2019

Solvency and Financial Condition Report (SFCR)

Catalana Occidente
Grupo asegurador

wwww.grupocatalanaoccidente.com

Table of contents

The Group's Solvency II ratio is 213%, with an excess of €2,430.7 million.

Therefore, Grupo Catalana Occidente has a robust solvency and financial position to withstand adverse situations.

The entities of the Group present average Solvency II ratios of above 160%.

Equity is of high quality (95% of tier1).

Executive summary

- Grupo Catalana Occidente has continued to grow profitably in 2019, with a 9.6% increase in attributable profit.
- The Group has shown profits and has maintained recurring dividends, including in years of economic crisis.
- The Solvency II ratio is maintained above 175%, even in adverse scenarios.
- Grupo Catalana Occidente is sufficiently capitalised, to assume the risks associated with its medium term business plans (included in the ORSA).
- The main risks are market risk (36.0%, with variable income risk being the largest) followed by Non-Life underwriting risk (34.2%).
- The Group carries out a quantitative valuation of the risks using the standard formula, except for the credit insurance underwriting risk, which uses a partial internal model approved in July 2017.
- The governance and risk management system works comprehensively, separating the management areas from the risk control areas.

Multirriesgos
Familia-hogar, comercios, comunidades, oficinas y pymes.

Diversos
Productos industriales, ingeniería, accidentes y responsabilidad civil.

Vida
Productos de vida riesgo, vida ahorro, planes de pensiones y fondos de inversión, así como decesos y salud.

Automóviles
Coberturas relativas al automóvil o las flotas de transporte.

Seguro de crédito
Protege ante las pérdidas financieras de la incapacidad de un comprador de pagar por bienes comprados a crédito.

Caución
Protege al beneficiario si el proveedor no cumple con sus obligaciones contractuales.

Reaseguro
Amplia gama de soluciones de reaseguros para empresas de seguros de los principales aseguradores del mundo.

Global
Soluciones adaptadas de forma global para empresas multinacionales.

Key financial figures

€4,547.7M +4.7%
Turnover

€385.9M
+9.6%
Attributable result

€14,377.3 +16.7%
Managed funds

€4,584.8 +17.3%
Permanent resources at market value

7,440
Employees

17,327
Intermediaries

Governance system- 3 lines of defence

Board of Directors

The Steering Committee and other committees

1st line
- Business units

2nd line
- Actuarial function
- Risk management function
- Verification of compliance function

3rd line
Internal audit function

External Audit

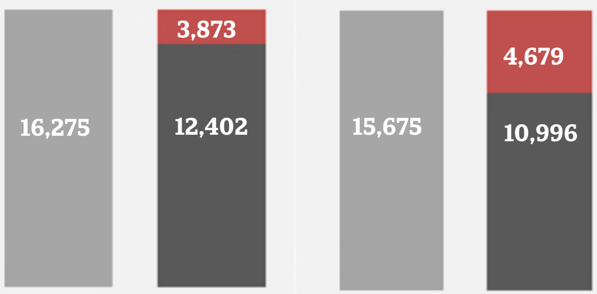
Regulator

Risk profile

in € million	2018	2019	*Chg %*
Market SCR	1,036.5	1,416.4	36.7%
Counterparty SCR	190.3	227.9	19.8 %
Non-Life SCR	1,309.9	1,342.1	2.5%
Life SCR	613.4	742.2	21.0 %
Health SCR	37.5	57.2	52.5 %
Diversification effect	-1,033.2	-1,234.4	19.5%
Basic SCR (BSCR)	2,154.4	2,551.4	18.4%
Operational SCR	133.6	143.6	7.5%
Tax effect	-475.3	-542.9	15.1 %
Solvency Capital Requirement (SCR)	1,816.7	2,152.1	18.5%

Valuation for Solvency purposes

Balance sheet **Financial balance sheet**



Assets
Liabilities
Excess

Capital management

in € million	2018	2019	*Chg %*
Eligible Equity SCR	3,761.1	4,582.8	21.8%
Eligible Equity MCR	3,712.4	4,517.4	21.7%
SCR	1,816.7	2,152.1	18.5%
MCR	692.5	783.7	13.2%
Coverage ratio SCR (%)	207.0%	212.9%	5.9%
Coverage ratio MCR (%)	536.1%	577.6%	7.7%

About this report

Grupo Catalana Occidente presents its consolidated solvency financial condition report (SFCR). The report is prepared in accordance with the legal framework of Solvency II, developed through Law 20/2015 of 14 July, for the management, supervision and solvency of insurers and reinsurers, articles 80 to 82 and its implementing regulations.

The scope of information that appears in the report corresponds to Grupo Catalana Occidente, as reflected in its annual report.

The last chapter E, develops all the information relating to capital, from qualitative information on the process of capital management in Grupo Catalana Occidente to quantitative information on the capital and the capital requirements of the Group, according to Solvency II.

Throughout this report, there are cross-references to other documents of public information that extend the content of this report.

The report was approved by the Board of Directors at its meeting on 30 April 2020, having been reported on favourably by the audit committee and analysed by the Steering Committee. The report has been reviewed by PricewaterhouseCoopers S.L. (Paseo de la Castellana, 259 B, Torre PWC -Madrid, Spain) by a team made up of the Group's actuaries and auditors in accordance with DGSFP circular 1/2018 of 17 April.

According to the disclosure policy approved by the Board of Directors, Grupo Catalana Occidente publishes this document on the Group's website (www.grupocatalanaoccidente.comin the "Shareholders and Investors" in the "Financial Information" section of the main menu.

In addition to the information shown in this report, the insurance companies of the Group publish details of their solvency and financial information on their websites, based on regulatory demands.

In the event that you should require further information contact:
Analysts and investors
+34 915 661 302
analistas@catalanaoccidente.com

About Grupo Catalana Occidente

Grupo Catalana Occidente, S.A. (hereinafter "Grupo Catalana Occidente" or the "Entity"), is a public limited company that does not directly carry out insurance activities, but is the head of a group of entities that mainly engage in insurance activities (hereinafter, indistinctly, "Grupo Catalana Occidente" or the "Group").

The registered office of Grupo Catalana Occidente, S.A. is in Paseo de la Castellana 4, 28046 - Madrid (Spain) and its website is: www.grupocatalanaoccidente.com

Subsidiaries with insurance activity in Spain are supervised by the Directorate General of Insurance and Pension Funds as lead supervisor of the College of Supervisors (hereinafter, "DGSFP"). In addition, Grupo Catalana Occidente is supervised by the Board of European Supervisors made up by the DGSFP and the Central Bank of Ireland (hereinafter, “CBI”) and headed up by DGSFP.

The Group is subject to the regulations governing insurance companies in Spain. The DGSFP supervises insurance and reinsurance entities in the areas of private insurance and reinsurance, insurance mediation, capitalisation and pension funds. The DGSFP is located in Madrid (Spain) in Paseo de la Castellana, 44 and its website is: www.dgsfp.mineco.es

The subsidiaries with insurance activities outside of Spain and its respective territories are: Atradius Reinsurance DAC. in Ireland, regulated by the CBI; Atradius Seguros de Crédito, S.A. in Mexico, regulated by the National Commission of Insurance and Finance (CNSF); Atradius Trade Credit Insurance, Inc. in the United States, regulated by Maryland Insurance Administration (MIA); and Atradius Rus Credit Insurance LLC in Russia, which is regulated by the Central Bank of the Russian Federation. The supervisors mentioned above are responsible for regulating the calculation of the solvency margin in their respective countries.

Insurance specialist

- Over 150 years’ experience.
- Complete offer
- Sustainable and socially responsible model

Closeness – global presence

- Distribution of intermediaries
- Over 17,800 agents
- Over 7,400 employees
- Over 1,600 offices
- Over 50 countries

Solid financial structure

- Listed on the Stock exchange
- “A” Rating
- Stable, committed shareholders

Technical rigour

- Excellent combined ratio
- Strict cost control
- 1999- 2019: profits multiplied 11
- Diversified and prudent investment portfolio

A

Activity and results

This chapter provides an overview of the business model, strategic approach and future orientation, as well as for the environment and the results obtained in the field of underwriting, investment and other activities. In addition, it helps the Group's activity in issues of corporate responsibility.

For more information see the annual reports available on the Group's website https://www.grupocatalanaoccidente.com/

A.0 Introduction to Grupo Catalana Occidente

A.0.1. Business model

Grupo Catalana Occidente, S.A., was incorporated in Spain in 1864 under the corporate name of "La Catalana, sociedad de seguros contra incendios a prima fija", in 1988 it was renamed Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros, changing this name for the current one in 2001.

The aim of the Group is based on leadership in protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at the international level. The Group bases its strategy on 3 basic pillars:

Growth

Definition of the markets that the Group targets, development of appropriate products and services and establishment of adequate distribution channels in order to reach customers.

Profitability

Recurring and sustained profitability through technical-actuarial rigour, diversification in investments and processes that allow for adjusted cost ratios and quality service.

Solvency

Prioritising the generation and continuous growth of own resources in order to fund the expansion of the Group, guarantee ample compliance with the commitments assumed and ensure adequate returns to shareholders.

Market capitalisation €3,738M

Turnover €4,547.7 M

Consolidated result €425M

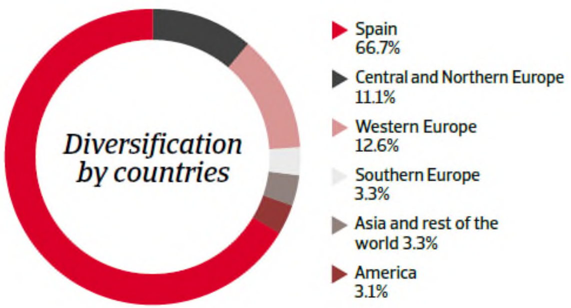
Managed funds €14,377 M

5th Largest insurance group in Spain

2Ndlargest largest credit insurance group in the world

50+ countries

1,600 offices



Insurance specialist

- Over 150 years of experience.
- Complete offer.
- Sustainable and socially responsible model.

Solid financial structure

- Listed on the stock exchange.
- "A" Rating.
- Stable, committed shareholders.

Closeness – global presence

- Approximately 18,000 intermediaries.
- Over 7,400 employees.
- 1,600 offices.
- 50 countries.

Technical rigour

- Excellent non-life combined ratio
- Strict cost control
- Diversified and prudent investment portfolio.

Business segments of Grupo Catalana Occidente

Traditional business

The traditional business, with a wide range of insurance products, mainly aimed at households and SMEs, is managed through a dedicated network of professional agents and close to 1,600 offices in Spain.

The business lines offered are:

Multi-risk
Family-home, stores, communities, offices and SMEs.

Other
Industrial Products, engineering, accidents and civil liability.

Life
Life risk, life savings, pension plans and investment funds as well as funeral and health.

Motor
Coverage for vehicles or transport fleets

The brands of the Group in the traditional business are:

Catalana Occidente Seguros

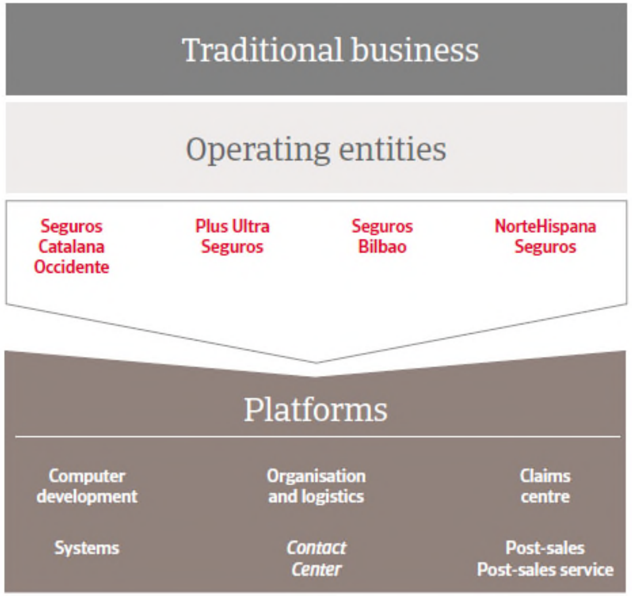
PlusUltra Seguros

Seguros Bilbao

NorteHispana Seguros

Operating platforms of the Group:

The operating entities of the traditional business share different operating platforms in order to improve efficiency and offer quality service to customers.



Focus on the service:

- Personalisation.
- Immediate resolution.
- Self-service.

Credit insurance business

Through credit insurance, the Group provides products and services that contribute to the growth of companies throughout the world by protecting them from the default risk associated with selling products and services with payment in instalments. This is a business structurally linked to economic performance and, in particular, to the performance of corporate defaults worldwide and of the global trade volume.

The business lines offered are:

Credit insurance
Protects against financial losses due to the inability of a buyer to pay for goods purchased on credit.

Surety insurance
Protects the beneficiary if a supplier does not comply with its contractual obligations.

Reinsurance
Wide range of reinsurance options for insurance companies of the main insurers in the world.

Global
Solutions adapted in a Global manner for multinational companies.

The brands of the Group for credit insurance are:

Atradius

Crédito y Caución Atradius

Atradius Reinsurance

A.0.2. Share structure

The reference shareholder in Grupo Catalana Occidente is INOC S.A., which at 31 December controlled approximately 61.42% of the share capital.

The Group holds 2,095,017 shares in treasury stock with a par value of €0.30 per share and an acquisition cost of €22.0 million, representing 1.75% of the treasury stock, through Sociedad Gestión Catalana Occidente, S.A. ("Sogesco"). During the year, 24,681 shares have been sold. This sale has been carried out as a result of the implementation of the Share Delivery Plan of Grupo Catalana Occidente, S.A.

2.92% is owned by the members of the Company's Board of Directors.

The remaining 33.91% is free-float, and almost half is in the hands of institutional investors. The Group does not have any information regarding the existence of agreements between the shareholders for the concerted exercise of voting rights or limiting the transmission of their shares.

Share performance

Grupo Catalana Occidente shares are listed on two Spanish stock exchanges, Barcelona and Madrid, being listed on the continuous market.

In 2019, Grupo Catalana Occidente's shares performed below the Eurostoxx Insurance index and the Ibex 35.

The recommendations from analysts remain favourable, with 80% being "buy" and aiming towards an average objective price of €39.0/share.

Share data	2017	2018	2019
Minimum (€/s)	29.82	32.40	28.30
Maximum (€/s)	38.57	39.20	35.30
Period end (€/s)	36.94	32.60	31.15
Number of shares	120,000,000	120,000,000	120,000,000
Nominal share value (€/s)	0.30	0.30	0.30
Average daily subscription (number of shares)	60,007	34,149	44,093
Average daily subscription (euro)	2,081,648	1,243,406	1,412,462
Market capitalisation (€ million)	4,433	3,912	3,738

Ratios	2017	2018	2019
Profit per share	2.71	2.93	3.22
Theoretical book value	23.62	25.66	32.09
PER	13.62	11.11	9.69
ROE	12.84	12.29	11.10
Profitability per dividend	2.18	2.25	2.12

Profitability	2002	2016	2017	2018	2019	TACC* 02-19
GCO (%)	-7.21	-2.84	18.74	-11.75	-4.45	13.4%
IBEX 35 (%)	-28.11	-2.00	7.40	-14.97	11.82	2.7%
EUROSTOXX Insurance (%)	-51.23	-5.60	6.93	-10.05	24.44	4.3%

* Compound annual growth rate

A.0.3. Corporate structure

Grupo Catalana Occidente is made up of 50 companies, mostly involved in the insurance business. The parent company is Grupo Catalana Occidente S.A. (with corporate address at Paseo de la Castellana 4, 28046 Madrid), which directly and indirectly runs and manages the investments of all Group entities.

The following table reflects the main entities included in the consolidation perimeter of the Group at the close of 2019. All of them have their own organisational structure and network. From an organisational point of view they have a structure with functions for the centralisation and decentralisation of operations, with the following service centres: two underwriting centres, six claims centres, an administrative centre and a call centre.

On 14 February 2019, Grupo Catalana Occidente executed the contract for the purchase of Seguros de Vida y Pensiones Antares S.A. Subsequently, on 20 June 2019, it was agreed to merge Plus Ultra Seguros and Antares by absorbing the latter, which was undertaken on 31 December.

GRUPO CATALANA OCCIDENTE Main entities		
Seguros Catalana Occidente	Tecniseguros	GCO Gestión de Activos
Seguros Bilbao	Bilbao Vida	GCO Gestora de Pensiones
NorteHispana Seguros	S. Órbita	Catoc SICAV
Plus Ultra Seguros	Previsora Bilbaina Agencia de Seguros	Bilbao Hipotecaria
GCO Re	Bilbao Telemark	Sogesco
	Inversions Catalana Occident	Hercasol SICAV
	CO Capital Ag. Valores	GCO Activos Inmobiliarios
	Cosalud Servicios	
	GCO Tecnología y Servicios	
	Prepersa	
	GCO Contact Center	
	Grupo Asistea	
Atradius Crédito y Caución	Atradius Collections	Grupo Compañía Española Crédito y Caución
Atradius Re	Atradius Dutch State Business	Atradius NV
Atradius ATCI	Atradius Information Services	Atradius Participations Holding
Atradius Seguros de Crédito México	Iberinform International	Atradius Finance
Atradius Rus Credit Insurance	Graydon	
Crédito y Caución Seguradora de Crédito e Grantias Brazil		
INSURANCE COMPANIES	**COMPLEMENTARY INSURANCE COMPANIES**	**INVESTMENT COMPANIES**

Traditional business
Credit insurance business

For more information see Annex A1 and A2 and QRT's S.32.01.22

A.0.4. Regulatory environment

The insurance industry is an important sector in the economy as a whole. It offers business opportunities, favours the promotion of economic activity and contributes to the creation of wealth. This is a sector that has an impact on the protection of businesses and families and provides utility services for citizens.

The ultimate role of the financial system and its most definitive contribution to the economic activity consists in the efficient channelling of resources from agents with a capacity of savings towards those who need funding. The proper operation and adequate regulation are two of the determining parameters.

In recent years, the regulatory framework to which the insurance sector is subject to has been expanding with new regulations, not only in insurance matters, but also in terms of technological issues, corporate governance or corporate criminal liability, among others.

The supervisory authorities have extensive administrative control over various aspects of the insurance business.

On 1 January 2016, the regulations deriving from the European Directive known as Solvency II came into force. The main objective of Solvency II is to improve the control and calibration of the risks to which this insurance activity is exposed to (underwriting risk, market risk, counterparty risk (also known as default risk) and operational risk), which leads to the capital adequacy of insurance companies to the risk assumed.

The elements of Solvency II are arranged in three pillars:

- Pillar I: quantitative. Risk weightings assigned to the different types of risk assets. Includes operational risks The objective is to determine the "economic balance" focused on risk and valued at market value.
- Pillar II: qualitative and governance system. Routine monitoring by the regulatory bodies.
- Pillar III: Market discipline through greater transparency and a trend towards international accounting.

A.0.5. Corporate responsibility

The Group's corporate responsibility strategy is the framework under which it carries out its business with the criteria of creating value for society, ethics, transparency and commitment to legal compliance.

For the Grupo Catalana Occidente, corporate responsibility is the voluntary commitment to integrate into its strategy a responsible management of economic, social and environmental aspects, encourage ethical behaviour with its stakeholders, rigorously apply the principles of good governance and contribute to the well-being of society through the creation of sustainable social value.

The companies of Grupo Catalana Occidente contribute to social and economic improvement of the areas where it operates, through business development. The nature of insurance implies the concept of social responsibility, as it means to accompany customers in all stages of their professional and personal life, anticipating risks to protect them.

The Board of Directors is responsible for setting and guiding the corporate responsibility strategy, while the management involves all the business areas and entities of the Group.

The commitment to transparency is materialised through the publication of a Corporate Responsibility Report, which together with the Group's Policy are available on the corporate website.

The corporate responsibility committee also continued to operate, this year focusing on the development of a *reporting* model for non-financial information. The Committee is made up of those responsible for the different areas that represent the interest groups.

The materiality analysis was conducted in 2017 and will be updated in 2020. The material issues identify the key matters for the Group and its stakeholders:

1. Economic performance, profitability and solvency
2. Risk management and regulatory compliance.
3. Corporate governance.
4. Ethics, integrity and transparency.
5. Customer experience.
6. Data protection. Cyber security.
7. Innovation.
8. Quality employment.
9. Professional development.
10. Commitment to society.

Corporate Responsibility Master Plan

At the end of 2018, the Group approved a corporate responsibility master plan based on three pillars: trust, service excellence and positive impact. Its period of validity covers the three-year period 2019-2021.

Framework of internal and external application

The commitment to comply with human rights is channelled through the Group's Code of Ethics to which Seguros Catalana Occidente subscribes, which includes the observance of ethical and legal principles by all the Group's employees and stakeholders.

Externally, Grupo Catalana Occidente subscribes to the Principles of the United Nations Global Compact and in February 2020 adhered to the Principles for Sustainability in Insurance (PSI) and the Principles for Responsible Investment (PRI). Furthermore, through current activity and social action, it also supports the Sustainable Development Goals (SDG) defined by the UN by promoting aspects such as economic growth and progress, equal opportunities, quality learning, energy efficiency and health and welfare care.

In Spain, the entities of the group are also involved in the main sectoral associations (ICEA and UNESPA) that have corporate responsibility programmes:

A.0.6. Outlook and challenges for 2020

In view of the foreseeable economic context, the Group will continue to update its offer to the new needs of customers and market trends.

Macroeconomic perspectives

At the beginning of 2020, the decrease in tensions following the agreements reached between the United States and China, and the reduction of risks due to a hard Brexit, predicted an economic scenario that would continue with that registered in 2019.

In an adverse scenario, such as the one described in this report, the capital adequacy ratio would fall by 29 percentage points to over 175%, well above the minimum forecast by the Group (150%). This adverse scenario not only incorporates a fall in premiums and its impact on future premium earnings, but also an increase in claims and a fall in financial markets (for more information see page 85).

Since the end of the year, the global risk has increased as a result of the Coronavirus pandemic crisis (COVID-19), and it is estimated that global growth will be reduced by 2020. The forecast for Spain will follow this overall trend.

In relation to the impact generated by the COVID-19 crisis, the Company has activated the contingency and continuity protocol. Despite the likely impact on the technical result of credit insurance, no disruptive impact is expected in traditional business. The evolution of the financial markets will also be monitored.

Specifically, the Group has set up a Contingency Committee to ensure, as a matter of priority, the safety of all employees and collaborators and the continuity of the business. Its tasks can be summarised as follows:

- To guarantee the protection of employees, in coordination with the Prevention Service, and the continuity of doing their job.
- To guarantee the stability of the systems and the maintenance of the operations in a crisis context of with a 100% demand of teleworking positions.
- To organise and apply the stages of the Contingency Plan referring to the continuity of the business.
- To prepare communications to the entire Group, both to employees and to commercial networks and customers.

In the current context, it is not possible to make alternative forecasts that adequately reflect the impact that the COVID-19 crisis will have on: the parameters of claims (given the current lack of visibility of the economic normalisation period), the effectiveness of the monetary and fiscal policy measures taken, and the agreements established by the various European governments in order to maintain the volume of insured commercial transactions in the credit insurance business.

