Event has occurred at any time pursuant to any of paragraphs (i), (ii), (v) or (vi) of the definition of “Trigger Event” in Condition 19; and
- (iii) the Relevant Regulator has agreed exceptionally to waive a Write Down on the basis that it has received: (i) projections provided by the Issuer and/or the Group when it submits the recovery plan required by Article 138(2) of the Solvency II Directive, that demonstrate that triggering a Write Down in that case would be very likely to give rise to a tax liability that would have a significant adverse effect on the Issuer’s and/or the Group’s solvency position; and (ii) a certificate issued by the Issuer’s or the Group’s statutory auditors certifying that all of the assumptions used in the projections referred to in (i) are realistic.

The Relevant Regulator shall be under no obligation to provide any approval pursuant to paragraph (III) above. If, as permitted by the paragraph above, the Issuer decides not to effect a Write Down, the Issuer shall give notice to that effect to the Noteholders in accordance with Condition 15 and the Agent.

Any failure by the Issuer to give a Trigger Event Notice or for it to be communicated properly to the Noteholders in accordance with Condition 15 and/or the Agent and/or the Relevant Regulator will not affect the effectiveness of, or otherwise invalidate, any Write Down or give Noteholders any rights as a result of such failure.

Any reduction of the Prevailing Principal Amount of a Note pursuant to this Condition 5(a) shall not constitute a default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts Written Down, whether in a Winding-Up or dissolution or otherwise, save to the extent (if any) (and for so long as) such amounts are subsequently Written Up in accordance with Condition 5(d).

(b) ***Write Down Amount***

The aggregate reduction of the Prevailing Principal Amounts of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to:

- (i) in the case of a Write Down due to the occurrence of a Trigger Event referred to in any of paragraphs (i), (ii), (v) or (vi) of the definition of “Trigger Event” in Condition 19, the amount that would result in the entire Prevailing Principal Amount of a Note with an Initial Principal Amount of €200,000 being reduced to one cent per Note;
- (ii) in the case of a Write Down due to the occurrence of a Trigger Event referred to in paragraphs (iii) or (iv) of the definition of “Trigger Event” in Condition 19:
  - (a) if a consequence of the relevant Write Down (taking into account the write down or conversion of any other Loss Absorbing Instruments on or around the Write Down Date)

would be that the aggregate quantum of own-fund items which are eligible to cover the Solvency Capital Requirement and/or Minimum Capital Requirement of the Issuer and/or the Group (as applicable) would increase such that no Trigger Event would be continuing and the SCR Ratio of each of the Issuer and the Group would be 100 per cent. or more immediately following such Write Down, such amount as would be sufficient such that no Trigger Event would be continuing and the lower of the SCR Ratio of the Issuer and of the Group would be equal to 100 per cent. immediately following such Write Down (provided that this paragraph (ii)(a) shall only apply if the Issuer is capable of determining such amount prior to the Write Down Date); or

- (b) if paragraph (ii)(a) above does not apply, an amount calculated by the Issuer on a linear basis to reflect the prevailing Relevant SCR Ratio on the last day of the relevant 90-day period referred to in paragraphs (iii) or (iv) of the definition of “Trigger Event” in Condition 19, or on such other date as may be required by the Relevant Regulator or by the Relevant Rules, where the resulting Prevailing Principal Amount of each Note would be (x) equal to the Initial Principal Amount if the prevailing Relevant SCR Ratio was 100 per cent. (or above) and (y) written down to one cent per Note if the prevailing Relevant SCR Ratio was at or below 75 per cent.; or
- (iii) in any case, such other amount as may be approved by the Relevant Regulator prior to the Write Down Date in accordance with the Relevant Rules in force as at that time and in its sole and absolute discretion (which amount, if lower, may be equal to zero in the circumstances set out in the following sentence).

Notwithstanding the previous paragraphs, if the Relevant Rules for the time being require that the entire Prevailing Principal Amount of each Note be Written Down following the occurrence of a Trigger Event (on the basis that the Notes are intended to qualify as Tier 1 Capital of the Issuer and the Group under the Relevant Rules from time to time), the Write Down Amount of each Note shall be its entire Prevailing Principal Amount (subject, in each case, to the one cent floor referred to above).

Further, the Relevant Regulator shall be under no obligation to provide any approval pursuant to paragraph (iii) above of a Write Down Amount other than that which would otherwise apply and so in circumstances where it has not granted such an approval prior to the Write Down Date, the Write Down Amount of each Note shall be the amount set out in paragraph (i) or (ii) above (as applicable) or the amount determined pursuant to the previous paragraph.

The aggregate reduction of the Prevailing Principal Amounts determined in accordance with this Condition 5(b) shall be applied to all of the Notes *pro rata* on the basis of their Prevailing Principal Amount immediately prior to the Write Down and references herein to “Write Down Amount” shall mean, in respect of each Note, the amount by which the Prevailing Principal Amount of such Note is to be Written Down accordingly.

Any Write Down pursuant to this Condition 5 shall occur in accordance with the Relevant Rules and in conjunction with other Loss Absorbing Instruments being written down or converted on or around the Write Down Date in accordance with their respective terms and which are, or will become, Written Down Tier 1 Instruments as a result of such write down or conversion.

For the avoidance of doubt, if, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (“**Full Loss Absorbing Instruments**”) then (in circumstances where the Write Down Amount would otherwise be less than the entire Prevailing Principal Amount of each Note (subject to the one cent floor referred to above)) the provision that a

Write Down of the Notes should be effected in conjunction with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full (or in full subject to a one cent floor) solely by virtue of the fact that such Full Loss Absorbing Instruments are required to be written down and/or converted in full (or in full subject to the one cent floor referred to above).

To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of this Condition 5(b) is not possible for any reason, or is otherwise not to be effected for any reason, this shall not in any way prevent any Write Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write Down Amount determined as provided above but (to the extent relevant to the determination of the Prevailing Principal Amount of the Notes to be Written Down in order to meet the requirements of the Relevant Regulator and the Relevant Rules as to loss absorption) without including for the purpose of this Condition 5(b) any write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted or to the extent that such write-down and/or conversion is not otherwise effected.

The Issuer shall set out the Write Down Amount per Calculation Amount in the relevant Trigger Event Notice together with the then Prevailing Principal Amount per Calculation Amount following the relevant Write Down. However, if the Write Down Amount has not been finally determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Noteholders in accordance with Condition 15 and the Agent and, at the same time, shall deliver to the Agent a certificate signed by two Authorised Signatories certifying the accuracy of the contents of such notice. Such certificate shall, in the absence of manifest error, be treated and accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be conclusive and binding upon all such persons. Any such certificate delivered to the Agent shall also be made available to the Noteholders. Any final determination of the relevant Write Down Amount by the Relevant Regulator shall be conclusive and binding on the Noteholders, the Issuer, the Agent and all other interested parties.

(c) ***Consequences of a Write Down***

Following any reduction of the Prevailing Principal Amount of the Notes to a Prevailing Principal Amount which remains greater than one cent as described in accordance with Condition 5(a), interest will accrue on the Prevailing Principal Amount of each Note with effect from (but excluding) the Write Down Date, and will be subject to Conditions 4(a), 4(b), 4(c) and 5(a). For so long as the Prevailing Principal Amount is reduced to one cent, and without prejudice to the continued application of the remainder of these Conditions, no interest shall accrue on the Notes.

Following any Write Down of the Notes, references herein to “Prevailing Principal Amount” shall be construed accordingly. Once the Prevailing Principal Amount of a Note has been Written Down, the relevant Write Down Amount(s) may only be restored, at the discretion of the Issuer, in accordance with Condition 5(d).

If a Trigger Event Notice is given which specifies a Write Down of the Notes, the Issuer shall procure that (i) a similar notice is given in respect of Loss Absorbing Instruments in accordance with their terms and (ii) the then prevailing principal amount of each series of Loss Absorbing Instruments outstanding (if any) is written down and/or converted in accordance with their terms following the giving of such Trigger Event Notice; provided, however, that any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write Down of the Notes pursuant to Condition 5(a) or give the Noteholders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result

thereof if required in accordance with the determination by the Relevant Regulator of the Write Down Amount).

(d) **Write Up**

The Issuer shall, save as provided below in relation to the pre-conditions to any Write Up, have full discretion to reinstate, to the extent permitted in compliance with the Relevant Rules, any portion of the principal amount of the Notes which has been Written Down and which has not previously been Written Up (such portion, the “**Write Up Amount**”). The reinstatement of the Prevailing Principal Amount (such reinstatement being referred to herein as a “**Write Up**”, and “**Written Up**” shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion) provided that the principal amount of each Note shall never be Written Up to an amount greater than its Initial Principal Amount.

To the extent that the Prevailing Principal Amount of the Notes has been Written Up as described above, interest shall begin to accrue from (and including) the date of the relevant Write Up on the increased Prevailing Principal Amount of the Notes.

Any such Write Up of the Notes shall be made on a *pro rata* basis and without any preference among themselves. The Issuer further undertakes to Noteholders that it will not write up the principal amount of any Written Down Tier 1 Instruments (if any) which are outstanding at such time unless it does so on at least a *pro rata* basis with the write up of the Notes.

Notwithstanding the previous paragraph, any failure by the Issuer to Write Up the Notes on at least a *pro rata* basis with the write up of such Written Down Tier 1 Instruments (if any) will not affect the effectiveness, or otherwise invalidate, any Write Up of the Notes or give the Noteholders any right to accelerate the Notes such that amounts of principal or interest would become due and payable on the Notes earlier than otherwise scheduled pursuant to these Conditions.

Any Write Up of the Notes will occur on the basis of profits of the Issuer which contribute to its Available Distributable Items and which are made subsequent to the restoration of compliance with the Solvency Capital Requirement of both the Issuer and the Group and consequently such Write Up shall not be caused by, or made by reference to, own-fund items issued by the Issuer or the Group in order to restore compliance with the Solvency Capital Requirement of the Issuer and/or the Group. In addition, any Write Up shall not be made in a manner which undermines the loss absorbency of the Notes (as determined by the Relevant Regulator).

Any Write Up will also be subject to:

- (i) the circumstances which gave rise to the Trigger Event having ceased;
- (ii) it not causing a Trigger Event;
- (iii) the Issuer having taken a formal decision confirming the relevant profits available to be utilised in effecting the Write Up;
- (iv) the Issuer and/or the Group having sufficient eligible own-fund items (as determined by reference to the Relevant Rules at such time) available to cover the Solvency Capital Requirement and Minimum Capital Requirement of the Issuer and the Group both before and after the relevant Write Up (taking into account the application of any regulatory limits on the inclusion in Tier 1 Capital of the Prevailing Principal Amount of the Notes and the prevailing principal amount of any Written Down Tier 1 Instruments);
- (v) the Issuer satisfying the Regulatory Clearance Condition; and

(vi) any such Write Up being made in compliance with the Relevant Rules.

If the Issuer elects to Write Up the Notes pursuant to this Condition 5(d), notice (a “**Write Up Notice**”) of such Write Up shall be given to Noteholders in accordance with Condition 15, the Agent and the Relevant Regulator specifying the amount of any Write Up and the date on which such Write Up shall take effect (the “**Write Up Date**”). Such Write Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write Up is to become effective. Any Write Up Notice delivered to the Agent shall be accompanied by a certificate signed by two Authorised Signatories certifying that each of conditions (i) to (vi) (both inclusive) to the Write Up, as specified in the paragraph above, are satisfied and continue to be satisfied on the date on which the relevant Write Up is to become effective. Such certificate shall be treated and accepted by the Agent, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be conclusive and binding upon all such persons. Any such certificate delivered to the Agent shall also be made available to the Noteholders.

(e) ***Currency***

Unless otherwise determined by the Relevant Regulator in the case of a determination of a Write Down Amount, for the purpose of any calculation in connection with a Write Down or Write Up of the Notes which necessarily requires the determination of a figure in euro (or in an otherwise consistent manner across obligations denominated in different currencies) any relevant obligations which are not denominated in euro shall (for the purposes of such calculation only) be deemed notionally to be converted into euro at the foreign exchange rates determined, in the sole and full discretion of the Issuer (in consultation with the Relevant Regulator), to be applicable based on its regulatory reporting requirements under the Relevant Rules.

## **6 Redemption**

(a) ***No Fixed Maturity Date***

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 6.

(b) ***Issuer’s Call Option***

Subject to Condition 9, the Issuer may, by giving not less than 15 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), elect to redeem all, but not some only, of the Notes on any Optional Redemption Date at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.

(c) ***Redemption for Taxation Reasons***

Subject to Condition 9, if a Deductibility Event or a Gross-up Event occurs and is continuing as at the date on which notice is given to Noteholders pursuant to this Condition 6(c), then the Issuer may, by giving not less than 15 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.



Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Agent (i) an opinion of independent legal advisers or other tax advisers of recognised standing that a Deductibility Event or a Gross-up Event (as the case may be) has occurred and is continuing or will apply to payments to be made on the next succeeding Interest Payment Date (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking reasonable measures available to it at the time) and (ii) a certificate signed by two Authorised Signatories stating that the circumstances giving rise to the Deductibility Event or Gross-up Event (as the case may be) have occurred and cannot be avoided by the Issuer taking reasonable measures available to it at the time. Such opinion and certificate shall constitute sufficient evidence of the Deductibility Event or Gross-up Event having occurred and being continuing or as occurring as at the next Interest Payment Date (without liability to any person) and shall be conclusive and binding on the Agent and the Noteholders.

(d) ***Redemption following a Capital Disqualification Event***

Subject to Condition 9, if a Capital Disqualification Event occurs and is continuing as at the date on which notice is given to Noteholders pursuant to this Condition 6(d), then the Issuer may, by giving not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their Prevaling Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing. Such certificate shall constitute sufficient evidence of the Capital Disqualification Event having occurred and being continuing (without liability to any person) and shall be conclusive and binding on the Agent and the Noteholders.

(e) ***Redemption pursuant to Clean-up Call Option***

Subject to Condition 9, if at any time prior to the date on which notice is given to Noteholders pursuant to this Condition 6(e), 75 per cent. or more of the aggregate principal amount (determined, solely for these purposes, as though all outstanding Notes remain at their Initial Principal Amount) of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 16 will be deemed to have been originally issued) have been purchased by the Issuer or by any other person beneficially for the Issuer's account and, in each case, cancelled pursuant to these Conditions, then the Issuer may, by giving not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their Prevaling Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories stating that the circumstances permitting such redemption have occurred and are continuing. Such certificate shall constitute sufficient evidence thereof and shall be conclusive and binding on the Agent and the Noteholders.

(f) ***Redemption due to Ratings Methodology Event***

Subject to Condition 9, if a Ratings Methodology Event occurs and is continuing as at the date on which notice is given to Noteholders pursuant to this Condition 6(f) then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories stating that a Ratings Methodology Event has occurred and is continuing. Such certificate shall constitute sufficient evidence of the Ratings Methodology Event having occurred and being continuing (without liability to any person) and shall be conclusive and binding on the Agent and the Noteholders.

(g) ***Redemption following an Accounting Event***

Subject to Condition 9, if an Accounting Event occurs and is continuing as at the date on which notice is given to Noteholders pursuant to this Condition 6(g) then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 and the Agent (which notice shall, save as provided in Condition 9, be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 9, redeem the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 6(g), the Issuer shall deliver to the Agent (i) an opinion or report of the Issuer's auditors for the time being that an Accounting Event has occurred and is continuing and (ii) a certificate signed by two Authorised Signatories stating that an Accounting Event has occurred and is continuing. Such certificate shall constitute sufficient evidence of the Accounting Event having occurred and being continuing (without liability to any person) and shall be conclusive and binding on the Agent and the Noteholders.

(h) ***Deferral of Redemption relating to a Regulatory Deficiency Event***

If a Regulatory Deficiency Event has occurred and is continuing on the date specified in the notice of redemption by the Issuer under Condition 6(b), 6(c), 6(d), 6(e), 6(f) or 6(g), as the case may be, or redemption of the Notes on such date would itself cause a Regulatory Deficiency Event to occur, the Issuer shall give notice to the Noteholders in accordance with Condition 6(j) and the Agent that redemption of the Notes shall be deferred, and no redemption pursuant to this Condition 6 will fall due or be permitted other than as set out below in this Condition 6(h) and in accordance with Condition 9.

In such event, such Notes shall instead become due for redemption at their Prevailing Principal Amount, together with (to the extent not previously cancelled in accordance with these Conditions) any accrued but unpaid interest up to (but excluding) the redemption date, upon the earliest of:

- (i) the date falling ten Business Days after the date the Regulatory Deficiency Event has ceased (provided that if on such tenth Business Day a further Regulatory Deficiency Event has occurred and is continuing or redemption of the Notes on such tenth Business Day would itself cause a Regulatory Deficiency Event to occur, the Notes shall not fall due for redemption on such date and the Issuer shall give further notice thereof to the Noteholders in accordance with Condition

6(j) and the Agent, and the provisions of this Condition 6(h) shall apply *mutatis mutandis* to determine the subsequent date for redemption of the Notes);

- (ii) the date falling ten Business Days after the Relevant Regulator has agreed to the redemption of the Notes; and
- (iii) the date on which an order is made or a resolution is passed for the Winding-Up or dissolution of the Issuer (other than a solvent Winding-Up or dissolution solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become payable).

(i) ***No default or acceleration***

Notwithstanding any other provision in these Conditions, the deferral of the redemption of the Notes in accordance with this Condition 6 will not constitute a default by the Issuer under the Notes or for any other purpose and will not give Noteholders any right to accelerate the Notes such that amounts of principal or interest would become due and payable on the Notes earlier than otherwise scheduled pursuant to these Conditions.

(j) ***Notices and Certificates***

The Issuer shall give such prior notice to the Noteholders as is practicable in the circumstances, in accordance with Condition 15 and the Agent of:

- (i) each deferral of redemption pursuant to Condition 6(h) (provided that any failure to give such notice shall not prejudice such deferral by the Issuer and shall not constitute a default under the Notes for any purpose); and
- (ii) any subsequent date of redemption of the Notes pursuant to Condition 6(h).

Prior to the publication of any notice pursuant to paragraph (i) above, the Issuer shall deliver to the Agent a certificate signed by two Authorised Signatories stating that a Regulatory Deficiency Event has occurred and is continuing on the relevant scheduled redemption date or that redemption of the Notes would cause a Regulatory Deficiency Event to occur. Such certificate shall constitute sufficient evidence of the events and circumstances described therein and shall be conclusive and binding on the Agent and the Noteholders.

## **7 Substitution or Variation**

Subject to Condition 9, if a Deductibility Event, a Gross-up Event, a Capital Disqualification Event, a Ratings Methodology Event or an Accounting Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 18(d), the Issuer may (without the consent of the Noteholders) at any time either substitute all (but not some only) of the Notes for, or vary the terms and conditions of the Notes (including, without limitation, changing the governing law of Condition 18(d)) so that the Notes remain or become, (in the case of a Ratings Methodology Event) Rating Agency Compliant Securities or (in any other case) Qualifying Tier 1 Securities. The Notes may only be so substituted and the Conditions may only be so varied if the proposed substitution or variation would not of itself give rise to a Deductibility Event, Gross-up Event, Capital Disqualification Event, Ratings Methodology Event or Accounting Event.

Prior to any such substitution or variation, the Issuer shall deliver to the Agent an opinion and/or a certificate, as the case may be, in the form required by Condition 6(c), 6(d), 6(f) or 6(g), as appropriate and if applicable,

and also confirming the matters detailed in the paragraphs above and the definitions of “Rating Agency Compliant Securities” (including as to consultation with an independent investment bank or financial adviser of international standing) and/or “Qualifying Tier 1 Securities”, as applicable. Such opinion or certificate shall constitute sufficient evidence that (i) the matters set out in the opinion and/or certificate have occurred and are continuing and (ii) the conditions to substitution or variation set out in this Condition 7 have been or will be met or satisfied and such opinion and/or certificate shall be conclusive and binding on the Agent and the Noteholders.

The Agent shall, at the request and expense of the Issuer, use reasonable endeavours to assist the Issuer in the substitution of the Notes or in the variation of the terms of the Notes pursuant to this Condition 7, provided that the Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the participation in or assistance with such substitution or variation would impose, in the Agent’s opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Agent does not participate or assist as provided above, the Issuer may redeem the Notes as otherwise provided in Condition 6.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange (if any) on which the Notes are for the time being listed or admitted to trading. The Issuer shall give notice of any such substitution or variation to the Noteholders in accordance with Condition 15 and the Agent as soon as reasonably practicable after such substitution or variation.

## **8 Purchases and Cancellation**

### **(a) Purchases**

Subject to Condition 9, the Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Notes in any manner and at any price. All Notes so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Agent.

The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Noteholder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of the Noteholders and for the purposes of Condition 14.

### **(b) Cancellation**

All Notes redeemed by the Issuer pursuant to Condition 6, and all Notes purchased by the Issuer or any of its Subsidiaries and surrendered for cancellation, shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **9 Preconditions to Redemption, Substitution, Variation and Purchase**

Any redemption or purchase of Notes pursuant to Conditions 6, or 8, respectively, is subject (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time) to:

- (i) the Issuer having satisfied the Regulatory Clearance Condition;
- (ii) in the case of a redemption or purchase of the Notes prior to the fifth anniversary of the Specified Date, either:
  - (a) such redemption or purchase being funded out of the proceeds of a new issue of or exchange into one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes; or

- (b) in the case of any redemption or purchase pursuant to Condition 6(c) or 6(d), the Relevant Regulator being satisfied that the Solvency Capital Requirement of the Issuer and the Group will be exceeded by an appropriate margin immediately after such redemption or purchase (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
  - (A) in the case of any such redemption following the occurrence of a Deductibility Event or a Gross-up Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Specified Date; or
  - (B) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain and the Issuer having demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Specified Date;
- (iii) in the case of a redemption or purchase of the Notes on or following the fifth anniversary of the Specified Date but prior to the tenth anniversary of the Specified Date, either (a) the Solvency Capital Requirement of the Issuer and the Group being exceeded by an appropriate margin (in the opinion of the Relevant Regulator) taking account of the solvency position of the Issuer and the Group (including, without limitation, the medium term capital management plan of the Issuer and the Group) at the time of and immediately following such redemption or purchase or (b) the Notes being exchanged for or converted into, or the redemption or purchase of such Notes being funded out of the proceeds of a new issue of, one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes;
- (iv) there being no continuing Regulatory Deficiency Event and such actions not causing a Regulatory Deficiency Event to occur; and
- (v) no Insolvent Insurer Winding-Up relating to a Group Insurance Undertaking having occurred and being continuing.

Any substitution or variation of the Notes pursuant to Condition 7 is subject (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time) to the Issuer having satisfied the Regulatory Clearance Condition.

Notwithstanding the above Conditions 9(ii)(a) and 9(iii)(a), but subject always to the satisfaction of the Regulatory Clearance Condition, the Issuer may redeem or purchase Notes pursuant to Condition 6(b), 6(c), 6(d), 6(e), 6(f) or 6(g), as the case may be, following the occurrence of a Regulatory Deficiency Event if:

- (i) the Relevant Regulator has exceptionally waived the suspension of the redemption or purchase (to the extent the Relevant Regulator can give such waiver in accordance with the Relevant Rules);
- (ii) the Notes are to be exchanged for or converted into another basic own-fund item of at least the same quality as the Notes (which, for the avoidance of doubt, will include (without limitation) a redemption or purchase funded out of the proceeds of a new issue of one or more Tier 1 Capital basic own-fund items of at least the same quality as the Notes); and
- (iii) the Minimum Capital Requirement applicable to the Issuer and the Minimum Capital Requirement applicable to the Group will be complied with at the time of and immediately after the redemption or purchase.

Notwithstanding the above requirements of this Condition 9, if, at the time of any redemption, substitution, variation or purchase, the Relevant Rules permit the redemption, substitution, variation or purchase only after

compliance with one or more alternative or additional pre-conditions to those set out above (if and to the extent required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules from time to time), the Issuer shall comply with such alternative and/or, as appropriate, additional pre-condition(s) as are then so required.

Any notice of redemption which has been given in circumstances where the above requirements are not satisfied shall be automatically rescinded and shall be of no force and effect. Any purchase of the Notes by or on behalf of the Issuer or any of its Subsidiaries which is to occur in circumstances where the above requirements are not satisfied shall be automatically cancelled and shall be of no force and effect.

In addition, if the Issuer has elected to redeem the Notes or if any purchase of Notes has been agreed by or on behalf of the Issuer or any of its Subsidiaries and prior to the redemption or purchase a Trigger Event occurs, the relevant redemption notice or purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15 and the Agent, as soon as practicable. Further, no notice of redemption shall be given in the period between the giving of a Trigger Event Notice and the relevant Write Down Date.

A certificate from any two Authorised Signatories delivered to the Agent (with a copy made available to the Noteholders) confirming that the Issuer is in compliance with the matters detailed above (or, as the case may be, such alternative or additional pre-conditions) shall be conclusive evidence thereof. Such certificate shall constitute sufficient evidence that the requirements of, or circumstances required by, this Condition 9 (or, as the case may be, such alternative or additional pre-conditions) have been or will be met or satisfied and shall be conclusive and binding on the Agent and the Noteholders.

## **10 Payments**

### **(a) *Method of payment***

- (i) Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, from the payment current account which the Agent (acting on behalf of the Issuer) has indicated to, and has been accepted by, Interbolsa to be used on the Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members whose control accounts with Interbolsa are credited with such Notes of and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.
- (ii) The holder of a Note, as shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be the only person entitled to receive payments in respect of Notes recorded therein.
- (iii) The Issuer will be discharged by payment to the Noteholders being made according to the procedures and regulations of Interbolsa in respect of each amount so paid.

### **(b) *Payments subject to fiscal laws***

All payments are in all cases subject to any applicable fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations or directives, but without

prejudice to the provisions of Condition 11. No commission or expenses shall be charged to the Noteholders in respect of such payments. For the purpose of this paragraph, the phrase “**subject to any applicable fiscal or other laws, regulations and directives**” shall include any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto.

(c) ***Appointment of Paying Agents***

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) so long as any of the Notes are registered with Interbolsa there will at all times be a Paying Agent, being an entity which is an Affiliate Member of Interbolsa and complying with any requirements that may be imposed by the rules and regulations of Interbolsa (who may be the Agent); and
- (iii) so long as any of the Notes are listed on any stock exchange or listed or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

The Agent shall be under no duty to monitor whether any event or circumstance has happened or exists within these Conditions and will not be responsible to Noteholders for any loss arising from any failure or delay by the Agent to do so. Unless and until the Agent has received from the Issuer, a written notice of the occurrence of any event or circumstance within these Conditions, the Agent shall be entitled to assume that, and continue to perform its duties as if, no such event or circumstance exists.

