

## 1H2024 Results

Lisbon, September 13, 2024

*Unaudited figures*

Net Income reached 104M€, up 0.6% YoY, and consolidated 1H2024 Gross Written Premiums (GWP) reached 2,808M€, a 5.9% increase YoY, underpinned by Portuguese Non-Life (+12.5%) and international Life operations (+15.6%).

Key Figures (M€, otherwise noted)	1H2023	1H2024	Change YoY
Gross Written Premiums	2,652	2,808	5.9%
Net Income	104	104	0.6%

Rogério Henriques, Fidelidade's Chief Executive Officer, commented on the main highlights of 1H2024:

"Every year, around the beginning of the second semester, Fidelidade's management team completes the annual review of the Group's long-term strategy. A key objective of the exercise is to refocus our efforts and clarify our strategic priorities, considering external context changes."

"The exercise confirmed that several elements of our long-term strategy are progressing well. They include our fast-growing international footprint, diversified business model, omnichannel distribution network and value-added ecosystems, sound underwriting, and focus on innovation and digital transformation."

"While ensuring these elements of our strategy continue to develop, in the next two years Fidelidade will reinforce its focus on three key objectives. First, optimize capital, increasing solvency. Second, strengthen our profitability, improving underwriting margins, and implementing further cost-efficiency measures. Finally, adjust our portfolio asset allocation to lower risk and the associated capital charge, while ensuring sound investment results."

## Gross Written Premiums

The year-to-date consolidated GWP reached 2,808 M€, reflecting a 5.9% growth compared to the 1H2023, driven by Portuguese Non-Life operations' growth and international Life business expansion.

Consolidated Life GWP raised 2.9% to 1,224M€, supported by the international business (+15.6%). In particular, international Life Financial volumes benefited from noteworthy growth from The Prosperity Company, the group's digital unit-linked operation serving Switzerland and Germany, and a healthy double-digit increase from the international Life Risk business. In contrast, Portugal's 1H2024 Life GWP decreased by 2.6%. Management expects better performance of the Portuguese Life business, as deposit rates are likely to decrease in line with interest rate trends. Additionally, new capital-light products are being developed to be sold through the bancassurance channel in the second half of 2024.

Total Gross Premiums Written (M€)	1H2023	1H2024	Change YoY
<b>Portugal</b>	<b>1,821</b>	<b>1,923</b>	<b>5.6%</b>
<u>Non-Life</u>	<u>988</u>	<u>1,111</u>	<u>12.5%</u>
Workers' Compensation	176	200	13.6%
Health	258	300	16.4%
Motor	327	362	10.7%
Fire and Other Damages	164	181	10.2%
Other	63	68	8.7%
<u>Life</u>	<u>833</u>	<u>812</u>	<u>-2.6%</u>
Risk & Annuities	101	97	-3.6%
Life Financial – Guaranteed	462	455	-1.4%
Unit-Linked	271	259	-4.3%
<b>International</b>	<b>831</b>	<b>885</b>	<b>6.5%</b>
<u>Non-Life</u>	<u>475</u>	<u>473</u>	<u>-0.3%</u>
Workers' Compensation	54	55	2.1%
Health	68	62	-9.0%
Motor	108	110	2.5%
Fire and Other Damages	146	150	2.4%
Other	99	96	-2.9%
<u>Life</u>	<u>356</u>	<u>412</u>	<u>15.6%</u>
Risk & Annuities	174	193	10.9%
Life Financial – Guaranteed	58	49	-14.8%
Unit-Linked	124	169	36.4%
<b>Total Premiums Management Accounts</b>	<b>2,652</b>	<b>2,808</b>	<b>5.9%</b>

Consolidated Non-Life premiums reached 1,584M€, an 8.3% YoY growth, driven by a 12.5% increase in Portuguese operations, where all four main lines of business, Workers' Compensation, Health, Motor, and Fire and Other Damages, experienced double-digit increases, due to continuing repricing efforts and organic market growth. International Non-Life GWP were unchanged. Peru's Non-Life GWP were slightly down for the semester, while local currency depreciation affected Angola and Chile's euro-denominated business volumes.

<b>Total Gross Premiums Written (M€)</b>	<b>1H2023</b>	<b>1H2024</b>	<b>Change YoY</b>
<b>Non-Life</b>	<b>1,462</b>	<b>1,584</b>	<b>8.3%</b>
Workers' Compensation	230	255	10.9%
Health	326	362	11.1%
Motor	435	472	8.6%
Fire and Other Damages	311	331	6.5%
Other	162	164	1.6%
<b>Life</b>	<b>1,190</b>	<b>1,224</b>	<b>2.9%</b>
Risk & Annuities	275	290	5.6%
Life Financial – Guaranteed	520	505	-2.9%
Unit-Linked	395	429	8.5%
<b>Total Premiums Management Accounts</b>	<b>2,652</b>	<b>2,808</b>	<b>5.9%</b>

During the first semester of 2024, Fidelidade maintained its leading position in the Portuguese market, with an overall market share in Portugal of 27.4%. Life market share was 24.8%, down 6.7 p.p. from the 1H2023. The timing of Life Financial products' commercial campaigns explains the market share decline. As the 2H2024 progresses, management expects Life Financial production to pick up the pace, offsetting the first semester's shortfall. In contrast, the Non-Life market share in Portugal reached 29.6%, up 0.6 p.p. YoY.

## **Profitability**

Net Income reached 104M€ in 1H2024, up 0.6% compared to 1H2023, on the back of better technical profitability, which offset lower investment results. During the 1H2024, the consolidated Combined Ratio improved by 2.0 p.p. YoY to 90.0% as a result of underwriting discipline, repricing efforts, and cost mitigation initiatives. All major lines of business, especially Health, Fire and Other Damages, and Workers' Compensation, improved their technical profitability YoY in Portugal. The Insurance Result was 203M€, up 53.8% YoY during the semester.

1H2024 Investment Result stood at 66M€, 51% down YoY. The decline is attributable to the increase in technical interest paid to Life Financial product holders and real estate impairments. Both impacts are associated with interest rate environment and are expected to reduce substantially as rates are starting to decline.

<b>Profitability (M€, otherwise noted)</b>	<b>1H2023</b>	<b>1H2024</b>	<b>Change YoY</b>
Insurance Result <sup>1</sup>	132	203	53.8%
<i>Non-Life Combined Ratio</i>	91.9%	90.0%	-2.0 p.p.
Investment Result	136	66	-51.2%
<i>Investment Yield</i> <sup>2</sup>	3.4%	2.8%	-0.6 p.p.
<b>Net Income</b>	<b>104</b>	<b>104</b>	<b>0.6%</b>

1. Includes Non-Life and Life Risk Insurance Service Result and Life Financial Technical Result

2. Excluding unit-linked

## **Recent Developments**

In early May, Fidelidade updated its Risk Appetite Framework (RAF), increasing its target Solvency II Ratio range to 160-190%. The management is committed to maintaining the Solvency II ratio close to the higher end of this range.

Later, that same month, Fidelidade paid a dividend of approximately 240M€. This payment is fully compliant with the new RAF's Solvency II Ratio target and the management's commitment to maintaining it at the upper end of the range.