Grupo Catalana Occidente: actions during the crisis COVID-19

- **Employee protection and operational support.**
  - Ensure employee protection and continuity of work. Teleworking of all our employees.
  - We are still operational under extreme conditions.
- **Maintenance of customer service.**
  - Continuity in the relationship with the customer through telematic means.
  - Continuity in customer service for expert opinions, repairs, agency offices, etc…
- **Measures aimed at the traditional business.**
  - Flexibility in payment of receipts, instalments and deferment.
  - Adaptation of prices according to the circumstances of the risk and the customer,
  - 24-hour medical guidance by telephone for any insured party, video consultation of medical staff and cyber-risk protection in teleworking.
- **Measures aimed at the credit insurance business.**
  - Flexibility in payment of receipts, instalments and deferment.
  - Flexibility in the period of declaration of non-payment, extending it by 30 days.
  - Discussions with the various governments to support commercial activity through credit insurance.
- **Measures to support society.**
  - Participation with UNESPA in a fund to protect health workers facing COVID-19.
  - The Jesús Serra Foundation collaborates with Save the Children and supports the CSIC for research in a future vaccine.
  - Creation of an innovation programme to overcome the health challenges involved: Beat the Vid.
  - The Group supports more than 20,000 suppliers affected by COVID-19 through interest-free advances.

A.1. Results in underwriting matters

A.1.1 Main trends of the business

Macroeconomic environment 2019

Growth of 2.9% in 2019 Widespread impairment of economic indicators.

United States GDP +2.3% GDP 2019 (+2.9%)

- Trade disputes smoothed out by agreements reached with China
- Deceleration of growth
- Solid private consumption
- Contraction of investment and exports.
- Full employment (3.7% unemployment)
- Inflation is contained and close to the 2% target
- Elections in 2020

South America 0.1% GDP 2019 (+1.1%)

- Context of low economic dynamism
- Reduced private investment
- Mass demonstrations in Chile, Colombia and Ecuador
- General elections in Argentina, Bolivia and Uruguay

Eurozone GDP +1.2% 2019 (+1.9%)

- Deceleration impacted by lower exports to the UK and the motor sector.
- Expansive monetary policy
- Unemployment of 7.7%
- 1.2% inflation.

Spain GDP +2.0% 2019 (+2.4%)

- Deceleration, yet growth higher than the European average.
- Increase in domestic demand supported by consumption
- 5 consecutive years of expansive fiscal policy
- Improvement of the public deficit
- Unemployment of 13.9%
- 0.7% inflation.

United Kingdom GDP +1.3% 2019 (+1.3%)

- Brexit confirmation on 31 January 2020
- Depreciation of the pound against the euro
- Expected reduction in investment and increase in the price of commercial transactions
- 1.8% inflation.

Asia Pacific + 5.6% GDP 2019 (+6.4%)

China +6.1% GDP 2019 (+6.6%)

- Structural slowdown due to tariffs and trade tensions, intensified by the impact of the coronavirus
- Fiscal and monetary stimulus measures
- Reduced investment and imports

Japan +1.0% GDP 2019 (+0.3%)

- Risk of economic slowdown.
- Strong private consumption and public spending

***Source: International Monetary Fund review of January 2020. Percentage of estimated GDP in 2019 vs. percentage of GDP in 2018 in brackets**

Fixed income

- Central banks continue with their expansionary policy.

Interest rates	1 year	3 years	+ five years	10 years
Spain	-0.5	-0.5	-0.1	0.5
Germany	-0.6	-0.8	-0.5	-0.2
U.S.	1.6	1.6	1.7	1.9

Variable income

- Greater optimism in the financial markets: reduced volatility.

	2019	%Chg.
Ibex35	9,549.2	+11.8%
EuroStoxx Insurance	322.8	+24.4%
Eurostoxx50	3,745.2	+24.8%
Dow Jones	28,462.1	+23.0%

Raw materials/currencies

- Oil price recovery from 2018 lows
- The dollar loses its appeal as a safe-haven currency

	End 2019	%Chg
Oil ($/barrel)	66.0	+22.7%
Gold	1,523.1	+16.0%
€/$	1.12	-2.2%
€/£	0.85	-6.0%

Source: Bloomberg. End 2019

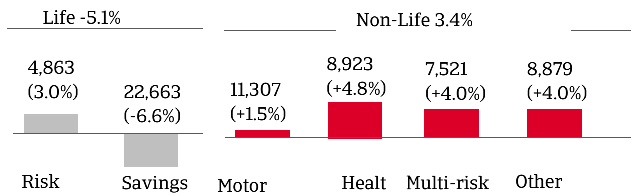
Key financial figures (Result Centre)

Sectoral environment 2019

The insurance sector in Spain decreases its turnover mainly due to the fall in life premiums

Insurance industry in Spain

Performance of insurance sector and *ranking* in Spain



Group	*Position*	*Market share*
VidaCaixa	=	*13.4%*
Mapfre	=	*11.4%*
Grupo Mutua Madrileña	=	*8.5%*
Allianz	=	*5.3%*
Grupo Catalana Occidente	↑ *1*	*4.8%*
Zurich	↓ *1*	*4.6%*
Grupo Axa	=	*4.6%*
SantaLucia	=	*3.8%*
Generali	=	*3.8%*
Santander Seguros	=	*2.6%*

Source: ICEA at the close of 2019

The result of the technical account for the sector at the end of 2019 was 9.6% of retained premiums, 8 percentage points higher than in the previous year, mainly due to the higher result of the non-life business.

The result of the non-life technical account increased mainly driven by multi-risk, which improved its combined ratio by 3.4 percentage points to 94.0% due to the improvement in the accident rate.

Stability in the sector's results

ROE	Combined ratio
13.5% -	**92.0%*** -

Motor 94.8%
Multi-risk 94.0%
Health 94.6%

* Combined ratio includes Health and Funeral.
Source: ICEA at the close of 2019

In 2016, Solvency II came into effect, with the first official data coming to light in 2017. The figures published continue to reflect a consistent sectoral position. The average coverage ratio in Spain at the close of 2019 reaches 237%, higher than the average for the sector in the European Union (228%).

Credit insurance

Uncertainty arising from protectionist measures, the slowdown in China and a less dynamic German industry have led to a drop in the growth of international trade, especially in emerging markets.

- Advanced economies 1.3% (-1.9 p.p)
- Emerging economies 0.4% (-4.2 p.p)

In terms of insolvencies 2019 closes with an increase of 3.0%. The markets with the greatest increase have been South Africa, United Kingdom, Canada and Belgium.

By 2020, it is estimated that the technical performance of credit insurance will deteriorate as a result of the COVID-19 health crisis, which may be reduced depending on the risk mitigation measures of each insurer that protects this business (reinsurance) as well as thanks to the different measures being taken by governments in the various countries affected.

A.1.2. Results for the financial year 2019

Growth

- Increase of 4.7% in business turnover, reaching €4,547.7 million.
- Increase in the number of customers.
- Acquisition and integration of Antares, gaining presence in the health sector.

Profitability

- Increase of 9.9% in consolidated profit, reaching €424.5 million.
- Improvement of recurring results:
  - Traditional business, at €212.1 million, +8.4%.
  - Credit insurance business, at €238.2 million, +18.6%.
- Excellent combined ratio:
  - 90.4% in traditional business (non-life) (-0.9 p.p.).
  - 73.4% in the credit insurance business (-2.1 p.p .).

Income statement	2018	2019	% chg. 18-19
Written premiums	4,212.7	4,411.2	4.7%
Earned premiums	4,178.9	4,466.6	6.9%
Income from information	132.5	136.5	3.0%
Net income from insurance	4,311.4	4,603.1	6.8%
Technical cost	2,584.7	2,739.5	6.0%
% on total net income	*60.0%*	*59.5%*	
Commissions	532.8	561.1	5.3%
% on total net income	*12.4%*	*12.2%*	
Expenses	726.6	764.3	5.2%
% on total net income	*16.9%*	*16.6%*	
Technical result after expenses	467.3	538.2	15.2%
% on total net income	*10.8%*	*11.7%*	
Financial result	80.1	37.9	-52.7%
% on total net income	*1.9%*	*0.8%*	
Result of non-technical non-financial account	-31.0	-25.9	
% on total net income	*-0.7%*	*-0.6%*	
Result of compl. activities credit and funeral insurance	6.4	5.9	-7.8%
% on total net income	0.1%	0.1%	
Result before tax	522.8	556.2	6.4%
% on total net income	*12.1%*	*12.1%*	
Taxes	136.4	131.7	
% taxes	*26.1%*	*23.7%*	
Consolidated result	386.4	424.5	9.9%
Minority interests	34.3	38.6	*12.5%*
Attributable result	352.1	385.9	9.6%
% on total net income	*8.2%*	*8.4%*	
Recurring result	396.6	450.3	13.6%
Non-recurring result	-10.2	-25.8	

More information in Annex A and QRT S.05.01.02 and S. 05.02.01

Traditional business

Recurring turnover (excluding single life premiums) increased by 3.1%, supported mainly by non-life insurance, where the increase in multi-risk premiums is noteworthy. The life business evolved favourably with a 5.3% increase in turnover and a 16.9% increase in earned premiums, which include the contribution to the Antares business. The Antares business has been incorporated since February and has contributed €11.5 million to the life business.

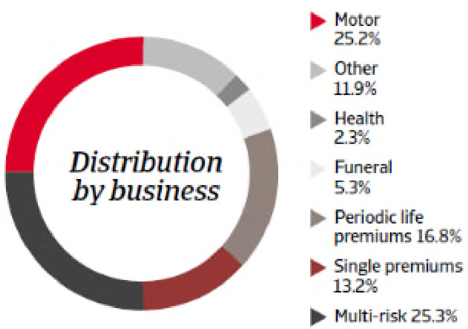
The technical result of €214.6 million, grew by 6.7%. Non-life business contributed €156.2 million to this result, up 11.0%, reflecting a 0.9 percentage point improvement in the combined ratio to 90.4%. It highlights the best technical cost of cars and multi-risk. The Life business, meanwhile, saw its technical result fall by €2.1 million to €58.4 million, as the Group decided to recognise in full and for the products concerned the new biometric tables published by the DGSyFP.

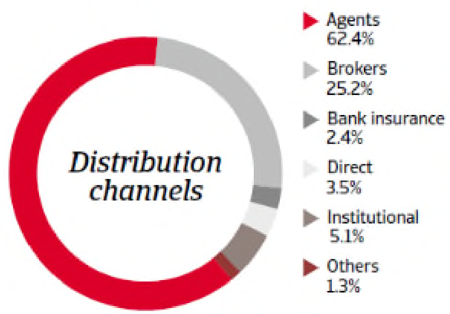
The financial result contributes €59.3 million, and the funeral business €2.7 million

Recurring profit has increased 8.4% to €212.1 million During the year there were non-recurring negative results of €7.9 million; consequently, the total result is €204.2 million, increasing by 6.8%.

(figures in € million)

Traditional business	**2018**	**2019**	**% chg. 18-19**
Written premiums	**2,541.2**	**2,612.4**	**2.8%**
Recurring premiums	2,200.5	2,268.6	3.1%
Earned premiums	2,531.2	2,707.5	7.0%
Technical result	**201.2**	**214.6**	**6.7%**
% on earned premiums	*7.9%*	*7.9%*	
Financial result	**74.1**	**59.3**	**-20.0%**
% on earned premiums	*2.9%*	*2.2%*	
Non technical result	-20.4	-14.6	
Complementary act. funeral B.	2.4	2.7	
Corporate tax	-61.5	-50.0	
Recurring result	**195.7**	**212.1**	**8.4%**
Non-recurring result	**-4.6**	**-7.9**	
Total result	**191.1**	**204.2**	**6.8%**





Combined ratio

Multi-risk

Revenue growth of 2.4% to €661.6 million, with a reduction in the combined ratio of 0.4 percentage points compared to the previous year. The weather events that occurred in the second half of the year had a reduced impact on the technical cost, as they were largely supported by the Insurance Compensation Consortium.

Multi-risk	**2018**	**2019**	**% chg 18-19**
Written premiums	**645.9**	**661.6**	**2.4%**
Earned premiums	**638.7**	**653.3**	**2.3%**
Number of claims	728,229	719,419	-1.2%
Average cost of the claims, in €	494.9	508.8	2.8%
Technical provisions	**525.1**	**537.7**	**2.4%**
% Technical cost	*55.8%*	*55.3%*	*-0.5*
% Commissions	*20.7%*	*20.9%*	*0.2*
% Expenses	*13.4%*	*13.3%*	*-0.1*
% Combined ratio	**89.9%**	**89.5%**	**-0.4**
Technical result after expenses	**64.5**	**68.6**	**6.4%**
% on earned premiums	*10.1%*	*10.5%*	

Figures in € million

Motor

Maintenance of turnover with €657.3 million. The combined ratio improved 1.3 percentage points to 94.0%, with a reduced claims ratio due to a lower incidence of peak claims and a maintenance of the accident frequency.

Motor	**2018**	**2019**	**% chg 18-19**
Written premiums	**654.3**	**657.3**	**0.5%**
Earned premiums	**657.2**	**655.2**	**-0.3%**
Number of claims	578,897	571,208	-1.3%
Average cost of the claims, in €	805.9	805.1	-0.1%
Technical provisions	**810.1**	**824.0**	**1.7%**
% Technical cost	*71.3%*	*70.0%*	*-1.3*
% Commissions	*11.0%*	*11.1%*	*0.1*
% Expenses	*13.0%*	*12.9%*	*-0.1*
% Combined ratio	**95.3%**	**94.0%**	**-1.3**
Technical result after expenses	**30.9**	**39.6**	**28.2%**
% on earned premiums	*4.7%*	*6.0%*	

Figures in € million

Other

Growth in turnover of 1.1% to €311.7 million. The combined ratio was 84.6%, down 0.6 percentage points due to the maintenance of technical costs and a reduction in fees, which offset a slight increase in expenses.

Other	2018	2019	% chg 18-19
Written premiums	**308.4**	**311.7**	**1.1%**
Earned premiums	**305.2**	**311.8**	**2.2%**
Number of claims	96,159	100,783	**4.8%**
Average cost of the claims, in €	1,610.0	1,549.9	-3.7%
Technical provisions	**489.9**	**540.5**	**10.3%**
% Technical cost	*50.2%*	*50.1%*	*-0.1*
% Commissions	*20.8%*	*20.1%*	*-0.7*
% Expenses	*14.1%*	*14.3%*	*0.2*
% Combined ratio	**85.2%**	**84.6%**	**-0.6**
Technical result after expenses	**45.3**	**48.0**	**6.0%**
% on earned premiums	*14.8%*	*15.4%*	

Figures in € million

Life

The life business evolved favourably with a 5.3% increase in turnover and a 16.9% increase in earned premiums, which include the contribution to the Antares business.

The result has been positively impacted by the incorporation of the Antares business with an amount of €11.5 million and negatively by the full recognition of the affected products in new biometric tables published by the DGSyFP for an amount of €13.3 million.

Life	2018	2019	% chg 18-19
Life insurance turnover	**932.6**	**981.8**	**5.3%**
Health	400.6	438.2	9.4%
Funeral	57.6	60.9	5.7%
Periodic life premiums	133.7	138.8	3.8%
Single life premiums	340.7	343.8	0.9%
Pension plan contributions	61.2	69.1	12.9%
Net contributions to investment funds	4.3	1.9	
Volume of managed funds	5,711.9	6,617.3	15.9%
Earned premiums	**930.1**	**1,087.2**	**16.9%**
Technical result after expenses	**60.5**	**58.4**	**-3.5%**
% on earned premiums	*6.5%*	*5.4%*	
Technical-financial result	**92.2**	**81.2**	**-11.9%**
% on earned premiums	*9.9%*	*7.5%*	

Figures in € million

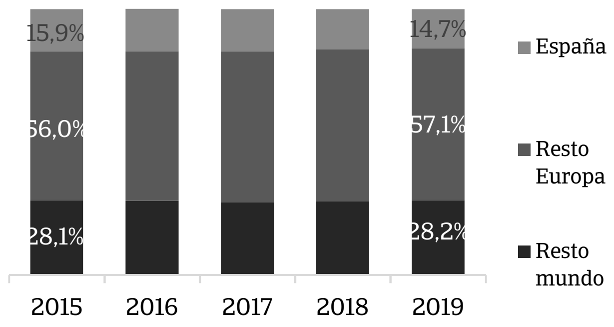
Credit insurance business

In the credit insurance business, the Group has increased its net income (earned premiums and information services) by 6.5% reaching €1,896.0 million. This rate of growth is, for the fourth consecutive year, higher than the rest of the market. The earned premiums, at €1,759.5 million, increased by 6.7% with growth in all markets.

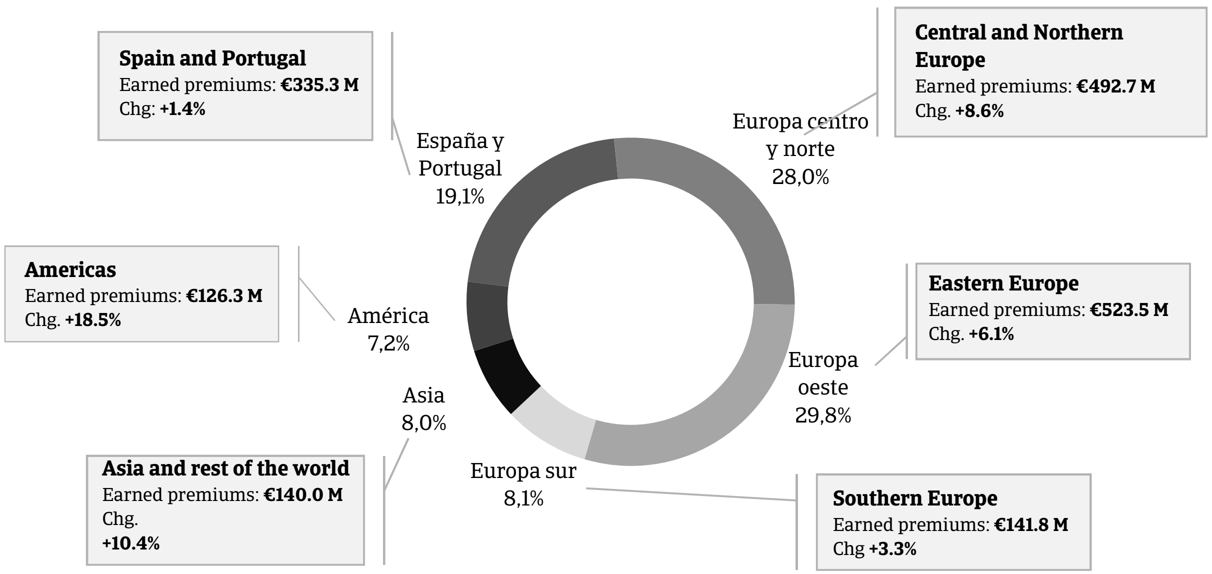
In Spain and Portugal, the Group increased earned premiums by 1.4% and in the other European markets premiums rose at an average rate of 6.8%, with constant growth in Germany being particularly noteworthy. In the Americas premiums grew 18.5% mainly due to the impact of exchange rates.

In terms of exposure to risk (TPE), the Group increased by 2.9% to €672.5 million. Europe represents 71.8% of total exposure and Spain is the main market, with 14.7% of the total.

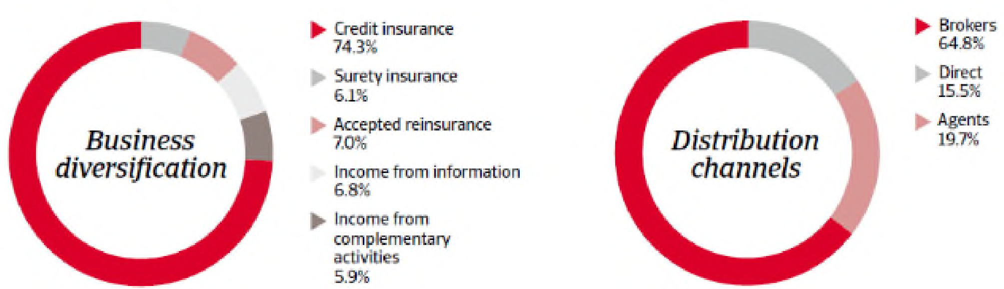
Evolution of cumulative risk (TPE)



+6.7 % increase in earned premiums, at €1,759.5 million.



Earned premiums



The technical result after expenses, at €404.8 million, increased by 7.2%, in line with revenue growth.

Since the beginning of the year, the Group has increased its retention of business by 2.0 points, placing the ratio of assignment to reinsurance in 38.0% of the earned premiums. The combined net ratio was 73.4%, with net claims falling by 1.4 percentage points to 43.4% and net fees and expenses falling by 0.8 percentage points to a ratio of 30.0%.

The financial result contributes €5.6 million reflecting the exchange rate movements that have been considerably reduced. The result of the complementary activities is €3.2 million.

Consequently, the recurring result is positioned at €238.2 million, up 18.6% from the previous year. During the year there were non-recurring results amounting to €17.9 million, mainly due to the impairment of the investment in two associated companies.

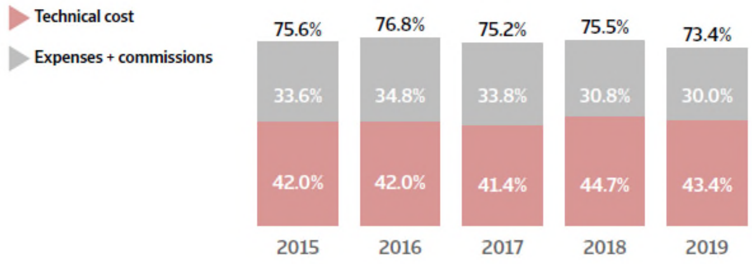
In total, this business provides a result of €220.3 million and increases by 12.8%.

More information in Annex A and QRT S.05.01.02and S. 05.02.01

(figures in € million)

Credit insurance business	2018	2019	% chg. 18-19
Earned premiums	1,648.5	1,759.5	6.7%
Income from information	132.5	136.5	3.0%
Net income	**1,781.0**	**1,896.0**	**6.5%**
Technical result after expenses	377.6	404.8	7.2%
% on income	*21.2%*	*21.4%*	
Reinsurance result	-105.6	-82.6	-21.8%
Reinsurance transfer ratio	*40.0%*	38.0%	
Net technical result	271.9	322.2	18.5%
% on income	*15.3%*	*17.0%*	
Financial result	9.2	5.6	
% on income	*0.5%*	*0.3%*	
Result from complementary activities	3.8	3.2	-15.8%
Corporate tax	-76.6	-85.4	
Adjustments	-7.4	-7.4	
Recurring result	**200.9**	**238.2**	**18.6%**
Non-recurring result	**-5.7**	**-17.9**	
Total result	**195.2**	**220.3**	**12.8%**

Performance of the combined ratio



A.1.3. General expenses and commissions

The structure of Grupo Catalana Occidente, formed by entities that maintain autonomous management of the business, allows for the constant sharing of business best practices and efficiency in processes through corporate departments and operative platforms.

In particular, in traditional business the expenses have increased by 3.1%. In credit insurance, expenses are increasing at a higher rate than income due in part to the effort in investments in new technologies.

In relative terms, the expenses and commissions ratio for recurring premiums increased 0.3 percentage points to 32.6%. Since 2013, the Group has improved efficiency by 3.6 percentage points.