(d) ***Non-Business Days***

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sum in respect of such postponed payment.

## **11 Taxation**

All payments of principal, interest and other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Territory, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in respect of Interest Payments (but not in

respect of payments of principal or any other amount) (“**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would have been received by them in respect of Interest Payments had no such withholding or deduction been required by law to be made, except that no such Additional Amounts shall be payable with respect:

- (a) to, or to a third party on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Note by reason of such Noteholder having some connection with the Taxing Territory other than the mere holding of such Note; and/or
- (b) to, or to a third party on behalf of, a Noteholder in respect of whom the information and documentation required in order to comply with the special tax regime approved by Decree-Law No. 193/2005 of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or
- (c) to, or to a third party on behalf of, a Noteholder (1) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or, if relevant, a third party, as applicable, directly from the relevant Noteholder before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (2) who is resident in one of the contracting states to such applicable tax treaty; and/or
- (d) to, or to a third party on behalf of, a Noteholder resident in a tax haven jurisdiction as defined in Ministerial Order No. 150/2004 of 13 February 2004, as amended from time to time (except for jurisdictions with which Portugal has entered into a double tax treaty or a tax information exchange agreement, which are in force), with the exception of central banks and governmental agencies of those blacklisted jurisdictions; and/or
- (e) to, or to a third party on behalf of a Noteholder who is (1) a Portuguese resident legal person subject to Portuguese corporate tax (with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions), or (2) a non-resident legal person with a permanent establishment in Portugal to which the income or gains obtained from the Notes are attributable (with the exception of entities which benefit from a Portuguese withholding tax waiver); and /or
- (f) into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law or is required by law for the relevant payment to be made without a withholding or deduction, or with a reduced withholding or deduction.

References in these Conditions to Interest Payments and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.



## 12 Enforcement Events

(a) ***No right to institute bankruptcy and other similar proceedings***

The Noteholders shall have no right to institute proceedings for the Winding-Up or dissolution of the Issuer.

Notwithstanding any of the provisions below in this Condition 12, and subject to the Relevant Rules, the right to prove in the Winding-Up or dissolution of the Issuer is limited to circumstances where payment has become due and is not duly paid. In the case of any payment of interest in respect of the Notes, such payment will be cancelled and not be due if Condition 4(a), 4(b), 4(c) and/or 5 applies and in the case of payment of principal, such principal will be Written Down following the occurrence of a Trigger Event (and may otherwise be written down pursuant to applicable law and regulation) and may be deferred in accordance with Condition 6.

If the Issuer defaults for a period of fourteen days or more in payment of principal when due in respect of the Notes or any of them, each Noteholder may prove in the Winding-Up or dissolution proceedings of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment.

No payment in respect of the Notes may be made by the Issuer pursuant to this Condition 12(a), nor will any Noteholder accept the same, other than during or after a Winding-Up or dissolution of the Issuer, unless the Regulatory Clearance Condition is satisfied, which the Issuer shall confirm in writing to the Agent.

(b) ***Amounts to become due and payable on Winding-Up or dissolution***

If an order is made by the competent court or resolution passed for the Winding-Up or dissolution of the Issuer (except, in any such case, a solvent Winding-Up or dissolution, solely for the purpose of a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation (i) have previously been approved by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable), each Noteholder may give notice to the Issuer (or, as applicable, the liquidator) that, subject to the Relevant Rules, the Notes are, and they shall accordingly become, immediately due and repayable at the Prevailing Principal Amount of such Notes together with any accrued but unpaid interest thereon (to the extent not previously cancelled in accordance with these Conditions) to the date of payment of such amounts and the claims for such amounts will be subordinated in the manner described in Condition 2(a).

(c) ***Enforcement***

Without prejudice to Conditions 12(a) and 12(b) above, any Noteholder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations in respect of the Notes) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it.

Nothing in this Condition 12(c) shall, subject to Condition 12(a), prevent any Noteholder from proving in any Winding-Up or dissolution of the Issuer and/or claiming in any Winding-Up or dissolution of the Issuer in respect of any payment obligations of the Issuer arising from the Notes (such claim being for the amount specified in Condition 12(b) and subordinated as set out in Condition 2(a)).

(d) ***Extent of Noteholders' remedy***

No remedy against the Issuer, other than as referred to in this Condition 12, shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes.

**13 Prescription**

Claims against the Issuer for payment of principal and interest in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

**14 Meetings of Noteholders, Modification and Waiver**

(a) ***Meetings of Noteholders***

The Interbolsa Instrument contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Notes. A meeting convened pursuant to the provisions of the Interbolsa Instrument, may be convened by the Issuer and shall (subject to the Issuer being indemnified to its satisfaction against all costs and expenses) be convened by the Issuer upon a requisition by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including, amongst other things, modifying the term or any dates of redemption of the Notes or any date for payment of interest thereon, reducing or cancelling (other than in accordance with the Conditions) the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) or certain provisions of the Interbolsa Instrument, as the case may be, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting.

The Agent and the Issuer may, without the consent of the Noteholders (and by acquiring any Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders) make any modification to the provisions of these Conditions, the Interbolsa Instrument or the Agency Agreement which: (i) is not prejudicial to the interests of the Noteholders; (ii) is of a formal, minor or technical nature; (iii) is made to correct a manifest or proven error; or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification so made shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable after it has been agreed.

By its acquisition and/or holding of a Note each Noteholder approves and consents to such substitution or variation pursuant to and in accordance with Condition 7 and this Condition 14(a).

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions made in the circumstances described in Condition 7 in connection with the substitution or variation of the Notes so that they remain or become Qualifying Tier 1 Securities or Rating Agency Compliant Securities pursuant to the provisions of Condition 7.

(b) ***Regulatory Clearance Condition***

No modification to these Conditions or any provisions of the Interbolsa Instrument or the Agency Agreement shall become effective unless the Regulatory Clearance Condition is and certification to that effect, signed by two Authorised Signatories, shall have been delivered to the Agent (upon which the Agent shall be entitled to rely without further investigation and without liability to any person).

**15 Notices**

The Issuer shall comply with any notification or disclosure obligations applicable under Portuguese law relating to Notes which are integrated in and held through Interbolsa (as management entity of the *Central de Valores Mobiliários*) in dematerialised book-entry form.

In addition, all notices regarding the Notes will be published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Any notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Agent.

**16 Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions in all respects as the Notes or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the Notes (“**Further Notes**”) or upon such terms as to interest, redemption and otherwise as the Issuer may determine at the time of their issue.

**17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**18 Governing Law, Jurisdiction and Acknowledgement of Statutory Loss Absorption Powers**

(a) ***Governing Law***

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that Condition 2 and the form (*forma de representação*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall, in each case, be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and shall be construed in accordance with, Portuguese law.

(b) ***Jurisdiction***

Subject as provided below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation,

performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a “**Dispute**”) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

For the purposes of this Condition 18(b), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) ***Agent for Service of Process***

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office for the time being (being at the Issue Date at 8<sup>th</sup> Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom) as its agent for service of process in England in respect of any proceedings, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) ***Acknowledgement of Statutory Loss Absorption Powers***

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 18(d), includes each holder of a beneficial interest in the Notes), each Noteholder by its acquisition of the Notes (or any interest therein) acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (D) the amendment or alteration of the perpetual nature of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority

if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, will constitute a default for any purpose.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 18(d) shall not affect the validity and enforceability of the exercise of the Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

## 19 Definitions

In these Conditions:

an “**Accounting Event**” shall be deemed to have occurred if, as a result of a change in the accounting principles under IFRS (or a change in the interpretation of such accounting principles by the Issuer’s statutory auditors) which becomes effective on or after the Specified Date, but not otherwise, at any time the obligations of the Issuer under the Notes may not, or may no longer, be recorded as a ‘financial liability’ pursuant to IFRS for the purposes of the consolidated financial statements of the Issuer.

“**Additional Amounts**” has the meaning provided in Condition 11.

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied); or
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Agency Agreement**” has the meaning provided in the preamble to these Conditions.

“**Agent**” has the meaning provided in the preamble to these Conditions.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 3(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a period of five years and in euro.

“**Authorised Signatory**” means any Director of the Issuer or any other person or persons duly authorised by the Issuer as specified in a certificate provided to the Agent and signed by two Directors of the Issuer from time to time and the Agent shall be entitled to assume that the persons specified in the most recent certificate received by it are and continue to be Authorised Signatories, until notified to the contrary by the Issuer.

“**Available Distributable Items**” means the non-consolidated profits and distributable reserves (if any) of the Issuer as calculated pursuant to the principles applicable to the Issuer’s non-consolidated financial statements which are available, in accordance with applicable Portuguese law and regulation at the relevant time, for the payment of dividends on the share capital of the Issuer and the availability of which permits payment of interest on the Notes in accordance with the Relevant Rules at such time.

“**Benchmark Amendments**” has the meaning provided in Condition 3(i).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published on a permanent or indefinite basis (and, in either case, has not been published for a period of at least five Business Days) or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (v) an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be no longer representative of its underlying market; or
- (vi) it has become unlawful for the Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (ii), (iii), (iv) and (v), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, the prohibition of use of the Original Reference Rate or from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and not (unless they coincide) the date of the making of the relevant public statement.

“**Business Day**” means (i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Lisbon and (ii) (if a payment is to be made on that day) a day which is a TARGET Business Day.

“**Calculation Amount**” means €200,000 in principal amount, provided that if the Prevailing Principal Amount of a Note is amended (either by Write Down or Write Up in accordance with Condition 5 or as otherwise required by then current legislation and/or regulations applicable to the Issuer), the Calculation Amount shall mean the amount determined in accordance with Condition 5 on a *pro rata* basis to account for such Write Down, Write Up and/or other such amendment otherwise required, as the case may be, and which is notified to Noteholders in accordance with Condition 15 with the details of such adjustment.

A “**Capital Disqualification Event**” is deemed to have occurred if, as a result of any replacement of or change to (or change to the official interpretation by the Relevant Regulator or any court or authority entitled to do so of) the Relevant Rules, the Prevailing Principal Amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 1 Capital for the purposes of the Issuer or the Group, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

“**Code**” has the meaning given to it in Condition 10(b).

“**Conditions**” means these terms and conditions of the Notes, as amended from time to time.

“**Deductibility Event**” means that at any time, as a result of a Tax Law Change, in respect of the Issuer’s obligation to make any payment of interest on the next following Interest Payment Date the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Taxing Territory, or such entitlement is reduced and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it.

“**Directors**” means the directors of the Issuer.

“**EEA Regulated Market**” means a regulated market as defined in Directive 2014/65/EU (as amended from time to time).

“**€**” or “**euro**” means the currency introduced at the start of the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

“**Extraordinary Resolution**” has the meaning provided in the Interbolsa Instrument.

“**First Interest Payment Date**” has the meaning provided in Condition 3(a).

“**First Reset Date**” means 29 November 2029.

“**Full Loss Absorbing Instruments**” has the meaning provided in Condition 5(b).

“**Further Notes**” has the meaning provided in Condition 16.

“**Gross-up Event**” means that at any time, by reason of a Tax Law Change, in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it.

“**Group**” means, at any time, the Issuer and its Subsidiaries at such time.

“**Group Insurance Undertaking**” means an insurance undertaking within the meaning of the Relevant Rules whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules.

“**IFRS**” means International Financial Reporting Standards.

“**Independent Adviser**” means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise in the international debt capital markets appointed by the Issuer at its own expense under Condition 3(i)(i).

“**Initial Fixed Interest Rate**” has the meaning provided in Condition 3(c).

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the First Reset Date.

**“Initial Principal Amount”** means, in relation to each Note, the principal amount of that Note on the Issue Date.

**“Insolvent Insurer Winding-Up”** means the winding-up or dissolution of any Group Insurance Undertaking where the Issuer has determined, acting reasonably, that the assets of that Group Insurance Undertaking may or will be insufficient to meet all the claims of the policyholders and/or beneficiaries pursuant to contracts of insurance written by that Group Insurance Undertaking which is in winding-up or dissolution (and for these purposes, the claims of such policyholders or such beneficiaries pursuant to a contract of insurance shall include all amounts to which such policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or dissolution of insurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders or such beneficiaries may have).

**“Interest Payment”** means in respect of an interest payment on an Interest Payment Date or on any other date on which a payment of interest falls due or is otherwise scheduled to be paid pursuant to these Conditions, the amount of interest payable for the relevant Interest Period or other relevant interest accrual period.

**“Interest Payment Date”** has the meaning provided in Condition 3(a).

**“Interest Period”** means the period beginning on (and including) the Issue Date and ending on (but excluding) the First Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Interest Rate”** means the Initial Fixed Interest Rate and/or the applicable Reset Rate of Interest, as the case may be.

**“Issue Date”** means 29 May 2024, being the date of the initial issue of the Notes.

**“Issuer”** has the meaning provided in the preamble to these Conditions.

**“Junior Securities”** has the meaning provided in Condition 2(a).

**“Loss Absorbing Instruments”** means capital instruments or other obligations issued directly or indirectly by the Issuer or, as applicable, any other member of the Group (other than the Notes or any share capital of the Issuer or any member of the Group) which constitute Tier 1 Capital of the Issuer and/or the Group and which include a write-down or conversion principal loss absorption mechanism that is activated by a trigger event set by reference to the Solvency Capital Requirement and/or Minimum Capital Requirement of the Issuer and/or the Group.

**“Margin”** means 5.039 per cent. *per annum*.

**“Minimum Capital Requirement”** means (as applicable):

- (i) the minimum capital requirement of the Issuer;
- (ii) the minimum consolidated group Solvency Capital Requirement of the Group; and/or
- (iii) any other minimum capital requirements (as applicable) from time to time,

in each case referred to in, or described in, the Relevant Rules applicable to the Issuer and/or the Group (as the case may be).

**“Noteholder”** has the meaning provided in the preamble to these Conditions.

**“Notes”** has the meaning provided in the preamble to these Conditions.

**“Optional Redemption Date”** means (i) any Business Day during the period from (and including) 29 May 2029 to (and including) the First Reset Date or (ii) any Interest Payment Date thereafter.



**“Original Reference Rate”** means the rate described in paragraph (i) of the definition of “Reset Reference Rate” in this Condition 19 or (if applicable) any other successor or alternative rate (or component part thereof) determined to be applicable to the Notes pursuant to the earlier operation of Condition 3(i).

**“Parity Securities”** has the meaning provided in Condition 2(a).

**“Prevailing Principal Amount”** means, in relation to each Note at any time, the principal amount of such Note at that time, being its Initial Principal Amount, as adjusted from time to time for any Write Down and/or Write Up, in accordance with Condition 5 and/or as otherwise required by then current legislation and/or regulations applicable to the Issuer.

**“Qualifying Tier 1 Securities”** means securities issued (including by way of exchange, conversion or otherwise) directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 2) that:

- (i) other than in respect of any substitution or variation in order to ensure the effectiveness and enforceability of Condition 18(d) (including, without limitation, changing its governing law), have terms not materially less favourable to an investor than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or independent financial adviser of international standing, provided that they shall (1) contain terms which comply with the Relevant Rules in relation to Tier 1 Capital, (2) carry the same rate of interest from time to time as that applying to the Notes, (3) rank senior to, or *pari passu* with, the ranking of the Notes, (4) (save where such interest has been paid or is optionally or mandatorily cancelled by the Issuer pursuant to Condition 4 or 5) preserve any existing rights under these Conditions to any accrued interest and any or other amounts which have not been paid (but without prejudice to the Issuer’s right or obligation subsequently to cancel any such amounts in accordance with the terms of the Qualifying Tier 1 Securities), (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, (6) contain terms providing for mandatory and/or optional cancellation or suspension of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the mandatory and optional cancellation provisions, respectively, contained in the terms of the Notes and (7) (unless any downgrade is solely attributable to a substitution or variation in order to ensure the effectiveness and enforceability of Condition 18(d)) where the Notes which have been substituted or varied had a solicited published rating from a rating agency immediately prior to their substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 1 Securities; and
- (ii) if the Notes were listed or admitted to trading on an EEA Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on an EEA Regulated Market,

and provided that a certification to the effect of (i) above, signed by two Authorised Signatories, shall have been delivered to the Agent (upon which the Agent shall be entitled to rely without further investigation and without liability to any person) prior to the issue of the relevant securities.

**“Rating Agency”** means each of Fitch Ratings Ltd, S&P Global Ratings Europe Limited and Moody’s Investors Service Limited (or any of their respective affiliates or successors), in each case, if the relevant rating agency has granted a credit rating to the Notes at the request of the Issuer.

**“Rating Agency Compliant Securities”** means Qualifying Tier 1 Securities that are assigned by each relevant Rating Agency substantially the same “equity credit” or, at the absolute discretion of the Issuer, a lower “equity credit” (provided such “equity credit” is still higher than the “equity credit” assigned to the Notes after the

occurrence of the Ratings Methodology Event) as that which was first assigned by the relevant Rating Agency to the Notes (whether on or around the Specified Date or thereafter).

A “**Ratings Methodology Event**” will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation of such methodology) as a result of which the “equity credit” (or such other nomenclature as may be used by the relevant Rating Agency from time to time to describe the degree to which the instrument is supportive of an issuer’s senior obligations in terms of leverage or total capital) assigned by that Rating Agency to the Notes is, as notified by that Rating Agency to the Issuer or as published by that Rating Agency, reduced when compared to the “equity credit” first assigned by that Rating Agency or its predecessor to the Notes (whether on or around the Specified Date or thereafter).

“**Regulatory Clearance Condition**” means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having approved, granted permission for, consented to, or having been given due notification of and having not within any applicable time-frame objected to, or withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the Relevant Regulator, the Relevant Rules or any other applicable rules of the Relevant Regulator at the relevant time).

“**Regulatory Deficiency Event**” means either of the following events:

- (i) the amount of own-fund items which are eligible to cover the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer and/or the Group is not sufficient to cover such Solvency Capital Requirement and/or Minimum Capital Requirement; or
- (ii) (if required or applicable in order for the Notes to qualify as Tier 1 Capital of the Issuer or the Group under the Relevant Rules from time to time) the Relevant Regulator notifying the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer and/or the Group, that in accordance with Relevant Rules at such time, the Issuer must take specified action in relation to the deferral of payments of principal and/or cancellation of payments of interest under the Notes.

“**Relevant Amounts**” means the Prevailing Principal Amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 15 and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which such payment becomes due and payable in such Winding-Up.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Relevant Regulator**” means the Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões* (ASF)) or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Group.

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes.

“**Relevant Rules**” means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating, but not limited to, to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation (including the Legal Regime of Access to and Exercise of the Insurance and Reinsurance Activity, approved by Law 147/2015 of 9 September 2015, as amended or replaced from time to time), rules, guidelines or regulations of the Relevant Regulator relating to such matters, and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 1 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 1 Capital under the Relevant Rules (other than the disapplication of Condition 4(a) in the circumstances where Condition 4(d) applies) notwithstanding the occurrence of a Capital Disqualification Event.

“**Relevant SCR Ratio**” means the SCR Ratio of the Issuer or (if lower than the SCR Ratio of the Issuer at the relevant time) the SCR Ratio of the Group.

“**Reset Date**” means the First Reset Date and each fifth anniversary of the First Reset Date thereafter.

“**Reset Determination Date**” means, in respect of a Reset Period, the day falling two TARGET Business Days prior to the first day of such Reset Period.

“**Reset Period**” means the period from (and including) the First Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date.

“**Reset Rate of Interest**” has the meaning provided in Condition 3(d).

“**Reset Reference Banks**” means five leading swap dealers in the principal interbank market relating to euro selected by the Agent in its discretion after consultation with the Issuer.

“**Reset Reference Rate**” means in respect of a Reset Period, subject to Condition 3(i), (i) the applicable annual mid-swap rate for swap transactions in euro (with a maturity equal to five years) as displayed on the Screen Page at 11.00 a.m. (Central European Time) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate on the relevant Reset Determination Date, where:

“**Mid-Swap Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to five years, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

“**Reset Reference Bank Rate**” means the percentage rate determined by the Agent on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Agent at or around 11.00 a.m. (Central European Time) on the relevant Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided,

the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the applicable annual mid-swap rate for swap transactions in euro (with a maturity equal to five years) that most recently appeared on the Screen Page.

“**Screen Page**” means Bloomberg screen page “ICE”, or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

“**SCR Ratio**” means (as applicable):

- (i) the sum of all eligible own-fund items of the Issuer (as determined by reference to the Relevant Rules at such time) divided by the Solvency Capital Requirement of the Issuer at the relevant time; or
- (ii) the sum of all eligible own-fund items of the Group which are available to cover the Solvency Capital Requirement of the Group (as determined by reference to the Relevant Rules at such time) divided by the Solvency Capital Requirement of the Group at the relevant time.

“**Senior Creditors**” means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer and all beneficiaries under contracts of insurance written by the Issuer (for the avoidance of doubt, the claims of policyholders and such beneficiaries shall include all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or dissolution of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders or such beneficiaries may have) and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those (A) whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, Tier 1 Capital or (B) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders).

“**Solvency II**” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive including, without limitation, the Solvency II Regulation (for the avoidance of doubt, whether implemented by way of a regulation, a directive, guidelines or otherwise).

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended).

“**Solvency II Regulation**” means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended), as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019.

“**Solvency Capital Requirement**” means (as applicable):

- (i) the solvency capital requirement of the Issuer;
- (ii) the consolidated group Solvency Capital Requirement of the Group; and/or
- (iii) any successor capital requirement to (i) or (ii) from time to time,

in each case, as referred to in, or described in, the Relevant Rules applicable to the Issuer and/or the Group (as the case may be).

“**Specified Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 16.

“**Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the finally adopted version of the proposed directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU, (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) 648/2012, (EU) No 806/2014 and (EU) 2017/1129 (the proposed compromise wording of which was published by the Council of the European Union on 19 January 2024) and any other law or regulation applicable in Portugal relating to the recovery or resolution of insurance or reinsurance undertakings, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

“**Subsidiary**” means an entity from time to time of which the Issuer (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership.

“**successor in business**” means, in relation to the Issuer or any substituted obligor, any company which as a result of any amalgamation, merger or reconstruction, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or the relevant substituted obligor (as the case may be) prior to such amalgamation, merger, reconstruction or agreement coming into force and carries on as successor to the Issuer or the relevant substituted obligor (as the case may be) the whole or substantially the whole of the business carried on by the Issuer or the relevant substituted obligor (as the case may be) immediately prior thereto.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

“**TARGET Business Day**” means a day (other than a Saturday or Sunday) on which T2 is operating for the settlement of payments in euro.

“**T2**” means the real-time gross settlement system operated by the Eurosystem, or any successor thereto.

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the Taxing Territory or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the Taxing Territory is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Tier 1 Capital under the Relevant Rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective on or after the Specified Date.

“**Taxes**” has the meaning provided in Condition 11.

“**Taxing Territory**” means the Portuguese Republic or any political subdivision or authority therein or thereof having power to tax, or any other territory or any political subdivision or authority thereof or therein having power to tax to whose taxing jurisdiction the Issuer becomes generally subject.

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules).

a “**Trigger Event**” shall be deemed to occur if the Issuer or the Relevant Regulator determines that at least one of the following events has occurred:

- (i) the amount of eligible own-fund items of the Issuer is equal to or less than 75 per cent. of the Solvency Capital Requirement of the Issuer;
- (ii) the amount of eligible own-fund items of the Group is equal to or less than 75 per cent. of the Solvency Capital Requirement of the Group;
- (iii) the amount of eligible own-fund items of the Issuer has been less than the Solvency Capital Requirement of the Issuer for a period of at least 90 calendar days;
- (iv) the amount of eligible own-fund items of the Group has been less than the Solvency Capital Requirement of the Group for a period of at least 90 calendar days;
- (v) the amount of eligible own-fund items of the Issuer is equal to or less than the Minimum Capital Requirement of the Issuer; and/or
- (vi) the amount of eligible own-fund items of the Group is equal to or less than the Minimum Capital Requirement of the Group.

“**Trigger Event Notice**” means the notice referred to as such in Condition 5(a) which shall be given by the Issuer to the Noteholders in accordance with Condition 15, the Agent and the Relevant Regulator, and which shall state with reasonable detail (i) the nature of the relevant Trigger Event, (ii) (if then known) any Write Down Amount and the basis of its calculation and (iii) the relevant Write Down Date.

“**Winding-Up**” means the winding-up and liquidation of insurance companies carried out in accordance with articles 328 to 355 of the Legal Regime of Access to and Exercise of the Insurance and Reinsurance Activity, approved by Law 147/2015 of 9 September 2015, as amended or replaced from time to time, and/or any other legislation or regulations that may in the future govern the winding up and liquidation of insurance companies.

“**Write Down**” and “**Written Down**” shall be construed as provided in Condition 5(a).

“**Write Down Amount**” has the meaning provided in Condition 5(b).

“**write down and/or conversion**” means, in respect of any Loss Absorbing Instruments, the reduction and/or, as the case may be, conversion into common equity Tier 1 Capital of the prevailing principal amount of such instruments as contemplated in Condition 5(b).

“**Write Down Date**” has the meaning provided in Condition 5(a).

“**Write Up**” and “**Written Up**” shall be construed as provided in Condition 5(d).

“**Write Up Amount**” has the meaning provided in Condition 5(d).

“**Write Up Date**” has the meaning provided in Condition 5(d).

“**Write Up Notice**” has the meaning provided in Condition 5(d).

“**Written Down Tier 1 Instrument**” means an instrument (other than the Notes or any share capital of the Issuer or any member of the Group) issued directly or indirectly by the Issuer or, as applicable, any other

member of the Group and qualifying as Tier 1 Capital of the Issuer or the Group (as the case may be) as at its date of issue in accordance with the Relevant Rules that, immediately prior to any Write Up of the Notes, has a prevailing principal amount which is less than its initial principal amount due to a write down of such instrument having occurred and that has terms permitting a principal write up to occur on a basis similar to that set out in Condition 5(d) in the circumstances existing on the relevant Write Up Date.

## NOTES HELD THROUGH INTERBOLSA

### Form of the Notes

The Notes will be represented in dematerialised book-entry form (*forma escritural*) and will be in nominative (*nominativas*) form.

The Notes will be issued in denominations of €200,000.

In this Offering Circular, “**Interbolsa**” means Interbolsa - Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários, S.A., the Portuguese central securities depository, also acting as operator and manager of Central de Valores Mobiliários (“**CVM**”), the Portuguese centralised system of registration of securities. The expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission (CMVM).

### Clearing and Settlement

The CVM is the Portuguese centralised system (*sistema centralizado*) for the registration and control of securities operated by Interbolsa. The CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred at each time. Issuers, Affiliate Members of Interbolsa and the Bank of Portugal, all participate in the CVM.