(figures in € million)

Expenses and commissions	2018	2019	% chg. 18-19
Traditional business	305.8	315.2	3.1%
Credit insurance business	413.4	449.0	8.6%
Non-recurring expenses	7.4	0.0	
Total expenses	**726.6**	**764.3**	**5.2%**
Commissions	**532.8**	**561.1**	**5.3%**
Total expenses and commissions	**1,259.4**	**1,325.4**	**5.2%**
% expenses and commissions without recurring premiums	**32.3%**	**32.6%**	

A.1.4. Reinsurance

The transfer to reinsurance is a consequence of the direct application of the Group's risk management policy.

In credit insurance, proportional transfers are made that bring greater stability to the results over the business cycle, as well as non proportional transfers to mitigate the potential impact of relevant claims. In 2019, the Group has continued to increase the retention of business by placing the transfer ratio at 38%.

Traditional business keeps a high retention of the insured business, and reinsurance is protected mainly through stop-loss contracts for relevant claims.

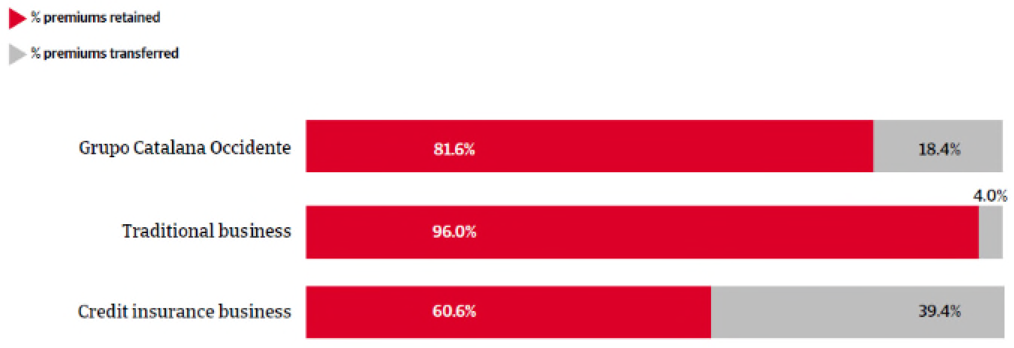
Overall, the cost of reinsurance has implied €105.9 million, €23.2 million from traditional business and the remaining €82.6 million from the credit insurance business.

The major reinsurance brokers for both the traditional and credit insurance business are Munich Re, General Re, Swiss Re, Hannover Re and Axis. These all hold a credit rating of "A" or higher.

(figures in € million)

Reinsurance	**2018**	**2019**	**% chg. 18-19**	**Traditional business**	**Credit insurance**
Premiums granted	-770.4	-801.3	4.0%	-107.2	-694.0
Net premiums granted	-768.6	-798.5	3.9%	-113.1	-685.3
% on earned premiums	*-18.4%*	*-17.9%*		*-4.2%*	*-38.9%*
Commissions	299.0	338.8	13.3%	22.3	316.5
Claims	323.9	353.8	9.2%	67.6	286.2
Reinsurance granted result	**-145.8**	**-105.9**		**-23.2**	**-82.6**

Reinsurance distribution between lines of business



A.2. Investment performance

A.2.1. Total distribution of risk entity investments

Pension plans, mutual funds and investments on behalf of policyholders continue to grow at a high rate.

The distribution of the investment portfolio remained stable with respect to the beginning of the year, although during the period the Group increased its exposure to real estate and increased its position in cash and monetary assets.

The Group invests mainly in fixed income, which represents 56.6% of the total portfolio, at €7,361.2 million, The main asset is the Spanish sovereign debt at €3,406.4 million. The distribution of the rating in the portfolio is shown graphically below. At the end of the period, 59.9% of the portfolio had an A rating or higher, reflecting the increase in the Spanish rating of the main credit rating agencies. The duration of the portfolio at the end of the financial year is 4.66 years and profitability at 2.25%.

(figures in € million)

Investments and managed funds	**2018**	**2019**	**% chg. 18-19**	**% on inv. R. Co.**
Properties	1,371.2	1,678.5	22.4%	12.9%
Fixed income	6,631.2	7,361.2	11.0%	56.6%
Variable income	1,250.2	1,673.7	33.9%	12.9%
Deposits with credit institutions	644.3	608.6	-5.5%	4.7%
Other investments	153.7	199.1	29.5%	1.5%
Cash and monetary assets	1,183.6	1,403.5	18.6%	10.8%
Investment in investee companies	85.4	85.8	0.5%	0.7%
Total investments, risk to entity	**11,319.6**	**13,010.5**	**14.9%**	**100.0%**
Investments on behalf of policyholders	362.1	575.1	58.8%	
Pension plans and investment funds	641.8	791.7	23.4%	
Total investments, risk to policy holders	**1,003.9**	**1,366.8**	**36.1%**	
Investments and funds	**12,323.5**	**14,377.3**	**16.7%**	

In recent years, the Group has increased its investments in real estate. At the end of the year, this investment increased by €307.3 million. In total, property at market value amount to €1,378.5 million representing 12.9% of the total portfolio.

The majority of the properties are located in areas considered "prime" areas in the most important Spanish cities. All of the properties for use by third parties are located in these areas and have a very high rate of occupancy. Every two years they are evaluated, through entities that are authorised by the supervisor. Capital gains from these properties stand at €533.1 million.

Equity accounted for 12.9% of the portfolio and increased 33.9%. The securities portfolio is broadly diversified and focused on large-cap securities, mainly in Europe but with a greater exposure to Spain (25.7%), which have attractive dividend yields.

In terms of liquidity, the Group maintains a solid position of €2,012.1 million, 10.1% more than at the beginning of the year. During the period, part of the investment in current accounts was transferred to deposits with credit institutions. The Group has a total of €608.6 million in deposits, mainly in Banco Santander, BBVA and Bankinter.

A.2.2. Financial result

The financial result contributed €37.9 million to the Group's income statement, reducing it by €42.2 million due to the different impact of the non-recurrent result.

Traditional business with €59.3 million is reduced by the recognition of interest applied to Life as a result of the recalculation of certain mathematical provisions to a risk-free interest rate curve (EIOPA curve). Also, during the year there have been significant maturities where reinvestment has taken place at the market interest rates.

In turn, credit insurance provides €5.6 million, reflecting losses in exchange rate movements and the interest charge due to the repayment of intra-group loans.

(Figures in € thousand)

Financial result by type of asset	Recurring result	Non-recurring result (Income from sales and impairment)
Fixed income and similar items	172,817.0	
Variable income	53,037.0	-7,892.1
Properties	39,705.0	1,313.0
Total income and achievements	**265,559.0**	**-6,579.1**
Expenses	-45,256.2	
Interest applied to life	-157,556.3	
Exchange-rate differences	-1,292.0	
Other		-16,927.0
Total expenses and other	**-204,104.5**	**-16,927.0**
Financial result	**61,454.4**	**-23,506.1**

Finally, the non-recurring results reduce the financial result by €23.5 million, mainly due to the impairment of two investees.

figures in € million

Financial result	**2018**	**2019**	**% chg. 18-19**
Financial income net of expenses	204.4	215.7	5.5%
Exchange-rate differences	0.1	0.0	
Subsidiary companies	1.0	1.1	
Interest applied to life	-131.4	-157.6	19.9%
Recurring results traditional business	**74.1**	**59.3**	**-20.0%**
% on earned premiums	*2.9%*	*2.2%*	
Financial income net of expenses	16.7	16.6	-0.6%
Exchange-rate differences	4.8	-1.3	
Subsidiary companies	4.7	7.1	51.1%
Interest on the subordinated debt	-16.9	-16.9	
Recurring results from credit insurance	**9.2**	**5.6**	**-39.1%**
% on net income from insurance	*0.5%*	*0.3%*	
Intra-group interest adjustment	-5.4	-3.5	**-35.2%**
Adjusted recurring results from credit insurance	**3.8**	**2.1**	
Recurring result	**77.9**	**61.5**	**-21.1%**
% on net income from insurance	*1.8%*	*1.3%*	
Non-recurring result	**2.2**	**-23.5**	
Financial result	**80.1**	**37.9**	

For more information, refer to the management report for Grupo Catalana Occidente and notes 4b and annexes I and II of the notes of the report.

A.3. Results of other activities

A.3.1. Non-recurring result

During this year, there have been non-recurring negative results mainly due to impairment in assets.

By business, non-recurring profit after tax from the traditional business led to losses of €7.9 million and €17.9 million in the credit insurance business, due mainly to the impairment of two investees amounting to €16 million.

For more information, refer to the Management Report for Grupo Catalana Occidente.

Non-recurring result (net of taxes)	2018	2019
Financial	2.3	-5.4
Expenses and other non-recurrent	-5.6	-3.9
Taxes	-1.3	1.4
Non-recurrent from traditional business	**-4.6**	**-7.9**
Financial	-0.1	-18.1
Expenses and other non-recurrent	-7.4	0.0
Taxes	1.9	0.2
Non-recurring from credit insurance	**-5.7**	**-17.9**
Non-recurring result	**-10.2**	**-25.8**

A.3.2 Result of non-insurance activities

Complementary activities are an additional source of results that complement the insurance activity.

Traditional business

In 2019, the result from the funeral business was €2.7 million.

(figures in € million)

Funeral business	2018	2019	% chg. 18-19
Income	21.2	24.6	15.9%
Expenses	18.7	21.8	16.8%
Result	**2.4**	**2.7**	13.0%

In 2019 the results of the complementary activities are €1.5 million.

(figures in € million)

Complementary activities	2018	2019	% chg. 18-19
Pension Plans			
Income	7.2	8.0	11 %
Expenses	6.4	6.8	7.0%
Result	0.8	1.1	43.3%
Investment Funds			
Income	1.1	1.1	1.5%
Expenses	0.7	0.7	5.6%
Result	0.4	0.4	
Result from complementary activities	**1.2**	**1.5**	**27.0%**

Credit insurance business

At the end of 2019, the result of the complementary activities of the credit insurance business amounted to €3.2 million.

(figures in € million)

Complementary activities	2018	2019	% chg. 18-19
Recoveries & ADSB	66.5	69.3	4.2%
Information services	53.6	49.3	-8.0%
Income	120.1	118.6	-1.3%
Expenses	116.3	115.3	-0.8%
Result	**3.8**	**3.2**	-14.9%

A.4. Any other information.

A.4.1 Information on relevant ordinary operations within the Group

There are many intra-group agreements in the Group, ranging from asset management services, real estate management, internal reinsurance agreements, intra-group financing and centralisation of management liquidity, as well as claims management and similar services.

Grupo Catalana Occidente, as the parent Company, acts as a holding company and supports the different needs among which are soundness and capital. Consequently, there are numerous transactions within the Group, which can be grouped, basically, as follows:

- Intra-group dividend distribution and capital movements
- Intra-group financing that addresses both operational funding and capital needs
- Intra-group liquidity management and cash-pooling arrangements;
- Shared services;
- Other transactions;

A.4.2 Information on operations

Acquisition of 100% of Seguros de Vida y Pensiones Antares, S.A.

On 8 November 2018, Plus Ultra, Seguros Generales y Vida S.A., de Seguros y Reaseguros, Single Shareholder Company (“Plus Ultra”), a company held 100% by the Entity, reached an agreement with the companies Telefónica, S.A. and Telefónica Finanzas, S.A.U. for acquisition of shares representing 100% of the share capital of Seguros de Vida y Pensiones Antares, S.A. (hereinafter, “Antares”) for a price of €158.9 million, (after the adjustment for the difference between the own funds on 31 January 2019 and the own funds estimated in the contract).

After meeting the conditions precedent which led to the mandatory administrative authorisations from the National Commission of Markets and Competition and the DGSFP on 17 January 2019 and 25 January 2019, respectively, the execution of the purchase contract was formalised on 14 February 2019.

In the context of this transaction, Plus Ultra, Grupo Catalana Occidente, Antares and Telefónica, S.A., signed a contract of exclusive collaboration, in which Grupo Telefónica grants Antares a commitment of exclusivity in relation to the majority of the collective policies for Health, Life-Risk, Life-Saving and Unit Linked with Grupo Telefónica until 31 December 2028.

Merger by absorption by Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal de Seguros de Vida y Pensiones Antares, S.A.

On 20 June 2019, the sole shareholders of the two companies agreed to merge the two companies by absorbing Plus Ultra from its subsidiary Antares, which entailed the extinction of the latter and the en bloc transfer of its assets and liabilities to Plus Ultra, which acquired the rights and obligations of the latter by universal succession.
After obtaining the required authorisation from the DGSFP, the corresponding merger deed was granted and registered at the Mercantile Registry of Madrid with effect from 31 December 2019.

Acquisition of the stake of the minority shareholders of Nortehispana de Seguros y Reaseguros, S.A.

On 20 June 2019, Seguros Catalana Occidente, S.A. de Seguros y Reaseguros ('Seguros Catalana Occidente') exercised the purchase option subscribed on 28 June 2016, which it held over 0.189% of the shares of Nortehispana de Seguros y Reaseguros, S.A. ('Nortehispana') which were not in its power, and it now holds 100% of the share capital of that company, and has therefore led it to become a single shareholder company. The price paid by Seguros Catalana Occidente was €683 thousand and was disbursed in cash.

Merger of Catalana Occidente Previsión EPSV individual ("CO EPSV") and Bilbao EPSV individual ("Bilbao EPSV")

On 30 June 2019, the General Assemblies of CO EPSV and Bilbao EPSV resolved to merge the former into the latter, which entailed the en bloc transfer of CO EPSV's assets to Bilbao EPSV, which acquired the rights and obligations of the former by universal succession.

After obtaining the required authorisation from the Basque Government's Department of Finance and Treasury, the corresponding merger deed was granted on 7 November 2019, which was registered at the Mercantile Registry of Vizcaya.

Merger by absorption by Previsora Bilbaína Agencia de Seguros, S.A.U. of Previsora Inversiones, S.A.U.

On 24 June 2019, Nortehispana de Seguros y Reaseguros, S.A., sole shareholder, respectively, of Previsora Bilbaína Agencia de Seguros, S.A.U. (Acquiring company) and Previsora Inversiones, S.A.U. (acquired company) approved the merger by absorption of the acquired company by the acquiring company under the terms established in the common draft of the merger deposited with the Mercantile Registry of Vizcaya.
This merger was executed on 29 July 2019, once the period for opposition by creditors of both companies provided for in Article 44 of Law 3/2009 of 3 April on structural modifications of commercial companies had elapsed.
The merger involved the block transmission of the equity of the companies being acquired to the acquiring company that acquired, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the company being acquired and dissolution without liquidation of the company being acquired, a circumstance that will lead to their extinction.

Merger by absorption by Funeraria Nuestra Señora de los Remedios, S.L.U. of Los Remedios Tanatorio Norte de Madrid, S.L.U., Servicios Funerarios Cisneros, S.L.U. and Mantenimiento Valdegovia, S.L.U.

On 10 July 2019, the Merger Plan signed by the Sole Administrator of Funeraria Nuestra Señora de los Remedios, S.L.U. was filed with the Mercantile Registry of Madrid. (the "Acquiring Company") and Los Remedios Tanatorio Norte de Madrid, S.L.U., Servicios Funerarios Cisneros, S.L.U. and Mantenimiento Valdegovia, S.L.U. (hereinafter the "Acquired Companies"), being approved by the Sole Shareholders of the Acquiring Company and the Acquired Companies on 29 July 2019.
This merger was executed on 25 September 2019, once the resolutions had been adopted and the period for opposition by the companies' creditors had elapsed, as provided for in Article 44 of Law 3/2009 of 3 April on structural modifications of commercial companies.
The merger involved the block transmission of the equity of the companies being acquired to the acquiring company that acquired, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the company being acquired and dissolution without liquidation of company being acquired, a circumstance that will lead to their extinction.

B

Governance system

The aim of this section is to provide information about the governance system of Grupo Catalana Occidente.

The Group has a transparent organisational structure and an adequate segregation of duties, separating the management activities from those of risk control.

In addition, the chapter offers information on the policy for remuneration, outsourcing and fitness and good repute requirements.

B.0. Introduction

The Group is subject to the supervision of the National Securities Market Commission ("CNMV") and the Directorate General of Insurance and Pension Funds ("DGSFP"), and has a corporate governance model that is in line with best international practices of listed companies in the stock market. The Board of Directors of Grupo Catalana Occidente S.A., the parent company of the Group applies the principles of good governance established by this commission with transparency and rigour.

The governance structure of Grupo Catalana Occidente is consistent with the "three lines of defence".

B.1. General Information about the governance system

B.1.1. Governance structure

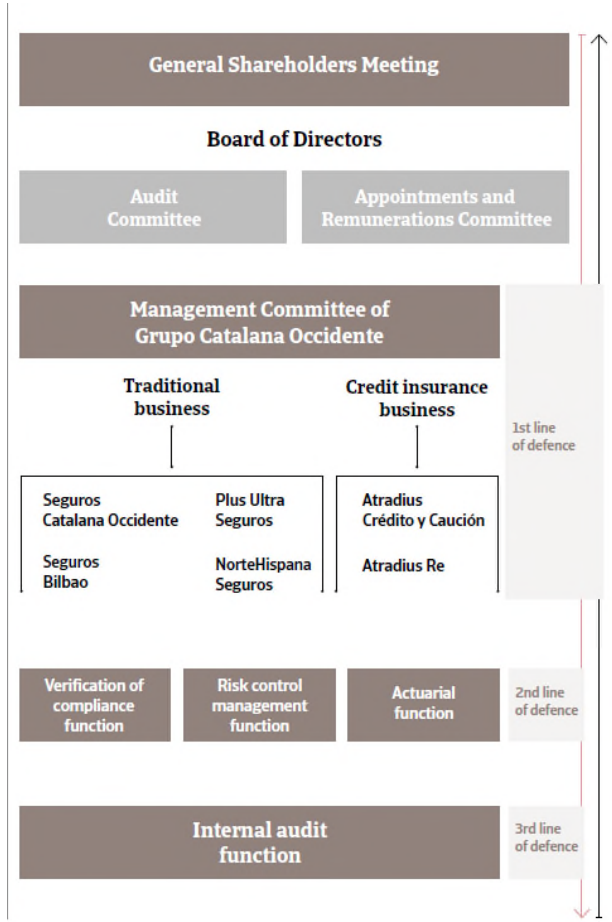
General shareholders' meeting

The General Meeting is the body that represents the shareholders. Its operation and action is regulated by the articles of association and the Regulations of the General Shareholders' Meeting. One of its main functions is to approve the accounts and the allocation of the profit. In the Group there are no restrictions on the right to vote and each share is entitled to one vote.

Its operation and actions are regulated by the Articles of Association and the regulations of the general shareholders' meeting (available from the Group's website).In order to facilitate the participation of all shareholders, the Group makes a digital forum available to all shareholders for debate as well as electronic methods that facilitate distance voting and the delegation of representation.

In addition, Grupo Catalana Occidente, S.A., has a policy for communication and contacts with shareholders, institutional investors and advisors to facilitate interaction with these stakeholders.

The Group's risk management system works holistically, supported by the entire organisation and consolidating this management by business, activity, company and support areas at corporate level.



Board of Directors

The Board of Directors is the maximum management authority in Grupo Catalana Occidente, S.A. The Board delegates ordinary management in the management team and concentrates its activity on the supervision function which includes:

- Strategic responsibility: direct the policies of the Group.
- Supervision responsibility: control the management events.
- Communication responsibility: serve as a link between shareholders.

At year-end, the board of directors consisted of 16 directors, of which 10 are proprietary directors, 2 are independent and 4 are executive directors. During the year 2019, the Board of Directors has met 11 times, where it has reviewed, been informed and, where applicable, made decisions regarding the financial position and results, strategic plan, acquisition operations, policies and risk control, among other issues.

Its operation and actions are regulated by the Articles of Association and the regulations of the Board of Directors (available from the Group's website).

The Board of Directors annually approves the corporate governance report and the report on remuneration of the Board of Directors' members corresponding to each financial year, following the guidelines established by the regulations in relation to the transparency of listed companies and that are later put to the vote at the General Shareholders' Meeting.

Board of Directors

Chairman
* José María Serra Farré

Vice Chair
Gestión de Activos y Valores S.L.
Javier Juncadella Salisachs

Chief Executive Officer
* José Ignacio Álvarez Juste

Secretary director
* Francisco José Arregui Laborda

Members
Jorge Enrich Izard
* * Juan Ignacio Guerrero Gilabert
Federico Halpern Blasco
* * Francisco Javier Pérez Farguell
* Hugo Serra Calderón
María Assumpta Soler Serra
Cotyp, S. L
Alberto Thiebaut Estrada
Ensivest Bros 2014, S. L.
Jorge Enrich Serra
Enrique Giró Godó
Jusal, S. L.
José María Juncadella Sala
Lacanuda Consell, S. L
Carlos Halpern Serra
Villasa, S. L
Fernando Villavecchia Obregón

Non-Secretary Vice-Chair
Joaquín Guallar Pérez

*Executive directors **Independent

Audit Committee

Audit Committee

Chairman
Juan Ignacio Guerrero Gilabert

Members
Francisco Javier Pérez Farguell
Lacanuda Consell, S. L

Appointments and Remuneration Committee

Appointments and Remunerations Committee

Chairman
Francisco Javier Pérez Farguell

Members
Juan Ignacio Guerrero Gilabert
Gestión de Activos y Valores S.L.

The CV's are available on the Group's website

Delegate committees

As a public interest entity and listed company, the Board of Directors of Grupo Catalana Occidente, S.A., has formed the Committees provided for in the Capital Companies Law. Their composition and regulation is established in the Articles of Association and the Regulations of the Board of Directors.

Audit Committee

The powers of this Committee are those provided for in Article 529 quaterdecies of the Capital Companies Law and Article 15 of the Regulations of the Board of Directors of the Company. Among these, should be mentioned:

- To monitor the effectiveness of the internal control system
- To verify compliance with the Internal Code of Conduct of the Group and its entities, the regulations of the Board of Directors and, in general, the code of good governance.
- To take to the Board of Directors the proposals for the selection, appointment and replacement of auditors, writing an annual report on their independence.
- To assess the results of each audit.
- To report to the General Meeting on matters raised by the shareholders falling under its jurisdiction.
- To supervise the process of preparing and presenting the regulated financial reporting information.
- To report to the Board of Directors on all the matters referred to in the Law and the Articles of Association and, in particular, on (i) the financial information that the Company must make public periodically; (ii) the creation or acquisition of special purpose entities or domiciled in tax havens and (iii) transactions with related parties.

Audit Committee as at 31 December 2019

Chairman: Juan Ignacio Guerrero Gilabert
Member: Francisco Javier Pérez Farguell
Member: Lacanuda Consell, S.L.

Appointments and Remuneration Committee

The powers of this Committee are those provided for in Article 529 quindecies of the Capital Companies Law and Article 16 of the Regulations of the Board of Directors of the Company. Among these, should be mentioned:

- To protect the integrity of the recruitment process of directors and senior managers to ensure that the candidates match the profile required.
- To report on the number of directors that can participate as members of the Board of Directors.
- To obtain information that defines the other professional duties of the directors.
- To report to the Board of Directors on appointments and resignations of senior managers and to propose the basic conditions for their contracts.
- To monitor that the directors meet their their obligations and duties as provided for in the Regulations of the Board of Directors and in the Company's Articles of Association..
- To check the transparency of the remuneration of the directors and that the information is included in the Annual Report and in the Report on the remuneration of the members of the Board of Directors.

Appointments and Remuneration Committee at 31 December 2019.

Chairman: Francisco Javier Pérez Farguell
Member: Juan Ignacio Guerrero Gilabert
Member: Gestión de Activos y Valores, S.L.

The Group also has business committees (non life, credit insurance, life) investment, commercial and operations committees to coordinate the actions of the individual entities that make it up. Finally, each individual entity that is part of the Group has its own Steering Committee with the exception of GCO Reaseguros, S.A.

The Steering Committee of the Group has the following main duties:

- Control and management of the results of the Group and its evolution by lines of business
- Evolution of the traditional business entities and credit insurance and by lines of business
- Return on investments
- Follow-up of the solvency position of the Group and in the entities
- Monitoring the risk profile of the Group and of the solvency projections (ORSA)
- Human resources
- Internal control, legal control and regulatory compliance
- Internal audit
- Corporate Innovation, marketing and communication projects

The Monitoring Committee is composed of the four executive directors of Grupo Catalana Occidente, S.A. and the first executives from each of the major individual group entities, so that the information flows from the individual entities to the parent company of the Group and vice versa.

Similarly, representatives of each of the individual Entities are involved in the various corporate business committees (non-life, life, credit), investments, commercial and operations) with identical purpose.

Steering Committee
Grupo Catalana Occidente

Composition Executive Chairman – José Mª Serra Farré
Director general attached to the Chair - Hugo Serra Calderón
CEO - José Ignacio Álvarez Juste
Director General - Francisco José Arregui Laborda

Traditional business

General manager SCO - Juan Closa Cañellas *
CEO PU - David Capdevila Ponce *
Director general of SB - Javier Francisco Maiztegui Oñate
Director general of NH - Augusto Huesca Codina
Commercial director of SCO – Luís Estrella de Delas

Credit insurance business

Chairman Atradius NV – Ignacio Álvarez
Vice Chairman Atradius NV – Francisco Arregui
Director Atradius NV – Hugo Serra

* With effect from 1 January 2020 Juan Closa Cañellas has been named traditional business director, David Capdevila Ponce has been named CEO of Atradius and Julián Herrera García has become CEO of Plus Ultra Seguros.

The corporate committees are as follows:

Life insurance business committee

Evolution of the main variables of the business

Actuarial function

Monitoring of underwriting risk

Monitoring of the major projects of the action plan

Non Life insurance business committee

Evolution of the main variables of the business

Actuarial function

Monitoring of underwriting risk

Monitoring of the major projects of the action plan

Investment Committee

Monitoring of the distribution of the portfolio by type of assets
Monitoring of markets and investment needs
Analysis of the appropriateness of the assets to the obligations contracted (liabilities) - ALM
Follow-up of the controls on investments
Sensitivity analysis to future scenarios

Operations committee

Follow-up of the evolution of:

- Information systems
- Underwriting and claims centres
- Contact centre
- Organisation
- Loss adjusters and suppliers

Commercial committee

Commercial monitoring by Entity (sales, cancellations and settlements)
Monitoring of the evolution of the distribution channels
Monitoring of the major projects of the action plan

Corporative coordination committee

Monitoring of projects developed by corporate departments and corporate platforms

Fundamental functions

Actuarial function (second line of defence)

The actuarial function fundamentally acts upon the coordination of calculation of the technical provisions and other capacities attributed by the regulations.

Its main functions are:

- To express an opinion on the suitability, adequacy and sufficiency of the technical provisions.
- To express an opinion on the subscription policy.
- To express an opinion on the adequacy of the reinsurance contracts.
- To report to the Board of Directors on the adequacy of the technical provisions, subscription policy, reinsurance treaties and ORSA.

This function is internalised and has sufficient resources to fulfil its functions, reporting to the Board of Directors on an annual basis through a report that includes the content required by the regulations and the activities carried out.

For more information, see section B.6

Risk management function (second line of defence)

The risk management function supports the board of directors and the steering committee in the identification, evaluation and control of all risks that it is exposed to.

Its main functions are:

- To identify the various types of risks
- To annually set the level of acceptable risk tolerance at the Group and main business levels.
- To establish measures to mitigate the impact of risk.
- To regularly monitor the risks and significant threats and ensure compliance.

This function is internalised and has sufficient resources to carry out its functions, reporting the risks to which the Group is exposed to the Board of Directors at least annually, both current and emerging, the quantification of these risks and their adaptation to the risk appetite approved by the Board of Directors.

For more information, see section B.3

Compliance verification function (second line of defence)

The compliance verification function ensures compliance with the regulations to which the Group is subject to, amongst which are:

- Capital market and listed companies regulations.
- Regulation of the insurance and financial industry.
- Prevention of money laundering.
- Protection of personal data.
- Criminal liability of legal entities.
- Fight against fraud.

The main activities carried out are:

- To implement policies and processes for monitoring and control of compliance risks.
- To assess the impact of change in the legal environment.
- To control and assess the adequacy and effectiveness of the measures and procedures to detect and mitigate the risk of non-compliance.
- To design the verification of the regulatory compliance plan.

The verification function is internalised and the person responsible for it has sufficient resources to carry out its coordinating functions in the Group Compliance Verification Committee, of which the different people responsible for this function are part, so that it is similarly carried out throughout the Group. Every year, the Board of Directors receives a report on the activities related to this matter during the previous year and the plan of activities to be carried out during the current year.

For more information, see section B.4

Corporate internal audit function (third line of defence)

The internal audit function directly reports to the audit committee, as a delegate committee of the board of directors and exercises maximum supervision of the Group's internal control. In 2019 the Group carried out a total of 102 audits, including 4 on aspects of Solvency II, 8 on processes of the internal control system for the generation of financial information (SCIIF) and 3 on the prevention of money laundering and financing of terrorism. In total, over 313 opinions have been issued, 96% of which are at least in the satisfactory category. This Committee annually submits both an audit plan taking into account the requirements of regulators and other agencies that certify some of the businesses of the group, as well as a report for related activities.

The internal audit function is internalised and the person responsible for it has sufficient resources to carry out its coordinating functions in GCO's Corporative Internal Audit, as well as the different people responsible for this function so that it is similarly carried out throughout the Group.

For more information, see section B.5

External audit

The firm PricewaterhouseCoopers Auditores, S.L, carries out the individual external audit of the company Grupo Catalana Occidente, S.A. and consolidated of the Group, as well as of most of the companies that form it. This brings global homogeneity between all audits and, in particular, with regards to the financial information systems.

Regulator

The DGSFP is the administrative body responsible for continuous financial supervision, through the verification of financial statements, economic and financial analysis, review of regulatory compliance, and review and evaluation of the risks and solvency of insurance and reinsurance entities and groups of insurance and reinsurance entities.

B.1.2. Remuneration policy

Grupo Catalana Occidente S.A. has a remuneration policy that should be adopted for periods of three years (unless there are changes in it) by the general shareholders' meeting. Three years having passed since the last time it was approved, the Board of Directors has approved the submission to the General Shareholders' Meeting of a new, continuous policy for the three-year period 2020-2022. In addition, it publishes annually and submits to consultative vote of the Annual General Shareholders' Meeting, an annual report on remuneration for the board of directors that includes the remunerations that have been received in both Grupo Catalana Occidente, S.A. and its subsidiaries.

In this way, the Group complies with the provisions of the regulations on international trade as it implements the Solvency II directive and best practices of the code of good governance of listed companies.

The Group's remuneration policy is applicable to (i) the members of the Board of Directors, (ii) the members of the steering committee, (iii) those responsible for fundamental functions and (iv) those other people who occupy critical posts; and is aimed at the recurring generation of value and sustainability of results over time. It also seeks alignment of the interests of its employees, collaborators and shareholders and prudent risk management, in such a manner that is reasonable with the size of the entity, its economic situation and the market standards of comparable companies.

This policy serves as a framework for the rest of the remuneration policies of the individual Group entities in accordance with the provisions laid down in Article 131 of LOSSEAR.

Principles and pillars

The policy is based on the following principles:

- To create long term value.
- To compensate the achievement of results based on prudent and responsible risk assumption.
- To attract and retain the best professionals.
- To compensate the level of responsibility and professional experience.
- To ensure internal equality and external competitiveness.

In this sense, the previous principles can be translated into the following pillars:

- <u>Moderation:</u> remuneration depending on the market requirements, promoting adequate risk management in accordance with the established tolerance limits.
- <u>Consistency:</u> with the commercial strategy and risk management of the entity, its risk profile, its objectives, its risk management practices and the long-term performance and interests as a whole.
- <u>Proportionality and adequacy</u>: this must be sufficient and appropriate for effective dedication, qualification and responsibilities without compromising independence.
- <u>Transparency:</u> Grupo Catalana Occidente, S.A. reports the amount of remuneration of the members of the Board of Directors and the Steering Committee in the

notes to its annual accounts in accordance with applicable business regulations.

- Regulatory compliance- the policy complies with the legal requirements, the alignment with the best market practices and in particular, as provided for in the rules of the directive of Solvency II.

Terms and Conditions

The members of the Board of Directors in their roles as such, have received remunerations as set out in the articles of association and daily subsistence allowances for attendance at meetings.

Steering Committee:

The remuneration of the members of the steering committee (including executive directors) may include the following components:

- Fixed remuneration.
- Variable remuneration based on the achievement of both individual and corporate targets which may not exceed 100% of the fixed remuneration for the achievement of 100% of the targets.

  In order to promote the achievement of long-term targets, the variable remuneration includes a deferral of 30% of the remuneration to 3 years, conditioned to the fulfilment of the business targets for that period.
- The supplementary social system for defined contribution.
- Remuneration in kind

  The Steering Committee has no stock options.

Both contracts, whether commercial or senior management, of the executive directors of Grupo Catalana Occidente and members of its Steering Committee, as well as the regulations which set out the components of its variable remuneration must be reported favourably by the Appointments and Remuneration Committee of Grupo Catalana Occidente, S.A., and in the case of commercial contracts of executive directors, also approved by the board of directors.

These regulations include clauses (i) for reduction of the remuneration ("malus") so that the deferred variable remuneration that it is pending payment will be reduced if, during the period up to its consolidation, there are circumstances such as a reformulation of annual accounts which do not come from a policy change that result in a variable remuneration to be settled that is less than that originally accrued or fraud by a member of the steering committee that determines their disciplinary dismissal, and (ii) recovery of remuneration already paid ("clawback"), under which, the variable remuneration already paid, will be the subject of recovery, partial or total, by Grupo Catalana Occidente, S.A. when during the 3 years after the close of the financial year from which the remuneration comes from, has been produced in whole or in part on the basis of information whose serious inaccuracy or falsehood is demonstrated and has a negative effect on the consolidated accounts of Grupo Catalana Occidente, S.A.

The same components and conditions of remuneration are applicable to those responsible for the fundamental functions and the rest of the Entity's staff.

Payments accrued in the financial year 2019

The Board of Directors of Grupo Catalana Occidente, S.A., has received a total of €6.7 million, an amount corresponding to the total compensation for all the concepts (fixed remuneration, variable remuneration, in-kind and contribution to social welfare plans) as well as that received by these in Group companies.

Likewise, the annual accounts of Grupo Catalana Occidente include, in an aggregate manner, the remuneration received by the members of the Board of Directors and the senior management of the company.

For more information regarding that received by each member individually see the remuneration report available on Grupo Catalana Occidente's website.

B.1.3. Related operations

It should be noted that, regardless of the remuneration referred to in the previous paragraph, there have been no related transactions with directors or managers, with the exception of those that belong to the regular business of the Group; they have been carried out in standard conditions for customers, or are of little relevance.

B.2. Fitness and good repute requirements

The corporate governance of the Group not only involves the Board of Directors and other governing bodies, but extends to all aspects of the organisation and the teams that comprise it.

The Group through an adequate and transparent remuneration policy and fitness and good repute requirements ensures that the posts are carried out by the right people.

All the people who effectively manage the Group or carry put the key functions or other critical positions in it must meet the qualifications, competencies, skills and professional experience necessary to be able to carry out their functions and, consequently, each of them must comply with the requirements set out in the policy of for fitness and good repute requirements of the Grupo Catalana Occidente.

This policy establishes the appropriate procedures to ensure that the collective mentioned above at all times complies with the fitness and good repute requirements marked by the Group.

Likewise this serves as a framework for the rest of the fitness and good repute policies of the individual group entities in accordance with the provisions laid down in Article 131 of the LOSSEAR.

Fitness

It is understood that the professional is suitable if they have the training and the right profile to perform the functions entrusted to them, and the practical experience derived from previous jobs with functions similar to those to be undertaken.

In addition, in relation to the board of directors, it is verified that its members have collectively, the qualifications, knowledge and experience at least on:

- Insurance and financial markets.
- Business strategy and business model.
- Governance system.
- Financial and actuarial analysis.
- Regulatory framework and regulatory requirements.

For the purpose of assessing fitness, the Human Resources department defines a profile type of qualification, knowledge and experience for every job and evaluates fitness through documentation (copy of the accreditation of the training, consultation of professional references, curriculum vitae, etc.).

Good repute

The requirement of good repute requires that the person who is the subject of evaluation is a person of good reputation and integrity.

The process for determining the fitness and good repute is performed by the Department of Human Resources and the Regulatory Compliance Department of the Group.

The evaluation of good repute includes an assessment of their honesty and financial solvency based on reliable information on their reputation. Also, with regard to good repute, as has already been mentioned, Grupo Catalana Occidente has a code of ethics which aims to establish the general guidelines that should govern the conduct of its directors, employees, agents and collaborators, in the performance of their duties and in their business and professional relationships.

Likewise, both the members of the Board of Directors and of the Steering Committee and the rest of the strategic staff, are subject to the Internal Code of Conduct of Grupo Catalana Occidente, which details, among other aspects, (i) the periods of prohibition of negotiation of shares of Grupo Catalana Occidente, S.A by said persons; (ii) the regime for safeguarding privileged information; (iii) the treatment of confidential documents and the rules of conduct with respect to the publication of relevant information, in addition to (iv) a regime of conflicts of interest of the persons subject to Grupo Catalana Occidente, excluding members of the Board of Directors. This exclusion is due to the fact that the regime for directors with respect to conflicts of interest is already provided for in the Capital Companies Law.

In accordance with the applicable regulations, the Group submits to both the corresponding insurance supervisor and, if appropriate, the CNMV or the Bank of Spain, all the information relating to the appointments and dismissals of its strategic staff, and in particular, that provided for in Order ECC/664/2016 of 27 April, approving the list of information to be submitted by those who intend to hold effective management positions or functions that make up the system of governance in insurance and reinsurance companies and in groups of insurance and reinsurance companies.

B.3. Risk management system including the self-assessment of risks and solvency

The risk management system of the Group and its entities works in a comprehensive manner and is supported in the organisation as a whole so that the risks are managed in the business units and are supervised by the administration and management bodies and by the fundamental functions.

The Risk Management function ensures the proper functioning of the risk management process that enables compliance with the risk strategy and risk appetite defined by the Board of Directors.

The Board of Directors has approved the Solvency II policies, including the "Risk Management System" policy, having designated as the main elements that make up this system: Risk Governance, the Risk Management Process and the Business Strategy.

The main aspects of the governance of the risk and the process of risk management of the Group are analysed below, as well as their alignment with the business strategy.

B.3.1. Governance of the risk management system

The control of the risk management system of Grupo Catalana Occidente is based on the principle of "three lines of defence" In the light of the foundations of the principle of the three lines of defence, Grupo Catalana Occidente defines the different levels of activity, roles and responsibilities of the units that make up the risk management system.

1st Line - Risk assumption and liability.
This includes the business units that are responsible for the risk assumed and its management.

2nd Line - Control and monitoring.

This consists of the risk management control function, compliance verification function and actuarial function. This defines controls that allow compliance with the risk management policies and processes to be ensured.

3rd Line - Internal audit.

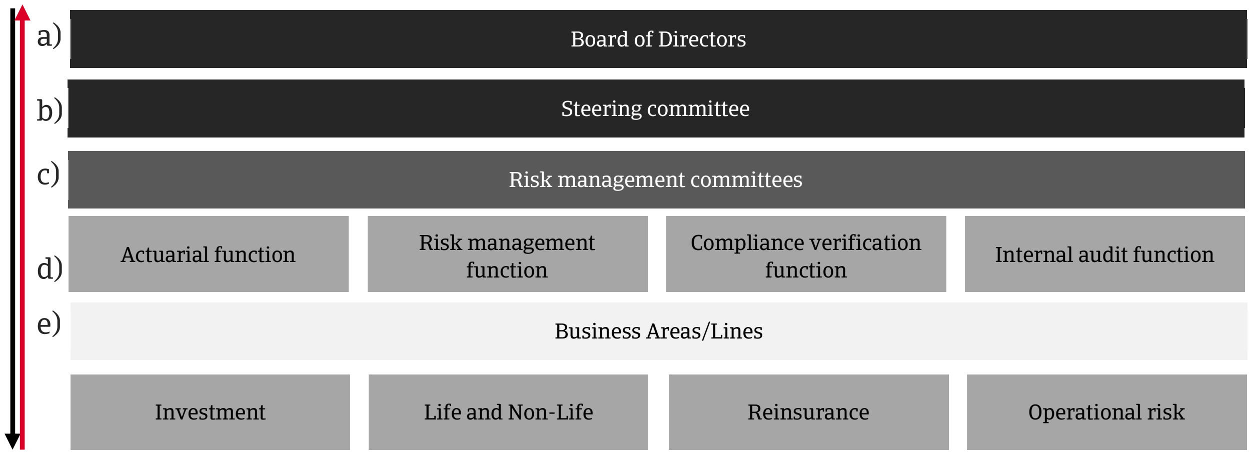
The internal audit function is responsible for undertaking independent evaluation of the efficiency of the control system, the risk management system and internal control.

Grupo Catalana Occidente has developed written policies that, together with the existing technical regulations, guarantee appropriate risk management. Specifically, the risk management policy that establishes the general guidelines to manage the risks and serves as an umbrella for the following policies:

- Underwriting risk policy, provisioning risk and claims management,
- Reinsurance policy.
- Investment policy (includes management of liquidity risk and ALM)
- Operational risk policy
- ORSA Policy

In addition, there are other policies that are more operational in nature, such as the continuity of the business, that of security of the information, code compliance, etc.

The Group defines the following responsibilities to ensure that the risk management system is properly integrated into the organisational structure and to ensure decision-making according to the defined risk strategy.



a) Board of Directors

In addition to the general functions performed by the Board of Directors discussed in the section on the governance system, with regards to the risk management system, the board is responsible for ensuring the effectiveness of the risk management system through the implementation of the general strategies of the Group.

For these purposes, it is responsible for establishing the necessary mechanisms to identify the different types of risk, annually setting the appetite and tolerance of acceptable risk, establishing measures to mitigate the impact of the risks, periodically monitoring the risks and significant threats and ensuring regular monitoring of the internal information and control systems. The Board of Directors is supported by the steering committee to carry out these tasks.

For more information see the corporate governance report and the management report.

b) Steering committee

With regard to the risk management system, the steering committee ensures its correct implementation, maintenance and monitoring according to the guidelines defined by the Board of Directors.

c) Risk management committees

To ensure that the risk management system works in a comprehensive manner and is supported in the organisation as a whole, the Group has the following committees:

- Non Life insurance business committee
- Life insurance business committee
- Credit insurance business committee
- Investments and ALM committee
- Operations committee
- Commercial committee

d) Business areas or lines

At operating level, the risk management system of Grupo Catalana Occidente works holistically, supported by the entire organisation and consolidating this management by activity, business area and support areas at corporate level. The business areas are responsible for risk management.

e) Control of risk management

The risk management function carries out the effective control of risks by ensuring that they are managed according to the risk appetite approved by the Board of Directors at any time, taking into account a comprehensive view of all risks at all times.

In relation to the role of risk management control, its main responsibilities are:

- The identification and assessment of current and emerging risks.
- The calculations of solvency.
- The undertaking of the prospective internal assessment of risks and solvency.
- The follow-up to the overall risk profile of the Group.
- Assistance and advice to the Board of Directors, steering committee and other functions, on the effective operation of the risk management system, even in relation to strategic issues.
- The presentation of detailed information on exposures to risks to the Board of Directors and/or the steering committee of the Group.
- With respect to the partial internal model of underwriting of credit insurance, the risk management function is responsible for the design, implementation and validation.

B.3.2. Risk management process

The Board of Directors is responsible for guaranteeing efficiency of the Risk Management System through compliance with the general strategies of the Group and the Steering Committee is responsible for ensuring correct implementation, maintenance and monitoring of the Risk Management System in conformance with the guidelines defined by the Board of Directors.

In order to complete the governance of the Risk Management system, the Group has developed written policies that, together with the existing Technical Standards, guarantee ideal administration of the risks. These policies, in their content, identify the own risks of each affected area, establishes risk quantification measures, determines actions to supervise and control said risks, establishes measures to mitigate the impact of the same and determines the information and internal control systems that are used to control and manage the risks.

Through the risk management process, the entity identifies, measures, controls, manages and reports the risks to which it is or could be exposed. Specifically, the Group identifies and establishes, among other aspects, (i) the different types of risks facing the group, (ii) the level of risk deemed acceptable, (iii) the mechanisms to mitigate the impact of the risks identified, should they materialize, and (iv) the information and internal control systems used to mitigate these risks, including contingent liabilities and off balance sheet risks. This system of risk management also aims to develop processes and systems of capital allocation in light of the risks assumed by each area.

Based on this process, the entity defines its risk strategy by establishing the level of risk it is willing to take to achieve the targets set in its strategic plan and annual guidelines, according to the three pillars: Growth, Profitability and Solvency. Moreover, it stipulates risk limits controlled by the management units with the objective of appetite and tolerance levels being adhered to, thus ensuring that both are aligned with day-to-day business.

In the framework of risk management, the entity undertakes the internal assessment of future risks (ORSA; Own Risk and Solvency Assessment) according to the criteria defined in its ORSA Policy. Within this process, the useful stress scenarios are also defined for decision making.

The Governing Bodies (Steering Committee and Board of Directors) play an active role in the prospective internal assessment of own risks, managing the process and checking results. The Board of Directors, as ultimately responsible for risk management, approves the ORSA report specifying the capital consumption projection and capital available for the plan's medium-term time horizon (three years).

The main risks that may affect the achievement of the entities' objectives are:

- Technical Risks of the General and Life Insurance Business.
- Financial Market Risks.
- Operational Risks
- Other non-operational risks such as reputational risk and strategic risk.

B.3.3. Business strategy and ORSA

The business strategy is defined in the Entity's strategic plan and this is aligned with the risk strategy. The self-assessment process for risks and current solvency and as part of the medium term plan (ORSA) to guarantee this alignment. The Risk Management Function is responsible for carrying out this process.

The ORSA is carried out at least once a year and assesses:

- Compliance with the capital requirements.
- Deviation between the risk and solvency profiles.
- Compliance with the capital requirements in adverse situations.