In relation to each issue of securities, the CVM comprises *inter alia*, (a) the issue account, opened by the relevant issuer in the CVM and which reflects the full amount of securities issued; (b) the individual accounts, opened in the Affiliate Members of Interbolsa by their respective customers; and (c) the control accounts opened by each Affiliate Member of Interbolsa, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa.

Each person shown in the records of an Affiliate Member of Interbolsa as registered holder of the Notes shall be treated as the holder of the principal amount of the Notes recorded.

Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa’s codification system and will be accepted for registration and clearing through the system operated at Interbolsa.

### Payment of principal and interest in respect of the Notes

Whilst the Notes are recorded at the CVM, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent’s behalf for payments in respect of the Notes to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with the CVM are credited with such Notes and



thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Noteholders of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

**Transfer of the Notes**

The Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No Noteholder will be able to transfer the Notes, except in accordance with Portuguese law and the applicable procedures of Interbolsa.

## USE OF PROCEEDS

An amount equivalent to the net proceeds from the Notes will be used to finance or refinance, in whole or in part, existing and/or future Eligible Green Projects and Assets that meet the Eligibility Criteria and are financed by Fidelidade through operating and capital expenditure, equity participation or by debt instruments (excluding green bonds issued by other issuers) in line with the Green Financing Framework published on Fidelidade's website.

Fidelidade intends to allocate an amount equal to the net proceeds raised by the issuance to the Eligible Green Projects and Assets where expenditures have taken place within a 3-year period preceding the date of the issuance. Eligible Green Building Assets will be recognized at their market value and shall qualify for refinancing without a specific look-back period.

Fidelidade's Treasury team will manage the allocation of an amount equivalent to the net proceeds of its green financing instruments to Eligible Green Projects and Assets. Fidelidade will strive to achieve a level of allocation to the Eligible Green Projects and Assets portfolio that matches or exceeds the balance of net proceeds of its outstanding green financing instruments within 3 calendar years of issuance of the Notes.

Pending full allocation of an amount equal to the net proceeds of outstanding green financing instruments, the proceeds will be held in accordance temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Fidelidade's treasury management policies.

If any Eligible Green Projects or Eligible Green Assets are removed from the Eligible Green Projects and Assets portfolio, Fidelidade will strive to substitute those projects or assets with replacement eligible projects or assets, as soon as possible.

For the purpose of this section:

**"Eligible Green Projects and Assets"** means Green Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, provided that these comply with the Eligibility Criteria, each an **"Eligible Green Project"** or an **"Eligible Green Asset"**, as applicable. For the avoidance of doubt, financing related to the following activities are excluded from the proceeds of the Notes: fossil fuel energy, nuclear energy, large hydro (more than 25MW), gambling, tobacco, alcohol, weapons and industrial scale livestock.

**"Eligibility Criteria"** means the criteria prepared by the Issuer as set out in the Issuer's Green Financing Framework (available on the Issuer's website at [www.fidelidade.pt](http://www.fidelidade.pt)). Fidelidade will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Notes proceeds to Eligible Green Projects, provided by its external auditor.

None of the Issuer's Green Financing Framework, the Opinion or any public reporting by or on behalf of the Issuer in respect of the application of proceeds are incorporated by reference into this Offering Circular, nor do they constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for the Notes.

Sustainalytics, a globally recognised provider of ESG research, ratings and data, evaluated Fidelidade's Green Financing Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Green Financing Framework. In no event should the Opinion nor any portion thereof be construed as part of the offering, nor shall it be considered as an offer or advertisement to buy a security, solicitation of votes or proxies, investment advice, expert opinion or negative assurance letter as defined by the applicable legislation.

Further information on and related to the Green Financing Framework is available on Fidelidade's website [www.fidelidade.pt](http://www.fidelidade.pt).

## DESCRIPTION OF THE ISSUER

### Overview, incorporation and history

#### Overview

The Fidelidade Group, whose origins date back to 1808, is the leading insurance group in the Portuguese market, with a 30.4 per cent. market share in life insurance products and a 29.0 per cent. market share in non-life insurance products at the end of December 2023 (*Source: APS – Associação Portuguesa de Seguradores*). The Fidelidade Group plays a fundamental role in the Portuguese financial ecosystem, with more than 2.4 million customers and 3,606 employees in Portugal (9.1 million customers and 8,713 employees globally).

The Fidelidade Group offers life and non-life insurance products in Europe, Latin America, Asia and Africa. In Portugal, it operates through five companies (Fidelidade - Companhia de Seguros, S.A. (“**Fidelidade**”), Multicare – Seguros de Saúde, S.A. (“**Multicare**”), Fidelidade Assistência – Companhia de Seguros, S.A. (“**Fidelidade Assistência**”), Via Directa – Companhia de Seguros S.A. (“**Via Directa**”), and Companhia Portuguesa de Resseguros, S.A. (“**CPR**”) while, at an international level, it operates through branches in Spain, France, Luxembourg<sup>2</sup>, and through subsidiaries in Liechtenstein, Angola, Mozambique, Cape Verde, Macao, Peru, Bolivia, Paraguay and Chile. The Fidelidade Group also has subsidiaries and strategic shareholdings in companies that provide services that are complementary to insurance (e.g. the Luz Saúde Group, CETRA, EAPS, Fidelidade Property, Tenax, Veterinários Sobre Rodas, etc.). These fit within the strategy of guaranteeing operational excellence and service quality throughout the value chain, enabling the Fidelidade Group to position itself as a global service provider of people protection.

#### Legal form and group structure

Fidelidade is a limited liability company by shares (“*sociedade anónima*”), incorporated under the laws of Portugal on 14 September 1988 and registered at the Companies’ Registry of Lisbon under the sole register number and company number 500 918 880. Fidelidade’s registered office is Largo do Calhariz, 30, 1200-086 Lisboa, Portugal and its telephone number is +351 213402185.

As at the date of this Offering Circular, Fidelidade’s share capital amounted to €509,263,524.00 represented by 161,670,960 nominative shares, each with a nominal value of €3.15, all of which are fully subscribed and paid up.

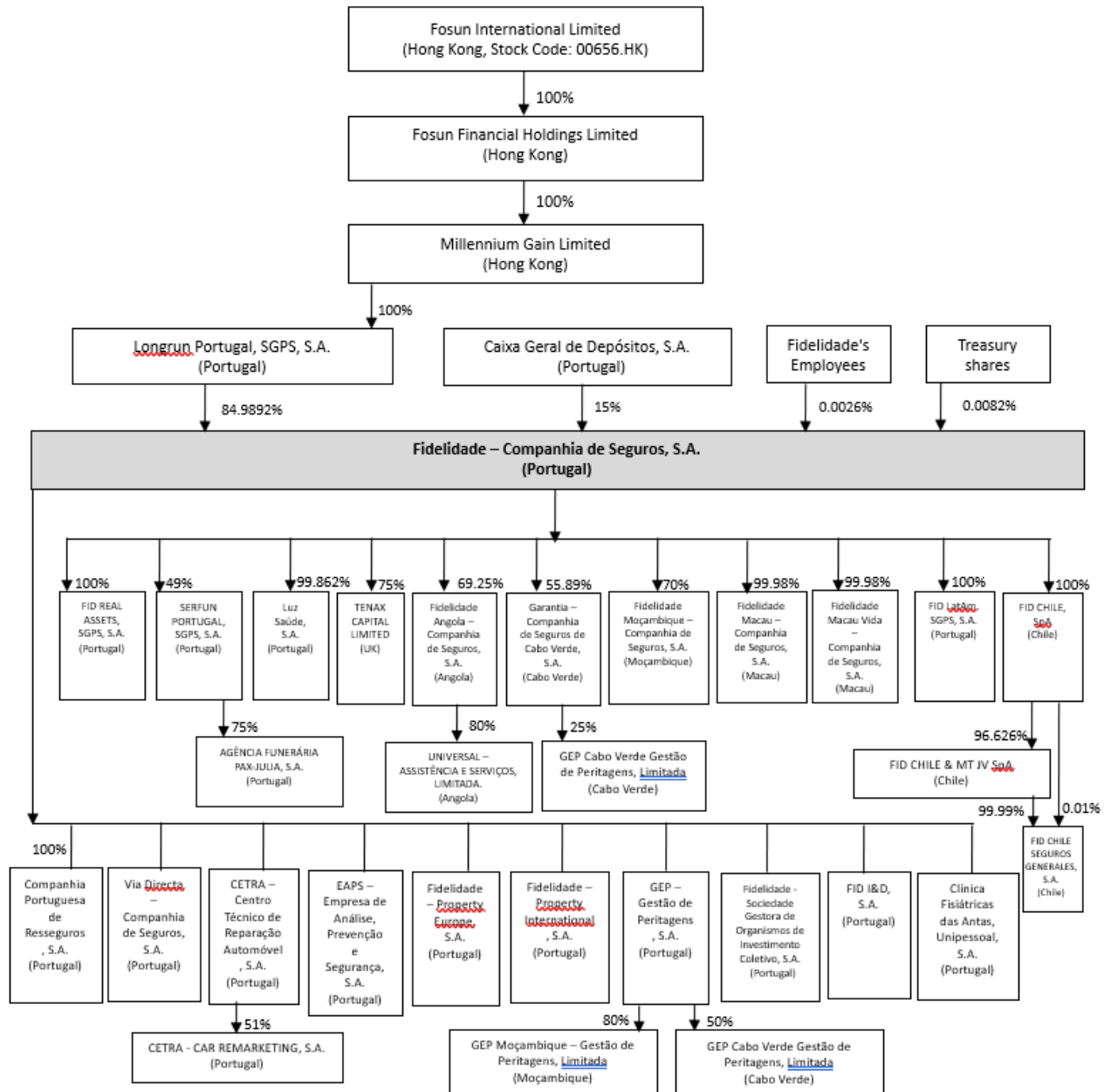
The shareholder structure of Fidelidade is as follows:

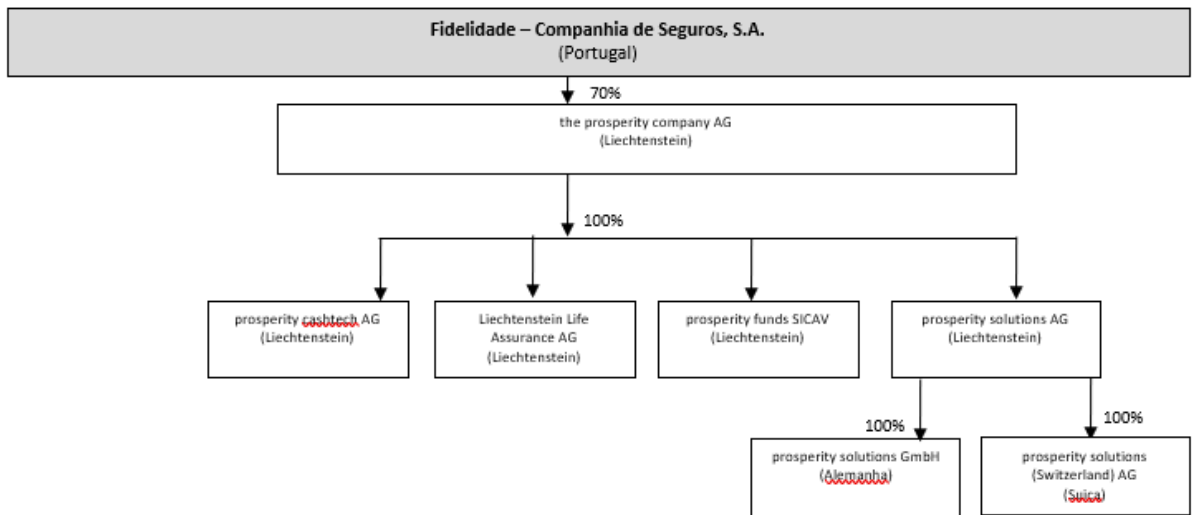
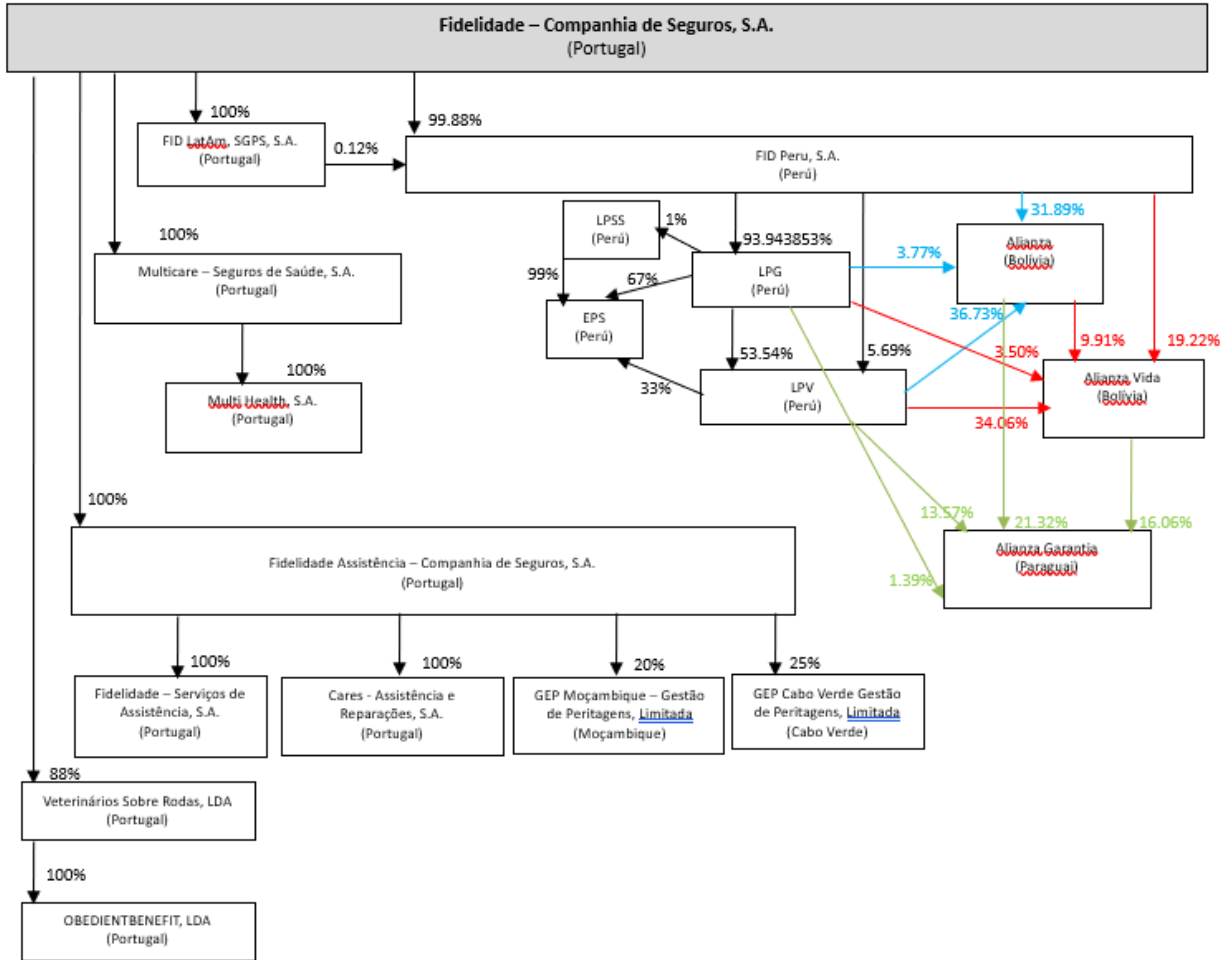
| Shareholder                              | % share capital | Number of shares   |
|--|-----------------|--------------------|
| Longrun Portugal, SGPS, S.A.....         | 84.9892         | 137,402,839        |
| Caixa Geral de Depósitos, SGPS, S.A..... | 15.0000         | 24,250,644         |
| Employees.....                           | 0.0026          | 4,177              |
| Treasury Shares.....                     | 0.0082          | 13,300             |
| <b>Total.....</b>                        | <b>100</b>      | <b>161,670,960</b> |

<sup>2</sup> Run-off operation

The following chart shows the main companies that constitute the Fidelidade Group at the date of this Offering Circular:

**Shareholding Structure of Fidelidade – Companhia de Seguros, S.A. as at 30 April 2024**





## History

Until 2000, the Portuguese insurance sector was mostly concentrated on six insurers following the reorganisation of the industry in the 1980s. After 2000, the Portuguese insurance market entered a new phase of consolidation, which gave rise to two major players: Fidelidade Mundial and Império Bonança, which were held by two of the largest Portuguese financial groups (Caixa Geral de Depósitos, S.A. (“**CGD**”), the state-owned bank, and Banco Comercial Português, S.A. (“**BCP**”).

In 2005, CGD, through its wholly-owned subsidiary Caixa Seguros e Saúde, SGPS, S.A. – the sole shareholder of Fidelidade Mundial – acquired Império Bonança, establishing the basis for further consolidation of the market. The result was a Portuguese insurance group combining the major Portuguese insurers, enabling the creation of important synergies and the consolidation of assets and unique skills within the sector.

The years that followed were marked by progressive integration of the operations of the two companies culminating in the final merger of Fidelidade Mundial and Império Bonança in May 2012 and the launch of a new single brand, Fidelidade, in mid-2013.

In 2014, Fidelidade was privatised, with Fosun International Limited (“**FIL**”) acquiring indirectly approximately 84.99 per cent. of Fidelidade’s share capital and CGD remaining a shareholder with 15 per cent. of Fidelidade’s share capital.

Since 2014, the Fidelidade Group entered a new phase of development, bolstered by support from its shareholders and focused on four strategic imperatives, upon which the Fidelidade Group has defined a growth and transformation plan with defined action-oriented initiatives: i) accelerate growth, ii) optimise profitability, iii) client focus and iv) mobilise the organization.

In 2014, Fidelidade acquired the control of Garantia – Companhia de Seguros de Cabo Verde, S.A. (“**Garantia**”), the leading insurance company in Cape Verde, and of the leading healthcare provider in Portugal, currently named Luz Saúde.

Until 2019, Fidelidade’s internationalisation strategy had primarily been focused on Portuguese-speaking markets. That year marked a turning point when Fidelidade entered Latin America, through the acquisition of a majority stake in the La Positiva Seguros y Reaseguros, S.A.A., a leading company in the Peruvian market, heading La Positiva Insurance Group that also operates in Bolivia and Paraguay.

In 2020, Fidelidade strengthened its presence in Latin America by launching a greenfield operation in Chile (FID Chile Seguros Generales S.A.), which, having obtained authorization from the Chilean regulator in the final quarter of 2019, initiated its operations in January 2020.

In 2021, Fidelidade began a new phase of international expansion, which continued with the acquisitions of a majority stake in Seguradora Internacional de Moçambique (now Fidelidade Moçambique – Companhia de Seguros, S.A.) and a majority stake in the prosperity group AG, with operations focused on the markets of Germany and Switzerland. This transaction was completed in February 2022.

In 2022, Fidelidade successfully completed its takeover bid (“**OPA**”) for the remaining shares of the Peruvian insurance company La Positiva Seguros y Reaseguros, S.A., which allowed it to acquire a further 42.9 per cent. of its capital, an investment of 396.3 million soles, approximately 101.2 million euros. Fidelidade, which owned a 51 per cent. stake in La Positiva, now controls 93.9 per cent. of the insurer. This transaction, already foreseen in the initial agreement in 2018, reinforces Fidelidade Group’s controlling position in La Positiva, considered a strategic asset in the Group’s international expansion.

## **Intra-group arrangements and exposure to shareholders**

### ***Bancassurance agreement with CGD***

As part of the privatisation process, Fidelidade entered into a bancassurance agreement with CGD which was renegotiated in the last quarter of 2017 to update it in line with the latest market practice in the insurance distribution market, maintaining its exclusivity for Portugal and its initial term of 25 years. In 2023, the bancassurance channel represented 37 per cent. of Fidelidade's total domestic gross premiums written (including investment contracts) – 74 per cent. of total life segment premiums and 8 per cent. of total non-life segment premiums (see “*Description of the Issuer – Distribution channels*”).

### ***Exposure to Caixa Geral de Depósitos, S.A.***

As at 31 December 2023, the Fidelidade Group held €42 million of corporate bonds issued by CGD (related to CGD's Medium Term Note Programme), which represented 0.3 per cent. of Fidelidade Group's investment portfolio.

In addition to these investments, the Fidelidade Group held cash and cash equivalents at CGD in the amount of €398 million (3.1 per cent. of the Fidelidade Group's investment portfolio, excluding unit-linked assets).

### ***Co-Investments***

Following its acquisition by FIL, the Fidelidade Group has gained access to more diversified investment opportunities and also to markets with growth prospects. In this context, Fidelidade has co-invested with the Fosun Group in New China Life Insurance, Ageas, Chongqing Rural Commercial, Babytree Group and Aurora Mobile, which currently represent €202 million in the Fidelidade Group's investment portfolio.

## **Recent developments**

### ***ESG Rating***

In the past year, Fidelidade has taken significant steps towards becoming an increasingly sustainable company and has committed to reducing carbon emissions throughout its value chain – operations, insurance, and investments – with the goal of achieving Net-Zero Operations by 2040 and Net-Zero Insurance and Investments by 2050. Fidelidade has established interim emission reduction targets for Operations by 2025 and for other areas of activity by 2030.

This additional effort is being recognized. Fidelidade can affirm that, according to the Morningstar Sustainalytics rating, as of its review in 2023, it is the fourth most sustainable insurer globally and the second in Europe, which reinforces the commitment to sustainability.

### ***Capital Markets***

Fitch reaffirmed in 2023 the top tier rating, confirming the Fidelidade Group's strong capacity to honour its financial commitments under a challenging market environment. The Fidelidade Group achieved an A- rating (Issuer Default Rating) from Fitch, a rating that is equal to Portuguese sovereign debt and above the main corporate entities in Portugal, confirming Fidelidade as one of the most solvent companies in the country. Fitch highlighted that Fidelidade's undisputed leadership in the Portuguese market, strong capitalization, with robust solvency, and good quality of assets were the main factors for rating maintenance.

## Business segments and organisation

### Group Companies

#### *Insurance Business – Portugal and International operations*

Fidelidade is a general insurer operating in the Portuguese market both directly and indirectly through its subsidiaries, namely, Multicare, the leading health insurer (*source: APS – Associação Portuguesa de Seguros*) of the Portuguese Market, Fidelidade Assistência, which provides assistance and legal protection insurance, and Via Directa, the insurance company designed to retail insurance policies through remote channels (telephone and internet).

The Fidelidade Group also has a presence in the international market through its branches in Spain (life and non-life insurance products), France (life and non-life insurance products), Luxembourg<sup>3</sup> (life insurance products), Macao (life insurance products), and through its insurance subsidiaries: Garantia (Cape Verde; life and non-life insurance products), Fidelidade Angola – Companhia de Seguros, S.A. (Angola; life and non-life insurance products), Fidelidade Companhia de Seguros, S.A. (Mozambique; life and non-life insurance products), Fidelidade Macau – Companhia de Seguros, S.A. (Macao; non-life insurance products), Fidelidade Macau Vida – Companhia de Seguros, S.A. (Macao; life insurance), La Positiva, Seguros y Reaseguros, S.A. (Peru; non-life insurance products), La Positiva Vida, Seguros y Reaseguros S.A. (Peru; life insurance products), Alianza Compañía de Seguros y Reaseguros E.M.A. S.A. (Bolivia; non-life insurance products), Alianza Vida Seguros y Reaseguros S.A. (Bolivia; life insurance products), Alianza Garantía Seguros y Reaseguros S.A. (Paraguay; life and non-life insurance products), FID Chile Seguros Generales, S.A. (Chile; non-life insurance products) and the prosperity company AG (Germany, Switzerland and Liechtenstein; life insurance products).

#### *Other Services*

In line with its strategy of guaranteeing operational excellence and quality of service provided throughout the insurance value chain and positioning towards being a global service provider of people's protection, the Fidelidade Group holds strategic stakes in a number of companies providing insurance related services, namely:

- Luz Saúde S.A. – one of the market leaders in the provision of private healthcare in Portugal (*source: Luz Saúde S.A. 2023 Annual report*) with 30 private hospitals and clinics and 1,126 beds;
- EAPS - Empresa de Análise, Prevenção e Segurança, S.A. – provides risk analysis services, health and safety at work and workplace medicine;
- GEP - Gestão de Peritagens, S.A. – provides loss adjusters services;
- Cares – Assistência e Reparações, S.A. – provides real estate repair services;
- Clínica Fisiátrica das Antas, Lda – provides physiotherapy services;
- CETRA - Centro Técnico de Reparação Automóvel, S.A. – provides motor vehicle repair services;
- Fidelidade – Property Europe, S.A. – management of real estate portfolio in the EU;
- Fidelidade – Property International, S.A. – management of real estate portfolio outside the EU;
- FID I&D, S.A. – consulting services and development of new digital solutions and platforms;
- Veterinários Sobre Rodas, Lda. - in-home veterinary care services;

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<sup>3</sup> Run-off operation



- Fidelidade – Sociedade Gestora de Organismos de Investimento Coletivo, S.A. – management of real estate investment funds; and
- Tenax Capital Limited – management of funds for insurers and private banks.

### Segments

The below table sets out the total gross premiums written by line of business for the years 2022 and 2023:

| <b>Total Gross Premiums Written</b>            | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|--|-------------------------|-------------------------|
|  | <i>(€ millions)</i>     |                         |
| Non-Life.....                                  | 2,626                   | 2,902                   |
| Life – Risk & Annuities.....                   | 523                     | 528                     |
| Life Financial.....                            | 663                     | 1,131                   |
| Life Financial - Unit-Linked.....              | 1,306                   | 646                     |
| <b>Total Premiums Management Accounts.....</b> | <b>5,118</b>            | <b>5,207</b>            |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information

The segments used for reporting based on geographical criteria are Portugal, Rest of the EU, Latin America, Africa, and Asia.