Furthermore, the ORSA contributes to distributing a common risk culture within the Group and provides a prospective vision of the risks and the solvency position through:

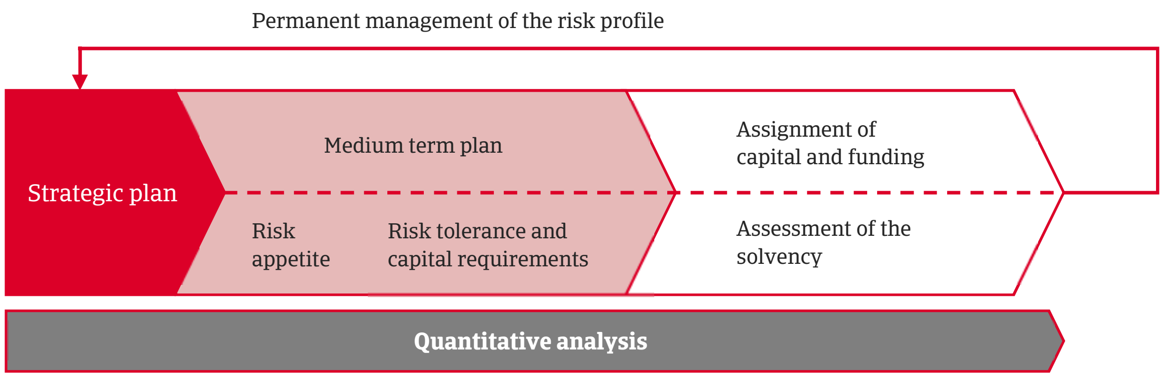
- A basic scenario defined in the medium-term plan
- A sensitivity analysis,
- An adverse scenario

The results of the ORSA are presented, validated and approved by the steering committee and the Board of Directors. The actuarial function has issued a favourable opinion of the methodology and assumptions. This opinion is issued on an annual basis.

This establishes a direct relationship between the strategic planning process and the ORSA process. This relationship ensures that the ORSA results are considered when developing the strategic plan and, consequently, also in group decision-making.

Additionally, the Entity has risk indicators, included in the control panel, with the aim of monitoring compliance with the established risk appetite.

Planning phase



B.4. Internal control system

The internal control system makes it possible to guarantee the objectives of effectiveness and efficiency in operations, reliability of financial information, protection of assets, compliance with standards and laws, and identification and measurement of all significant existing risks that affect the Group's solvency and their adequate coverage by means of eligible equity.

To this end, the system is built around five components:

- Control environment: the existence of a control environment based on the role of the board of directors that applies the principles of good governance established in the Group's Code of Ethics with transparency and rigour, which formalises the commitment of the staff, Management and the board of directors itself to behave under the principles of good faith and integrity, in the written policies of the risk management system and in the human resources policy aimed at motivating and retaining human talent.
- Risk assessment: the Entity is aware of and addresses the risks it faces, establishing mechanisms, described in section C of this report, to identify, measure, control, manage and report the risks to which it is or could be exposed.
- Control activity: the Entity has a series of policies and procedures, with the appropriate levels of authorisation and adequate segregation of functions, which help to ensure that the instructions of the Board of Directors and the Steering Committee are carried out.
- Information and communication: the Entity also has adequate internal and external communication systems. These include (a) the existence of Committees, circulars and internal regulations that guarantee the flow of information within the organisation, (b) the data quality policy that establishes the description of the processes for extracting the information and the respective control measures to ensure its quality and (c) a series of processes that guarantee the reliability of the Internal Control System for Financial Information (IFCS), processes described in greater detail in section F of the Group's annual corporate governance report, available on the Group's corporate website.
- Monitoring: Finally, the internal control system is subject to an independent monitoring process that checks that it functions properly over time. Comprehensive system monitoring is performed by the internal audit function.

The internal control unit reports on a half-yearly basis to the Entity's Board of Directors (i) the Entity's risk map, (ii) the degree of compliance with and supervision of controls, (iii) the events of operational losses suffered by the Entity during the six-month period in question and (iv) the monitoring of actions taken in relation to this system.

B.5. Internal audit function

The task of the internal audit is to promote internal control, to assess the level of control applied and to make recommendations, if it deems this appropriate. This means that the internal audit is an independent unit, with a guarantee of objectivity and has, in addition, a component of consulting services designed to add value and improve the operations of the Group.

The director of the Corporate Internal Audit is hierarchically subordinate to the Audit Committee and reports directly on all the audits carried out by the various directorates of internal audit of the subsidiaries that make up the Group.

Main tasks:

To establish, implement and maintain an audit plan indicating the audit work that should be carried out in the next few years.	To develop the Group's audit plan, which will contain all the audits referred to in the respective audit plans of each of the entities in the Group.	To draw up recommendations in each of the audits, if appropriate the Corporate Internal Audit shall report to the Audit Committee and the Corporate Audit Committee.
To produce a six-monthly activity report and another annual one on the audit activities carried out in the period.	To check the implementation of the decisions adopted by the Audit Committee in matters relating to the internal audit function.	To perform the audit and budget of estimated annual costs.
To maintain the principle of impartiality, so that it is in no way involved in operational activities or to implement any measures of internal or organisational control.	To keep updated the knowledge of auditing techniques so that it performs its activity with sufficient professional competence.	To always send the interim report of the audit to the director or person in charge of the unit being audited. No report can be sent to any member of the Executive Committee, Audit Committee and Corporate Audit Committee, without those being audited having answered the interim report.

B.6. Actuarial function

At corporate level there is the actuarial function unit whose main objective is to coordinate the methods and hypotheses used in the calculation of technical provisions and check that these are suitable for specific lines of business of the different entities and for the way in which the activities are managed, in addition, to assessing the quality of the data used to calculate the technical provisions of the various entities.

In addition, the actuarial function reports to the administrative, management or supervisory body on the aforementioned issues.

It also supports the risk management function in ORSA's technical provisions and internal model activities.

The actuarial function carries out its activities in a fully independent way to the calculation of technical provisions that are developed by the technical departments of the different entities. In the exercise of its functions using various methodologies and sensitivity analyses in order to compare the calculations of technical provisions made by the management units.

To coordinate and monitor the calculation of technical provisions

To inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;

ACTUARIAL FUNCTION

To express an opinion on the general policy, processes and procedures of underwriting

To express an opinion on the adequacy of reinsurance arrangements: policy, processes and procedures

B.7. Outsourcing

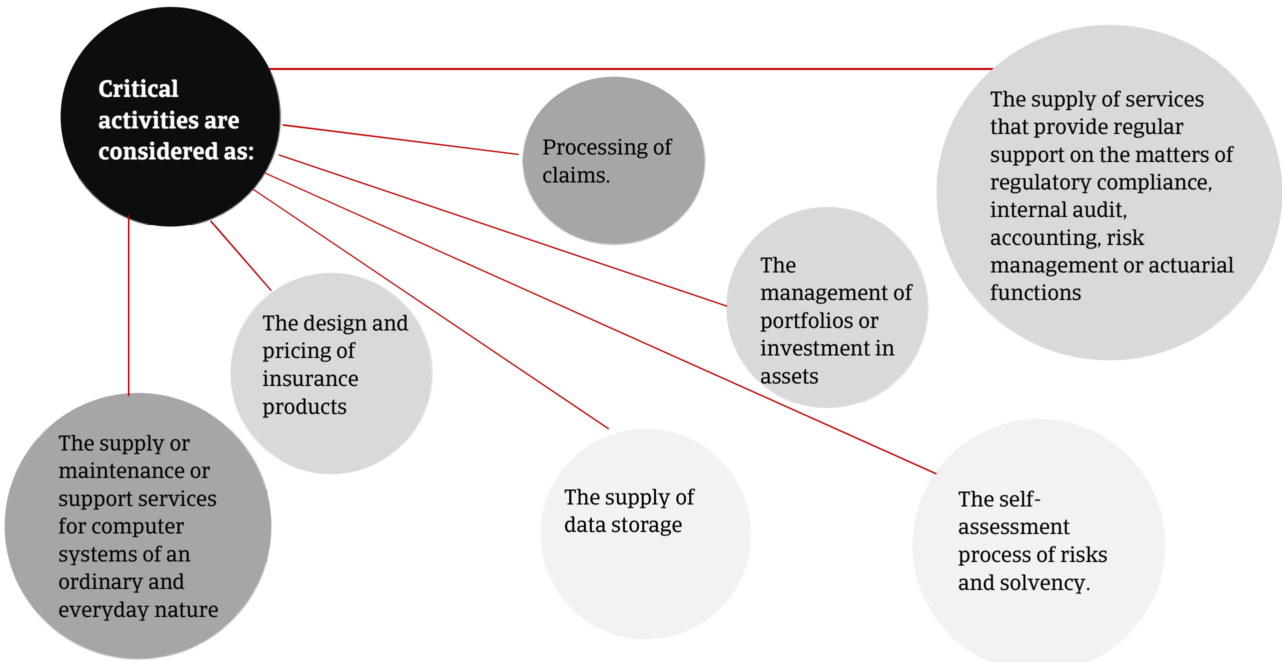
Critical activity

Grupo Catalana Occidente defines critical activity as an activity that is essential for the functioning of its individual entities without which it would be unable to deliver its services.

Outsourcing policy

This is the Group's unit of regulatory compliance that is responsible for the update and review of the outsourcing policy with its content being reviewed annually, except if circumstances arise that advise such a review in a period of less time.

This policy serves as a framework for the rest of the outsourcing policies of the individual entities of the Group in accordance with the provisions laid down in Article 131 of the LOSSEAR.



Procedure to select the service provider

The whole outsourcing process of services will follow the Group's purchasing policy described in its Procedures Manual for the Selection of Suppliers that regulates the acquisition of goods, services and supplies and the selection of suppliers. These criteria are based on the objectivity, impartiality, transparency, equal treatment and quality, and try to avoid any conflicts of interest.

Notwithstanding the above, when the outsourcing of services relates to one of the core functions or critical activities described above, the Group's entities, in accordance with the outsourcing policy, must ensure that such outsourcing is not carried out if it can:

- Significantly impair the quality of the Group's governance system or of its corresponding entity.
- Unduly increase the operational risk.
- Impair the ability of the supervisory authorities to monitor that the Group of its relevant entity meets its obligations.
- Affect the provision of the continuous and satisfactory service to policy holders of this entity

The person responsible will carry out a detailed examination to verify that the supplier selected is suitable to (i) supply the service; (ii) carry out the required functions or activities satisfactorily; and that it (iii) has the technical and financial capacity as well as any authorisation required by regulations to supply the service and (iv) that it has adopted the measures to ensure that no explicit or potential conflict of interest can jeopardise the needs of the specific entity.

Likewise, in the event that a fundamental function or critical activity is outsourced, a person responsible for that function or activity must be designated in the corresponding Group entity, with sufficient knowledge and experience to supervise the provision of the supplier.

Compliance of the contract

Once the contracts are signed, the corresponding responsible person must monitor their compliance to verify compliance with deadlines and technical characteristics and quality stipulated in them. They should also be in charge of carrying out the timely claims in case of breach of contract and record those significant incidents.

In the event that the provider of services does not perform the functions or activities in it, the appropriate measures shall be taken including, where appropriate, the termination of the contract.

The assessment of the supplier and their work by the relevant entity of the Group that has outsourced this function or activity, should be carried out at least annually.

Intra-group outsourcing

When outsourcing takes place between entities within the Group, these will be formalised in a written contract that shall stipulate the responsibilities and obligations of both parties.

The corresponding individual entity must document what functions it outsources to another entity of the Group and ensure that the undertaking of the fundamental functions or activities are not adversely affected by such outsourcing.

Within the Group the individual entities of it, as applicable, outsource one or more of the following critical functions and activities:

- Control of risk management function
- Actuarial function
- Management of financial investments
- Maintenance of computer systems and services
- Processing of claims.
- Data storage
- Accounting and tax management support services

The only critical activity that is not fully outsourced intragroup is the 24h assistance for claims made through Asitur.

In this regard, the different insurance companies of the Group have reported to the relevant supervisory authority on those of the above outsourced functions/activities as well as of their managers and the identity of the supplier.

B.8. Any other information.

Not applicable.

C

Risk profile

Grupo Catalana Occidente seeks to achieve profitable and recurring growth with a moderate risk profile.

Chapter C details the main risks to which the Group is exposed, explaining their origin, management, measurement and mitigation.

C.0.Introduction

Grupo Catalana Occidente defines its risk strategy as the risk level that the entities that make it up wish to assume, and ensures that its integration with the business plan allows it to comply with the risk appetite approved by the Board.

Grupo Catalana Occidente has defined the following concepts for risk management:

Risk profile
Risk assumed in terms of solvency.

Risk appetite
Risk in terms of solvency that the entities that form part of the Group anticipate to accept to achieve their goals.

Risk tolerance
Maximum deviation with respect to the appetite that is willing to be assumed (tolerate).

Risk limits
Operative limits established to comply with the risk strategy.

Alert indicators
In addition, the Group has a series of early alert indicators that are the basis both for monitoring the risks as well as for compliance with the risk appetite approved by the Board of Directors.

During the year the Group has continued to work on optimising our risk appetite and tolerance levels.

In addition to risk appetite, the Group has also established various operating tolerances and limits for different types of risk, which are used in daily operations and are integrated into the Group through its risk management structure.

These tolerances include, but are not limited to, the following:

- Strategic asset allocation for investments.
- Exposure limits or coverage conditions for countries and industry sectors.
- Exposure limits for individual and Group buyers.
- Counterparty risk limits
- Risk and policy underwriting power levels.

Risk profile according to Solvency II

Solvency II is based on three fundamental pillars. In particular, Pillar I refers to quantitative requirements and basically entails, the measurement of assets, liabilities and capital, as well as the analysis and quantification of the risks that they represent.

The capital required under Solvency II (SCR) is the level of own funds for a given probability of insolvency (confidence level of 99.5%) allows losses to be faced in the horizon of one year.

The quantification of the capital allows the Group to take strategic decisions from a perspective that combines profitability with the risk assumed.

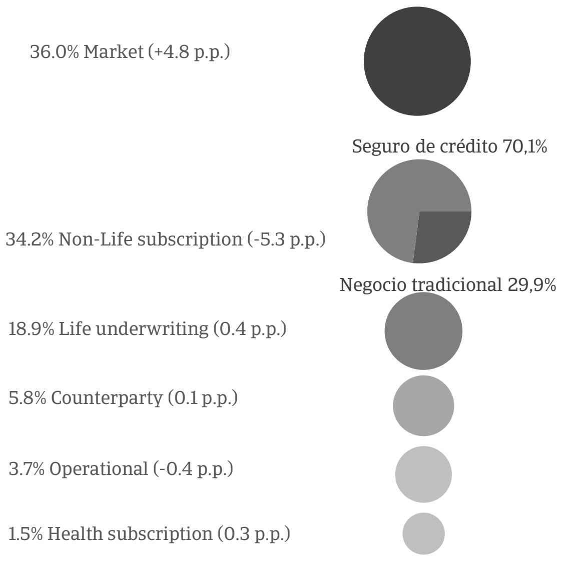
The Group also performs sensitivity analysis of its significant risks which is explained in chapter E.2.2.

For more information, see note 4 to the financial statements of the Annual Report available on the website.

The risk profile of the Grupo Catalana Occidente is broken down into quantitative and qualitative risks. Quantitative risks are measured on the basis of the standard Solvency II formula, except for the underwriting risk of the credit insurance branch for which the partial internal model is used.

Quantitative Risk Profile 2019 vs 2018

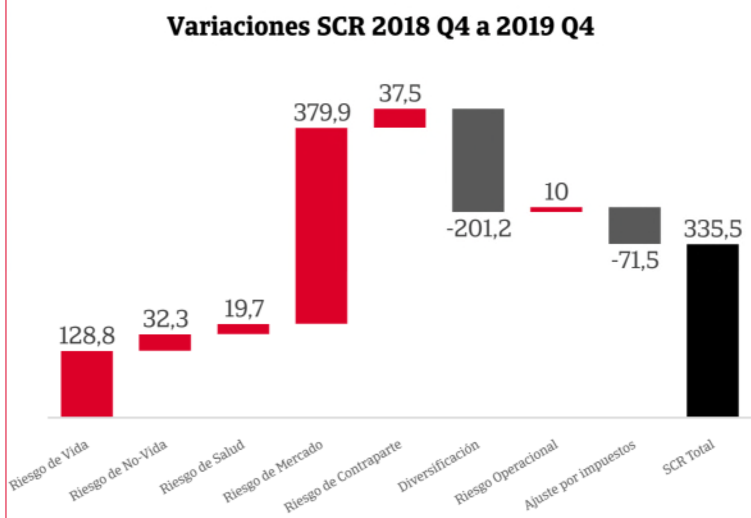
The Group's capital requirements, in terms of SCR, at the end of 2019 amounted to €2,152.1 million, up €335.5 million on the previous year, due mainly to the higher market risk (€1,416.4 million in the case of SCR).



(Measured without considering the effect of diversification)

In quantitative terms, the risk requiring the most capital is underwriting risk, with 54.5% of the total, up 9.2 percentage points from 2018. This is the inherent risk to the insurance business. Among the underwriting risks, the one with the greatest weight is credit insurance, representing 70.1% of the Non-Life underwriting risk.

The Group's second risk is market risk, with 36.0% of the total SCR. This risk arises from investment in financial assets, real estate and other categories of assets, which support technical provisions and own funds. In particular the major sub-risks are those related to investments in equities and real estate.



More information QRT S.25.02.22

In qualitative terms, the main risks faced by the Group are reputational risk, strategic risk, non-compliance with regulations, competitive risk and cyber security risk.

These are not included in the SCR calculation and the Group does not consider them significant as specific measures are applied for their management and mitigation.

In 2019 there were no material changes in the significant risks to which the Group is exposed.

The following sections present the main risks to which the Group is exposed, including their origin and how the Group manages, measures and mitigates them.

The Group also performs sensitivity analysis of capital of its significant risks which is explained in chapter E.2.2.

C.1.Underwriting risk

Introduction

Underwriting risk is the Group's main risk, representing 54.5 % of the SCR (without considering the effect of diversification). Within underwriting risk, the most important is the risk arising from credit insurance, representing 70.1% of the non-life underwriting risk.

The underwriting risk amounts to €2,141.5 million and is €180.8 million higher than in the previous year due to Life risk, the acquisition of Antares, the future profits of the Life business and the updating of the assumptions according to the conditions of the current environment. With regard to Non-Life risk, the increase is due to growth and greater retention in the Credit business. Finally, in the case of Health due to the acquisition of Antares.

Therefore, the underwriting risk of the Group, according to the standard formula, is subdivided into:

(Figures in € thousand)

Underwriting Risk	2018	2019	% Chg.
Life	613,407.1	742,199.5	21.0%
Non-Life	1,309,857.4	1,342,132.5	2.5%
Health	37,486.8	57,175.5	52.5%
Total*	**1,960,751.3**	**2,141,507.5**	**9.2%**

No diversification

The credit insurance business accounts for 42.6% of total turnover (31.8% in terms of retained business), representing the highest risk in terms of SCR in the Group.

Partial internal model

The relationship between risk and capital is fundamental; risk-taking requires capital. For many years, Grupo Catalana Occidente has been using an internally developed economic capital model as a best practice for measuring underwriting risk exposure in the credit insurance business.

In 2017, Grupo Catalana Occidente obtained regulatory approval to use this model to calculate the capital requirement.

Risk management and strategic decisions in the Group take into account the results of the partial internal model. In addition to the overall quantification of the risk profile, this model contributes to various risk assessment activities, as well as to the measurement of the risk profile, and allows to monitor and better manage the risk levels within the organisation through the allocation of risk-based capital.

Origin

The underwriting risk is the inherent risk of the insurance business as a direct result of the underwriting of insurance policies. This is defined as the risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions.

Premium risk refers to future claims occurring during and after the period, up to the time horizon for solvency assessment purposes. The risk is that the expenses plus the cost of claims will be higher than expected.

On the other hand, reserve risk refers to claims already occurring before the year-end and has two sources: on the one hand, the absolute level of the provision is underestimated and on the other hand the stochastic nature of claims payments.

Both risks cover regular claims, since extreme events are in the area of catastrophic risk which, together with fall risk, complete the underwriting risk.

In the area of catastrophic risk, the Group is exposed, among other things, to natural risks (windstorms and hail) and to man-made catastrophe risks (motor liability and fire).

In turn, the fall risk is considered to be the risk of losing customers due to the cancellation of a certain volume of policies before their maturity by the insured parties within the Group.

The underwriting risk in turn is divided into the following sub-risks:

- Non-life insurance business: is broken down into premium, reserve, fall in the portfolio and catastrophic risk.
- Life Insurance business: is broken down into biometric risks (which include the risks of mortality, longevity, morbidity/disability) and non biometric (fall in the portfolio, expenses, review and catastrophe).
- Health business: in the same way as the non life insurance business, it is broken down into premium, reserve, fall of the portfolio and catastrophic risk.

Within Non-Life risk, the Group operates two main product lines in credit insurance: credit insurance and surety insurance. In addition, the Group underwrites credit and surety operations as a reinsurer.

Credit insurance in turn can be divided into four subcategories: traditional credit insurance, surety, payment protection and special products. Each of these subcategories has the characteristics of specific risks.

- In traditional credit insurance, the Group insures its customers against the risk of non-payment of commercial effects. Traditional credit insurance does not cover non-payment of trade effects due to commercial disputes. The "buyers" are the customers of the insured parties, that is to say, the parties on which the Group insures the credit risk.
- The Group also emits surety policies in Italy, France, Spain, Portugal, the Nordic region, Germany and in the Benelux countries. The surety policy guarantees the beneficiaries against the risk that the customer does not comply with its contractual, legal or tax obligations. The beneficiaries range from national, regional or local governments and tax authorities to companies.
- The "payment protection" provides coverage for risks in the medium and long term faced by financial and corporate policyholders in their agreements with individuals and companies. The Group offers it in Belgium and Luxembourg.
- The "special products" business offers a range of customised policies that provide insurance against a series of political and credit risks, including policies that cover individual operations, individual commercial relations and confiscation of assets. A distinguishing feature is that, unlike the traditional credit insurance, there are restrictions on the cancellation of the credit limits. However, the conditions of the policies tend to impose a greater burden of risk and diligence control on the insured party.

For more information see explanatory notes in Annex D.

Management

The different business units of the Group are responsible for the management and monitoring of underwriting risk in accordance with the technical standards of each of the entities and the expert opinion of their members (underwriting, product development, actuarial and claims).

The technical subscription standards consider the specificities of each business and establish:

- The limits for subscription, through delegation of powers to the customers based on their specific knowledge.
- The specific approvals for operations that exceed the established limits.
- Monitoring of the business.
- The assignment of risk through reinsurance contracts.

In the credit insurance business, in addition to the above, the management of this risk is carried out daily through monitoring and limiting accumulation of risk (debtor classifications) and through the assessment and monitoring of the quality of each debtor.

The monitoring is carried out by the various business units through early warning indicators and indicators of the evolution of the business, reporting directly to the committees defined at entity and Group level and which are divided according to:

- Non Life insurance business committee
- Credit and Surety insurance business committee
- Life insurance business committee

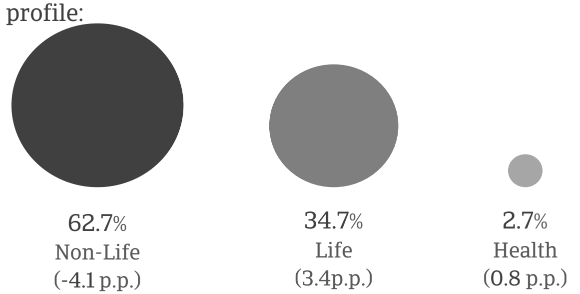
The risk management function contributes to the monitoring of early warning indicators, the SCR reports and the ORSA report.

For more information see Section C7 of the SRF sensitivities to certain variables and section E about sensitivities of the solvency ratio.

Measurement

The Group measures the subscription risk through the standard formula, except for the credit insurance business where the Group uses its internal model. Section E4 explains the differences between the standard formula and the internal model.

The Group presents the following underwriting risk profile:



The SCR of the Non-Life business is €1,342.1 million. The main capital charge comes from credit insurance risk with €940.6 million followed by premium and reserve risk with €393.1 million.