The below table sets out the total gross premiums written by geographical criteria for the years 2022 and 2023:

| <b>Total Gross Premiums Written</b>            | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|--|-------------------------|-------------------------|
|  | <i>(€ millions)</i>     |                         |
| <b>Portugal.....</b>                           | <b>3,578</b>            | <b>3,504</b>            |
| Non-Life.....                                  | 1,746                   | 1,936                   |
| Life.....                                      | 1,831                   | 1,568                   |
| <b>Latin America.....</b>                      | <b>929</b>              | <b>1,023</b>            |
| Non-Life.....                                  | 617                     | 700                     |
| Life.....                                      | 312                     | 323                     |
| <b>Rest of European Union.....</b>             | <b>404</b>              | <b>472</b>              |
| Non-Life.....                                  | 116                     | 124                     |
| Life.....                                      | 288                     | 348                     |
| <b>Africa.....</b>                             | <b>141</b>              | <b>131</b>              |
| Non-Life.....                                  | 129                     | 120                     |
| Life.....                                      | 13                      | 11                      |
| <b>Asia.....</b>                               | <b>66</b>               | <b>77</b>               |
| Non-Life.....                                  | 18                      | 22                      |
| Life.....                                      | 48                      | 55                      |
| <b>Total Premiums Management Accounts.....</b> | <b>5,118</b>            | <b>5,207</b>            |
| Portugal.....                                  | 3,578                   | 3,504                   |

|                    |       |       |
|--------------------|-------|-------|
| International..... | 1,540 | 1,703 |
|--------------------|-------|-------|

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

*Source: Issuer Information*

In 2023, the Fidelidade Group recorded a total of €1.7 billion in written premiums internationally, a 10.6 per cent. increase compared to the previous year (increase of 9.7 per cent. in the non-life segment and 11.7 per cent. in the life segment).

The below table sets out the total gross premiums written by international jurisdiction for the years 2022 and 2023:

| <b>Total Gross Premiums Written</b>            | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|--|-------------------------|-------------------------|
|  | <i>(€ millions)</i>     |                         |
| Peru.....                                      | 598                     | 692                     |
| Liechtenstein.....                             | 238                     | 320                     |
| Bolivia.....                                   | 214                     | 182                     |
| France <sup>2</sup> .....                      | 121                     | 103                     |
| Angola.....                                    | 77                      | 61                      |
| Macao.....                                     | 66                      | 77                      |
| Chile.....                                     | 102                     | 130                     |
| Spain.....                                     | 46                      | 49                      |
| Cape Verde.....                                | 20                      | 22                      |
| Paraguay.....                                  | 16                      | 19                      |
| Mozambique.....                                | 44                      | 48                      |
| <b>Total Premiums Management Accounts.....</b> | <b>1,540</b>            | <b>1,703</b>            |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

- (2) Includes Luxembourg written premiums (operation in run-off).

*Source: Issuer Information*

## **Distribution channels**

The Fidelidade Group's distribution channels constitute an important competitive advantage, enabling it to be closer to its clients and to provide them with high levels of service quality. As a result of an omni-channel strategy, based on the multi-channel distribution platform, the Fidelidade Group has encouraged interaction between the various channels, their product ranges and service levels, to ensure an integrated and consistent customer experience.

Physical channels place greater emphasis on the advised sale of complex products, customer lifecycle management, and proactive contact to activate referrals and/or points of interest according to propensity models to enhance cross-selling. Digital channels and the Contact Center, on the other hand, focus on convenience and speed of service, allowing for personalized assistance even at a distance.

The below table sets out the number of units and total gross premiums written in 2023 for each distribution channel:

| Distribution channels - Portugal | Number of units in 2023 | Life gross premiums written in 2023 <sup>1 2</sup> | Non-Life gross premiums written in 2023 <sup>1 2</sup> | GWP Contribution in 2023 <sup>1 2</sup> |
|----------------------------------|-------------------------|--|--|---|
|                                  |                         |  | %  |   |
| Bancassurance + Post Office..... | 1,225                   | 89   | 11   | 37                                      |
| Agents Network.....              | 2,999                   | 23   | 77   | 39                                      |
| Brokers & Large Customers .....  | 71                      | 3  | 97   | 17                                      |
| Own Agencies.....                | 48                      | 44   | 56   | 5                                       |
| Remote.....                      | <i>n.a.</i>             | 10   | 90   | 2                                       |

Note:

(1) Includes investment contracts.

(2) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.

Source: Issuer Information.

The following table provides information on Fidelidade Group's market share per distribution channel in the Portuguese insurance market for the year of 2022:

| Distribution Network Market Shares (2023) - Portugal | Life | Non-Life | Total |
|--|------|----------|-------|
|  |      | (%)      |       |
| Agents.....  | 25   | 27       | 27    |
| Own stores.....                                      | 42   | 44       | 43    |
| Bancassurance & Postal Channel.....                  | 31   | 14       | 28    |
| Brokers & Large Customers .....                      | 10   | 40       | 37    |
| Remote.....  | 0    | 37       | 37    |

Source: APS - Associação Portuguesa de Seguradores, ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer Information.

Emphasis has also been placed on enhancing the network of exclusive agents, namely by opening new agencies with the Fidelidade brand with broad country coverage, and on the strengthening of ties with the brokers' channel, with good results being achieved in both cases.

Digitalisation and technology play a particularly important role in the search for solutions that enhance interaction with clients and offer increasingly customised services. However, although the digitalisation process is essential for greater proximity with clients, Fidelidade has always been founded on a sales force based in agencies, stores and brokers' centres, and the Fidelidade Group continues to place emphasis on improving these partners' skills.

In Fidelidade Group's international operations, the key distribution channels for the year of 2022 are:

- Spain – After the sale of Banco Caixa Geral (CGD Group) in October 2019 and the termination of the Bancassurance agreement that Fidelidade Spain had with this bank, the Agents and Brokers channel became the most representative in this operation (82 per cent.). Fidelidade Spain also has two channels with some representativity, Bancassurance (10 per cent.) and Direct Channel (7 per cent.). In 2022, Spain invested in the digital channel, debuting with Fidelidade Pets, the first product with a 100 per cent. digital underwriting. This strategy for entering the digital channel is in line with the objective of boosting innovation and omnichannel that Fidelidade Espanha has demonstrated throughout 2022, in addition to being an important key to forging new partnerships with innovative solutions, mainly in the banking channel, and to boost sales. An agreement was also signed with MGA Orizon for the growth of the business of companies in Life and Collective Accidents, and also in third party liability;
- France – brokers (65 per cent.) and bancassurance (35 per cent.) through CGD France’s local bank branches;
- Liechtenstein – Agents & Brokers (100 per cent.). This channel has been growing since 2017 thanks to an improvement in the activation of this channel through the existing platform for Brokers, optimisation and streamlining measures in the internal CRM, as well as such as carrying out campaigns focused on attracting new brokers. In parallel, the prosperity company has been working on its digital platforms in order to capture and retain this network through innovation and accessibility;
- Angola – - The main distribution channels include Brokers, Agencies, with 28 agencies and a team of specialist salespeople with over 700 members, and Bancassurance in commercial partnerships with seven local banks: Caixa Angola, Banco Fomento Angola, Standard Bank, Banco Investimento Rural, Banco Valor, Banco Comercial do Huambo and Banco Comercial Angolano;
- Mozambique - In 2022, the distribution channels in Mozambique were strengthened with the acquisition of Seguradora Internacional de Moçambique, S.A., which operates under the Ímpar brand. In the meantime the company changed its corporate name to Fidelidade Moçambique – Companhia de Seguros, S.A. that operates under the brand Fidelidade Ímpar. It uses the Mediation channel (40 per cent.), composed of Brokers, Exclusive Agents and Multibrand and Promoters, the banking channel (34 per cent.), with partnerships such as Millennium BIM, Nedbank, Mozabank, and the Direct Channel (26 per cent.) composed of eight of its own agencies. Fidelidade Ímpar invested in communication closer to the market, through WhatsApp Business and expanding the availability of its Call Centre to 24/7, 365 days a year;
- Cape Verde – Agencies are the most important distribution channel with 70 per cent. of the gross premiums written. It should be noted that the Garantia has invested in the continuous training of human resources and digital transformation, in order to innovate in the services provided by its agencies. The banking channel (15 per cent.) has been a strong focus in Cape Verde through consolidating commercial partnerships with BCA, BI, BAI, IIB and Ecobank;
- Macao – brokers (9 per cent.), bancassurance (77 per cent.) mainly through Banco Nacional Ultramarino (BNU), direct channels (12 per cent.) and Agents (3 per cent.) ;
- Peru – brokers (with a weight of 43 per cent. in the portfolio), Non-Traditional Channels (19 per cent.), Own Distribution (12 per cent.), Direct Channel (7 per cent.), Public Tender (15 per cent.), Digital Sales Force (3 per cent.) and e-commerce (1 per cent.). Non-traditional channels include the establishment of banking partnerships, retailers and other entities. Own distribution is divided between the sales force (organised into four teams, namely Annuities, Family Protection, Traditional Life and Non-Life), the call centre and e-commerce. Of note is the potential offered by the e-commerce channel, which has websites that make it possible to directly purchase insurance online. The direct channel is mainly made

up of agencies and retail in shopping centres, located essentially in Lima, an opportunity that allows La Positiva to reach new customers.

- Bolivia – bancassurance (40 per cent.) through Banco Mercantil Santa Cruz (BMSC) and Banco FIE, brokers (35 per cent.), direct channel (25 per cent.);
- Paraguay – direct channel and brokers; and
- Chile – brokers (59 per cent.), direct channels (30 per cent.) and affinities (11 per cent.).

## **Products**

The Fidelidade Group offers a wide range of products and services to its clients, enhanced by its vast accumulated experience and from the ongoing search for insurance product innovations.

The Fidelidade Group's range of products includes non-life insurance products (including through products such as motor insurance, workers' compensation insurance, health insurance, property and casualty insurance, liability insurance, pets and travel insurance) and life insurance products (risk products, annuities and financial products). The Fidelidade Group's insurance business also offers a unique range of assistance services in a number of areas.

The products and services of the Fidelidade Group are designed with the purpose of creating value for customers, ensuring their well-being and protection, as well as the protection of their assets. To this end, Fidelidade has sought to contribute to the reduction of risks and the creation of innovative and sustainable solutions actively and closely, based on the enhancement of positive impacts, at every stage of the customer's life.

The Product Design and Approval Policy aims to ensure responsibility, quality, and transparency in the design, communication, and sale of products. In addition to reinforcing the need to convey accurate, detailed, and complete information about products, this policy now also includes the integration of a sustainable approach in the design and reformulation of offerings, consistently promoting Fidelidade Group's competitiveness in a rapidly developing market segment.

Global trends, as well as processes for managing customer satisfaction, needs, and expectations, have increasingly highlighted the exponential importance of ESG (Environmental, Social, and Governance) issues in the market, creating new business opportunities that must be explored. To address this trend, Fidelidade has implemented a set of strategies, policies, and processes based on specific governance structures to ensure the inclusion of ESG criteria in the design and approval of products in a structured and transparent manner, maximizing associated opportunities and mitigating potential risks. Additionally, Fidelidade involves the Sustainability Department in various phases of the product lifecycle and has begun measuring impact during the development phase. There is also a training plan, covering topics such as responsible offerings and marketing, aimed at key actors in the product lifecycle, including product managers.

### **Non-life insurance products**

#### ***Motor Insurance***

The motor insurance policies offered by the Fidelidade Group provide both coverage for individuals and corporates. All motor insurance policies offered by the Fidelidade Group include coverage in terms of third-party liability, death or permanent disability of the driver, legal protection and travel assistance. Other types of coverage such as for collision, theft, glass breakages, property damage, nature phenomenon, other vehicle

occupants, socio-political risks or replacement vehicles are either included in certain insurance policies or, otherwise, the client has the option to include these in their insurance policy. Additionally, the motor insurance offering includes a set of specific coverages for electric and hybrid vehicles. Given its increasing demand, the Group aims to strengthen the products and coverages available in 2024.

### ***Health Insurance***

Through the brand Multicare, the Fidelidade Group offers a wide range of health insurance products for both individuals and corporates. All health insurance products include coverage of inpatient & outpatient (with different options of capital amounts covered), online medical orientation (innovative feature) and check-up, including also the option for coverage of serious diseases. Within the health insurance offering, Fidelidade has the Vitality programme allowing clients to benefit from it by earning weekly and monthly rewards, and to gain annual discounts on their insurance premium. This programme is a partnership with the leading global programme for the creation of healthy lifestyle habits created by the South African insurer Discovery. Mental health is a priority for Multicare. Pioneering the launch of comprehensive mental health coverage, including psychiatric hospitalization, outpatient care, and services in online medicine, the latter at no additional cost to clients, in 2023 Multicare continued to emphasize the importance of specialist psychologist intervention and the subsidization of digital solutions that play a significant role in managing stress, anxiety, and cognitive development. Throughout this journey, Multicare has maintained close collaboration with the Portuguese Order of Psychologists to promote literacy among all Portuguese citizens in these matters.

### ***Fire and other damages insurance***

In this line of business, the Fidelidade Group provides coverage essentially on a multi-risk basis for both individuals and corporates, including fire, storms, theft, flooding, furniture/equipment and agricultural damage. Recently, the Fidelidade Group launched a new product – FIXO, a digital platform with over 75 domestic services that provides price estimates, service scheduling, payment, and evaluation. It is supported by a network of qualified professionals and an operational team that ensures quality and continuous customer support.

### ***Workers' Compensation Insurance***

Fidelidade sells mandatory workers' compensation policies for employers (private and public) and for independent workers, including coverage of medical, pharmaceutical and hospital expenses, compensation for temporary disability, compensation in the event of death and indemnity in the case of permanent disability. Additionally, Fidelidade offers optional coverage of repatriation and treatment expenses and a daily subsidy in case of hospitalisation. In this line of business, there has been a continued effort to rebalance the technical results, including by working in close co-operation with our selected network of healthcare providers. In co-operation with Luz Saúde, specific medical treatment units were set up in the Oporto and Lisbon areas, which has allowed to guarantee better service quality for its clients and greater control over the healthcare services provided. In 2021, Fidelidade acquired Clínica Fisiátrica das Antas, a physical medicine and rehabilitation clinic located in Oporto, to complement the offer in workers' compensation segment.

### **Evolution of the Non-Life segment by line of business**

The four main lines of business under the non-life segment are motor, health, fire and other damage, and workers' compensation, which represent approximately 86 per cent. of the total premiums written.

All the non-life segment lines of business displayed positive performance throughout 2023, but particularly significant was the performance of workers' compensation business and fire and other damage business, growing at 18 per cent. and 13 per cent., respectively.

The motor insurance line of business remains the most significant business in the non-life segment, representing approximately 30 per cent. of the segment.

The evolution of the Fidelidade Group’s non-life gross premiums written is as follows:

| <b>Non-Life Gross Premiums Written per Line of Business</b> | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|---|-------------------------|-------------------------|
|   | <i>(€ millions)</i>     |                         |
| Motor.....  | 748                     | 813                     |
| Health.....   | 542                     | 609                     |
| Fire and other damage.....                                  | 560                     | 632                     |
| Workers' compensation.....                                  | 375                     | 442                     |
| Others.....   | 401                     | 405                     |
| <b>Total Non-Life Premiums.....</b>                         | <b>2,626</b>            | <b>2,902</b>            |

Note:

(1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information

## **Life insurance products**

### ***Life risk***

Fidelidade offers several life risk products for both individuals and corporates, either credit-linked or not credit-linked. Recently, Fidelidade launched the product “Proteção Vital das Famílias”, which is an innovative and wide-ranging life insurance policy aimed at families (in case of death from one of its members). Included in its basic coverage is not only funeral services, but also health assistance and personal accident coverage, which are combined in a single policy. The coverage is adjusted throughout the lifecycle of the various members of the family. In 2023, Fidelidade launched a new product under the “Proteção Vital” family – “Proteção Vital Empresas” (PVE) which was developed for SMEs and their employees. Without risk analysis and with an automatic acceptance process, PVE provides greater protection for employees, both in their professional and personal lives, and adapts to the specific needs of each company.

### ***Annuities***

Fidelidade sells annuities for individuals with complimentary option of death coverage.

### ***Life financial***

Fidelidade sells savings products with different maturities and purposes such as retirement plans and capitalization products. However, Fidelidade has been growing towards a higher relevance of non-guaranteed and capital light guaranteed products, which is essential from a capital optimisation strategy. As such, given the significant impact in terms of capital consumption from fixed rate traditional portfolio, Fidelidade has been redesigning its product offer to replace fixed offer rate for non-guaranteed and capital light guaranteed products for all client segments and life stages.

This strategy is the reflection of the Fidelidade’s life savings transformational programme, which will position the company to be the natural alternative partner for our clients in what relates to savings and financial goals achievement. The redefinition of the offer, which is now focused on unit-linked insurance, has led to an increasing weightage of this type of product, contributing to a better balance of the portfolio. This reformulation is accompanied by a focus on differentiated asset management capabilities, in order to exploit the potential that this business line presents in the Portuguese market.

Fidelidade has been developing digital solutions to strengthen and transform the Life Financial ecosystem. One of the biggest success cases in Portugal is the MySavings app, which is a 100 per cent. mobile tool offering savings and investment solutions from the Fidelidade Savings individual life insurance. It incorporates an academy that simplifies key economic and financial concepts. This way, customers are empowered to autonomously define savings goals suitable for different stages of their lives, make investments, and monitor and manage them in real time. The platform's significant growth in both user numbers and assets under management is an indicator of the relevance of the solution in meeting the interests and realities of customers.

### Evolution of the Life segment by line of business

The life segment is composed of life risk and annuities products and life financial products (unit-linked and guaranteed life financial products), with the latter being responsible for the majority of premiums, representing 77 per cent. of the total in 2023.

The life business saw a decrease of 7.5 per cent. of premiums compared to the previous year, amounting to €2,305 million. This decline reflects the behaviour of life financial premiums in Portugal, which were negatively impacted by the new interest rate environment, making low-risk products (such as bank deposits or government retail products from Portuguese state) more appealing as alternatives to financial products within the insurance business. The below table shows the stock evolution of government retail products and new banking deposits between the first trimester of 2022 and fourth trimester of 2023:

#### Government Retail Products and New Banking Deposits Evolution

| <i>(€ billion)</i>                    | <b>1Q2022</b> | <b>4Q2023</b> |
|---------------------------------------|---------------|---------------|
| Government Retail Products Stock..... | 13            | 34            |
| New Bank Deposits.....                | 12            | 30            |
| <b>Total.....</b>                     | <b>25</b>     | <b>64</b>     |

Source: Issuer Information, Bank of Portugal, IGCP.

The below table shows the evolution of Euribor 3 Months and average interest rate between the first trimester of 2022 and fourth trimester of 2023:

| <b>Rates Evolution</b>                   | <b>1Q2022</b> | <b>4Q2023</b> |
|--|---------------|---------------|
|  | (%)           |               |
| Euribor 3 Months <sup>1</sup> .....      | (0.5)         | 3.9           |
| Average Interest Rate <sup>2</sup> ..... | 0.0           | 2.5           |

Note:

- (1) Euribor 3M is the index rate for Government Retail Products (Cap Rate of 3.5% until June 2023 and 2.5% afterwards).
- (2) Average Interest Rate for new bank deposits

Source: Issuer Information, Bank of Portugal, IGCP.

On the other hand, the international life business experienced a growth of 11.7 per cent. of premiums compared to the previous year, benefiting from the performance of international operations, particularly The Prosperity Company group, which operates in various European markets.

The below table sets out the evolution of the gross premiums written by the Fidelidade Group's life segment for the years 2022 and 2023:

| <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|-------------------------|-------------------------|
|-------------------------|-------------------------|



### Life Gross Premiums Written per Line of Business

|                                 | (€ millions) |              |
|---------------------------------|--------------|--------------|
| Life Financial.....             | 1,969        | 1,778        |
| Guaranteed Life Financial.....  | 663          | 1,131        |
| Unit-Linked.....                | 1,306        | 646          |
| Life - Risk & Annuities.....    | 523          | 528          |
| <b>Total Life Premiums.....</b> | <b>2,492</b> | <b>2,305</b> |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information.

In 2023, provisions related to life-saving products amounted to €8.5 billion, which included 56 per cent. guaranteed rate products and 44 per cent. to unit-linked products. Compared to 2022, there is a tendency reflecting the decreasing in provisions related with guaranteed rate products and fixed rate products with guaranteed returns which reflects Fidelidade's life savings transformational programme. In 2022, provisions related to life-saving products amounted to €8.6 billion which included 64 per cent. guaranteed rate products, and 36 per cent. to unit-linked products. Total life financial provisions related to Portuguese life savings business amounted to €8.1 billion in 2021, which included 78 per cent. guaranteed rate products and 22 per cent. to unit-linked products. Since 2021 provisions related to guaranteed Portuguese products decreased 28 per cent to € 4.5 billion in 2023 which demonstrates that Fidelidade's commitment to non-guaranteed life financial products remains undeterred. However, to maintain market competitiveness, Fidelidade tactically adjusted its product offering during focusing on capital-light solutions that continue balance sheet optimization through a diversified offer of products with guaranteed and non-guaranteed components. Guaranteed offer has been revised to replace legacy capital-intensive products with new capital-light products and take advantage of higher yields of European sovereign bonds. This life financial offer includes products with annual rate adjustments, guaranteed capital at maturity and early redemption penalties.

The below table shows the evolution of provisions related to life-savings products for the years ended 2022 and 2023:

### Life Financial Liabilities

| (€ billion)                                  | 2022 <sup>1</sup> | 2023 <sup>1</sup> |
|--|-------------------|-------------------|
| Guaranteed Products.....                     | 5.5               | 4.8               |
| Portuguese Business Guaranteed Products..... | 5.2               | 4.5               |
| Unit-linked.....                             | 3.1               | 3.7               |
| Portuguese Unit-linked Products.....         | 2.5               | 2.8               |
| <b>Total.....</b>                            | <b>8.6</b>        | <b>8.5</b>        |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information

## Market position

### Portugal

The Fidelidade Group is the market leader insurer in Portugal (*Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer Information*) in both life insurance products and non-life insurance products segments, benefiting from its multi-channel approach and the capillarity of its distribution channels (which is the largest commercial network in the country) in order to reach over 2.4 million customers. In 2023, the Fidelidade Group maintained its leading position in the Portuguese market, with a global market share of 29.6 per cent. which corresponded to an increase of 0.1 per cent. year-on-year, largely driven by the performance registered in the life insurance business.

The below tables show the Portuguese insurance market's total premiums evolution and the Fidelidade Group's market share in Portugal by insurance products segment:

| <b>Portuguese Market Total Gross Premiums Written</b> | <b>2022</b>  | <b>2023</b> |
|---|--------------|-------------|
|   | (€ billions) |             |
| Life.....   | 6.0          | 5.2         |
| Non-Life.....   | 6.0          | 6.7         |
| <b>Total.....</b>                                     | <b>12.1</b>  | <b>11.8</b> |

| <b>Market Share Fidelidade – Portugal</b> | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|---|-------------------------|-------------------------|
|   | (%)                     |                         |
| Life.....                                 | 30.3                    | 30.4                    |
| Non-Life.....                             | 28.8                    | 29.0                    |
| <b>Total.....</b>                         | <b>29.6</b>             | <b>29.6</b>             |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

*Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer Information.*

In addition to its performance in terms of premiums written, the Fidelidade Group has also been consolidating its leadership position as the top insurance company in Portugal, defined according to the BASEF Market Study, a reference study in Portugal with more than 20 years that analyses the Portuguese population behaviour in relation to the insurance sector.

In fact, from 2017 to 2023, the BASEF Market Study shows that the Fidelidade Group has the best attributes in relation to insurance offering, price, information clarity and innovation:

- Insurance offering: the Fidelidade Group has maintained clear leadership in terms of product offering in the last 7 years, gathering the preference of 20.5 per cent. of the total individuals interviewed in 2023 (compared with 12.6 per cent. in 2017), followed by Tranquilidade (12.1 per cent. in 2023 and 5.1 per cent. in 2017) and Ageas (5.1 per cent. in 2023 and 3.2 per cent. 2017);
- Price: the total individuals interviewed perceive the Fidelidade Group as the insurer with the most attractive offering in terms of price from 2017 to 2023 (6.9 per cent. and 11.5 per cent., respectively)

comparing to its domestic peers Tranquilidade (2.8 per cent. and 8.5 per cent.) and OK Seguros (2.8 per cent. and 4.4 per cent.);

- Information clarity: this category is where the Fidelidade Group stands out the most in comparison to its peers. From 2017 to 2023, the Fidelidade Group significantly increased its preference among the interviewees, moving from 10.2 per cent. to 19.2 per cent., while Tranquilidade and Ageas remained below the 15 per cent. threshold (10.8 per cent. and 3.7 per cent. in 2023 and 4.3 per cent. and 2.6 per cent. in 2017, respectively);
- Innovation: the Fidelidade Group, similarly to the other categories, performed above its domestic peers in terms of innovation. In fact, in 2023 the Fidelidade Group gathered the choice of 13.1 per cent. of the sample size (5.7 per cent. in 2017) followed by Tranquilidade with 7.8 per cent. (1.8 per cent. in 2017), Ageas with 4.2 per cent. (1.4 per cent. in 2017) and OK Seguros with 3.2 per cent. (3.2 per cent. in 2017).

### ***Non-life insurance market in Portugal***

In 2023, the non-life insurance sector continued the upward trend, gaining further momentum when compared to 2022 growth (10.1 per cent. in 2023 vs. 7.4 per cent. in 2022), largely due to real economic growth and the inflationary environment. In 2023, the Fidelidade Group recorded a total of €1.9 billion in non-life written premiums in the Portuguese market (increase of 10.9 per cent. vs. 8.8 per cent. in 2022). The Fidelidade Group has the leading market position in Portugal in the non-life insurance segment and across the key lines of business, such health insurance and fire and other damage insurance (*source: ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer Information*).

In 2023, Fidelidade Group increased its market share by 0.2 pp compared to 2022 in the non-life segment, reflecting strengthened positioning in the lines of workers' compensation, motor, and personal accidents:

- In workers' compensation and motor insurance, there was an increase in market share by 1.3 per cent. and 0.5 per cent., respectively, reflecting strong commercial dynamics;
- Similarly, in the personal accidents business, there was a market share increase of 1.8 per cent., reflecting a significant increase in premiums compared to the previous year and above the market average;
- However, health and fire and other damage insurance experienced a decrease in market share compared to 2022, primarily reflecting a reinforced policy of careful risk underwriting with a greater focus on profitability in these lines of business.

*Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer information.*

Fidelidade has a leading position in the Portuguese market with 30 per cent. market share, followed by Ageas with 15 per cent. and Generali with 14 per cent. Regarding the non-life segment, Fidelidade has a market share of 29 per cent., followed by Generali with 22 per cent. and Ageas with 14 per cent. and in the life segment, a total market share of 30 per cent., followed by Ageas with 16 per cent. and Santander with 10 per cent. (*source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer Information*)

In relation to registered complaints with the Portuguese regulator, the Fidelidade Group has a significantly lower market share of complaints, total and per line of business, when compared to its premiums' market share, which highlights the role of the Issuer's distinctive claims platform and the excellency of the customer service provided to the Fidelidade Group clients.

The below table shows the Fidelidade's Group market share of complaints submitted before the regulator and the market share of premiums written in 2023:

**2023 Market share Fidelidade – Portugal**

|  | <b>Complaints</b> | <b>Premiums</b> |
|--|-------------------|-----------------|
|--|-------------------|-----------------|

|                                 | (%) |    |
|---------------------------------|-----|----|
| Life.....                       | 13  | 30 |
| Motor.....                      | 17  | 28 |
| Fire and other damages.....     | 14  | 27 |
| Health.....                     | 26  | 37 |
| Personal Accidents.....         | 16  | 18 |
| Third Party<br>Liabilities..... | 24  | 30 |
| Workers' compensation.....      | 29  | 27 |
| <b>Total.....</b>               | 17  | 29 |

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões.

More specifically, in relation to motor insurance, the Fidelidade Group stands out as the player with the least ratio of complaints-to-premiums, when compared to other domestic peers.

The below table shows the motor insurance ratio of complaints-to-premiums of the Fidelidade Group and other domestic peers in 2022:

| <b>Motor insurance ratio complaints-to-premiums</b> | <b>2022</b> |
|---|-------------|
|   | (%)         |
| <b>Fidelidade.....</b>                              | <b>0.4</b>  |
| <b>Liberty Seguros.....</b>                         | <b>0.5</b>  |
| <b>Caravela.....</b>                                | <b>0.7</b>  |
| <b>Lusitania.....</b>                               | <b>0.8</b>  |
| <b>Allianz.....</b>                                 | <b>0.8</b>  |
| <b>Mapfre Gerais.....</b>                           | <b>0.9</b>  |
| <b>Una Seguros.....</b>                             | <b>1.3</b>  |
| <b>Mapfre Santander.....</b>                        | <b>1.4</b>  |
| <b>Via Directa.....</b>                             | <b>1.5</b>  |
| <b>Victoria.....</b>                                | <b>1.7</b>  |
| <b>Zurich.....</b>                                  | <b>1.8</b>  |
| <b>Ageas.....</b>                                   | <b>3.2</b>  |
| <b>Mudum.....</b>                                   | <b>3.2</b>  |
| <b>Euro Insurances.....</b>                         | <b>5.7</b>  |

Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões.

### **Life insurance market in Portugal.**

In 2023, the Portuguese insurance market recorded a total premium value of €11.8 billion, marking a decrease of 2.2 per cent. compared to 2022. This decline reflects the evolution of the life segment (-14.6 per cent. to €5.2 billion) due to the aforementioned economic context. The decrease in production in life segment was primarily attributed to the life financial component, particularly in the unit-linked products. Despite the increase in interest rates, the loss of income caused by inflation and the instability in financial markets negatively impacted these types of financial products, as already observed in 2022.

In the life business in Portugal, Fidelidade recorded a decrease in premiums of 14.4 per cent in 2023 compared to the previous year, influenced by the unfavourable market conditions for commercialization of life financial products. In Portugal, Fidelidade experienced growth in premiums in the non-life segment but a decrease in the life segment. This unequal dynamic was primarily due to rising interest rates and competition from products such as savings certificates from Portuguese government and bank deposits. However, Fidelidade strengthened its market share by 0.1 per cent. (compared to 2022) in life segment due to a very rapid adjustment of return rates in the guaranteed savings offering, enabling commercial competitiveness. This reflects the success of commercial performance and distribution capabilities in financial products, especially through the growth of guaranteed capital products, which increased by 85 per cent. compared to 2022, benefiting from the new interest rate environment. Overall, the life financial business line recorded a market share of 33.5 per cent. in 2023., an increase of 0.7 per cent. whereas life-risk and annuities recorded a market share of 18.4 per cent., a decrease of 0.3 per cent.

In relation to registered complaints with the Portuguese regulator, the Fidelidade Group's performance related to the life segment has also been, similarly to the non-life segment, below the premiums' market share, more specifically at 13 per cent. (compared to premiums' market share of 30 per cent.).

*Source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões and Issuer information.*

### **International Operations**

Internationally, the Fidelidade Group counts with its most relevant position in Latin America. In 2023, the Fidelidade Group consolidated its position in the Latin American insurance market, recording the following rankings:

- Peru: 4<sup>th</sup> place, with the La Positiva Group reaching a market share of 13.2 per cent., an increase compared to the figure of 12.7 per cent. in 2022. La Positiva Seguros had the 4<sup>th</sup> largest market share in the non-life business, with 14.5 per cent., while La Positiva Vida also reached 3<sup>rd</sup> place in the life business, with 12.1 per cent. (*Source: Superintendencia de Banca, Seguros y AFP*);
- Bolivia: 1<sup>st</sup> place, with a market share of 19.2 per cent. of the non-life business and 2<sup>nd</sup> place in life business with a market share of 18.7 per cent., leader among private equity insurers (*Source: Autoridad de Fiscalización y Control de Pensiones y Seguros – APS*);
- Chile: 13<sup>th</sup> place, with a market share of 2.4 per cent., considering that the operation only began in 2020 (*Source: Comisión para el Mercado Financiero*); and
- Paraguay: 8<sup>th</sup> place, with Alianza Garantía maintaining its position in the market with a market share of 4.1 per cent. (*Source: Banco Central del Paraguay*).

In 2023, the Fidelidade Group also consolidated its position in Africa. In Mozambique it held 3<sup>rd</sup> position, with a market share of 15.1 per cent., which was a relevant increase compared to 2022 (12.3 per cent.). In Angola the market share was 12.4 per cent., and the operation reached its position of 3<sup>rd</sup> in the ranking.

### **Strategy**

The Fidelidade Group stands out in several areas, which give it competitive advantages over other insurers operating in Portugal:

- Undisputed leadership (*source: ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões*), with a client base of approximately 2.4 million in Portugal, served by an omni-channel network with a high level of regional penetration;

- Leading brand, both in value and client recognition, resulting from a continued focus on operational excellence and service quality;
- Unique and leading position in distribution deriving from a multi-channel strategy, selling insurance through agents, brokers, own stores, bank (CGD), post offices and online channels; and
- Unique technical skills in the market, supported by a full spectrum insurance offer, and recognised claims management capability, thereby guaranteeing a high level of client satisfaction.

The Fidelidade Group sustains the growth and consolidation of its business in the various geographies where it operates, guided by a long-term vision where contributing to society is a central objective, and the future is prepared in the present, creating value for all stakeholders. In this commitment, Fidelidade incorporates sustainability imperatives into its strategy, aiming to contribute to the construction of a more sustainable and resilient society.

The entire strategy of the Fidelidade Group is based on four main business pillars and is complemented by international expansion and strategic ESG (Environmental, Social, and Governance) pillars, aligned with the UN Agenda 2030, setting commitments and goals with the year 2030 as the horizon.

Accordingly, the activity of the Fidelidade Group is based on four strategic imperatives, upon which the Fidelidade Group has defined a growth and transformation plan with defined action-oriented initiatives:

- Accelerate growth, by ensuring commercial proactivity through an omnichannel approach, leveraging the potential of the SME segment and driving customer loyalty;
- Optimise profitability, by transforming life financial business, capital consumption optimisation and increasing operational efficiency;
- Client focus, by ensuring an adequate and differentiated offering, improving customer experience through digitalization and scaling ecosystems by exploring businesses beyond insurance; and
- Mobilise the organisation, through a talented and agile team, fostering a strong cultural identity and robust analytics capabilities supported by a clear data strategy.

These strategic imperatives are the guiding force behind the Fidelidade Group's actions, and give rise to a wide range of initiatives that are being implemented by the different companies in the Fidelidade Group.

**(i) Accelerate growth**

Growth is a strategic priority for the Fidelidade Group, which follows 3 key levers: a) omnichannel approach.; b) SME Segment; and c) customer loyalty.

a) Ensuring commercial proactivity through an omnichannel approach The Fidelidade Group leverages the strength of its brands, multi-channel distribution presence, recognized technical capabilities, and culture of innovation to strengthen its presence in target markets and reach an expanding customer base. Continuous efforts to enhance commercial dynamics and reinforce interaction among various sales channels also facilitate the provision of an omnichannel experience and product adaptation to meet customer expectations. This action plan supports market share growth and enhances resilience to external adversities.

Additionally, the identified potential in the Life segment in European markets, supported by Fidelidade's position in the savings ecosystem in Portugal, has been a key driver of growth.

b) Capture SME segment potential

The Fidelidade Group aspires to grow in the SME segment by increasing the percentage of its customer portfolio through a modular offering, new tools, and a focus on streamlining sales points. Additionally, it aims to attract new customers in priority segments through a more targeted sector-specific approach.

In this regard, the Fidelidade Group has been renewing its integrated value proposition for SMEs across segmentation, offerings, tools, market approach, and operational model.

c) Boost overall customers' loyalty

To promote customer loyalty, Fidelidade Group has been developing value propositions centred around the launch of programmes such as Fidelidade Drive and Multicare Vitality, which promote safe and responsible driving and healthy habits, respectively. By joining these programmes, customers are challenged to meet a set of objectives related to safe driving and healthy habits. Once achieved, they can accumulate points that can be exchanged for a wide variety of goods and services.

**(ii) Optimise profitability**

In recent years, the Fidelidade Group has returned consistently positive results, in terms of profitability. This performance has been possible due to the implementation of various initiatives to improve yields, and which continue to be a focus for action in the future. The main initiatives include: a) improve operational efficiency; b) transformation of the life financial business and c) protect business margin optimizing capital.

a) Improve operational efficiency

Automation and technology enable continuous improvement of business efficiency, driving digitalization in customer and distribution partner relationships. As a result, the Fidelidade Group reallocates its personnel to higher value-added activities, thanks to automation and process improvement in internal operations that do not require human intervention, leading to increased efficiency in various aspects of the business, including underwriting or claims management.

b) Transformation of the life financial business

In order to strengthen its prominent position in the savings sector in Portugal and recognizing its importance as an economic agent, Fidelidade has been transforming its Life Financial business over the past years.

To promote savings and encourage responsible financial behaviour, the Fidelidade Group has undertaken a series of financial literacy initiatives, including training sessions and the provision of educational content, both in-person and digitally. These efforts aim to strengthen the acquisition of financial products tailored to individual needs and promote sustainable financial planning for the entire population.

Fidelidade's product offerings are structured for simplicity and accessibility, allowing for alignment with the life cycle and objectives of each stage of people's lives, with a balance between medium-to-long-term risk/return.

Furthermore, Fidelidade is progressing towards incorporating ESG criteria into its offerings and investment, procurement, underwriting, and operational processes. It seeks to make a difference by evaluating impacts and making decisions that affect environmental and social factors in alignment with the Fidelidade Group's purpose, values, and corporate strategy.

c) Protect business margin optimizing capital

Adapting to the market and regulatory context in which the Fidelidade Group operates, along with integrating ESG themes into investment decisions, enhances the optimization of the investment portfolio

management, assuming a position of responsible investor. Fidelidade seeks to optimize the risk-return balance while ensuring prudence, a characteristic that has always defined its actions. This optimization also focuses on diversifying investments, both geographically and across asset classes, to mitigate risks and ensure protection against adverse market conditions.

Optimisation of the capital structure represents one of the key commitments of the Fidelidade Group for the short and medium-term. Such commitment was already partially addressed by the Fidelidade Group, with the inaugural Tier 2 debt issue performed in the first half of 2021, followed by the rating process concluded in the second half of 2021. This additional debt issue, under a Restricted Tier 1 rated structure, is an additional step in reinforcing Fidelidade Group’s presence in the capital markets and strengthening its capital position. Assuming this Restricted Tier 1 debt issue and no dividend payments, Fidelidade Group estimates the following Solvency II ratios:

| <b>Pro-forma Solvency II Ratios (%)</b>  | <b>2023</b> | <b>2023 PF RT1<sup>1</sup></b> |
|--|-------------|--------------------------------|
| Fidelidade Group SCR Coverage Ratio..... | 178%        | 206%                           |
| Fidelidade Solo SCR Coverage Ratio.....  | 210%        | 244%                           |
| Fidelidade Group MCR Coverage Ratio..... | 435%        | 512%                           |

Note:

(1) Pro-forma ratios considering €500 million RT1 debt transaction.

The Fidelidade Group’s capital plan must be also aligned with the investors’ view and sensibility for the capital position of insurance companies. In the first quarter of 2024, Fidelidade approved a revised Risk Appetite Framework (“**RAF**”) in order to define a solid risk profile and boundaries to risk-taking. Based on this reviewed framework, the Fidelidade Group is committing to maintain its Solvency II ratio between 160 per cent. and 190 per cent. No distributions to ordinary shareholders will be made if those result in a Solvency II ratio below the 160 per cent. limit (unless measures to increase its Solvency II ratio above 160 per cent. in a period of no more than 3 months are put in place). This revised RAF already considers a regular dividend policy of 50 per cent. target payout ratio. In addition, the management is committed to maintaining the Solvency II ratio close to the upper bound.

**(iii) Client focus**

The Fidelidade Group works daily to meet the needs and expectations of its customers, fostering strong and enduring relationships built on trust. This strategic imperative follows 3 key levers: a) suitable and distinctive offer; b) improved customer experience through digitalization; and c) scale-up ecosystems by entering business beyond insurance.

a) Ensure a suitable and differentiating offer

The ambition of the Fidelidade Group extends beyond merely providing insurance and risk mutualization to actively supporting customers in managing their risks. This involves developing new product ranges integrated into the ecosystems in which it operates, offering products and services beyond its primary activity and increasingly focused on prevention and addressing the holistic needs of the customer. The Fidelidade Group has been pursuing this path in areas such as mobility, savings, health, and assistance through the internalization of various relevant services and strategic partnerships.



Due to the growing complexity of the market and heightened consumer demands, there is a continuous pursuit to leverage its presence along the value chain, aiming to offer a differentiated value proposition while continuing to introduce sustainability criteria that promote ecological transition and social well-being.

b) Boost customer experience through digitalization

The best solutions stem from processes that connect the improvement of the customer experience with operational efficiency. In this regard, the Fidelidade Group invests in solutions involving the digitization and automation of processes. Through various business initiatives, the goal is to implement and develop innovative product and service models.

c) Scale-up ecosystems by entering business beyond insurance

The client focus strategic imperative requires the Fidelidade Group to increase the frequency of its interactions with clients and develop new integrated offers for the ecosystems in which it operates, providing products and services that are outside its core business and increasingly focused on prevention and on solving clients' holistic needs. In line with this route the Fidelidade Group has built five ecosystems leveraging digital platforms, offering products beyond insurance: Health Ecosystem, Home/Family Ecosystem, Mobility Ecosystem, Savings Ecosystem, and Pets Ecosystem.

**(iv) Mobilise the Organisation**

In order to pursue its other strategic imperatives of growth, profitability and client focus, the Fidelidade Group must have the necessary talent and working methods. Hence, the Fidelidade Group is keeping up to speed with the industry's transformation and trends, in order to guarantee today the talent that will be needed for the challenges of tomorrow.

Therefore, the Fidelidade Group continues to invest in actions that promote its values, purpose, and identity among employees, fostering a sense of community. This includes initiatives in social responsibility, such as the WeCare programme.

In addition, continued emphasis on employee training and on internal rotation are also indispensable initiatives for generating and retaining human talent. Alongside this, the Fidelidade Group has engaged in actions to ensure that all the Fidelidade Group's employees assimilate the values, purpose and identity of the Fidelidade Group, which are key factors in uniting the different generations within the company.

Reformulating ways of working and organisational processes based on agile methods is a route that the Fidelidade Group has followed to guarantee an increasingly agile organisation, capable of supporting business growth and responding quickly and efficiently to any challenge that arises.

To pursue this agile route, the Fidelidade Group considers Analytics and Artificial Intelligence crucial for offering a better experience and increasing efficiency. To achieve this, it invests in measures such as:

- Implementing tools to generate recommendations and leads for improvement/cross-selling and activation of digital properties, based on customer information;
- Developing retention and propensity models, predictive models based on Machine Learning functionalities, enabling anticipation of customer behaviour and adopting the best approach.
- Automation using Artificial Intelligence as a foundation for new functionalities and process redesign, facilitating claims management and interaction with customers.
- Implementing intelligent location systems to monitor forest fires and potential damages to insured units.

The Fidelidade Group views data strategy as a key facilitator in achieving its established goal, from data collection through to security and quality assurance, to availability.

### Sustainability Strategy and Policies

Through its long-term sustainability approach, Fidelidade aims to be an active agent in the sustainable transformation of society, assuming a prominent role in the social dimension, ecological transition, and as a responsible and exemplary economic agent. To achieve this, it continuously works on topics it considers fundamental, including reducing carbon footprint, supporting society on the path to sustainability, investing in attracting and developing talent, developing and offering products that meet customer needs, ensuring easy access to capital, managing risks, and achieving sustainable returns on investments and operations.

These commitments are outlined in Fidelidade’s Vision 2030:



Figure 1 - Vision 2030

(i) **Social**

Social sustainability is closely linked to Fidelidade's business purpose. As an insurer, Fidelidade's main purpose is to ensure a resilient society, prepared to face the major risks. Therefore, in the social pillar, there are three key action areas: Longevity, Health Prevention and Social Inclusion.

### **Longevity**

- Promote health prevention;
- Provide services aimed at the senior population;
- Provide solutions that encourage saving habits in preparation for retirement.

### **Health Prevention**

- Actively contribute towards improving the population's health, investing in programmes that promote and reward healthy life habits – Multicare Vitality;
- Include Regular check-ups in our health insurances, allowing for rapid diagnosis;
- Provide coverages that address the population's greatest concerns, such as oncology disease – Multicare Proteção Vital;
- Promote Mental Health – pioneered mental health coverage in health insurance offering; and
- Provide telemedicine services, for quick and easy access to primary health care – Multicare online medicine service.

### **Social Inclusion**

- Continue to go above and beyond the call of duty in supporting our most severely injured customers in workers compensation or motor insurance lines of business – Wecare Commitment;
- Provide products and services that suit the less favoured segments of the population, promoting a more inclusive protection; and
- In the area of social responsibility, continue to develop volunteer programmes and donation policies, as well as a biennial award - Fidelidade Community Award, for institutions with projects in the three areas of activity. The main focus of Fidelidade Group's support goes beyond the financial contribution, centring on active and regular monitoring of the institutions, fostering their capacity to maximise the impact generated in Society.

## **(ii) Ecological Transition**

### **Fidelidade wants to be a Net-Zero Company**

In the environmental area, Fidelidade's actions must have a positive influence on society and a decisive impact towards reducing greenhouse gas emissions in the atmosphere while also investing its efforts towards adaptation to climate change.

The insurance industry plays a fundamental role in addressing climate change by enhancing the resilience of society and the economy to climate-related risks. Recognizing this responsibility, Fidelidade Group is committed to take action in alignment with its mission to support the development of a sustainable society

In order to positively impact climate change mitigation Fidelidade is working on 3 fronts:

- Reducing operational emissions: Ensuring energy efficiency in own-use buildings, shifting towards hybrid/electric vehicles in own fleet, mitigating the impact of business travel while working throughout the value chain to leverage resource efficiency and circular economy opportunities.
- Invest in developing insurance products and other services that promote more sustainable behaviours, such as motor insurance products that promote mobility with lower environmental impact (e.g. Fidelidade Drive already under commercialization), commercial insurance that positively distinguishes those who invest in equipment (homes, industries or farms) that reduces consumption and avoids emissions, among other offerings throughout the Fidelidade Group's business lines.
- Leverage the green transition through the asset portfolio: Ensuring that our investment policy incorporates criteria that contributes towards a lower-carbon economy and providing life financial products to our customers that align with this commitment (e.g. ESG focused life financial product in MySavings classified as art. 8 SFDR).

### **Fidelidade's Net Zero Transition Plan**

- As an important milestone in Fidelidade's wider ESG responsibilities, Fidelidade has defined a journey that publicly sets its Net Zero science-based aligned emission reduction targets on its underwriting and investment (sub)portfolios as well as on its operations, following all existing internationally accepted frameworks.
- Fidelidade has set an ambition to be Net Zero by 2050 in both its Underwriting and Investment portfolios, but has also defined interim targets by 2030 which undoubtably show its strong commitment towards mitigating the largest negative impacts since these portfolios account for ~95 per cent. of Fidelidade's total emissions, whereas for Fidelidade operations the ambition is to be Net Zero by 2040, with interim targets for 2025.
- Fidelidade's Net-Zero transition plan in resume:

|              |  | Emission Reduction Target                         |               | Policies & Initiatives      |  |
|--------------|--|---|---------------|-----------------------------|--|
|              |  | Interim target                                    | Final target  | Planned or already in place |  |
| Investments  | Listed Equities & Corporate Bonds                          | -40% (Emission intensity over AuM)                | 2030 vs. 2022 | Net Zero by 2050            | <ul style="list-style-type: none"> <li>Restrictions on Oil &amp; Gas and Coal investments</li> <li>Expand Sustainable Investments</li> <li>Green Bond issuance</li> <li>Sustainable Real Estate Investments</li> </ul>                       |
|              | Real Estate  | -45% (Emission intensity over sqm)                | 2030 vs. 2022 |                             |  |
| Underwriting | Commercial   | -30% (Emission intensity over insurance premiums) | 2030 vs. 2022 | Net Zero by 2050            | <ul style="list-style-type: none"> <li>Engagement with most material clients</li> <li>Portfolio shift towards lower emissive clients</li> <li>Launch of new greener products and services</li> </ul>   |
|              | Personal Motor   | -26% (Emission intensity over # of vehicles)      | 2030 vs. 2022 |                             |  |
| Operations   | Directly controlled operations (excluding Luz Saúde Group) | -50% (Emission intensity per FTE)                 | 2025 vs. 2019 | Net Zero by 2040            | <ul style="list-style-type: none"> <li>Electricity consumption from renewable sources</li> <li>Transition of fleet to hybrid vehicles</li> <li>Optimize routes in business travels</li> <li>Transition to sustainable procurement</li> </ul> |

**Figure 2 - Fidelidade Net-Zero Transition Plan**

**Promoter of forestry fund**

Since Fidelidade will always have residual emissions and will need to eventually offset these in order to reach its Net Zero targets, Fidelidade decided to show its commitment to embracing this as a strategic objective - by contributing to carbon removal at large. Fidelidade created the Florestas de Portugal Fund, a Forestry Fund with an investment commitment of €12 million, classified as art. 9 SFDR by the Portuguese regulator (CMVM - Comissão do Mercado de Valores Mobiliários), which aims to grow the capital invested through the management of forestry and agricultural resources fostering nature based solutions aligned with international best practices while ensuring the highest standards for enabling the sale of carbon credits in the voluntary carbon markets being created. The fund intends to incorporate other institutional investors to enable its scale up, boosting the positive impact and providing a credible and high-quality answer to any corporate looking for the required carbon credits to reach their own net zero targets. This fund is therefore a key instrument in promoting a more sustainable forestry policy in Portugal with an important benefit of reducing wildfires that are one of the main negative impacts of climate change in Portugal.

**Fidelidade as a driver of Climate Change Adaptation**

Fidelidade is conscious of its need to continuously assess the impact of climate change as well as its responsibility to be a proactive agent towards the adaptation efforts needed to contribute for a more resilient society that can reduce the negative impacts of extreme weather events that arise from climate change, which are more frequent and more severe every year.

As a concrete answer Fidelidade decided to launch its Center for Climate Change which will serve as a knowledge hub, involving Academia and leveraging public and Fidelidade-owned data in order to provide insights to society on the topic – through high-quality reports, while working simultaneously as a driver for its

technical actuarial teams in the development of the required insurance products that benefit the behaviours that work towards a solid answer to the pressing adaptation efforts required.

### **(iii) Responsible Economic Agent**

As economic agents, Fidelidade must continue to be a responsible and exemplary entity in the relationship with employees, partners, suppliers, and society in general.

Fidelidade has made the following commitments:

- **Make the asset portfolio more sustainable:** Positively distinguishing ESG investments, allowing the Issuer to be active agents in the ecological transition while not forgetting the crucial need to ensure the highest standards on social and governance components
- **Issue green bonds:** Where the full amount raised will be used to finance sustainability-related projects
- **Introduce ESG criteria into partner selection processes and support smaller suppliers on their sustainability path;** and
- **Be one of the best companies to work for:** Fidelidade is committed to providing support to employees in terms of finances, health and helping in times of bigger personal or family need and ensuring equitable treatment with fair pay, fostering diversity and inclusion.

### **(iv) Sustainability Governance**

To drive sustainability efforts, a dedicated Sustainability Division was created to oversee and integrate sustainability into daily operations. This division reports directly to Fidelidade's CEO and collaborates with all other divisions and group companies.

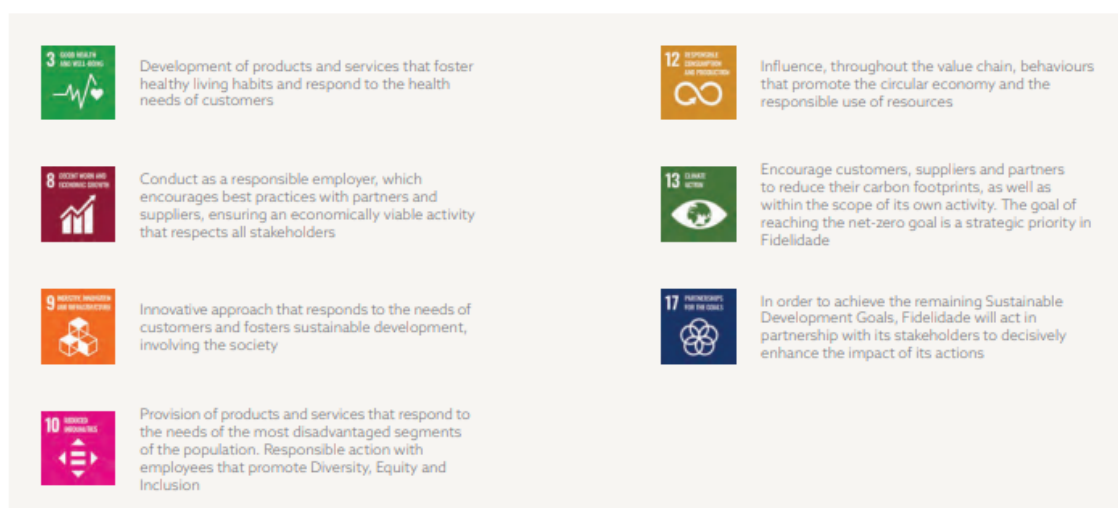
Fidelidade's sustainability strategy and objectives (including Net Zero and climate risk management) are regularly monitored, reviewed and overseen by the Executive Committee based on recommendations from the Sustainability Division. In addition, a Sustainability Committee has been established to facilitate discussions, monitor key sustainability issues, and make critical decisions. Fidelidade's sustainability journey is supported by several key enablers:

- 1. Policy Framework:** Policies with a sustainability focus are reviewed and established, including Sustainability Policy, Environment and Climate Policy, Responsible Investment Policy, Sustainable Procurement Policy, Code of Conduct for Suppliers, Risk Management Policy, and Diversity, Equity, Inclusion and Sense of Belonging Policy.
- 2. Transparent Processes & Communication:** The processes are adapted to promote transparency, ethics, and respect for stakeholders. Transparency is crucial, and Fidelidade is focused on improving communication and reporting to build trust. Regular, transparent, and clear communication on sustainability is prioritized because it fosters trust and accountability. Ethics are integral to all processes, influencing how employees behave and how Fidelidade manages business relationships. Most importantly, Fidelidade adjusts the procedures to prioritize the interests of stakeholders. Fidelidade values their feedback and prioritizes their rights and well-being. These principles are the foundation of the dedication to responsible and sustainable business practices, ensuring that Fidelidade values align with its actions.