In the case of the Life insurance business, at €742.2 million, the main capital charge comes from the risk of the portfolio falling at €658.0 million, followed by mortality at €177.6 million.

The Group, and all entities that comprise it, apply the same systems, methodologies and tools on the basis of their business, taking into account in their specific application the particularities that each may present.

Below are some of the tools used by the Group to monitor and measure risks:

- Information management and monitoring analysis of the underwriting and claims.
- Monitoring of risk clusters in the traditional business and the credit insurance business (TPE).
- Determination of the pricing structures
- Tariff building instruments
- Appraisal Value: Non Life Insurance business..
- Market Consistent Embedded Value: Life insurance business (certified by Willis Towers Watson).
- Internal model of credit business (ECAP)
- Internally generated credit ratings and assigned customers of the policy-holders of the insurance contracts ("buyers") in the credit insurance.
- Capital models of the rating agencies.

Mitigation

The main mitigation techniques used by the Group are a rigorous underwriting policy and a prudent reinsurance policy (with particular emphasis on the credit insurance business).

Likewise, the Group mitigates its risks through the Insurance Compensation Consortium, which among other functions assumes the coverage for the following extraordinary catastrophic risks:

- Phenomena of nature: extraordinary floods, earthquakes, tidal waves, volcanic eruptions, atypical cyclonic storms and the fall of astral bodies and meteorites.
- Those violently caused by terrorism, rebellion, sedition, mutiny and popular tumult.
- Facts or actions of the Armed Forces or Security Forces in peacetime.

Underwriting policy
As mentioned in the previous paragraph, one of the main mitigation tools is a rigorous underwriting policy.

Dynamic risk management is the main mitigating factor, especially in credit insurance, managing accumulations of risk, coverage limits and exposures through: excesses, maximum insured amounts and credit limits.

Reinsurance policy
The Group also uses reinsurance that it channels and manages through GCO Re, Atradius Re and other reinsurers as a mitigation tool, seeking not only to transfer risk but to achieve a lasting relationship with the reinsurers.

- Traditional business

  In the traditional business, non-proportional (XL) contracts are mainly used, as it is considered that, due to both the type of business (risk profile) and the volume of premiums, it is not necessary to seek protection on the frequency (number of claims).

- Credit insurance business

  In credit insurance, it should be noted that, due to its cyclical nature, the business is protected against both frequency (number) and severity (cost).

In this sense, the main proportional credit insurance assignment contract is a separate quota with an assignment ratio of 38.0%.

For non-proportional contracts, a priority of €25 million per debtor or group of debtors after the application of the separate quota contracts. With regard to the reinsurance panel, according to the policy, the Group selects reinsurers that have a high level of solvency/credit rating. The usual minimum requirement is an 'A' rating.

The contracts also include a clause stating that if the reinsurer were to have its credit rating listed at below 'A' during the reinsurance period, a guarantee may be requested and, if it is not provided, the reinsurance agreement with the reinsurer may be terminated.

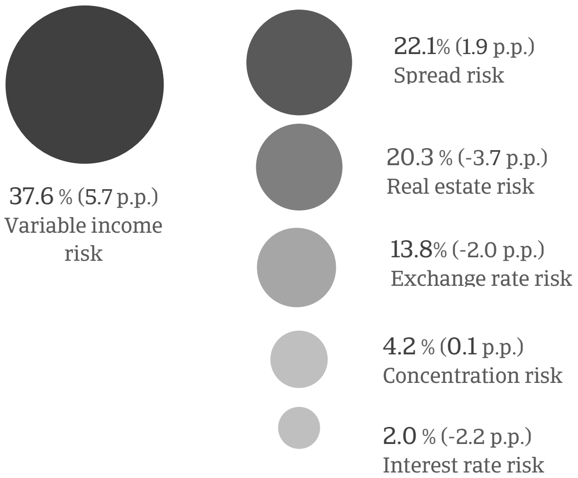
C.2. Market risk

Introduction

Market risk amounted to €1,416.4 million and was €379.9 million higher than in the previous year due to the acquisition of Antares, the increase in exposure to variable income and currency due to the rise in the stock market, the increase in spread risk due to the investment in corporate bonds made in the period and the increase in the valuation of the portfolio in fixed income due to the fall in the curve, and in the case of real estate risk to the investments made.

Market risk is the second most significant in the Group, accounting for 36.0% of the SCR (without considering the effect of diversification). Within the market risk, the most important sub-risks are the risk in variable income and the spread risk, representing 37.6% and 22.1%, respectively.

The Group's market risk according to the standard formula is subdivided into:



For more information on the distribution of the Group's investments, see chapter A2, section on investments.

Origin

Market risk arises as a result of the investments made by insurance companies in the course of their business. It is defined as the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

Market risk is in turn divided according to the type of investment into the following sub-risks:

- Interest rate risk: Risk from changes in the interest rate curve. It particularly affects the fixed-income portfolio and its liability adequacy.
- Real estate risk: Risk due to the fall in value of real estate assets.
- Variable income risk: Risk due to changes in the price of shares.
- Spread risk: Risk from changes in credit spreads.
- Concentration risk: Risk of having excessive exposure in a single issuer.
- Exchange rate risk: Risk arising from changes in foreign exchange rates.

Management

The Group has a specialist financial investment management company called GCO Gestión de Activos. This mainly centralises the management of the financial investments of the different entities of the Group.

Investments are managed in accordance with the principles set out in the investment policy: profitability, security, liquidity, dispersion, diversification and consistency. In particular:

- They are managed on the basis of their liability adequacy.
- Management targets are established for each of the portfolios of the different businesses.
- The assets eligible for investment are defined.
- Minimum credit ratings are set.
- The procedures to be followed for the approval of investments not considered routine or with lower ratings are set.
- Diversification limits are determined.
- Investment in derivatives is permitted on an exceptional basis and under a rigorous system of approvals and delegations.
- The portfolios of pension commitments are immunized through asset swaps or flow swaps.

Targets according to portfolios:

The aim in the case of Life portfolios is to optimise asset and liability adequacy using asset liability management (ALM) frameworks, while verifying compliance with legal and internal requirements.

In the case of Non-Life insurance portfolios, the objective is to maximise the return obtained in the long term through appropriate diversification of assets.

In the insurance credit portfolios, the aim is to maintain the solvency and liquidity required by the business.

Lastly, the portfolios, in which the risk is borne by the customer (whether in insurance contracts or in any other type of financial product), are managed in accordance with the policies established in each case in the statement of terms and conditions or prospectus.

Portfolio analysis and monitoring

The Group has an investment committee which, among other matters, periodically monitors the risks assumed, the adequacy of the assets/liabilities, compliance with the controls in place, and the analysis of the impact of the various stress scenarios.

In particular, the following analyses are carried out:

- Detailed asset-liability adequacy analysis (ALM) in relation to obligations to insured parties.
- VaR (value at risk) analysis of the different investment portfolios.
- Control of modified durations of the fixed income portfolio.
- Sensitivity analysis to future scenarios

For more information see section E. on the sensitivity of the solvency ratio to certain variables.

Measurement

The Group measures the market risk using the standard formula.

The market SCR at the end of 2019 amounted to €1,416.4 million, representing 36.0% of the Group's total SCR without considering diversification effects.

The main capital charges come from variable income investments (37.6%), as well as corporate fixed income investments (22.1%).

For more information, see chapter D.

Mitigation

The main mitigator of market risk is the prudent management of investments itself, as well as monitoring and control mechanisms.

The Group mitigates investment risk through the following diversification and concentration limits:

- Securities issued by the same company, or loans granted to the same borrower or guaranteed by the same guarantor: the aggregate amount shall not exceed 5% of the investments This limit will be 10% if the entity does not invest more than 40% of the investments in securities, credits and borrowers or guarantors in which the indicated 5% is exceeded.
- Some investments will not be subject to the above limits, such as: (i) financial assets issued or guaranteed by international organisations to which Member States of the European Economic Area belong, nor in this same area, those issued by States, Autonomous Communities and local corporations or public entities dependent on them; (ii) investment in shares and participations in CIIs established in the European Common Area and subject to supervision in accordance with European Directives.
- In the event of non-compliance with the established limits, the Board of Directors or other body with sufficient powers is informed and must approve them if necessary.

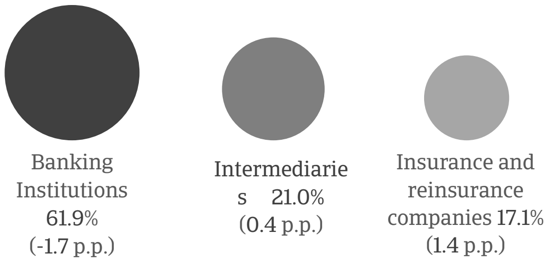
C.3. Credit or counterparty risk

Introduction

Counterparty risk amounted to €227.9 million, €37.6 million more than in the previous year, due to the investments made during the year.

This risk represents 5.8% of the Group's total SCR.

The exposure is:



Main features

+20 Reinsurance companies

Diversification

Average rating "A"

Liquid assets

Origin

Counterparty risk arises from potential losses resulting from unexpected default or impairment in the credit quality of counterparties.

The Group's exposure to counterparty risk is:

- Loans with reinsurers: the Group manages risk through the reinsurers GCORe, AtradiusRe and the technical areas of reinsurance.
- Deposits with credit institutions.
- Insurance contracts that generate receivables from insurance contract holders, and insurance intermediaries such as brokers and agents.
- Investment in debt instruments (loans).
- Cash in credit institutions.

Management

The Entity manages the counterparty risk that comes from cash in credit institutions through the specialist management company GCO Gestión de Activos.

In turn, counterparty risk arising from reinsurance recoveries (mostly from credit insurance) is managed and mitigated by the Group in a number of ways, including:

- Information on credit ratings issued by external credit rating institutions.
- Establishment of risk exposure limits.
- Inclusion of contingent collateral clauses in a reinsurance contract.
- Inclusion of compensation clauses in reinsurance contracts.

Measurement

The Group measures counterparty risk with different metrics, such as:

- Standard formula.
- Credit ratings issued by external credit assessment institutions.
- Capital models developed by rating agencies.

Mitigation

The Group understands that the best tool for mitigating counterparty risk is compliance with investment and reinsurance policies. The Group also establishes exposure limits, collateral and payment procedures.

The Group manages its investments mainly through GCO Gestión de Activos. In order to minimise the possible effects of counterparty risk on cash exposures at credit institutions, GCO Gestión de Activos actively manages the liquidity of the Group and its member entities.

In addition, the Group defines for the reinsurers:

- Minimum rating of "A-" for the counterparty.
- Diversification of the portfolio by avoiding excessive concentration on any one reinsurer.
- Preference is given to reinsurers in reinsurance tables, as stability is a goal.
- Reinsurers with experience in the business lines covered by the contract are valued.

In addition, both in credit insurance and in traditional business, the contracts include a series of specific clauses.

The inclusion of a contingent collateral clause in a reinsurance contract requires a reinsurer whose rating falls below 'A-' to provide security by pledging assets with a credit institution or providing an irrevocable letter of credit. This mitigates the increased risk.

The inclusion of compensation clauses in a reinsurance contract ensures that the Group can offset the receivables and payables of a reinsurer in the event of a default on its accounts payable. This reduces exposure to risk.

C.4. Liquidity risk

Although liquidity risk is not considered in the standard formula, the Group does consider, manage and mitigate it as shown below.

Origin:

Liquidity risk is defined as the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

Management:

In order to ensure that obligations to policyholders can be met, the Group takes into account both short-term and long-term liquidity risk.

The Group manages liquidity risk by adapting investments to the characteristics of the liabilities of the various businesses in which the Group operates.

Additionally, the Group continuously monitors the evolution of cash flows to always maintain sufficient cash and highly liquid securities to reduce liquidity risk to a sufficiently low level for acceptance.

Measurement:

In order to determine the level of mismatch between incoming and outgoing flows, both of assets and liabilities, the Group performs ALM analyses that include the projection of these flows in a one year period. This analysis allows us to anticipate with sufficient time any cash mismatch in the different sub-portfolios being managed and to take the appropriate management measures to mitigate it.

In the case of Life products with guaranteed profitability, in order to mitigate the liquidity risk, redemption penalties are incorporated into them, which allow the costs of making investments to be minimised, if this is necessary.

In the case of unit-linked companies, the Group takes into account the liquidity risk of its investments in relation to the liabilities arising from the obligations to insured parties, based on the immediacy with which they must meet their obligations.

In addition, the Group prepares annual budgets for the evolution of both asset and liability cash flows. This information is compared on a monthly basis with the periodic information available on the evolution of the actual cash positions and allows decisions to be taken if necessary. If relevant, such information is available by business.

If new activities are launched, as part of their business plan, liquidity and financing analyses are available to anticipate the needs to be covered in both the short and medium term.

The analyses include the potential liquidity risks associated with reinsurance operations.

Mitigation

The Group understands that the best tool for mitigating the risk is compliance with investment and reinsurance policies. The Group's policy is to maintain sufficient cash balances to meet any eventualities arising from obligations to customers.

It should be noted that the investment policy establishes the criteria for the selection and type of assets in which the entity makes its investments, the majority of which, unless expressly approved by the General Management, are liquid assets listed on the main international markets. This fact allows liquidity to be obtained to face unforeseen situations in a very short period of time. The impact on costs arising from an enforced liquidation will depend on the amount to be realised, the assets to be sold and the situation of the financial markets at any given time.

Furthermore, as a result of its regular banking operations, the Group maintains relations with various leading financial institutions in the markets. If necessary, following authorisation by the General Management, the Group may sign financing contracts to obtain additional financial resources.

It should also be noted that, given the composition of the institution's portfolios, the repurchase of fixed-income positions, mainly sovereign bonds, allows financing to be obtained if necessary. Historically, these operations have only been carried out on an extraordinary basis, with the authorisation of the General Management. The cost of these will depend on the situation of the financial markets at any given time. In addition, a simultaneous claim payment clause is established in the main reinsurance treaties so that reinsurers can more quickly anticipate the payment of a large claim instead of applying the usual payment terms agreed in the reinsurance agreements.

C.5. Operational risk:

Introduction:

Operational risk amounted to €143.6 million, €10.0 million higher than in the previous year.

This risk represents 3.7 % of the Group's total SCR.

Origin:

Operational risk is defined as the risk of loss arising from the inadequate or failed internal processes, personnel or systems, or from external events.

The Group identifies the following as the main operational risks:

Operational Risk Category	Risks
People (risks related to people and culture within the company)	Internal Fraud / Industrial Relations and Workplace Safety / Training and Talent Retention
Processes (risks related to operational processes within the company)	Product design/ Process design and control/ Process implementation, delivery and management/ Documentation
Systems (risks related to the systems used in the company)	Complexity in maintaining and designing a system / Poor system-generated information / Accessibility and security of the system
External (risks related to events occurring outside the company)	Outsourced activities and other external events (e.g. health crises)/ External fraud / Regulatory fraud / Damage to physical assets

Management:

Operational risk management includes: (i) the identification of risks, (ii) the assessment of those risks, (iii) the definition of controls in response to those risks and (iv) the analysis and monitoring of residual risk.

The Group has defined and implemented an internal control system that involves and affects the entire organisation and all levels. Its main objective is to minimise operational losses and improve controls.

For more information, see section B.4

Computer tools are used in operational risk management, differentiating traditional business from credit insurance.

The Group also incorporates action plans to prevent, eliminate, reduce or transfer risks as appropriate.

Measurement:

Operational risk is measured in terms of probability of occurrence and severity in the event of occurrence.

The Group understands severity to mean the estimated financial impact that the risk would have if it materialised. Risks are classified according to these two attributes in the Group's operational risk map.

In order to ensure that the information contained in the Group's operational risk map is correct, various actions are carried out, including (i) the regular performance of risk assessment by those responsible for the risks (ii) the collection and monitoring of all operational losses above the threshold of ten thousand euros and (iii) the monitoring of key risk indicators in order to anticipate possible weaknesses of internal control or increased exposure to operational risk.

Mitigation:

The main elements to mitigate operational risks are:

- Controls that mitigate inherent risks.
- Business continuity plans.
- Data quality and safety policy.
- Procedure for action in cases of irregularities and fraud (reporting channel).
- Ensure the compliance of the ethical code.

Operational risk information is reported twice a year as part of the internal control report to the Group's Board of Directors.

C.6. Other significant risks:

The Group includes both the risks defined in Pillar I and non-quantifiable risks in its risk map.

These risks are covered by various Group policies, are qualitatively monitored and are mitigated through effective internal control (see section B.4.).

The main ones for the Group are described below:

Reputational risk

Risk associated to the occurrence of an event that has a negative impact on the image or notoriety of the Group and, in consequence on it's reputation.

This risk is materialised through unfavourable information in public media, internet/social media or reports of a claim.

Its causes can vary from poor management of a claim, inappropriate behaviour of employees or collaborators, defects in the provision of services, fraud in mediation, etc.

In order to manage this risk the Group:

- Avails of a code of ethics signed by the board members, employees and service providers.
- Has a procedure for action in cases of irregularities and fraud.
- Determines the requirements of aptitude and honour.
- Monitors the information published in communication media.
- Avails of protocols for action for the management of reputational risk events.

Strategic risk

Risk of loss in profit or capital resulting from inappropriate strategic decisions, defective execution of decisions or inappropriate adaptation to the evolution of the economic environment.

Compliance with the Group's objectives is monitored by the steering committee and by each of the areas, in such a manner that there is exhaustive monitoring of the plan in the medium-term and of the circumstances that may occur in it.

Risk of regulatory non-compliance

Risk of incurring legal sanctions, regulations, financial or reputational losses due to non-compliance with established laws, regulations, self-regulatory standards and codes of conduct.

Insurance companies are exposed to a complex and changing regulatory and legal environment that can influence their capacity to grow and the development of certain businesses.

The Entity constantly monitors changes in the regulatory framework, allowing it to anticipate and adapt to them sufficiently in advance, adopting the best practices and the most efficient and rigorous criteria in their implementation.

The Entity controls this risk through the regulatory compliance verification function. The main mitigation measures that the Entity applies are:

- Procedure for action before irregularities.
- Advice and control in regulatory compliance and assessment of the impact of any modification of the legal environment.

There have not been any events of regulatory non-compliance but there are still significant imminent regulatory changes: IFRS17. Data Protection Regulations; Private Insurance and Reinsurance Distribution Regulations and Packaged Investment and Retail Insurance Products (PRIIP), Key Information Document (KID) and Solvency II Regulatory Review

Geopolitical and competitive environment risk

Risk derived from instability in international relations that cause an impact on the volatility of financial variables and on the actual economy.

Risk inherent in trading in an open market with different traders.

Risk of contagion

This is the risk arising from the interdependence of risks between Group entities that could lead to an error, underestimating the exposure to risk.

In order to manage this risk the Group:

- Continuously monitors all its business units, taking into account the economic environment and its interdependencies.
- Ensures that the strategic pillar of "profitability" is met in each product line.

Cybersecurity risk

Cybersecurity risk is the risk relating to security in the use and operation of information and communication technologies (including those that are intentional with origin and cause in cyberspace), the manifestation of which may compromise the confidentiality, integrity and availability of information and the systems that store, process and/or transmit it.

This risk can materialise in the theft of personal data, misuse of information, interruptions in the functioning of systems, operations, etc.

Concentration risk

The Group continuously monitors the degree of risk concentration by customer, product, portfolio, distribution channel, geographical area, sector, country, etc.

The Group is exposed to concentration risk through credit insurance, mainly by accumulating assets with a debtor and underwriting credit exposure limits on a buyer -or group of related buyers-, in a country or in a commercial sector.

The Group manages concentration risk through:

- Concentration is a driver in the economic equity model, so capital decisions take concentration risk into account;
- Concentration risk in risk exposures is normally analysed with respect to the individual buyer, customer, industry, country and/or product;
- Credit concentration limits are assigned at an aggregate level (e.g. name/group, country) in order to manage exposure concentration at portfolio level.
- For concentration on exposures to major individual buyers, special excess of loss reinsurance treaties are established to mitigate liability in the event of major claims;
- For asset concentrations, the Group limits investments with a counterparty to less than 5 % of the investment portfolio (this applies only to non-government counterparties). The policy is also to maintain no more than 5% of reinsurance contracts with a reinsurer, unless the reinsurer is considered a leading or strategic reinsurer.

The Steering Committee in credit insurance reviews the concentration of credit limits underwritten by country and sector of activity and for the top 50 buyers. In addition, as part of the reinsurance treaty renewal process, the Steering Committee reviews the proposed reinsurance treaties and compliance with their concentration limits.

The annual report of Grupo Catalana Occidente provides risk exposure data (TPE) detailing the concentration by country, by sector and by customer size.

Intangible assets and goodwill risk

The Group recognises intangible assets, deferred acquisition costs and goodwill in its balance sheet, which arise as a result of acquisitions from third parties or internal developments, amounting to €1,234.1 million.

The main amount is goodwill (€805.0 million) derived from the active acquisition policy carried out by the Group in recent years.

At balance sheet level, the Group considers the value of intangible assets and goodwill to be zero. At balance sheet level, intangible assets are measured at net acquisition cost and impairment analyses are performed periodically.

For more information, see section B.4

Legal risk

Legal risk is defined as the event consisting of a regulatory, jurisprudential or administrative change that may adversely affect the Entity.

In recent years, the regulatory framework to which the insurance sector is subject has been extended with new regulations both at international and local level. Added to this is the fact that the Group operates in an environment of complexity and growing regulatory pressure, not only in insurance matters, but also with regard to technological issues, corporate governance or corporate criminal liability, among others.

The compliance function is responsible for monitoring draft legal amendments and plans to introduce new regulations, assessing the impact on the entity's operations at a high level.

C.7. Any other information.

C.7.1. Dependencies between the significant risks

The risks covered are aggregated among the different modules and sub-modules through the correlation matrix, stipulated by Solvency II regulations. In the case of Non-Life underwriting risk, traditional business risks (calculated according to the Standard Formula) and credit business risks (calculated according to the internal model) are aggregated without taking into account diversification benefits.

C.7.2. Sensitivity analysis of the SCR

Grupo Catalana Occidente carries out various sensitivity analyses on SCR with the aim of maximising the stability of the income statement and the levels of capital and liquidity.

These analyses allow us to test the resistance to adverse environments.

The equity model for credit insurance enables the sensitivity of underwriting risk to changes in key parameters of the credit business, such as the probability of default, severity of the losses and the correlation between the various elements, to be assessed.

The results corresponding to the impact on SCR are shown in section E.2.2. of the Capital Management chapter.

C.7.3. Off-balance sheet items

The Group is not exposed to significant risks arising from off-balance sheet items.

D

Valuation for Solvency purposes

The Group prepares its financial statements under IFRS. In addition, the Group must maintain sufficient equity to cover the Solvency Capital Requirement (SCR) for which purpose it applies the solvency regulations in order to establish its solvency ratio.

Equity is obtained from the difference between assets and liabilities to market value (financial balance sheet).

This chapter breaks down the main differences between the financial balance sheet for solvency purposes and the balance sheet under IFRS.