3. **Governance Bodies:** Several governance bodies, including the Sustainability Committee, play a key role in supervising the sustainability initiatives and monitoring the progress. As a testament to the dedication, the Group executive committee incorporates ESG metrics into its remuneration structure to align the leadership’s incentives with its sustainability objectives.
4. **Reporting:** Fidelidade is committed to disclosing metrics in accordance with current standards and regulations, such as the SFDR, or EU Taxonomy for aligning activities and investments. The Group also adheres to the Global Reporting Initiative (GRI) for reporting purposes and is currently performing a Group-wide double materiality exercise aligned with the ESRS standards towards complying with Directive (EU) 2022/2464 as regards corporate sustainability reporting.

(v) **Commitment to the UN Sustainable Development Goals (SDGs)**

Fidelidade is a subscriber to the 10 Principles of the United Nations Global Compact – focusing on Human Rights, Labour Practices, Environmental Practices and Anti-Corruption – and the UNEP FI Principles for Sustainable Insurance. Fidelidade makes global commitments to strong local action, in alignment with the UN 2030 Agenda and the Sustainable Development Goals, with a special focus on seven SDGs for priority action. Fidelidade is also a subscriber of other UN-led initiatives such as Principles for Sustainable Insurance, Principles for Responsible Investments and the Net-Zero Asset Owner Alliance.



**Figure 3 – UN’s 2030 Agenda | Seven Sustainable Development Goals prioritized by Fidelidade Group.**

### Investment Portfolio

As at 31 December 2023, the Fidelidade Group’s ten largest investments, excluding unit-linked assets, (of which 55 per cent. correspond to investments in real estate and government bonds) represented 23 per cent. of its total investment portfolio (total government bonds representing 22 per cent. of the total investment portfolio).

The Fidelidade Group is committed to reduce its exposure to risky and illiquid assets in the short term, based on its target strategic asset allocation. The main objective is to reduce the weight of Real estate to below of 12 per cent. (% of total AuM, excluding Unit-linked assets), replacing this exposure with additional fixed income. This process will require 2-3 years and has started with the sale of the real estate assets in Japan during 2024.

The tables below show the breakdown of Fidelidade Group's total investment portfolio per asset class, investment portfolio excluding unit-linked assets per asset class and geography as at 31 December 2023, excluding properties for own use:

| <b>Total Investment Portfolio (including unit-linked)</b> | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Percentage<br/>of total</b> |
|---|---|--------------------------------|
|   | <i>(€ billions)</i>                         | <i>(%)</i>                     |
| Fixed Income.....   | 11.4  | 69                             |
| Corporate Bonds.....                                      | 6.5   | 40                             |
| Government Bonds.....                                     | 3.2   | 19                             |
| Other Fixed Income <sup>2</sup> .....                     | 1.6   | 10                             |
| Real estate <sup>3</sup> .....                            | 2.5   | 15                             |
| Cash and deposits.....                                    | 1.0   | 6                              |
| Equity <sup>4</sup> .....                                 | 1.6   | 10                             |
| Other <sup>5</sup> .....                                  | 0.0   | 0                              |
| <b>Total Investment Portfolio.....</b>                    | <b>16.5</b>                                 | <b>100</b>                     |

Note:

- (1) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.
- (2) Includes commercial paper, fixed income funds and loans.
- (3) Includes real estate funds and properties. Excludes properties for own use.
- (4) Includes shares and equity funds.
- (5) Includes currency swaps, IR swaps, forwards, futures, options, policy loans, repos, receivables, settlement reserves, total return swaps and TPC's Unit Linked investments, net of financial liabilities.

| <b>Total Investment Portfolio (excluding unit-linked)</b> | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Percentage<br/>of total</b> |
|---|---|--------------------------------|
|   | <i>(€ billions)</i>                         | <i>(%)</i>                     |
| Fixed Income.....   | 8.9   | 70                             |
| Corporate Bonds.....                                      | 5.3   | 42                             |
| Government Bonds.....                                     | 2.8   | 22                             |
| Other Fixed Income.....                                   | 0.8   | 6                              |
| Real estate.....  | 2.4   | 19                             |
| Cash and deposits.....                                    | 0.9   | 7                              |
| Equity.....   | 0.5   | 4                              |
| Other.....  | (0.1)                                       | (1)                            |
| <b>Total Investment Portfolio.....</b>                    | <b>12.7</b>                                 | <b>100</b>                     |

#### **Investment Portfolio per Geography (excluding unit-linked)**

|                    | <b>31 December 2023<sup>1</sup></b> |
|--------------------|-------------------------------------|
|                    | <i>(%)</i>                          |
| Europe.....        | 64                                  |
| Latin America..... | 14                                  |



|                        |    |
|------------------------|----|
| North America.....     | 11 |
| Asia.....              | 9  |
| Rest of the World..... | 2  |

*Source: Issuer Information*

The tables below show the breakdown of Fidelidade Group's government bonds and corporate bonds portfolio per geography and rating excluding unit-linked assets as at 31 December 2023:

| <b>Government Bonds Portfolio per Geography</b> | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Percentage<br/>of total</b> |
|---|---|--------------------------------|
|   | <i>(€<br/>billions)</i>                     | <i>(%)</i>                     |
| Italy.....                                      | 0.9   | 31                             |
| Spain.....                                      | 0.8   | 27                             |
| Portugal.....                                   | 0.5   | 16                             |
| Peru.....                                       | 0.4   | 14                             |
| Others.....                                     | 0.3   | 12                             |
| <b>Total Government Bonds.....</b>              | <b>2.8</b>                                  | <b>100</b>                     |

| <b>Corporate Bonds Portfolio per Geography</b> | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Percentage<br/>of total</b> |
|--|---|--------------------------------|
|  | <i>(€ billions)</i>                         | <i>(%)</i>                     |
| Europe.....                                    | 2.4   | 45                             |
| North<br>America.....                          | 1.2   | 22                             |
| Latin America.....                             | 0.9   | 17                             |
| Asia.....                                      | 0.8   | 14                             |
| Rest of the World.....                         | 0.1   | 2                              |
| <b>Total Corporate Bonds.....</b>              | <b>5.3</b>                                  | <b>100</b>                     |

| <b>Corporate Bonds Portfolio per Geography in Europe</b> | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Percentage of<br/>total</b> |
|--|---|--------------------------------|
|  | <i>(€ millions)</i>                         | <i>(%)</i>                     |
| UK.....  | 1,106                                       | 46                             |
| France.....  | 413   | 17                             |
| Portugal.....  | 161   | 7                              |
| Spain.....   | 134   | 6                              |
| Germany.....   | 106   | 4                              |
| Luxembourg.....  | 81  | 3                              |
| .....  |   |                                |
| Netherlands.....   | 78  | 3                              |
| ..   |   |                                |
| Other.....   | 319   | 13                             |

|                                    |       |     |
|------------------------------------|-------|-----|
| <b>Total Corporate Bonds</b> ..... | 2,399 | 100 |
|------------------------------------|-------|-----|

**Government Bonds Portfolio per Rating<sup>2</sup> 31 December 2023<sup>1</sup>**

|                           | (%)  |
|---------------------------|------|
| A- or above .....         | 45.5 |
| BBB range .....           | 49.2 |
| Non-investment grade..... | 5.3  |
| Not Rated.....            | 0.0  |

**Corporate Bonds Portfolio per Rating 31 December 2023<sup>1</sup>**

|                           | (%)  |
|---------------------------|------|
| A- or above .....         | 32.4 |
| BBB range .....           | 49.2 |
| Non-investment grade..... | 15.5 |
| Not Rated .....           | 2.8  |

Note:

- (1) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.
- (2) For Spanish Government Bonds, including Municipal Bonds, the issuer rating was considered instead of the issue rating.

*Source: Issuer Information*

The Fidelidade Group's real estate portfolio, as at 31 December 2023, amounted to €2.4 billion.

The tables below show the breakdown of Fidelidade Group's real estate portfolio per geography as well as the main real estate property projects as at 31 December 2023:

| <b>Real Estate Portfolio per Geography<sup>1</sup></b> | <b>31<br/>December<br/>2023<sup>2</sup></b> | <b>Percentage<br/>of total</b> |
|--|---|--------------------------------|
|  | (€ billions)                                | (%)                            |
| Italy.....   | 0.6   | 26                             |
| Portugal.....  | 0.6   | 27                             |
| UK.....  | 0.5   | 20                             |
| LatAm.....   | 0.2   | 8                              |
| Belgium.....   | 0.1   | 5                              |
| Other.....   | 0.3   | 14                             |
| <b>Total Real Estate</b> .....                         | <b>2.4</b>                                  | <b>100</b>                     |

Note:

(1) Excluding own use real estate.

(2) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.

| <b>Main Real Estate Projects</b>  | <b>31<br/>December<br/>2023<sup>1</sup></b> | <b>Country</b> | <b>% of<br/>Real<br/>Estate</b> | <b>Sector<br/>Focus</b>                    | <b>Occupancy<br/>Level</b> |
|-----------------------------------|---|----------------|---------------------------------|--|----------------------------|
|                                   | (€<br>millions)                             |                | (%)                             |  | (%)                        |
| Medelan.....                      | 623   | Italy          | 26                              | Office &<br>Retail<br>Development          | 98 <sup>2</sup>            |
| Entrecampos.....                  | 398   | Portugal       | 17                              | Mixed Use<br>Development                   | n.a. <sup>3</sup>          |
| Moretown.....                     | 288   | UK             | 12                              | Office<br>Complex                          | 80                         |
| Smithson.....                     | 177   | UK             | 7                               | Office<br>Complex                          | 80                         |
| Pegasus.....                      | 129   | Belgium        | 5                               | Office<br>Complex &<br>Development<br>Land | 72                         |
| Rendina.....                      | 106   | USA            | 4                               | Medical<br>Office<br>Buildings             | 75                         |
| TMK Lisbon.....                   | 94  | Japan          | 4                               | Logistics                                  | 100                        |
| <b>Total Top Real Estate.....</b> | <b>1,816</b>                                | <b>-</b>       | <b>75</b>                       | <b>-</b>                                   | <b>-</b>                   |

Note:

(1) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.

(2) Based on signed lease agreements and binding offers.

(3) Assets under development

*Source: Issuer Information*

In relation to the Fidelidade Group's equity portfolio, these investments total up to €529 million, representing less than 5 per cent. of the total investment portfolio of the Fidelidade Group. Additionally, the geographic exposure of the equity portfolio is very diversified, with exposures to Europe, Asia, Latin America and North America, representing as well highly liquid investments, with 69 per cent. being listed in an exchange.

In terms of the equity co-investments with Fosun, the Fidelidade Group reduced 73 per cent. of its exposure between 2017 and 2023 (from €756 million to €202 million),

The below table sets out Fidelidade's co-investments with the Fosun Group as at 31 December 2023:

| <b>Asset</b>               | <b>Book<br/>Value<sup>1</sup></b> | <b>Country</b> | <b>Listed</b> |
|----------------------------|-----------------------------------|----------------|---------------|
|                            | (€ millions)                      |                |               |
| New China Life Insurance   | 100.7                             | China          | Listed        |
| Ageas                      | 80.8                              | Belgium        | Listed        |
| Chongqing Rural Commercial | 20.2                              | Hong Kong      | Listed        |
| Babytree Group             | 0.1                               | China          | Listed        |

|                                  |            |       |        |
|----------------------------------|------------|-------|--------|
| Aurora Mobile                    | 0.0        | China | Listed |
| <b>Total Co-Investments.....</b> | <b>202</b> | -     | -      |

Note:

- (1) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.

Source: Issuer Information

## Key financial figures

### Technical Performance

In 2023, the Fidelidade Group's consolidated combined ratio was 93.8 per cent., which was an improvement of 5 percentage points compared to 2022, reflecting the reduction in claims frequency in certain Non-Life business lines, notably in Workers' Compensation and Fire and Other Damages, and the increase in efficiency levels resulting in reduced costs allocated to the lines of business.

In the domestic market, the Fidelidade Group's combined ratio reached 95.2 per cent. in 2023 (97.8 per cent. in 2022), while at an international level there was a strengthening in the Fidelidade Group's technical performance, with the combined ratio decreasing 13 percentage points compared to 2022.

| <b>Non-Life Technical Ratios</b>                 | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|--|-------------------------|-------------------------|
|  | (%)                     |                         |
| Consolidated Combined Ratio <sup>2</sup> .....   | 98.8                    | 93.8                    |
| Combined Ratio <sup>2</sup> - Portugal.....      | 97.8                    | 95.2                    |
| Combined Ratio <sup>2</sup> - International..... | 101.9                   | 88.9                    |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.
- (2) Non-life combined ratio adjusted to the technical costs of the insurance business.

Source: Issuer Information.

The insurance result reached €262 million in 2023, marking a 45 per cent. increase compared to 2022. This growth was motivated by increased insurance contract revenues, reduced claims in certain non-life business lines, notably in workers' compensation and fire and other damage, and improved efficiency levels resulting in reduced costs allocated to the different lines of business.

| <b>Insurance Result</b> | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|-------------------------|-------------------------|-------------------------|
|                         | (€ millions)            |                         |
| Insurance Result.....   | 181                     | 262                     |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

*Source: Issuer Information*

### **Investment Performance**

Between 2022 and 2023, the Fidelidade Group registered an investment yield of 2.8 per cent. In 2023, the policy of diversification by asset class and geography continued, as a way of maximising profitability with an adequate level of risk in a higher interest rate environment, influencing the 109 per cent. increase in investment income.

For the year ended 31 December 2023, total assets under management, excluding properties for own use, reached €12.8 billion a decrease of 4.0 per cent. compared to 2022.

The table below shows the investment performance for the years ended 2022 and 2023:

| <b>Investment Performance</b>                            | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|--|-------------------------|-------------------------|
| Assets Under Management (€ billions) <sup>2</sup> .....  | 13.3                    | 12.8                    |
| Average Assets Under Management (€ billion) <sup>2</sup> | 14.4                    | 13.0                    |
| Investment Income (€ millions) .....                     | 176                     | 369                     |
| Total Investment Income (€ millions) .....               | 182                     | 383                     |
| Financial Impairments (€ millions) .....                 | (6)                     | (16)                    |
| Other Financial Liabilities (€ millions) .....           | -                       | 2                       |
| Investment Result (€ millions) .....                     | 218                     | 218                     |
| Investment Commissions (€ millions) .....                | 114                     | 144                     |
| Investment yield (%) .....                               | 1.2                     | 2.8                     |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.
- (2) Excluding properties for own use and unit-linked assets, net of financial liabilities.

*Source: Issuer Information*

### **Net Income**

Net income recorded a positive evolution in 2023, explained by the contribution of the investment and insurance result, reflecting, respectively, the positive contribution of investment income on investments and the increased insurance contract revenues and reduced claims in certain non-life business lines. As such, the Fidelidade Group's net income reached €180 million in 2023, an increase of 3 per cent. compared to the previous year.

The table below shows the net income for the years ended 2022 and 2023:

| <b>Net Income</b> | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|-------------------|-------------------------|-------------------------|
|                   | (€ millions)            |                         |
| Net Income.....   | 176                     | 180                     |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information.

### **Return on Average Equity (“RoAE”) and Return on Tangible Equity (“RoTE”)**

Between 2022 and 2023, the Fidelidade Group registered a RoAE of approximately 7 per cent and a RoTE of 10 per cent.. The Fidelidade Group’s shareholders’ equity reached €2.7 billion in 2023, an increase of 5 per cent. compared to 2022, which demonstrates the effect of the appreciation of financial assets reflected in the revaluation reserve and the net income of the year, which more than offset the effect of the distribution of dividends in the amount of €219.2 million.

The Fidelidade Group’s tangible equity reached €1.9 billion in 2023 (€1.8 billion in 2022).

The table below shows the shareholders’ equity, RoAE and RoTE for the years ended 2022 and 2023:

| <b>Shareholders' Equity, RoAE and RoTE</b>      | <b>2022<sup>1</sup></b> | <b>2023<sup>1</sup></b> |
|---|-------------------------|-------------------------|
| Shareholders' Equity (€ millions) .....         | 2,544                   | 2,673                   |
| Average Shareholders' Equity (€ millions) ..... | 2,625                   | 2,608                   |
| Goodwill (€ millions) .....                     | 471                     | 476                     |
| Intangible Assets (€ millions) .....            | 280                     | 304                     |
| Tangible Equity (€ millions) .....              | 1,793                   | 1,893                   |
| Average Tangible Equity (€ millions) .....      | 1,939                   | 1,843                   |
| RoAE (%) .....                                  | 6.7                     | 6.9                     |
| RoTE (%) .....                                  | 9.1                     | 9.8                     |

Note:

- (1) The financial information presented for the year 2022 and 2023 was based on the audited statutory consolidated financial statements for 31 December 2022 and 2023.

Source: Issuer Information.

### **Subordinated Debt**

In 2021, Fidelidade issued EUR 500 million in 10-year Tier II debt, with an interest rate of 4.25 per cent. This issuance was subscribed by a broad panel of institutional investors, mostly European and American, reinforcing the insurer's solvency ratios by about 25 percentage points, thus allowing the optimisation of the company's capital structure. Demand exceeded more than twice the amount issued and the interest rate was lower than the proposed reference value, enabling Fidelidade to choose to increase the amount of the issue to 500 million euros, compared to the initial proposal of 300 million euros.

The table below shows the Subordinated Debt and Debt Ratio for the years ended 2022 and 2023:

| <b>Debt</b>                          | <b>2022</b> | <b>2023</b> |
|--------------------------------------|-------------|-------------|
| Subordinated Debt (€ millions) ..... | 502         | 503         |
| Total Assets (€millions) .....       | 19,992      | 20,282      |
| <b>Debt Ratio (%)</b> .....          | 2.5%        | 2.5%        |

### ***Leverage Ratio***

The leverage ratio indicates the ratio between the total debt of the Fidelidade Group compared to its total debt and comprehensive shareholders' capital. The ratio was 14.0 per cent. for the year ended 31 December 2023, compared to 14.4 per cent. for the year ended 31 December 2022. A potential RT1 transaction would lower the ratio to 12.3 per cent. (pro-forma estimation assumes a RT1 issue of €500 million). Based on Fitch methodology a RT1 instrument is not considered debt.

The below table shows the Fidelidade Group's total assets, leverage ratio for the years ended in 2022 and 2023:

| <b>Leverage Ratio</b>                                  | <b>2022</b>  | <b>2023</b>  |
|--|--------------|--------------|
| Total Debt (€ millions) .....                          | 502          | 503          |
| Shareholders' Comprehensive Capital (€ millions) ..... | 2,986        | 3,101        |
| CSM (€ millions) .....                                 | 442          | 429          |
| Shareholders' Equity (€ millions) .....                | 2,544        | 2,673        |
| <b>Leverage Ratio (%) .....</b>                        | <b>14.4%</b> | <b>14.0%</b> |

### ***Liability Coverage Ratio***

The liability coverage indicates the ratio between the total assets of the Fidelidade Group compared to its total liabilities. The ratio was 117.3 per cent. for the year ended 31 December 2023, compared to 116.6 per cent. for the year ended 31 December 2022.

The below table shows the Fidelidade Group's total assets, total liabilities and liability coverage ratio for the years ended in 2022 and 2023:

| <b>Liability Coverage Ratio</b>           | <b>2022</b> | <b>2023</b> |
|---|-------------|-------------|
| Total Assets (€ millions) .....           | 19,992      | 20,282      |
| Total Liabilities (€ millions) .....      | 17,139      | 17,285      |
| <b>Liability Coverage Ratio (%) .....</b> | <b>117%</b> | <b>117%</b> |

*Source: Issuer Information.*

### ***Available Distributable Items***

Available Distributable Items indicate the coupon payment capacity of the Fidelidade Group. As at 31 December 2023, the Fidelidade Group had Available Distributable Items of €0.8 billion (an increase of 11 per cent. compared to 2022). Available Distributable Items are expected to continue to improve over the years as profitability increases, thus further increasing RT1 holders' protection.

The below table shows the Fidelidade Group's Available Distributable Items for the years ended in 2022 and 2023:

| <b>Available Distributable Items</b> | <b>2022</b> | <b>2023</b> |
|--------------------------------------|-------------|-------------|
| Available Distributable Items.....   | 687         | 765         |

*(€millions)*

Source: Issuer Information

### Capital Buffers

The following solvency figures are unaudited and based on estimates for December 2023. The below table shows the strong buffers to principal write-down and coupon cancellation triggers for the year ended in 2023:

| Capital Buffers <sup>1</sup> | Breach of 75% of SCR |           | Breach of 100% of SCR for > 3 months |            | Breach of 100% of MCR  |     |
|------------------------------|----------------------|-----------|--------------------------------------|------------|------------------------|-----|
|                              | Own Funds            | SCR (75%) | Own Funds                            | SCR (100%) | Own Funds <sup>2</sup> | MCR |
|                              | <i>(€ billions)</i>  |           | <i>(€ billions)</i>                  |            | <i>(€ billions)</i>    |     |
| Fidelidade Group.....        | 3.2                  | 1.3       | 3.2                                  | 1.8        | 2.8                    | 0.7 |
| Fidelidade Solo.....         | 3.1                  | 1.1       | 3.1                                  | 1.5        | 2.7                    | 0.4 |

Note:

- (1) SCR and MCR including TMPT and not including RT1 issuance.
- (2) Contribution from Tier 2 items is limited to 20 per cent. of MCR Coverage.

Source: Issuer Information.

### Solvency Capital Requirement

The following solvency figures are unaudited and based on estimates for December 2023. The Solvency Capital Requirement (“**SCR**”) coverage ratio of Fidelidade Group for the year ended 31 December 2023 reached 178 per cent. (31 December 2022: 173 per cent.). Excluding transitional measures on technical provisions (“**TMTP**”), Fidelidade Group’s SCR coverage ratio would be 162 per cent., as at 31 December 2023.

The SCR coverage ratio of Fidelidade, on a solo basis, for the year ended 31 December 2023 reached 210 per cent.

As at 31 December 2023, Fidelidade Group’s eligible own funds were comprised of unrestricted Tier 1 (151 per cent. of eligible own funds) and €482,667,104.75 of Tier 2. Please find below the key solvency figures for Fidelidade Group:

| Key Solvency Figures (Fidelidade Group)    | 31 December 2023 with TMTP |
|--|----------------------------|
|  | <i>(€ billions)</i>        |
| Eligible Own Funds.....                    | 3.2                        |
| SCR.....                                   | 1.8                        |
| Solvency Ratio (%) .....                   | 178%                       |
| Leverage ratio post RT1 Issuance (%) ..... | 206%                       |

The sensitivity of the SCR coverage ratio, at 31 December 2023, to the main risks to which Fidelidade Group is exposed, expressed as an absolute impact on that ratio (in percentage points), is presented in the table below:

| Risk Type (percentage points) | Total  |
|-------------------------------|--------|
|                               | (%)    |
| Spread (+100bps) .....        | (12.4) |



|                                |       |
|--------------------------------|-------|
| Equity Markets (-20%) .....    | (1.6) |
| Interest Rate (+100 bps) ..... | 3.2   |
| Interest Rate (-50bps) .....   | (2.7) |
| Real Estate (-10%) .....       | (7.5) |

| <b>Risk</b>     | <b>Scenario</b>   |
|-----------------|---|
| Debt securities | Impact of a 100 bps (basis points) increase in spreads of debt securities.  |
| Equity markets  | Impact of a 20 per cent. decrease in the value of equity, including equity funds.   |
| Interest rate   | Parallel increase of 100 bps (basis points) along the whole curve<br>Parallel decrease of 50 bps (basis points) along the whole curve |
| Real estate     | Impact of a 10 per cent. decrease in the value of property, including Real Estate Funds.  |

Regarding the Fidelidade Group's SCR Coverage Ratio, between 31 December 2022 and 31 December 2023, last year's Net Income impacted positively the ratio by 10 percentage points. The Fidelidade Group's SCR Coverage Ratio significantly increased, as presented below:

| <b>Fidelidade Group SCR Coverage Ratio evolution</b> | <b>Own Funds</b>    | <b>SCR</b> | <b>SCR Coverage Ratio</b> |
|--|---------------------|------------|---------------------------|
|  | <i>(€ billions)</i> |            |                           |
| <b>31 December 2022</b>                              | 3.1                 | 1.8        | <b>173%</b>               |
| <i>SCR Evolution</i>                                 | -                   | 0.0        | (0.5%)                    |
| <i>Net Income</i>                                    | 0.2                 | -          | 10%                       |
| <i>Dividends</i>                                     | (0.2)               | -          | (12%)                     |
| <i>MTM &amp; Other</i>                               | 0.1                 | -          | 8%                        |
| <b>31 December 2023</b>                              | 3.2                 | 1.8        | 178%                      |

The effective management of Fidelidade's risks and the efficient allocation of capital against them is critical in allowing Fidelidade to achieve its strategic and operational objectives. Fidelidade may therefore seek to implement management actions to optimise its capital position and cashflows over time. Additional debt issuance, using the full spectrum of Solvency II-compliant instruments, may also be used to provide further support to Fidelidade's solvency capital position. Fidelidade will therefore continue to actively monitor opportunities to issue such capital (and to take other capital management actions) from time to time and may choose to issue further debt instruments over a range of longer and shorter-dated maturities than the Notes.

The table below shows the breakdown of the Fidelidade Group's assets under management for the year ended 31 December 2023:

| <b>Assets under Management</b> | <b>31 December 2023<sup>1</sup></b> |
|--------------------------------|-------------------------------------|
|                                | <i>(€ millions)</i>                 |
| Financial assets.....          | 13,813                              |
| Investment Properties.....     | 2,342                               |

|  |               |
|--|---------------|
| Cash and equivalents and sight deposits.....                     | 541           |
| Financial Liabilities.....                                       | (305)         |
| Assets held for sale.....  | 120           |
| <b>Assets under Management including Unit-linked Assets.....</b> | <b>16,511</b> |
| Unit-linked Assets.....  | 3,746         |
| <b>Assets under Management.....</b>                              | <b>12,764</b> |

Note:

- (1) The financial information presented for the year 2023 was based on the audited statutory consolidated financial statements for 31 December 2023.