Annex D explains in detail the concepts and methods used in the preparation of the economic report and the reconciliation with the balance sheet

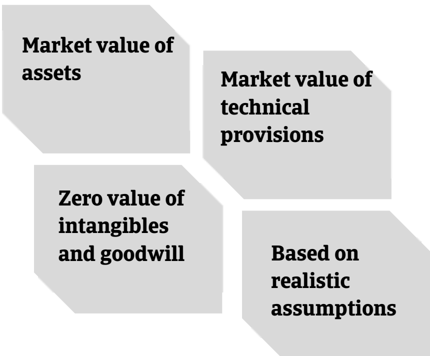
D.0. Introduction

At the close of financial year 2019, Grupo Catalana Occidente had assets with a market value of €15,674.6 million, 17.3% more than at the close of 2018.

Changes in assets are mainly generated by changes in the balance sheet.

The main item corresponded to financial and real estate investments, which represented 77.7% of total assets, in line with the previous year.

In the financial balance sheet, total assets are €600.3 million lower than in the balance sheet. The main causes of this difference are summarised below:



The different scope of accounting and solvency consolidation must be taken into account in order to analyse the valuation differences between the financial balance sheet and the accounting balance sheet included in the various breakdowns. Thus, the entities Catoc SICAV, Hercasol SICAV, Bilbao Hipotecaria, GCO Gestión de Activos SGIIC, Catalana Occidente Capital and Agencia de Valores are reflected in the financial balance sheet as a single asset item at market value; while the accounting balance sheet includes all their assets and liabilities.

The external auditors, in collaboration with actuarial experts (PricewaterhouseCoopers S.L.), have carried out a review that involves analysing the significant differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for the valuation of the financial statements, so as to obtain reasonable assurance on the changes made for solvency purposes.

Annex D lists the information with balance sheet reconciliation tables and the differences in valuation between the current accounting regime and that of Solvency II. QRT S.02.01.02

D.1. Valuation of assets

Total Group assets amounted to €15,674.6 million, €2,307.4 million more than in the previous year.

With regard to the economic valuation, the main differences with the previous year are:

- **Investments (other than Index-linked and Unit-linked assets)** During 2019, investments on the balance sheet increased by €1,563.4 million mainly due to the incorporation of the Antares portfolio derived from its acquisition, the increase in the stock market, the decrease in interest rates and the investments made as a result of the growth of the business.

- **Deferred tax assets:** They increase €327.6 million due to a methodological change. This change has no impact on Equity since it is offset against deferred tax liabilities.

- **Investments for Unit linked:** They increase by €212.4 million in comparison with the previous period due to the incorporation of the Unit Linked portfolio of Antares derived from its acquisition, the increase in the stock market, the decrease in interest rates and the investments made as a result of the growth of the business.

- **Property, land and equipment for own use:** They increase by €133.5 million in comparison with the previous period, since IFRS 16 was adopted in 2019.

Figures in € thousand

Evolution of the financial balance sheet	2018	2019	Diff
Goodwill	0.00	0.00	0.00
Deferred acquisition costs	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00
Deferred tax assets	598,015.39	925,648.43	327,633.05
Surplus pension benefits	38,440.00	53,393.00	14,953.00
Property, land and equipment for own use	460,621.64	594,097.01	133,475.38
Investments (other than Index-linked and Unit-linked assets)	9,449,941.61	11,013,328.68	1,563,387.07
Investments for Unit linked	361,995.31	574,359.29	212,363.98
Loans and mortgages	117,023.30	164,353.13	47,329.84
Reinsurance recoverables	397,375.02	390,640.88	-6,734.14
Deposits to assignors	26,781.97	25,395.87	-1,386.10
Insurance and brokering receivables	248,316.20	258,167.67	9,851.47
Reinsurance receivables	59,105.56	74,985.17	15,879.60
Receivables (other than from reinsurance operations)	185,580.83	204,367.19	18,786.36
Treasury shares	635.91	635.91	0.00
Amounts owed on equity items	0.00	0.00	0.00
Cash and other liquid assets	1,220,682.73	1,200,404.63	-20,278.10
Other assets	202,636.78	194,783.28	-7,853.50
Total assets	**13,367,152.25**	**15,674,560.15**	**2,307,407.90**

With regard to the differences with the accounting view, the main differences are:

- **Goodwill:** For balance sheet purposes, they are considered to have a value equal to zero.

- **Deferred acquisition costs:** In the financial balance sheet they are considered to be of zero value (as they are implicitly included in the calculation of the best estimate of premiums), while for accounting purposes they represent €239.1 million.

- **Intangible assets:** For balance sheet purposes, they are considered to have a value equal to zero.

- **Deferred tax assets:** When considering deferred tax assets, the different measurement criteria for accounting and solvency purposes are taken into account, as well as the probability that there will be future taxable profits with respect to which the deferred tax asset can be used.

- **Property, land and equipment for own use:** In the financial balance sheet they are valued at their market value, which corresponds to their appraisal value, determined by approved appraisal entities (this appraisal is carried out every two years). The difference amounts to €160 million. (see note 5.1 annex D).

- **Investments (other than Index-linked and Unit-linked assets)** The financial balance sheet provides €369.2 million more than in the accounting records, mainly due to investments in property for the use of third parties, which are valued at market value in the financial balance sheet (corresponding to their appraisal value determined by approved appraisal bodies) and at amortised cost in the accounting records, i.e. €373.1 million.

- **Reinsurance recoverables:** In the financial balance sheet, the reinsurance recoverable is calculated using the same calculation methodology as the best estimate of technical provisions, which is €337 million lower than in the balance sheet.

- **Receivables and other assets not allocated to other items**: In the financial balance sheet those corresponding to the fractional business premiums are subtracted since they are considered in the best estimate of the premium provisions. The difference amounts to €101.6 million.

For more detailed information see Table D.1. of Annex D on asset conversion and QRT S.02.01.02

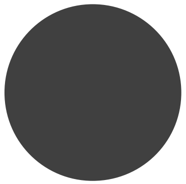
Figures in € thousand

	Financial	Accounting	Diff
Goodwill	0.00	804,975.34	804,975.34
Deferred acquisition costs	0.00	239,088.25	239,088.25
Intangible assets	0.00	190,039.91	190,039.91
Deferred tax assets	925,648.43	226,263.61	-699,384.82
Surplus pension benefits	53,393.00	53,393.00	0.00
Property, land and equipment for own use	594,097.01	434,101.00	-159,996.02
Investments (other than Index-linked and Unit-linked assets)	11,013,328.68	10,644,125.34	-369,203.34
Investments for Unit linked	574,359.29	574,359.29	0.01
Loans and mortgages	164,353.13	171,986.51	7,633.38
Reinsurance recoverables	390,640.88	727,618.66	336,977.78
Deposits to assignors	25,395.87	25,395.87	0.00
Insurance and brokering receivables	258,167.67	359,816.37	101,648.69
Reinsurance receivables	74,985.17	74,985.17	0.00
Receivables (other than from reinsurance operations)	204,367.19	210,031.16	5,663.97
Treasury shares	635.91	21,999.93	0.00
Amounts owed on equity items	0.00	0.00	0.00
Cash and other liquid assets	1,200,404.63	1,230,751.54	30,346.91
Other assets	194,783.28	285,951.60	91,168.33
Total assets	**15,674,560.15**	**16,274,882.56**	**600,322.41**

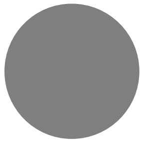
D.2. Valuation of technical provisions

Technical provisions are the main liability item of an insurer reflecting the amount of the obligations arising from insurance contracts and are constituted and maintained for an amount sufficient to guarantee all the obligations arising from those contracts.

At the close of the 2019 financial year, in the financial balance sheet, the net technical provisions represent 49.4% of the total of the Group's balance sheet with €7,745.5 million, net of reinsurance, increasing by 886.2 million in relation to the previous year, and are broken down:



75.5%
Technical provisions life (including unit-link)



24.5%
Technical provisions for non-life and health insurance

Solvency II reflects the market value of the various balance sheet items. In particular, the market value of technical provisions is defined as the sum of the following two concepts:

- the Best Estimate of Liabilities (BEL) and
- the risk margin (RM).

The best estimate corresponds to the present value of the cash flows associated with insurance or reinsurance obligations, probable and discounted at the risk-free rate. The Group calculates this, based on realistic assumptions, in accordance with appropriate, applicable and relevant actuarial methods.

The benefit of future premiums is included in the calculation of the best estimate, reducing the value of technical provisions. At Grupo Catalana Occidente, this value corresponds to €1,178.4 million in Life and €163.7 million in Non-Life.

At consolidated Group level, the best estimate is the linear sum of the best estimates of each of the individual entities, once the intra-group operations have been eliminated.

The risk margin ensures that the value of technical provisions is equivalent to the amount that an insurance company would require in order to assume and meet insurance obligations.

The risk margin is calculated as the capital cost of the present value of future capital requirements (SCR). The risk margin is calculated in accordance with Guideline 62 on the valuation of technical provisions.

Technical provisions are detailed below according to the main business lines.

See Annex D - QRTs S.02.01.02, and S 22.01.22

D.2.1. Technical provisions for Non-Life and health insurance

The net technical provisions for reinsurance of the non-life and health insurance business amounted to €1,897.9 million, representing 24.5% of the total net technical provisions.

Best Estimate Non-Life & Health Insurance

2.5% vs 2018

Non-Life and Health Insurance Risk Margin

5.4% vs 2018

The best estimate according to Solvency II varies by €41.8 million compared to the previous year. Information is provided below by line of creditworthiness business.

figures in thousands of euros and net of reinsurance

	TOTAL	BEL	RM
Motor CL	561,509.90	545,755.34	15,754.57
Motor other	128,261.43	123,172.80	5,088.64
Transport*	24,867.29	23,438.72	1,428.57
Fire and other property damage *	402,727.65	386,890.30	15,837.34
Civil Liability*	157,106.26	147,232.13	9,874.13
Credit and surety	550,119.49	442,137.02	107,982.47
Legal expenses	1,537.93	1,457.49	80.44
Assistance	-212.60	-244.69	32.08
Other	10,976.95	9,784.41	1,192.53
Total Non Life	**1,836,894.29**	**1,679,623.52**	**157,270.77**
Total Health	**61,044.20**	**54,729.51**	**6,314.69**

(*) Includes non-proportional reinsurance business lines

D.2.1.1. Non-Life technical provisions of the traditional business

The technical provisions of the traditional Non-Life business at €1,347.8 million represent 17.4% of the total technical provisions, with motor and fire and other damages to assets being the main items.

The technical provisions of the traditional business are broken down into:

- Premium provisions: considered unearned written premiums and the result of future premiums. Their calculation is made in accordance with Technical Annex 3 of the Guidelines.
    - In order to determine the result of an unearned premium written, the UEPP (unearned premium provision) of the gross deferred commission adjusted by claims ratios to ultimate cost from the results obtained in determining the claims provision, administrative expenses and internal claims settlement expenses (GILS in Spanish).
    - In order to determine the result of future premiums, the volume of tacit renewals and the volume of the unearned premium adjusted by a technical margin whose claims ratio is set at ultimate cost, is required.
- Claims provisions: according to actuarial and statistical techniques based on Chain Ladder and Bornhuetter Ferguson methodologies, using realistic assumptions.
- Risk margin: calculated in accordance with the full method of Guideline 62 on the valuation of technical provisions.

Both claims and premium provisions are discounted by applying the risk-free curve published by EIOPA with adjustment for volatility.

The calculation is made by homogeneous groups of risks that coincide with the Group's management branches.

In Non-Life insurance in the traditional business, the contract limits coincide with the duration of the policy, and consequently, in practically all of them, a duration of one year is considered together with the amount of the tacit renewals.

For more detailed information, see Appendix D on the technical provisions for Non-Life insurance.

D.2.1.2. Non-Life technical provisions of the credit insurance business

The credit insurance business at €550.1 million of net technical provisions represents 7.1% of total technical provisions and increases by 1.4%.

The most important differences between the financial and accounting valuation are:

- Change in bases, since under accounting regulations the profit is posted to the unearned premium reserve;
- Change in the assumptions for the determination of the best estimate of the obligation.

As in the traditional business, the technical provisions of the credit business are broken down into:

- Premium Provisions (PP): PPs are the best estimate in relation to future claims events covered by insurance and reinsurance obligations within the limit of the contract. Cash flow projections for the calculation of PP include claims, expenses and premiums.
- Claims provisions: these are the best estimate of cash flows related to claims that have already occurred, regardless of whether or not the claims have been reported.

The analysis of the differences in provisions under solvency and under IFRS must be made jointly, taking into account the recoverable amounts of reinsurance and the items of other assets and other liabilities.

The methodology for calculating technical provisions for credit business depends on the various products and underlying risks.

For all products, the best estimate is made through relevant statistical and actuarial methods in combination with their realistic positions.

- *The choice of contractual limits*

Product	Contractual limit
Credit insurance	Risk insured before the balance sheet date
Special products	All policies issued before the balance sheet date that have not expired
Surety insurance	Surety issued before the balance sheet date, including extensions
Payment protection	End of the underlying credit obligation for all policies issued before the balance sheet date

Credit insurance includes the unilateral right to cancel future coverage (sales), offered under short-term policies, by varying, reviewing or cancelling decisions on policy credit limits.

- *Amounts recoverable from reinsurance*

The amounts recoverable from reinsurance contracts are calculated in a manner consistent with the limits of the underlying contracts to which they relate.

An adjustment for expected losses due to the default of the counterparty is included in the estimate of reinsurance amounts recoverable. Reinsurance has predominantly an S&P rating of "A-"or better.

- *Risk margin*

The Risk Margin is calculated in accordance with Guideline 62 on the valuation of technical provisions.

D.2.2. Life insurance technical provisions, including Unit Linked

At the end of 2019, the net technical provisions for life insurance amounted to €5,847.6 million, representing 75.5% of the total, with the savings products with profit participation (PB in Spanish) contributing the most.

The best estimate according to Solvency II increased by €692.5million mainly due to the increased recognition of future profits from business growth and the updating of the assumptions according to the conditions of the current environment.

figures in thousands of euros and net of reinsurance

	TOTAL	BEL	RM
Insurance with a stake in B°	4,960,790.92	4,899,515.07	61,275.85
Index-linked insurance	507,461.17	489,085.54	18,375.63
Other life insurance	342,722.54	-126,281.97	469,004.52
Accepted reinsurance	18,381.23	163.24	18,217.99
Total Life	**5,829,355.9**	**5,262,481.9**	**566,874.0**
Total Health SLT	**18,213.57**	**18,213.57**	**0.00**

The technical provisions in the financial balance sheet net of reinsurance are €871.2 million lower than the accounting provisions due to the different calculation methodology. The main differences can be summarised as follows:

	Financial	Accounting
Methodology	Best estimate of expected cash flows	According to Technical Note
Discounting of flows	Risk-free interest rates with Volatility	Guaranteed interest rate
Cash Flows	Flows of benefits, expenses, commissions and premiums	Performance, administration expenses, acquisition expenses and contract premiums
Policyholder behaviour	Assumptions of future behaviour	According to the obligations and rights of the contract
RM	It is added to the BEL	Not applicable

The main change in valuation for the purposes of Solvency II is due to the impact of the curve for Life Savings products and, in the case of Life Risk, to the recognition of future premium income.

The assumptions on which the calculation of the best estimate is based fall into the following categories:

- Claims assumption
- Persistence assumption (policyholder behaviour)
- Cost assumption
- Financial assumption

The assumption derivation procedure consists of the following:

- The experience study of the last observation period is carried out.
- The hypothesis is derived from experience studies of recent periods.

The table on the following page shows the methodology for calculating the best estimate assumptions (BEL) used, in general, by all the Group entities operating in the life insurance line, to the extent that they are applicable.

The cash flow projections used in the calculation of the best estimate for life insurance obligations are made on a policy-by-policy basis applying the assumptions explained above.

The interpretation criteria for considering the limit of a contract to be more than one year includes three factors:

- The insurance company cannot exercise the right to cancel the contract unilaterally (except where age limits for non-renewal set out in the contract from the outset are reached).
- The insurer may not unilaterally refuse to pay premiums under the contract (except where age limits for non-renewal set out in the contract from the outset are reached).
- The insurer cannot unilaterally modify the premiums or benefits, and must refrain from making an individual assessment of the insured party's individual risk after the one made at the outset of the contract (unless the policyholder requests new benefits to be insured). However, this third factor is mitigated by the fact that it is established that it is possible to amend the premium or benefit rates at the level of a portfolio as long as it is due to a material deviation in the claim and the total expenses of the portfolio.

In Life risk insurance (death) and funeral insurance where these three circumstances are reflected in the contract, the Group is considering them to be for life and therefore for a duration greater than the policy's annuity.

The full method was used to calculate the risk margin, discounting future SCRs from the life portfolio and applying a capital cost of 6%.

Methodology for calculating best estimate assumptions

Business Assumption	Claims	Mortality	The assumption is the average of the accident rate in recent years to reduce the volatility of the accident rate.
			The claims rate for each year is equal to the percentage of actual mortality over expected mortality according to the GK95 tables analysed by frequency and volume.
		Disability	The assumption is the average disability rate of recent years.
			The disability rate for each year is equal to the percentage of actual disability over theoretical disability according to the PEAIMFI tables.
		Survival	At the end of 2019 the assumptions are the second-order tables published by the DGS at the end of 2019, except for a specific portfolio of Antares for which the Group has its own experience tables in which the technical surcharges published by the DGS at the end of 2019 have been incorporated.
	Persistence	Cancellations	The assumption is the average of the cancellation rate of recent years without considering the experience of the crisis years as not representative of long-term expectations.
		Planned Premiums	The portfolio value projects the expected premiums for active policies and does not project the premiums for policies that are suspended at the valuation date.
		Supplementary Premiums	An assumption of payment of additional premiums as an amount in euros per policy is applied.
		Partial Redemption	A history is used without taking into account the years of crisis.
			The assumption is the average of the partial redemption rate in recent years without taking into account the years of crisis.
	Expenses	Management	To derive cost assumptions, they are broken down by destination: Management (management of investments, benefits, management expenses and other technical expenses) Future management costs are projected by assigning a unit management cost per policy and month. The assumption is calculated by dividing the actual expenses of the year by branch, according to the number of policies. The assumption is derived by assigning a unit management cost per policy and month.
Financial Assumptions	Interest Rates	Discount and Reinvestment	Discount to the risk-free curve + volatility adjustment both published by EIOPA
			Reinvestment at 1-year forward rate consistent with the discount rate
	Assets	Fixed-Income	The book return (explicit and implicit) on fixed-income assets is adjusted according to market value
		Variable Income, Treasury and Real Estate	The future returns on these assets are consistent with the relevant risk-free interest rate term structure including the volatility adjustment.
	Liabilities	Share of profits	The value of future discretionary profits is calculated separately.
		Inflation	A future inflation scenario is established that affects the future growth of expenses and invariable risk premiums.

Impact of transitional measures and volatility adjustment

The following data are presented with the impact of the application of the transitional measure of technical provisions and the adjustment for volatility. The impact of the application of the new survival tables on the transitional measure of technical provisions will affect the reduction of the amortisation period of these provisions according to the application of the limit established by the regulations themselves. The Group estimates that this measure will be amortised before the maximum period established by regulation:

figures in thousands of euros and net of reinsurance

	With VA	With VA	Without VA
	With Trans. of TP	W/o Trans. of TP	W/o Trans. of TP
Technical Provisions	7,745,508	8,043,240	8,057,396
Solvency Capital Requirement	2,152,124	2,152,124	2,154,247
Minimum Capital Requirement	783,689	783,689	785,904
Basic Equity	4,582,791	4,359,492	4,348,874
Eligible Equity to cover the SCR	4,582,791	4,359,492	4,348,874
Eligible Equity to cover the MCR	4,526,313	4,303,013	4,292,396

The data shown do not take into account the adjustment of the counterparty's probability of default. For more detailed information, see Appendix D on the technical provisions for Life insurance and QRT S.22.01.22

D.2.3. Uncertainty level

The status of the economy is an important factor in the frequency and severity (average cost) of the claims, at the same time, all sections of the Group can be affected in provisions as a consequence of the legislative changes.

In life insurance, the main sources of uncertainty are the evolution of interest rates, expenses, the behaviour of the policyholders and insured parties and the evolution of mortality and survival.

In non-life insurance in traditional business, the principal sources of uncertainty are: the frequency of claims and their quantity, the number and size of serious claims and the estimate of recoverable percentages.

In non-life credit insurance the main sources of uncertainty include:

- the amounts to be paid as a percentage of the amount of the claim;
- the speed with which customers file claims, measured from the time of the insured sale, the expected average payment of claims and the expected percentage of cases that do not lead to payment;
- the expected number of claims for risks assumed in recent months;
- the entry by number and size of large claims;
- the estimation of the expected recovery rates.

Also, to assess the level of uncertainty for the technical provisions:

In the case of Non-Life traditional business:

In non-life insurance, a stochastic analysis of the “chain ladder” method is undertaken, where the aim is to obtain predictive distribution of future payments based on the company’s experience. Specifically, a generalised overdispersed Poisson linear model is assumed where the prediction errors are estimated using the Bootstrap technique.

In the case of credit insurance:

The distributions of the main provisions are simulated in order to obtain their level of uncertainty.

In the case of Life insurance:

For Life insurances, there is a stochastic analysis of the value of the options and guarantees resulting from using one thousand random scenarios of the temporary structure of the interest rates without risk, including adjustment for volatility and consistent with the prices of the assets in the financial markets.

D.3. Valuation of other liabilities

Total Group liabilities amounted to €10,995.8 million, €1,491.5 million more than in the previous year.

On the liabilities side, in addition to the technical provisions mentioned above, there are other relevant items on the balance sheet amounting to €2,859.6 million.

With respect to the economic valuation of the previous year, the main difference is in the item of:

- **Deferred tax liabilities:** They increase by €461.8 million mainly due to a methodological change. This change has no impact on Equity since it is offset against deferred tax assets.
- **Other liabilities:** They increase by €133.5 million since IFRS 16 was adopted in 2019.

For further information see Annex D - QRT S.02.01.02

Figures in € thousand

Evolution of the financial balance sheet	2018	2019	Diff
Contingent liabilities	0.00	0.00	0.00
Provisions other than technical prov.	24,360.04	26,654.97	2,294.94
Pension benefit obligations	153,595.76	188,251.76	34,656.00
Reinsurance deposits	52,753.41	52,905.81	152.40
Deferred tax liabilities	994,582.53	1,456,351.97	461,769.44
Derivatives	0.00	0.00	0.00
Debts with credit institutions	1,984.45	0.21	-1,984.24
Financial liabilities other than debts to credit institutions	1,168.93	-611.13	-1,780.06
Debts with intermediaries	104,181.12	96,493.04	-7,688.08
Debts from reinsurance operations	114,683.80	83,197.07	-31,486.73
Other debts	448,386.65	561,674.36	113,287.71
Subordinated liabilities other than Core Equity	0.00	0.00	0.00
Subordinated liabilities in Core Equity	187,225.84	213,215.96	25,990.11
Other liabilities	164,697.74	181,505.50	16,807.76
Total other liabilities	**2,247,620.26**	**2,859,639.50**	**612,019.24**

With respect to the accounting view, the main differences are:

- **Deferred tax liabilities**

For accounting purposes, this arises from temporary differences resulting from the different result of the accounting profit/loss and the tax base.

Deferred tax liabilities in the balance sheet are recognised for the tax effect of the difference between the valuation of assets and liabilities for solvency purposes and their accounting valuation.