### ***Key consolidated financial information***

The consolidated financial statements at 31 December 2023 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (“PCES”), Portuguese local GAAP, approved by Standard No. 9/2022-R, of 2 November, of the ASF, and the remaining regulatory standards issued by the ASF. The standards set out in the PCES correspond in general terms to the IFRS, as adopted by the EU, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December.

In 2023, the Group adopted the IAS/IFRS and mandatory interpretations for the financial years beginning on 1 January 2023 – IFRS 17. In accordance with the transitional provisions of these standards and interpretations, comparative figures are presented for the new disclosures required.

The accounting policies used by the Fidelidade Group in the preparation of its financial statements relating to 31 December 2023 are consistent with those used in the preparation of the financial statements relating to 31 December 2022. The adoption of new accounting standards required the restatement of the 2022 accounts to ensure comparability.

The tables below show the consolidated assets, liabilities, equity and income statement of the Fidelidade Group for the years ended 31 December 2022 and 31 December 2023.

| <b>Assets</b>   | <b>2022</b>         | <b>2023</b> |
|---|---------------------|-------------|
|   | <i>(€ millions)</i> |             |
| Cash and cash equivalents   | 637                 | 541         |
| Investments in associates and joint ventures                      | 9                   | 9           |
| Financial assets at fair value through profit or loss             | 4,500               | 5,062       |
| Hedge derivatives   | 18                  | 11          |
| Financial assets at fair value through other comprehensive income | 7,933               | 7,956       |
| Financial assets at amortised cost                                | 1,001               | 775         |
| Properties  | 2,944               | 2,892       |
| Properties for own use  | 497                 | 549         |
| Investment properties   | 2,447               | 2,342       |
| Other tangible assets   | 142                 | 138         |
| Inventories   | 16                  | 16          |
| Goodwill  | 471                 | 476         |
| Other intangible assets   | 280                 | 304         |
| Life insurance contract assets                                    | -                   | -           |

|  |               |               |
|--|---------------|---------------|
| Non-life insurance contract assets   | -             | -             |
| Other insurance contract assets  | -             | -             |
| Life reinsurance contract assets   | 109           | 111           |
| Remaining coverage   | 32            | 33            |
| Incurred claims  | 77            | 78            |
| Non-life insurance contract assets   | 538           | 613           |
| Remaining coverage   | 193           | 196           |
| Incurred claims  | 344           | 417           |
| Other reinsurance contract assets  | -             | -             |
| Assets referring to acquisition costs settled before the recognition of the group of insurance contracts | -             | -             |
| Assets for post-employment and long-term benefits  | 25            | 23            |
| Other debtors for insurance operations and other operations  | 677           | 636           |
| Accounts receivable for direct insurance operations  | 122           | 107           |
| Accounts receivable for other reinsurance operations   | 124           | 97            |
| Accounts receivable for other operations   | 430           | 432           |
| Tax assets   | 560           | 495           |
| Recoverable tax assets   | 0             | 20            |
| Deferred tax assets  | 560           | 476           |
| Accruals and deferrals   | 94            | 105           |
| Other items in assets  | -             | -             |
| Non-current assets held for sale   | 39            | 120           |
| <b>Total Assets</b>  | <b>19,992</b> | <b>20,282</b> |

| <b>Liabilities &amp; Shareholders' Equity</b>  | <b>2022</b>         | <b>2023</b> |
|--|---------------------|-------------|
| <b>Liabilities</b>   | <i>(€ millions)</i> |             |
| Life insurance contract liabilities  | 2,949               | 2,789       |
| Remaining coverage   | 2,704               | 2,506       |
| Incurred claims  | 245                 | 282         |
| Non-life insurance contract liabilities  | 2,686               | 2,930       |
| Remaining coverage   | 413                 | 395         |
| Incurred claims  | 2,273               | 2,536       |
| Other insurance contract liabilities   | -                   | -           |
| Life reinsurance contract liabilities  | -                   | -           |
| Non-life reinsurance contract liabilities  | -                   | -           |
| Other reinsurance contract liabilities   | -                   | -           |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,628               | 8,528       |
| Financial liabilities at fair value through profit or loss   | 155                 | 305         |
| Other financial liabilities  | 1,198               | 1,189       |
| Hedge Derivatives  | 5                   | 2           |
| Subordinated Debt  | 502                 | 503         |

|   |               |               |
|---|---------------|---------------|
| Deposits received from reinsurers                                 | 55            | 58            |
| Loans   | 489           | 423           |
| Others  | 147           | 203           |
| Liabilities for post-employment and other long-term benefits      | 6             | 8             |
| Other creditors for insurance and other operations                | 816           | 831           |
| Accounts payable for direct insurance operations                  | 136           | 152           |
| Accounts payable for other reinsurance operations                 | 332           | 297           |
| Accounts payable for other operations                             | 347           | 381           |
| Tax liabilities   | 339           | 333           |
| Tax payable liabilities   | 51            | 63            |
| Deferred tax liabilities  | 288           | 269           |
| Accruals and deferrals  | 278           | 292           |
| Other provisions  | 69            | 70            |
| Other items in liabilities  | -             | -             |
| Liabilities from a group for disposal classified as held for sale | 16            | 10            |
| <b>Total Liabilities</b>  | <b>17,139</b> | <b>17,285</b> |

#### Shareholders' Equity

|   |       |       |
|---|-------|-------|
| Paid-in Capital   | 509   | 509   |
| (Treasury shares)   | (0)   | (0)   |
| Other Capital Instruments   | 0     | 0     |
| Revaluation reserves  | (836) | (455) |
| From changes in fair value of investments in subsidiaries, associates and joint ventures                  | -     | -     |
| From adjustments in fair value of debt instruments at fair value through other comprehensive income       | (743) | (360) |
| Revaluation of properties for own use   | 1     | 0     |
| Revaluation of other tangible assets  | -     | -     |
| Revaluation of intangible assets  | -     | -     |
| Adjustments in fair value of hedging instruments in cash flow hedging                                     | 1     | (0)   |
| Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency     | 31    | 15    |
| Exchange differences  | (49)  | (17)  |
| From changes in fair value of hedging instruments in fair value hedging                                   | -     | 1     |
| From adjustments in fair value of equity instruments at fair value through other comprehensive income     | (87)  | (110) |
| From changes in fair value of other financial instruments   | -     | -     |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income | 10    | 15    |
| Insurance finance reserve   | 536   | 368   |
| Reinsurance finance reserve   | (15)  | (9)   |
| Deferred tax reserve  | 80    | 24    |
| Gains and losses from disposal of equity instruments at fair value through other comprehensive income     | (1)   | (5)   |
| Other reserves  | 1,847 | 1,893 |

|   |               |               |
|---|---------------|---------------|
| Retained earnings   | 247           | 166           |
| Net income for the year   | 176           | 180           |
| <b>Total Shareholders' Equity</b>   | <b>2,544</b>  | <b>2,673</b>  |
| Non-controlling interests   | 310           | 325           |
| <b>Total Shareholders' Equity and Non-controlling interests</b>                 | <b>2,853</b>  | <b>2,998</b>  |
| <b>Total Shareholders' Equity and Non-controlling interests and Liabilities</b> | <b>19,992</b> | <b>20,282</b> |

| <b>Statement of Profit &amp; Loss</b>  | <b>2022</b>         | <b>2023</b> |
|--|---------------------|-------------|
|  | <i>(€ millions)</i> |             |
| Insurance contract revenue   | 3,186               | 3,429       |
| Measured by the premium allocation approach  | 2,975               | 3,210       |
| Non-measured by the premium allocation approach  | 211                 | 218         |
| Release of the expected value of claims incurred and expenses directly attributable to insurance contracts                   | 138                 | 142         |
| Change in risk adjustment (non-financial risk) due to expired risk   | 5                   | 5           |
| Release of contractual service margin for services provided  | 67                  | 71          |
| Allocation of the expected value of remuneration for the purchase of insurance contracts                                     | -                   | -           |
| Insurance service expense  | (2,757)             | (2,927)     |
| Claims incurred and other expenses directly attributable to insurance contracts  | (2,009)             | (2,268)     |
| Amortisation of insurance acquisition costs  | (567)               | -601        |
| Changes to liabilities for incurred claims   | (176)               | (44)        |
| Changes to liabilities for remaining coverage  | (5)                 | (14)        |
| Reinsurance contract revenue   | 323                 | 308         |
| Claims incurred and other expenses directly attributable to insurance contracts - part of reinsurers                         | 367                 | 338         |
| Changes to liabilities for incurred claims - part of reinsurers  | (45)                | (33)        |
| Changes in remaining coverage - part of reinsurers   | -                   | -           |
| Effect of changes in the reinsurer's default risk - part of reinsurers   | 1                   | 3           |
| Reinsurance service expense  | (571)               | (547)       |
| Measured by the premium allocation approach - reinsurers part  | (571)               | (547)       |
| Non-measured by the premium allocation approach - reinsurers part  | -                   | -           |
| Release of the expected value of claims incurred and associated expenses - part of reinsurers                                | -                   | -           |
| Variations in risk adjustment (non-financial risk) due to expired risk - part of reinsurers                                  | -                   | -           |
| Release of contractual service margin for transferred services - part of reinsurers  | -                   | -           |
| <b>INSURANCE CONTRACTS RESULT</b>  | <b>181</b>          | <b>262</b>  |
| Insurance finance income from insurance contracts issued   | 7                   | (3)         |
| Reinsurance finance income from reinsurance contracts held   | 8                   | 12          |
| Insurance finance expenses from insurance contracts issued   | (55)                | (96)        |
| Reinsurance finance expenses from reinsurance contracts held   | (1)                 | (0)         |
| <b>INSURANCE CONTRACTS FINANCIAL COMPONENT RESULT</b>  | <b>(42)</b>         | <b>(87)</b> |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 114                 | 144         |
| Financial income   | 435                 | 491         |

|   |            |            |
|---|------------|------------|
| From Interest on financial assets not recognised at fair value through profit or loss   | 279        | 293        |
| From interest on financial liabilities not recognised at fair value through profit or loss  | -          | -          |
| Other   | 156        | 198        |
| Financial expenses  | (9)        | (4)        |
| From Interest on financial assets not recognised at fair value through profit or loss   | -          | -          |
| From interest on financial liabilities not recognised at fair value through profit or loss  | -          | -          |
| Other   | (9)        | (4)        |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | (16)       | (126)      |
| Financial assets at fair value through other comprehensive income   | (2)        | (37)       |
| Financial assets at amortised cost  | 0          | (0)        |
| Financial liabilities at amortised cost   | (14)       | (92)       |
| Other   | 0          | 3          |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | (258)      | 45         |
| Exchange differences  | 54         | (51)       |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | 56         | (36)       |
| Impairment losses (net of reversals)  | 8          | (23)       |
| Financial assets at fair value through other comprehensive income   | (2)        | (13)       |
| Financial assets at amortised cost  | (1)        | (1)        |
| Other   | 11         | (10)       |
| Non attributable costs  | (344)      | (369)      |
| Other technical income/expenses, net of reinsurance   | 0          | 3          |
| Other income/expenses   | 54         | 31         |
| Negative Goodwill recognised in profit and loss   | 43         | -          |
| Gains and losses of associates and joint ventures (equity method)   | 1          | 0          |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale   | (1)        | 0          |
| <b>NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS</b>  | <b>278</b> | <b>278</b> |
| Current income tax - current taxes  | (62)       | (18)       |
| Current income tax - deferred taxes   | 7          | (24)       |
| <b>NET INCOME AFTER TAX AND BEFORE NON-CONTROLLING INTERESTS</b>  | <b>223</b> | <b>236</b> |
| Non-controlling interests   | (47)       | (55)       |
| <b>NET INCOME AFTER TAX AND BEFORE NON-CONTROLLING INTERESTS</b>  | <b>176</b> | <b>180</b> |

## Operating and financial performance in 2024<sup>4</sup>

In the first three months of 2024, the Fidelidade Group recorded a total gross written premium of €1,310 million, with the life segment representing 38 per cent. and non-life segment representing 62 per cent. of total premiums. The insurance result and investment result amounted to €39 million and €42 million, respectively, leading to a total net income of €42 million.

<sup>4</sup> Unaudited figures.

## **Risk management**

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September (“**Law No. 147/2015**”), which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016. Pursuant to this regulation, Fidelidade Group implemented a global risk management system, in order to meet the requirements set out therein.

The implementation of this system, besides complying with the rules applicable to the insurance business, is perceived as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of Fidelidade Group’s daily activities, and an integrated approach is applied, enabling Fidelidade Group to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are upheld.

Moreover, the own risk and solvency assessment (“**ORSA**”) enables risk, capital and return to be related to each other in a prospective approach, given the context of the business strategy established by Fidelidade Group.

The Fidelidade Group has policies, processes and procedures relating to the system of governance which are adapted to its business strategy and operations, guaranteeing a sound and prudent management of its business. In terms of organisational structure, the risk management and internal control systems are managed by the following bodies: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Asset and Liability Management Committee, the Underwriting Policy Acceptance and Supervision Committee, and the Life and Non-Life Products Committees.

The remaining management bodies are responsible for enhancing the risk management and internal control process, so as to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for the existence and updating of documentation related to the business processes, their risks and control activities.

Included within the set of prudential recommendations of the supervisory authorities, in order to guarantee operational continuity of the processes, systems and communications, Fidelidade Group has a Business Continuity Plan so as to guarantee the conducting of a structured assessment of damage and prompt decision-making regarding the type of recovery to be undertaken.

In 2023, and according to the public reporting requirements, Fidelidade prepared and published its “2022 Solvency and Financial Condition Report”, which contains detailed information on its business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for 2022. This information, together with the annual quantitative reports submitted to the ASF, was certified by the statutory auditor and the responsible actuary.

Fidelidade Group also conducted the annual ORSA in 2023 for the Issuer and each of its EU insurance subsidiaries, reporting its results to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted since the preparatory phase for applying the new Solvency II rules, and the activities place Fidelidade at a comfortable level of compliance with these new rules.

Alongside the areas with the key functions – risk management, compliance, auditing and actuarial – within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Corporate Performance Division and the Accounting and Financial Information Division, and ensures the existence of

substantial, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial situation, the development of the activity, compliance with the defined strategy and objectives, identification of the Fidelidade Group's risk profile, market behaviour and growth prospects.

The process of financial and management information is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the Issuer and its subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division (risk management and actuarial functions), the Compliance Division, the Audit Division, the Accounting and Financial Information Division and the Strategic Planning and Corporate Performance Division ensure the implementation of the procedures, applying the resources necessary to obtain all the information relevant for the process of consolidation and reporting at the Fidelidade level – with regard to both accounts and support for the management, supervision and control of risks – which include:

- definition of the content and format of the information to be reported by the bodies included within the consolidation, in line with the accounting policies and guidelines defined by the management body and the dates on which the reports are required;
- identification and control of intra-group operations; and
- a guarantee that the management information is coherent between the various entities, so that it is possible to measure and follow the evolution and profitability of each business and confirm that the established objectives have been met, as well as assess and control the risks which each entity runs, in both absolute and relative terms.

## **Insurance supervision and regulation**

### **Insurance Supervision**

Fidelidade, being a Portuguese insurance company carrying out activities relating to both life insurance products and non-life insurance products, is supervised by the ASF.

On the particular matter of supervision, the ASF's activities comprise:

- prudential supervision, aimed at ensuring insurance and reinsurance companies' financial soundness, especially through the evaluation of the adequacy of their financial guarantees vis-à-vis their commitments and of the existence of appropriate procedures to guarantee a sane and prudent management of such entities; and
- behavioural supervision, aimed at ensuring that the operators in the insurance and reinsurance market not only comply with the applicable legal framework but also adopt conduct patterns which are in accordance with the best practices.

It should also be noted that the CMVM co-supervises with ASF certain aspects of insurance contracts linked to investment funds (unit-linked products).

### **Insurance Regulation**

Portugal being a civil law country, the main source for insurance and reinsurance regulatory law is statutory law, which in Portugal may, subject to constitutional requirements, be issued either by the Portuguese Parliament or the Portuguese Government.

The most important statute on insurance regulation is Law No. 147/2015, of 9<sup>th</sup> September, which contains the Portuguese legal framework for the taking up and pursuit of insurance and reinsurance activities in Portugal



and largely embodies the implementation into Portuguese Law of several European Directives on insurance matters and particularly the Solvency II Directive. Also quite relevant for these purposes are the regulations (*normas*) issued by the ASF in order to implement and supplement the legal provisions set out in these and other relevant statutes.

It is additionally noteworthy that Portugal is also bound by legislation issued by the institutions of the EU on insurance matters, namely by the principles and provisions of the EU Treaties, Regulations, Directives, Decisions, Recommendations, as well as court decisions, to the extent they are deemed to be a source of law in the EU.

## Material contracts

There are no material contracts entered into outside of the ordinary course of Fidelidade’s business which could result in Fidelidade or any Group member being under an obligation or entitlement that is material to Fidelidade’s ability to meet its obligations to the holders of the Notes.

## Management of Fidelidade

### Board of Directors and Executive Committee

Fidelidade adopts a unitary corporate governance model with a board of directors (the “**Board of Directors**”) which includes an Executive Committee.

The members of the Board of Directors are elected by the Shareholders Meeting. The Chairman and Deputy Chairman of the Board of Directors are chosen by the Board of Directors itself, except when they are appointed by the General Meeting of shareholders which elects the Board of Directors.

Vacancies or impediments in the Board of Directors are filled by co-opting until a resolution is submitted to the first subsequent Shareholders Meeting.

Pursuant to Fidelidade’s Articles of Association, the Board of Directors is composed of five up to the limit of seventeen members, elected for renewable mandates of three years.

As at the date of this Offering Circular, the Board of Directors was composed of seventeen members appointed to exercise duties for the three-year period 2023-2025, ten of whom were non-executive members and seven of whom were executive members, as reflected in the following table. The business address of each of the directors referred to below is Largo do Calhariz, n° 30, 1200 086 Lisbon, Portugal.

| Members of the Board of Directors       | Position | Date of Appointment to Mandate | Duration of Mandate | Observations  | Other Principal Activities   |
|---|----------|--------------------------------|---------------------|---------------|--|
| Jorge Manuel Baptista Magalhães Correia | Chairman | 31-03-2023                     | 2023/2025           | Non-executive | 1st Vice President of the Board of Directors of Banco Comercial Português, S.A.<br>Chairman of the Board of Directors and Member of the Advisory Board of Luz Saúde, S.A.<br>Member of the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A. |

|   |                    |                      |           |   |
|---|--------------------|----------------------|-----------|---|
| Rogério Miguel<br>Antunes Campos<br>Henriques | Vice-<br>President | 31-03-2023 2023/2025 | Executive | Chairman of the Board of Directors and Chairman of the Remuneration Committee of Multicare - Seguros de Saúde, S.A.                                       |
|   |                    |                      |           | Member of the Board of Directors and Chairman of the Remuneration Committee of Luz Saúde, S.A.  |
|   |                    |                      |           | Alternate Member of the Board of Directors, Alternate Member of the Risk Committee, and the Investment Committee of LA POSITIVA SEGUROS Y REASEGUROS S.A. |
|   |                    |                      |           | Alternate Member of the Board of Directors of LA POSITIVA VIDA SEGUROS Y REASEGUROS S.A.  |
|   |                    |                      |           | Alternate Member of the Board of Directors of LA POSITIVA S.A. ENTIDAD PRESTADORA DE SALUD.   |
|   |                    |                      |           | Alternate Member of the Board of Directors of ALIANZA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.   |
|   |                    |                      |           | Alternate Member of the Board of Directors of ALIANZA VIDA SEGUROS Y REASEGUROS S.A.  |
|   |                    |                      |           | Chairman of the Remuneration Committee of Via Directa – Companhia de Seguros, S.A.  |
|   |                    |                      |           | Chairman of the Remuneration Committee of Fidelidade Assistência – Companhia de Seguros, S.A.   |
|   |                    |                      |           | Chairman of the Remuneration Committee of Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.                                     |
|   |                    |                      |           | Chairman of the Remuneration Committee of Fidelidade Angola – Companhia de Seguros, S.A.  |
|   |                    |                      |           | Chairman of the Remuneration Committee of Garantia – Companhia de Seguros de Cabo Verde, S.A.   |
|   |                    |                      |           | Non-Executive Chairman of the Board of Directors of FID LatAm, SGPS, S.A.   |
|   |                    |                      |           | Member of the Investment Committee of Multicare – Seguros de Saúde, S.A.  |
| André Simões<br>Cardoso                       | Member             | 31-03-2023 2023/2025 | Executive | Member of the Investment Committee of Fidelidade Assistência - Companhia de Seguros, S.A.   |
|   |                    |                      |           | Non-Executive Director of the Board of Directors of FID PERÚ, S.A.  |
|   |                    |                      |           | Non-Executive Member of the Board of Directors, Chairman of the Investment Committee, and Member  |

of the Remuneration Committee of La Positiva Seguros y Reaseguros S.A.

Non-Executive Member of the Board of Directors and Chairman of the Investment Committee of La Positiva Vida Seguros y Reaseguros S.A.

Non-Executive Member of the Board of Directors of La Positiva S.A. Entidad Prestadora de Salud.

Non-Executive Director of the Board of Directors of FID CHILE, SpA.

Non-Executive Director of the Board of Directors of FID CHILE & MT JV, SpA.

Non-Executive Director of the Board of Directors and Member of the Investment Committee of FID CHILE SEGUROS GENERALES S.A.

Non-Executive Director of the Board of Directors and Member of the Investment Committee of ALIANZA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. S.A.

Non-Executive Director of the Board of Directors and Member of the Investment Committee of ALIANZA VIDA SEGUROS Y REASEGUROS S.A.

Non-Executive Director of the Board of Directors of Fidelidade Angola – Companhia de Seguros, S.A.

Non-Executive Chairman of the Board of Directors, Member of the Audit & Compliance Committee, Chairman of the Risk Committee, and Chairman of the Remuneration Committee of Fidelidade Macau – Companhia de Seguros, S.A.

Non-Executive Chairman of the Board of Directors, Member of the Audit & Compliance Committee, Chairman of the Risk Committee, and Chairman of the Remuneration Committee of Fidelidade Macau Vida – Companhia de Seguros, S.A.

Member of the Remuneration Committee of Fidelidade Moçambique – Companhia de Seguros, S.A.

|   |        |            |           |               |   |
|---|--------|------------|-----------|---------------|---|
| António José Alves Valente              | Member | 31-03-2023 | 2023/2025 | Non-executive | Chairman of the Audit Board of Fundação Caixa Geral de Depósitos – Culturgest.            |
| António Manuel Marques de Sousa Noronha | Member | 31-03-2023 | 2023/2025 | Executive     | Chairman of the Board of Directors of Garantia – Companhia de Seguros de Cabo Verde, S.A. |

|  |        |            |           |               |   |
|--|--------|------------|-----------|---------------|---|
| Carlos António Torroaes Albuquerque                    | Member | 28-06-2023 | 2023/2025 | Non-executive | Does not hold any corporate position in another company.  |
| Eduardo José Stock da Cunha                            | Member | 31-03-2023 | 2023/2025 | Non-executive | Does not hold any corporate position in another company.  |
| Hui Chen   | Member | 31-03-2023 | 2023/2025 | Executive     | Director of the Board of Directors of Longrun Portugal, SGPS, S.A.  |
| Jiefei WANG  | Member | 31-03-2023 | 2023/2025 | Non-executive | Does not hold any corporate position in another company.  |
| Juan Ignacio Arsuaga Serrats                           | Member | 31-03-2023 | 2023/2025 | Executive     | Chairman of the Board of Directors of GEP – Gestão de Peritagens, S.A., EAPS – Empresa de Análise, Prevenção e Segurança, S.A., Companhia Portuguesa de Resseguros, S.A., Fidelidade Assistência – Companhia de Seguros, S.A. and Cares – Assistência e Reparações, S.A<br>Chairman of the Board of Directors of Longrun Portugal, SGPS, S.A. |
| Lingjiang XU   | Member | 31-03-2023 | 2023/2025 | Non-executive | Director of the Board of Directors of Banco Comercial Português, S.A.<br>Director of the Audit Board of Bank Millennium, S.A. (Poland)<br>Director of the Board of Directors and Member of the Remuneration Committee of Luz Saúde, S.A.  |
| Maria João Vellez Caroço Honório Paulino de Sales Luís | Member | 31-03-2023 | 2023/2025 | Non-executive | Director of the Board of Directors and Chairman of the Executive Committee of Multicare - Seguros de Saúde, S.A.<br>Chairman of the Board of Directors of MULTI HEALTH, S.A.  |
| Miguel Barbosa Namorado Rosa                           | Member | 31-03-2023 | 2023/2025 | Non-executive | Does not hold any corporate position in another company.  |
| Miguel Barroso Abecassis                               | Member | 31-03-2023 | 2023/2025 | Executive     | Chairman of the Board of Directors of CETRA – Centro Técnico de Reparação Automóvel, S.A., the prosperity company AG. LIECHTENSTEIN LIFE ASSURANCE AG, FID I&D, S.A., Fidelidade Assistência – Companhia de Seguros, S.A. and Via Directa – Companhia de Seguros, S.A.<br>Executive President of Fosun International Limited.                 |
| Tao LI   | Member | 31-03-2023 | 2023/2025 | Non-executive | Chairman of Peak Reinsurance Company Limited (Hong Kong IA registered).<br>Non-executive Director of Peak Reinsurance Holdings Limited.   |

|                         |        |            |           |               |  |
|-------------------------|--------|------------|-----------|---------------|--|
| Wai Lam<br>William MAK  | Member | 31-03-2023 | 2023/2025 | Executive     | <p>Director of Fosun United Health Insurance Co., Ltd. (PRC IRC registered), Pramerica Fosun Life Insurance Co., Ltd., (PRC IRC registered), Yongan Property Insurance Company Limited, Billion Eastgate I (HK) Limited, Millennium Gain Limited, Miracle Nova Limited, Spinel Investment Limited, Taunus Capital Advisory GmbH, Mettlesome (Bermuda) Limited, Alpha Hoper (HK) Limited, Alpha Hoper (BVI) Limited, TCA (BVI) Limited, TC Advisory (HK) Limited, Fosun Holdings Limited, Fosun International Holding Limited and Shanghai Fosun Health and Technology (Group) Co., Ltd</p> <p>Chairman of the Board of Directors of Fidelidade – Property Europe, S.A., Fidelidade – Property International, S.A., TENAX CAPITAL LIMITED and FID REAL ASSETS, SGPS, S.A.</p> <p>Member of the Board of Directors of Longrun Portugal, SGPS, S.A., Fidelidade Macau – Companhia de Seguros, S.A., Fidelidade Macau Vida – Companhia de Seguros, S.A.</p> <p>President of the Investment Committee of Fidelidade - Companhia de Seguros, S.A., Fidelidade Assistência – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A., Fidelidade Macau – Companhia de Seguros, S.A. and Fidelidade Macau Vida – Companhia de Seguros, S.A.</p> <p>President of the Audit &amp; Compliance Committee of Fidelidade Macau – Companhia de Seguros, S.A., Fidelidade Macau Vida – Companhia de Seguros, S.A.</p> <p>Manager of Fosun Management (Portugal), LDA.</p> <p>Executive President of the Fosun Insurance Department of Fosun International Limited.</p> <p>Non-Executive Director of Peak Reinsurance Holdings Limited (Bermuda).</p> <p>Non-Executive Director of Peak Reinsurance Company Limited (Hong Kong).</p> |
| Andrew John<br>Zeissink | Member | 28-06-2023 | 2023/2025 | Non-executive | <p>Non-Executive Director of Millennium Gain Limited (Hong Kong).</p> <p>Chairman of the Supervisory Board of H&amp;A Global Investment Management GmbH (Germany).</p> <p>Director of the Supervisory Board of Frankfurter Lebensversicherung AG (Germany).</p> <p>Director of the Supervisory Board of Frankfurt Munchener Lebensversicherung AG (Germany).</p>   |

Director of the Supervisory Board of Pro baV Pensionskasse AG (Germany).

Director of the Supervisory Board of Prudentia Pensionskasse AG (Germany).

Non-Executive Director of Taunus Group S.A. (Luxembourg).

Manager of Aubrac MLP S.à r.l. (Luxembourg).

Manager of Taunus GP S.à r.l. (Luxembourg).

Member of the Supervisory Board of Frankfurter Lebensversicherung AG, Frankfurter Munchner Lebensversicherung AG, Pro bAV Pensionskasse, Prudentia AG

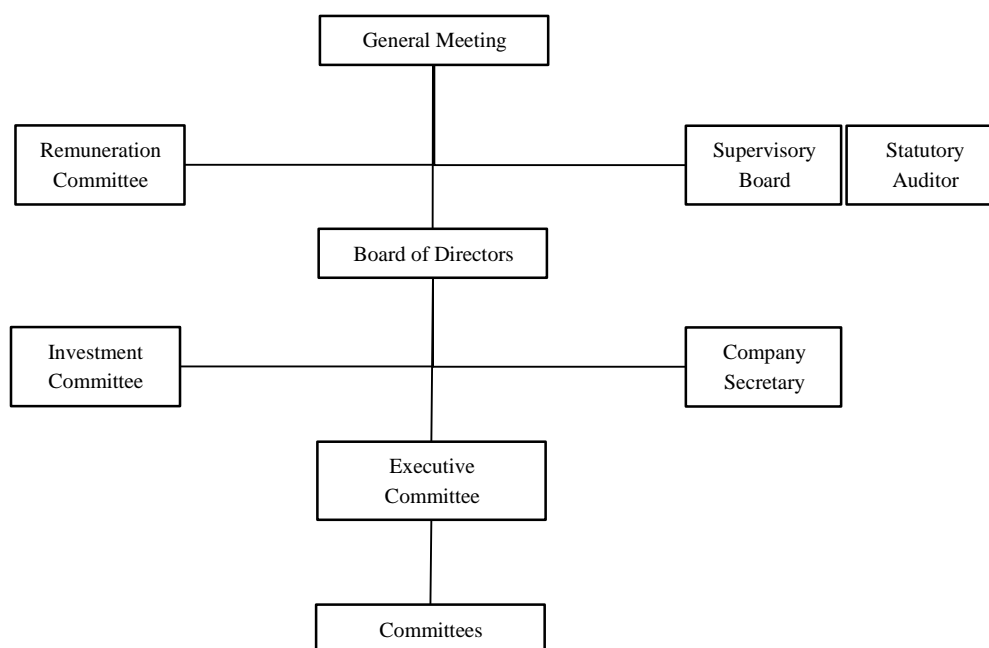
Chairman of the Supervisory Board of Hauck & Aufhäuser Global Investment Management GmbH

At the date of this Offering Circular, the Executive Committee, the business address of which is at Largo do Calhariz, n° 30, 1200 086 Lisbon, Portugal, is composed as follows:

| <b>Members of the Executive Committee (EC)</b> | <b>Position</b> | <b>Date of Appointment to Mandate</b> | <b>Duration of Mandate</b> |
|--|-----------------|---------------------------------------|----------------------------|
| Rogério Miguel Antunes Campos Henriques.....   | Chairman        | 21-06-2023                            | 2023/2025                  |
| António Manuel Marques de Sousa Noronha .....  | Member          | 21-06-2023                            | 2023/2025                  |
| Wai Lam William MAK.....                       | Member          | 21-06-2023                            | 2023/2025                  |
| André Simões Cardoso.....                      | Member          | 21-06-2023                            | 2023/2025                  |
| Hui Chen .....                                 | Member          | 21-06-2023                            | 2023/2025                  |
| Juan Ignacio Arsuaga Serrats .....             | Member          | 21-06-2023                            | 2023/2025                  |
| Miguel Barroso Abecasis.....                   | Member          | 21-06-2023                            | 2023/2025                  |

No conflicts of interests of the board members or of the members of the executive committee exist between any duties to Fidelidade and their private interests or other duties.

The following chart represents Fidelidade’s Corporate Governance structure during 2023:



The Board of Directors, as a governing body of Fidelidade, has the broadest powers to manage and represents Fidelidade. Pursuant to Article 15(1) of the Articles of Association, besides the general powers given to it, the Board of Directors shall:

- a) Manage the Issuer’s business and perform all acts and operations related to its corporate purpose that are not committed to other governing bodies of the Issuer;
- b) Represent the Issuer in court or otherwise, as a plaintiff or as a defendant, with powers to desist, transact and confess in any suits and also to enter into arbitration agreements;
- c) Acquire, sell or otherwise dispose of or charge any rights and property, either movable or real estate property;
- d) Create companies, subscribe, acquire, charge and dispose of shareholding interests;
- e) Set up the technical and administrative organisation of the Issuer, determine internal operating rules, namely in respect of staff and payroll; and
- f) Appoint attorneys with the powers the Board shall see fit, including the power to delegate said powers.

## I Supervision

### Supervisory Board and Statutory Auditor

Supervision of the Issuer is charged, pursuant to Article 413(1) a) of the Portuguese Code of Commercial Companies, to a supervisory board (“**Supervisory Board**”) and a statutory auditor firm (“**Statutory Auditor Firm**”), with the competences set out in law and the current mandate of which corresponds to the period 2023-2025.

Fidelidade’s Articles of Association establish the Supervisory Board’s competences as those which are set out in the law.

The Supervisory Board is composed of three permanent members and one alternate member, with renewable mandates of three years and was composed as follows at 31 December 2023:

| <b>Members of the Supervisory Board</b>     | <b>Position</b> | <b>Date of Appointment to Mandate</b> | <b>Duration of Mandate</b> |
|---|-----------------|---------------------------------------|----------------------------|
| Jorge Manuel de Sousa Marrão.....           | Chairman        | 31-03-2023                            | 2023/2025                  |
| Teófilo César Ferreira da Fonseca.....      | Member          | 31-03-2023                            | 2023/2025                  |
| Pedro Antunes de Almeida.....               | Member          | 31-03-2023                            | 2023/2025                  |
| Carla Alexandra de Almeida Viana Gomes..... | Alternate       | 07-12-2023                            | 2023/2025                  |

The members of the Supervisory Board comply with the independence requirements set out in Article 414(5) of the Portuguese Code of Commercial Companies, as they are not associated with any specific interest group in Fidelidade and there are no circumstances which might affect their impartiality when analysing or taking decisions.

The statutory auditor is Ernst & Young Audit & Associados – SROC, S.A. (the “**Statutory Auditor**”), represented by its partner Ricardo Nuno Lopes Pinto, Statutory Auditor no. 1579 and registered with the CMVM with the no. 20161189.

The Statutory Auditor was appointed on 15 May 2014, and reappointed on 31 March 2017, 30 June 2020 and 31 March 2023, and will exercise its duties for the first year of the period 2023/2025.

## **II Committees**

### **Investment Committee**

All of Fidelidade’s investment decisions are subject to supervision by the Investment Committee, and the Executive Committee reports operations performed to the Investment Committee.

The Investment Committee is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Committee are appointed by the Board of Directors, and the respective mandate coincides with the mandate of the Board of Directors.

The current members of the Investment Committee are Wai Lam William Mak, André Simões Cardoso and Lingzhi Yu.

### **Risk Committee**

Regulation discussions related with risk, ORSA, Solvency II and other risk related matters are reviewed and approved by the Risk Committee.

The current members of the Risk Committee are Thomas Chen, Juan Arsuaga, Luís Martins, António Noronha and the representatives of the main subsidiaries of Fidelidade.



### **Remunerations Committee**

The remunerations of the Board of Directors and Supervisory Board of Fidelidade as well as the remuneration policy are defined and approved, by the Remunerations Committee, in accordance with the regulations in force.

The composition of the Remunerations Committee is the following:

| <b>Name</b>           | <b>Title</b> |
|-----------------------|--------------|
| Faye Jiefei WANG..... | President    |
| Min GAO .....         | Member       |

### **Legal proceedings**

From time to time, Fidelidade is involved in litigation arising in the ordinary course of its business, both as claimant and as defendant. Fidelidade adequately manages the legal proceedings in which it is involved and for which customary and adequate provisions have been made.

## TAXATION

*The following is a general description of the Issuer's understanding of certain Portuguese tax considerations relating to the Notes, as debt securities to be issued by the Issuer and booked as a liability under applicable accounting rules. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Portugal or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date, even with retroactive effect.*

### **Portugal**

This chapter summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Notes, in force as at the date of this Offering Circular. This chapter does not analyse the tax implications that may indirectly arise from the decision to invest in the Notes, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Notes.

This chapter is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.

The tax treatment of each type of potential investor described in each section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. In particular, the tax regime for Portuguese tax resident individuals is not set out. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Notes, in light of their specific circumstances.

This chapter does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("**Convention**") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.

The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "Notes", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Offering Circular. No other interpretations or meanings, potentially employed in other countries, are considered.

The tax framework described in this chapter is subject to any changes in law and practices (and the interpretation and application thereof) at any moment, although, according to the Portuguese Constitution, legislative amendments which increase taxation cannot have retroactive or retrospective effect.

### **General tax regime**

Where no specific tax regime is applicable, e.g. the special debt securities tax regime further described below, the tax regime summarized in this section should generally apply.

***Corporate entities resident for tax purposes in Portugal or non-Portuguese tax resident entities with a permanent establishment to which income associated with the Notes is imputable***

*Acquisition of Notes for consideration*

The acquisition of Notes for consideration is not subject to Portuguese taxation.

*Income arising from the ownership of Notes*

Economic benefits derived from interest, amortisation, reimbursement premiums and other instances of remuneration arising from the Notes (including, upon a transfer of the Notes, the interest accrued since the last date on which interest was paid), are classified as “investment income” for Portuguese tax purposes.

Investment income arising to Noteholders from the Notes is subject to Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Coletivas – “IRC”*). IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), except where the Noteholder is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or otherwise benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

This withholding is considered as a payment on account of the final IRC liability. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent. (17 per cent. on the first Euros 50,000 in the case of small and medium-sized companies, as well as Small Mid Cap companies, as defined by law and subject to the de minimis rule of the EU; 12.5 per cent. on the first Euros 50,000 in the case of small and medium-sized companies and Small Mid Cap companies that qualify as startups as defined by law). A municipal surcharge (*derrama municipal*) up to 1.5 per cent. of the taxable profit, at variable rates according to the decision of the municipal bodies, may also apply. Moreover, corporate taxpayers are also subject to a state surcharge (*derrama estadual*) of 3 per cent., on the portion of the taxable profit exceeding Euros 1,500,000 up to Euros 7,500,000, of 5 per cent., for a taxable income from Euros 7,500,000.00 to Euros 35,000,000.00, and of 9 per cent. on the portion of the taxable income exceeding Euros 35,000,000.00.

Investment income paid or made available (*colocado à disposição*) in accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent, unless the beneficial owner of the income is identified, in which case the standard rules apply.

There is no obligation to withhold tax, partially or entirely, on investment income of the issuer made available to taxpayers globally exempt from IRC (for instance: certain corporate entities subject to administrative law; corporate entities recognised as having public interest and charities; pension funds; retirement savings funds; education savings funds and retirement and education savings funds and collective investment undertakings, in some cases provided that these entities are organised and operate in accordance with Portuguese law) or which avail of a total or partial exemption on the investment income made available by the Issuer, assuming that proof of such exemption is presented to the entity responsible for the payment.

*Capital gains and capital losses arising from the disposal of Notes for consideration*

Capital gains and capital losses are taken into consideration for the computation of the taxable profit for IRC purposes. Accordingly, please refer to the aforementioned tax regime framework.

No Portuguese withholding tax is levied on capital gains.

*Gratuitous acquisition of Notes*

The positive net variation in worth (*variação patrimonial positiva*), not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Notes to Portuguese tax resident corporate entities liable for

IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

Accordingly, please refer to the aforementioned tax regime framework.

No Portuguese withholding tax is levied on gratuitous acquisitions.

***Corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which income associated with the Notes is imputable***

*Acquisition of Notes for consideration*

The acquisition of Notes for consideration is not subject to Portuguese taxation.

*Income arising from the ownership of Notes*

Investment income arising to the Noteholders from the Notes is subject to IRC. IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Noteholders from the obligation to disclose the above income to the Portuguese Tax Authorities (PTA) and from the payment of any additional amount of IRC. If the Noteholder is an entity with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in Ministerial Order No. 150/2004 (“**Blacklisted Jurisdiction**”), the withholding tax rate is increased to 35 per cent.

The 25 per cent. withholding tax above rate may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, provided that both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist in filling out and signing a specific official form attesting the beneficial ownership of the recipient of the income (*Modelo 21-RFI*) supplemented with a document issued by the local tax authorities of the country of residence of the Noteholder regarding the year investment income becomes due and payable attesting both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. This documentation evidence is valid for a maximum of one-year period counting as from issuance date.

If the Noteholder is a tax resident in a Blacklisted Jurisdiction, the applicable withholding tax rate is 35 per cent. Similarly, the withholding tax rate is increased to 35 per cent. in case of payments made to accounts opened in the name of one or more account holders but on behalf of undisclosed third parties, unless the beneficial owner of such income is identified, in which case the standard rules apply.

In any event, the income arising from the Notes can be exempt under the Special debt securities tax regime, as detailed below.

*Capital gains and capital losses arising from the disposal of Notes for consideration*

Capital gains arising from the disposal of Notes should be exempt from taxation as long as they qualify as “securities” (*valores mobiliários*), unless the seller is a tax resident in a Blacklisted Jurisdiction, or more than 25 per cent. of the alienator’s capital is held by a Portuguese tax resident entity (except if the alienator complies with additional conditions and requirements). Furthermore, capital gains arising from the disposal of Notes for consideration by a seller resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention, or exempt under the Special debt securities tax regime.

Where neither these exemptions nor the exclusion from taxation apply, the positive balance of capital gains and capital losses, deducted of the costs necessary and effectively incurred in the relevant disposals, is subject to IRC at a rate of 25 per cent.

Losses arising from disposals for consideration in favour of counterparties which are residents for tax purposes in a Blacklisted Jurisdiction, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

No Portuguese withholding tax is levied on capital gains.

#### *Gratuitous acquisition of Notes*

The positive variation in worth (*variação patrimonial positiva*) arising from the gratuitous acquisition of Notes by corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which they are imputable is taxed at a 25 per cent. rate, but may be excluded from taxation where there is a Convention in force with Portugal, depending on the specific provisions of the Convention.

No Portuguese withholding tax is levied on gratuitous acquisitions.

### **Special debt securities tax regime**

#### ***Overview***

Decree-Law No. 193/2005 introduced a special tax regime applicable to income arising from debt securities (“STRIDS”).

Under the STRIDS investment income arising from and capital gains obtained on the disposal of the Notes, as securities issued by Portuguese resident entities, may be exempt from Portuguese income tax, provided that the following requirements are cumulatively met:

- a) the Securities are integrated in a centralised system managed (i) by Portuguese resident entities (such as the Central de Valores Mobiliários, managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e Sistemas Centralizados de Valores Mobiliários, S.A.); or (ii) by other EU or European Economic Area entities that manage international clearing systems (in the latter case if there is administrative co-operation for tax purposes with the relevant country which is equivalent to that in place within the EU); or (iii) in other centralised systems, when authorised by the member of the government in charge of finance (currently the Finance Minister) upon request of the issuer;
- b) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and
- c) the beneficial owners are either (i) central banks and government agencies; or (ii) international organisations recognised by the Portuguese state; or (iii) entities resident in a country or jurisdiction with which Portugal has entered into a Convention or a TIEA currently in force or (iv) other non-resident entities which are not resident in a Blacklisted Jurisdiction. Beneficial owners resident in a Blacklisted Jurisdiction may still qualify if a TIEA between Portugal and such jurisdiction is in force (which is the case of some of the most commonly used offshore jurisdictions).

Applying STRIDS requires completion of certain procedures and certifications providing evidence of the non-resident status of the beneficial owner of the Notes. Under these rules, the direct register entity has to obtain and keep proof of such resident status, as described below. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date of payment of any interest (or prior to the redemption date, as applicable), and, in the case of domestically cleared securities, prior to their transfer, as the case may be.

A general description of the rules and procedures on the evidence required for the exemption to apply at source is set out below with respect to domestic cleared notes such as the Notes.

The beneficial owner of the Notes must provide proof of non-residence in the Portuguese territory substantially in the following terms:

- (i) If the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the beneficial owner itself, duly signed and authenticated or evidenced pursuant to (ii) or (iv) below;
- (ii) If the beneficial owner is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a Convention, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (a) its tax identification; or (b) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner and its domicile; or (c) proof of non-residence, pursuant to the terms of paragraph (iv) below;
- (iii) If the beneficial owner of the Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a Convention or TIEA, certification shall be provided by means of any of the following documents: (a) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, the law of its incorporation and its domicile; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below;
- (iv) In any other case, confirmation must be made by way of (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (b) a document issued by the relevant Portuguese consulate certifying residence abroad; or (c) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are additional rules on the authenticity and validity of the documents mentioned in sub-paragraph (iv) above. In this respect, the beneficial owner of the Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period, counting from the date such document is issued. The beneficial owner of the Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying. For the cases mentioned in subparagraph (i) to (iii), proof of non-residence is required only once, the beneficial owner having also to inform the register entity of any changes that impact the entitlement to the exemption.

In addition to the above rules, if the Notes are registered in an account with an international clearing system, prior to the relevant date for payment of any interest (or prior to the redemption date, as applicable), the entity managing such system is to provide to the direct register entity or its representative the identification and number of securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows:

- (i) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable, which are not exempt from tax and are subject to withholding tax;
- (ii) Entities resident in a Blacklisted Jurisdiction, which are not exempt from tax and are subject to withholding tax;
- (iii) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable, which are exempt from tax and are not subject to withholding tax;

(iv) Other entities which are not Portuguese resident nor have a permanent establishment to which the income is attributable.

In addition, the international clearing system managing entity is to provide to the direct register entity in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in subparagraphs (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the STRIDS, if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply instead.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the STRIDS, whereby the refund claim is to be submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax after the above six-month period is to be claimed to the Portuguese Tax Authority within two years from the end of the year in which the tax was withheld. The refund is to be made within three months, after which interest is due.

The form currently applicable for the above purposes was approved by Order (*Despacho*) no. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, 2nd series, No. 37, of 21 February 2014 and is available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

#### **Automatic exchange of information**

Pursuant to the Foreign Account Tax Compliance Act (“**FATCA**”) and Common Reporting Standard (“**CRS**”) regimes, both in force in Portugal, the Issuer is required to obtain information regarding certain accountholders and, if applicable, report such information. These regimes establish the exchange of non-resident financial account information with the tax authorities in the account holders’ country of residence, under some circumstances.

The FATCA regime, which originates from the Hiring Incentives to Restore Employment Act of the USA, is enacted in Portugal through the FATCA Intergovernmental Agreement (IGA) in force with the USA. The FATCA regime is effective in Portuguese legislation since 1 January 2015, introduced by the Financial Information Communication Regime (RCIF) set in Article 239 of the State Budget Law for 2015, containing the obligations for financial institutions in terms of policies’ identification and reporting of information to the PTA.

Following FATCA, the OECD was authorised by the G20 Group to develop a global standard for automatic exchange of financial and tax information, based on the FATCA standard. In this context, OECD published in July 2014 the Global Standard of Automatic Exchange of Information containing (i) a Model Agreement between Competent Authorities (signed by Portugal) and (ii) the CRS, which should be transposed into the legislation of the signatory countries. In this sense, and in order to ensure and facilitate the implementation of the standard at European level, the CRS was also adopted by the EU through Council Directive 2014/107/EU of 9 December 2014 (DAC2).

Regarding Portugal, DAC2 was transposed through the publication of Decree-Law no. 64/2016, in 11 October 2016, as amended from time to time, which besides the incorporation of CRS regime, also introduced the FATCA complementary regulations in connection with the implementation of the IGA signed with the US.

In this sense, the Issuer is required to collect information regarding certain accountholders and report, if applicable, such information to the PTA, which, in turn, will report such information to the IRS for FATCA purposes or to the respective Tax Authorities for CRS purposes.

Prospective holders of the Notes should consult their tax advisers regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Caixa – Banco de Investimento, S.A., Citigroup Global Markets Europe AG and Morgan Stanley Europe SE (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 27 May 2024 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 100 per cent. of their principal amount less commissions. In the Subscription Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment in respect of the Notes being made to the Issuer.

### **Selling Restrictions**

#### **United States of America**

The Notes have not been and will not be registered under the Securities Act, and, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and will be issued and delivered in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the “**C Rules**”). The Notes will not be offered, sold or delivered within the United States or its possessions in connection with their original issuance. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.

#### **Prohibition of Sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or



- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

## **United Kingdom**

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Prohibition of Sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **Prohibition of Sales to Portuguese Retail Investors**

Each Manager represents and agrees that the offering of the Notes has not been registered with the Comissão do Mercado de Valores Mobiliários (*Portuguese Securities Market Commission* or “**CMVM**”) pursuant to Portuguese Law and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in Portugal, except to qualified investors (*investidores qualificados*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the “**Prospectus Regulation**”) and any applicable provision of Portuguese laws and regulations, or in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, and the applicable Portuguese laws.

## **Hong Kong**

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured products” as defined in the SFO other than (i) to Professional Investors; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (a) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to any Notes be distributed in Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Prospectus Regulation and any applicable provision of Italian laws and regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the with the Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **Switzerland**

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **General**

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that (to the best of its knowledge and belief) it will comply with all applicable laws, regulations and directives in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular (in preliminary, proof or final form), any other offering material, and neither the Issuer nor any other Joint Lead Manager shall have responsibility therefor, and in all cases at its own expense. It will also ensure that (to the best of its knowledge and belief) no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

## GENERAL INFORMATION

1. It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Global Exchange Market will be granted on or about 29 May 2024.
2. Fidelidade has obtained all necessary consents, approvals and authorisations in Portugal in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 3 April 2024 and a resolution of the Executive Committee under a delegation of the Board of Directors passed on 22 May 2024.
3. There has been:
  - (a) no significant change in the financial or trading position of the Fidelidade Group since 31 December 2023; and
  - (b) no material adverse change in the prospects of Fidelidade since 31 December 2023.
4. Each of the Issuer and its subsidiaries is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position or profitability of Fidelidade and/or the Fidelidade Group.
5. The Notes have been accepted for settlement and clearing through the CVM, managed and operated by Interbolsa through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. The ISIN of the Notes is: PTFIDAOM0000 and their Common Code is 283154084. The address of Interbolsa is Avenida da Boavista, 3433, 4100 – 138 Porto, Portugal.
6. The yield on the Notes to the Reset Date will be 7.900 per cent. on an annual basis. Such yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
7. For as long as the Notes are listed on the Official List and admitted to trading on the Global Exchange Market, copies of the following documents will, when published, be available in physical form, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of Fidelidade:
  - (a) the Agency Agreement;
  - (b) the Interbolsa Instrument;
  - (c) the constitutional documents of the Issuer;
  - (d) the audited consolidated financial statements of Fidelidade for the years ended 31 December 2023 and 31 December 2022, including the reports of the statutory auditors in respect thereof; and
  - (e) a copy of this Offering Circular together with any offering circular supplement or further offering circular.

The Interbolsa Instrument and a copy of this Offering Circular together with any offering circular supplement or further offering circular will also be available for the time indicated above at the specified office of Caixa – Banco de Investimento, S.A.

In addition, this Offering Circular will also be available for viewing on the website of Euronext Dublin at (<https://live.euronext.com/>).

8. Ernst & Young Audit & Associados – SROC, S.A. (which is a member of the Portuguese Institute of Statutory Auditors – Ordem dos Revisores Oficiais de Contas), registered with the CMVM with

registration number 20160841, with registered office at Avenida da República, no. 90-6.º, 1600-206 Lisbon, Portugal have audited the consolidated financial statements of Fidelidade for the years ended 31 December 2023 and 31 December 2022 prepared in accordance with PCES.

9. Any websites included in this Offering Circular are for information purposes only and do not form part of this Offering Circular.
10. The Joint Lead Managers and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, Fidelidade and its affiliates in the ordinary course of business.
11. Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in and to form part of, this Offering Circular and are published on the website of the Issuer ([www.fidelidade.pt](http://www.fidelidade.pt)):

1. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2023, which are available at:

[https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/15-05-2024/RC%20Fidelidade%202023\\_EN.pdf](https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/15-05-2024/RC%20Fidelidade%202023_EN.pdf)

2. The statutory auditor's report in respect of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 (Pages 378 to 386), which is available at:

[https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/15-05-2024/RC%20Fidelidade%202023\\_EN.pdf](https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/15-05-2024/RC%20Fidelidade%202023_EN.pdf)

3. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022, which are available at:

[https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/2022/Fidelidade\\_Annual\\_Report\\_2022.pdf](https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/2022/Fidelidade_Annual_Report_2022.pdf)

4. The statutory auditor's report in respect of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 (Pages 557 to 565), which is available at:

[https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/2022/Fidelidade\\_Annual\\_Report\\_2022.pdf](https://www.fidelidade.pt/EN/fidelidade/investor-relations/financial-information/Documents/2022/Fidelidade_Annual_Report_2022.pdf)

save, that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of the documents incorporated by reference in this Offering Circular may be inspected, free of charge, during usual business hours at the specified offices of the Issuer. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

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