- **Other liabilities**

This mainly includes accruals of commissions and acquisition expenses pending allocation in the future, corresponding to the transferred reinsurance business. The entity recognises symmetrically through equity the changes in the fair value of assets that are classified in the "available for sale" category.For the purposes of the balance sheet, in relation to accounting asymmetries, life insurance transactions that are financially immune, which reference their surrender value to the value of specifically assigned assets and that provide for a share in the profits of a portfolio of related assets. In the financial balance sheet this concept has a zero value, as it is considered in the calculation of the best estimate.

For further information see Annex D

Figures in € thousand

	Financial	Accounting	Diff
Contingent liabilities	0.00	0.00	0.00
Provisions other than technical prov.	26,654.97	22,100.66	4,554.31
Pension benefit obligations	188,251.76	188,412.24	-160.49
Reinsurance deposits	52,905.81	52,905.81	0.00
Deferred tax liabilities	1,456,351.97	488,437.59	967,914.38
Derivatives	0.00	0.00	0.00
Debts with credit institutions	0.21	0.21	0.00
Financial liabilities other than debts to credit institutions	-611.13	-599.64	-11.49
Debts with intermediaries	96,493.04	111,872.00	-15,378.96
Debts from reinsurance operations	83,197.07	83,197.07	0.00
Other debts	561,674.36	573,544.85	-11,870.49
Subordinated liabilities other than Core Equity	0.00	0.00	0.00
Subordinated liabilities in Core Equity	213,215.96	200,545.45	12,670.51
Other liabilities	181,505.50	454,252.82	-272,747.32
Total other liabilities	**2,859,639.50**	**2,174,669.06**	**684,970.45**

D.4. Alternative valuation methods

In accordance with Solvency II regulations, Grupo Catalana Occidente understands alternative valuation methods as all those that do not correspond to: (i) quoted prices on active markets for the same assets, or (ii) quoted prices on active markets for similar assets, with adjustments made for differences.

Accordingly, the types of assets that are measured using alternative valuation methods are as follows:

- Property, plant and equipment and investment property The assets classified in this category are valued on the basis of their market value. This is determined according to the appraisal value determined by approved appraisal companies every two years.
- Loans and receivables: They are valued at market value, which coincides with their amortised cost.
- Shareholdings and investments in unlisted equities: They are valued according to their theoretical accounting value corrected by those adjustments that according to the Solvency regulations can be identified.
- Investments in unlisted equities: They are valued according to their theoretical accounting value. In the case of shareholdings in insurance companies, the market value is calculated on the basis of the Equity calculated in accordance with Solvency II regulations.
- Asset swaps, SPVs, trust deposits and other long-term deposits: their valuation is carried out by applying the principle of transparency or the look-through approach, breaking down the investment into each of the parts that make it up, so that each is valued separately in order to finally calculate an aggregate valuation of the entire operation. Each of the assets is valued by discounting the flows, taking into account the credit risk associated with each one. According to the methodology used in the valuation, the valuation will be sensitive both to changes in the risk-free curve and to the evolution of the counterparty's CDS.
- Bonds with an early redemption option and assets with a coupon payment option: these are valued using mark-to-model techniques by external valuation agencies. These valuations are internally contrasted using models such as the Black-Derman-Toy model, which is based on binary interest rate trees.

D.5. Any other information.

Not applicable

E

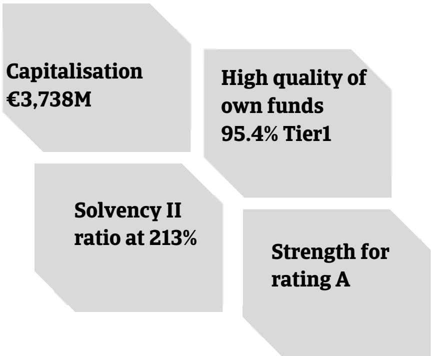
Capital management

This chapter explains the principles and objectives and the process of planning and capital management of Grupo Catalana Occidente.

It also includes qualitative and quantitative information at consolidated level on available equity and the risk breakdown requirements of the Solvency Capital Requirement (subscription, market, counterparty, credit, operational, etc.).

E.0. Introduction

Grupo Catalana Occidente manages its capital with the goal of maximising value for all its interest groups, maintaining a solid position through obtaining long-term results and a prudent policy for remunerating shareholders.



See chapter "C" of the risk profile where appetite and tolerance are explained.

E.0.1. Principles and objectives

Capital management at the Group is governed by the following principles:

- To ensure that Group entities have sufficient capitalisation to meet their financial obligations, even as they face of extraordinary events.
- To manage the capital adequacy of the Group and its companies, taking into account the economic and accounting outlook and capital requirements.
- To optimise the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.

The Group defines the strategic plan and the risk strategy considering the capital management policy, using the solvency projections made in the internal evaluation process of risks and solvency (ORSA).

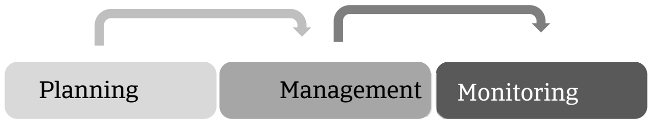
Capital quantification is carried out at Group level and at the level of each of the entities, using different models for monitoring: ORSA, rating agencies, economic and regulatory models.

The main objectives of the Group are:

- To maximise the value for shareholders in the long term.
- To meet regulatory solvency and credit rating agency requirements
- To maintain the financial strength within the "A" rating range.

E.0.2. Process of capital management

Grupo Catalana Occidente manages the capital taking into account its structure and the characteristics of the elements that make it up, short and long term planning and its follow-up and monitoring. The Group's Board of Directors determines the capital management strategy and establishes the principles, rules and policies for implementing the strategy.



Capital planning

Grupo Catalana Occidente carries out its capital planning with the objective of having sufficient short and long term equity in normal and stressful situations and uses tools such as the annual budget, the medium term plan and the consumption of capital that comes from the ORSA.

Grupo Catalana Occidente considers the consumption of capital in the medium term for decisions on dividend distribution, organic growth or acquisition of companies, asset allocation of investments, reinsurance programs and financing alternatives (financial flexibility), among other issues.

Capital management

Grupo Catalana Occidente understands capital management through the following 6 aspects:

Recurring results
Rigorous technical-actuarial management
Optimal management of investments

Stable and growing dividend
Average growth in line with profits

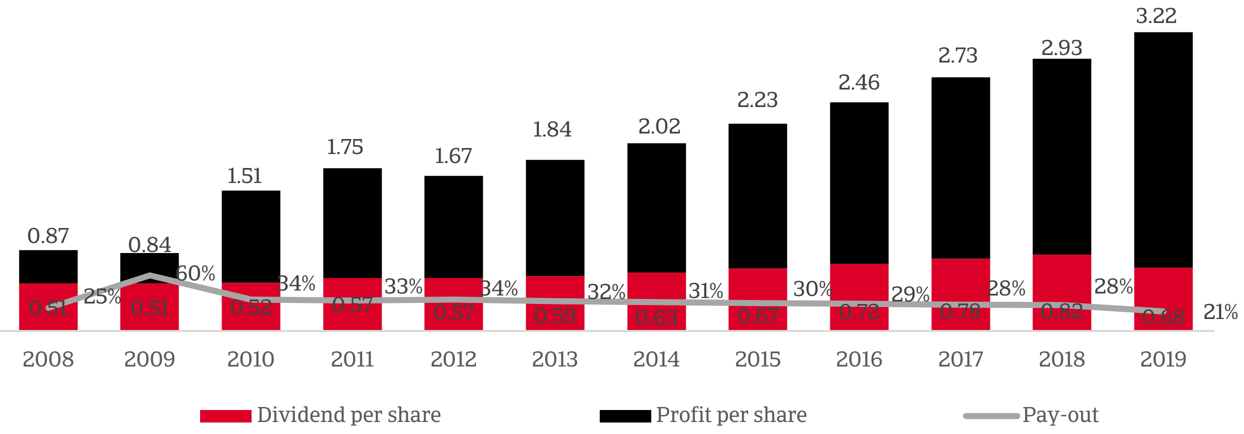
Solvency as a strategic pillar
Development in accordance with the appetite and tolerance levels to risk

Protection through reinsurance
Depending on business type
Diversified and high credit quality

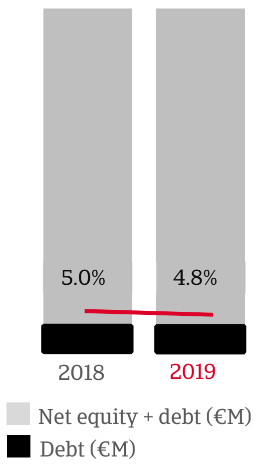
Financial flexibility
Transfer and fungibility of capital within the Group
Capacity to attend the capital market
Reduced indebtedness level

Culture
Clear and transparent governance
Discipline for risk assumption
Continuous contribution from the human team

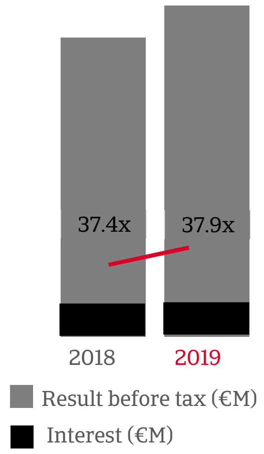
Distribution of dividends according to results



Reduced debt ratio



Strong interest coverage ratio



Capital monitoring

The Group measures the capital position mainly through:

- Regulatory capital (standard formula)
- Financial capital (internal model)
- Models of the rating agencies.
- Other models (appraisal and embedded value)

E.0.3. Holding - entity relationship

The management and control of capital in Grupo Catalana Occidente is comprehensively carried out to guarantee solvency, comply with regulatory requirements and maximise the profitability of each of the entities that make it up.

Autonomy of capital The Group's corporate structure is based on a model of legally independent entities that are autonomous in capital and liquidity, which provides advantages when obtaining finance and limits the contagion risk thus reducing systemic risk. All entities must maintain the necessary financial strength to carry out the business strategy, taking prudent risks and meeting the required solvency needs.

Coordination in the control The entities are exposed to a dual supervision and internal control. The Group carries out a centralised follow-up of the capital of the entities so as to ensure an integral vision. In this way the control exercised in the first instance by the entities is complemented with the follow-up provided by business units.

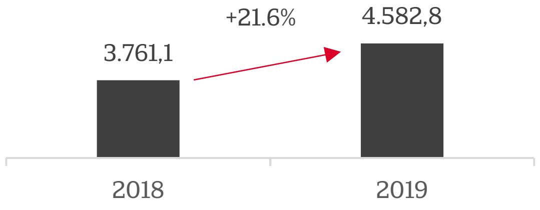
E.1. Equity

E.1.1. Structure and quality

The Group's equity under solvency at the end of 2019 amounted to €4,582.8 million and consisted of:

- Share capital
- The reconciliation reserve, which includes the valuation differences between accounting and solvency assets and liabilities (these differences are explained in section D on valuation), accumulated reserves, adjustments for valuation changes and the results for the year, deducting distributable dividends.
- Items that do not meet the criteria for consideration as equity under Solvency II are deducted.
- The subordinated debt issued by Atradius Finance Bv on 23 September 2014 for the amount of €250 million, maturing in September 2044 and with a first possibility of redemption as of September 2024. It bears interest at a fixed rate of 5.25% for the first ten years and thereafter the interest rate is variable 3-month Euribor plus 5.03%. The nominal amount of the subordinated debt computable for Group purposes is €193.7 million, after deducting the €56.3 million represented by the investment that Plus Ultra Seguros; Seguros Bilbao and Seguros Catalana Occidente maintain in the bond issued by Atradius.

Evolution of available capital



A breakdown of the adjusted core capital is given below:

Core equity	
Share Capital of Common Shares (including treasury shares)	36,000.00
Initial mutual fund	0.00
Common share issue premium	1,532.88
Preference share issue premium	0.00
Reconciliation reserve	4,572,863.06
Surplus funds	0.00
Other elements authorised as Core Equity	213,215.96
Value of net deferred tax assets	0.00
Other items approved as Core Equity by the supervisory authority not contained in the cells above	0.00
Equity of the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria for classification as Solvency II equity	-240,821.17
Total core equity after adjustments	**4,582,790.72**

The movement of the reconciliation reserve is as follows:

Reconciliation reserve	
Excess of assets over liabilities	4,678,771.9
Treasury shares (included as assets in the balance sheet)	635.9
Planned dividends and distributions*	-67,740.0
Other core equity items	-37,532.9
Adjustment of restricted equity items to limited availability	0.0
Total reconciliation reserve	**4,572,863.1**

*The planned change in dividend (lower by 24,342) would mean an increase of 1 point in the published solvency ratio.

See annex E - QRTs S 23.01.22

At year-end, the Group had €4,582.8 million of equity, which is considered to be core equity. All are considered Tier 1 except for the bond and the subordinated loan which are considered Tier 2. The Group's Tier 1 equity accounts for 95.4% of the total; the Group has no Tier 3 equity.

(Figures in € thousand)

	Equity structure	
	2018	2019
Core	3,761,086.0	4,582,790.7
Complementary	0	0
Total	3,761,086.0	4,582,790.7
% Equity	100%	100%

(Figures in € thousand)

	Quality of equity	
	2018	2019
Tier 1	3,573,860.1	4,369,574.8
% Equity	95.0%	95.4%
Tier 2	187,225.8	213,216.0
% Equity	5.0%	4.6%
Tier 3	0	0
% Equity	0%	0%
Total	3,761,086.0	4,582,790.7
% Equity	100%	100%

E.1.2. Excess of assets over liabilities over net book equity

Net book equity consists of share capital, accumulated reserves, adjustments for changes in valuation and profit for the year. At the end of 2019 this amount was €3,873.2 million.

Under Solvency II, the excess of assets over liabilities of Grupo Catalana Occidente amounts to €4,678.8 million, with a change of €815.9 million compared to the previous year.

Loss absorption mechanism

Grupo Catalana Occidente does not have equity items with loss absorption mechanisms to comply with the provisions of article 71 of the Delegated Regulations.

The reconciliation between stockholders' equity and regulatory capital is shown below.

Net worth of the Financial Statements	**3,873,183.20**
Change in assets	
Intangible assets and deferred acquisition costs	-1,234,103.50
Real estate capital gains	533,074.04
Capital gains of investees	216,942.07
Capital gains of financial assets	-220,816.76
Best Estimate reinsurance technical provisions	-336,977.78
Credits receivable	-107,312.67
Deferred tax	699,384.82
Loans and Mortgages	-7,633.38
Treasury shares	-21,364.02
Cash and other assets	-121,515.24
Change in liabilities	
Best Estimate technical provisions direct insurance	2,821,340.95
Risk Margin technical provisions direct insurance	-730,459.44
Other liabilities	272,747.32
Pension benefit obligations	160.49
Reinsurance deposits	0.0
Subordinated liabilities in Core Equity	-12,670.5
Deferred tax	-967,914.38
Financial liabilities other than debts to credit institutions	11.49
Debts	27,249.45
Other non-technical provisions	-4,554.31
Excess assets over liabilities	**4,678,771.85**

E.1.3. Restriction of available equity

Grupo Catalana Occidente's equity is available and transferable.

The ability of Group entities to pay dividends may be restricted or influenced by the solvency requirements imposed by the regulators of the countries in which they operate. Although Grupo Catalana Occidente is an international group, it has no limitations on the availability of funds by entities operating in countries outside the European Economic Area.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

Solvency II is based on three fundamental pillars. In particular, Pillar I refers to quantitative requirements and basically entails, the measurement of assets, liabilities and capital, as well as the analysis and quantification of the risks that they represent.

The capital required under Solvency II (SCR) is the level of equity for a given probability of insolvency (confidence level of 99.5%) allows losses to be faced in the horizon of one year.

The quantification of the capital allows the Group to measure the management and take strategic decisions from a perspective that combines profitability with the risk assumed.

The MCR, minimum capital requirement, is the level of assets below which special measures must be taken to restore the capital to the minimum level.

At the end of 2019, the Group's Solvency Capital Requirement (SCR) was €2,152.1 million and the Minimum Capital Requirement (MCR) was €783.7 million.

See chapter "C" on risk profile and Annex E - QRTs S.25.02.22

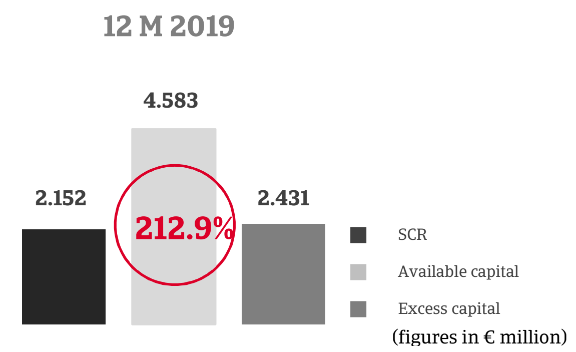
The total SCR starts from the basic SCR to which the operational risk is added and is adjusted, among other things, by the loss absorption capacity of the deferred taxes.

For further information see Annex D note 4.1. and QRT S.25.02.22.

E.2.1. Solvency ratio

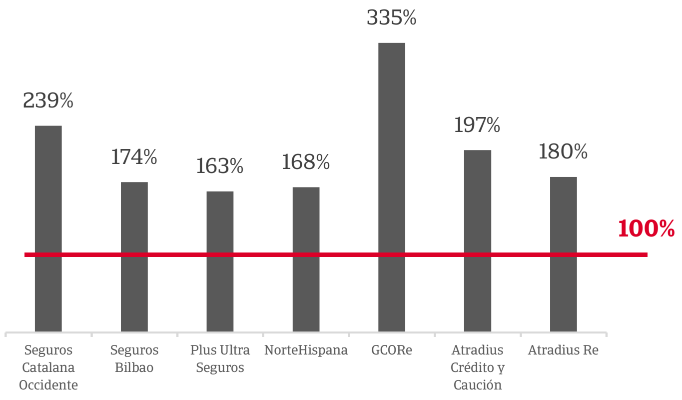
The Group has solid solvency ratios that are within the ranges established by the Group's risk appetite:

212.9% on SCR **577.6 %** on MCR



All the Group's entities have equity that exceeds the minimum required by applicable regulations.

Solvency Ratio II of Group Companies



E.2.2. Analysis of sensitivity to the solvency ratio

Grupo Catalana Occidente performs stress scenarios and sensitivity exercises in order to anticipate the Group's resistance to adverse environments and adopt the necessary measures.

The Group's objective is to maximise the stability of the income statement and of capital and liquidity levels

Main assumptions in sensitivity analysis

Non Life underwriting

Increase in claim rates

Decrease in premiums

Life underwriting

Low long-term interest rate scenario (Japanese scenario)

Scenario of 100bps increase or decrease in the rate curve

Market

5% decrease in the value of the properties

A 10%/25% drop in the value of equities

Staggered fall in fixed income rating

100bp increase in the credit spread

Other scenarios

In addition, the Group analyses its solvency situation using the standard Solvency II formula and rating agencies for the following operations:

- Distribution of dividends
- Reduction of the proportional reinsurance quota
- Acquisition of Entities
- Investments in real estate and financial assets

Stress scenarios and Analysis of sensitivity to the solvency ratio

Main ratio scenario	**212.9%**
Underwriting scenarios	
Lowering premiums -5%	-1 p.p.
Increased claims ratio*	-23 p.p.
Set of scenarios	-23 p.p.
Market scenarios	
Variable Income -10%	2 p.p.
Real estate -5%	-2 p.p.
Set of scenarios	0 p.p.
-25% VI	0 p.p.
Rates curve +100 bps	8 p.p.
Rates curve -100 bps	-10 p.p.
Spread +100 bps	-6 p.p.
Impairment rating	-1 p.p.
Adverse scenario**	**-29 p.p.**
No VA and no PPTT transient	**-11 p.p.**

* Fire and other property damage, motor OG +10p.p and Motor CL +5 p.p
Credit insurance claims ratio 99%.
** -5% vol. premiums Fire and Other Damage to Goods, Motor CL and OG.
+10p.p claims ratio of Fire and Other Damage to Goods and Motor OG.
+5p.p claims ratio of Motor CL
Low interest rate environment.
-25% of Equity
Credit insurance claims ratio 99%.

E.2.3. Solvency for rating agency purposes

In November 2019, A.M. Best confirmed the rating this rating reflects the solid balance sheet strength, the excellent operating results and the appropriate capitalization of the Group's main operating entities.This rating reflects the solid balance sheet strength, excellent operating results and appropriate capitalization of the Group's main operating entities.

At the end of March 2020, Moody's ratified the 'A2' rating of the entities operating in the credit business under the Atradius brand and reviewed its outlook from 'stable' to 'negative', together with other companies in the credit insurance sector, due to the uncertainty of the effects of COVID-19 on this sector.

The confirmation of this rating reflects Moody's confidence in the strength of the Atradius brand, thanks to its dynamic management of risk exposure, its strong economic capitalisation and its solid position as the second largest global credit insurance operator.

	A.M. Best	Moody's
Seguros Catalana Occidente	'A' stable (FSR) 'a+' stable (ICR)	
Seguros Bilbao	'A' stable (FSR) 'a+' stable (ICR)	
Plus Ultra Seguros	'A' stable (FSR) 'a+' stable (ICR)	
Atradius Crédito y Caución Seg Reas	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Reinsurance DAC	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Trade Credit Insurance, Inc.	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Seguros de Crédito, S.A.	'A' stable (FSR) 'a+' stable (ICR)	

E.3. Use of the equity risk sub module of risk based on the duration in the calculation of the solvency capital requirement

Not applicable

E.4. Differences between the standard formula and any internal model used

Solvency II regulations allow insurance companies to calculate solvency capital requirements using internal models. This offers the opportunity to model a company's specific risks more accurately than by using the standard formula.

Grupo Catalana Occidente uses an internal model to calculate the solvency capital requirement of the underwriting risk of the entities within its credit insurance and guarantee business line. In 2017, the use of its internal model to calculate capital requirements was approved. Grupo Catalana Occidente has not created an internal model to calculate the solvency capital requirement as a result of the entry into force of Solvency II, but has adapted its model, which it has been using since 2004, in order to align capital management, risk management and business strategy.

The standard formula is a methodology that is applied in the same way to all business lines in the non-life segment, through the following risk sub-modules:

- Premium and reserve risk
- Fall risk
- Catastrophe risk

The Solvency Capital Requirement (SCR) for underwriting risk is derived from the capital amounts linked to each of the three modules above. This is done by aggregating these amounts, using a correlation matrix established in the regulations, in a similar way to all non-life insurance entities and business lines.

The specific characteristics of the credit insurance and surety business line make it inadvisable to manage or measure it using the standard formula. Underwriting risk within the credit insurance and surety business is best quantified using factors such as the probability of default and loss given default by counterparties, along with exposures.

The internal model is a sophisticated mathematical and statistical model used to obtain a loss distribution that is in line with the Group's risk profile. Under Solvency II rules, the internal model is used to achieve the 99.5 percentile of losses from risk exposure over a one-year horizon.

The main inputs to the internal model are total potential risk exposure (TPE), probabilities of default and losses from default.

To obtain the above-mentioned loss distribution, the internal model uses a Monte Carlo simulation with one million economic scenarios.

The internal model applies to all product segments within credit insurance except for instalment payment protection which represents less than 1% of the business in terms of TPE.

The internal model is not exclusively used to calculate the SCR. It is widely used in credit insurance for decision making and risk management, including:

- Underwriting Strategy
- Fixing prices
- Business planning
- Renewal of the reinsurance treaty
- Capital optimization initiatives
- Product development

In the context of the risk management function, the internal model is used in the ORSA process, the risk strategy, the risk appetite framework and the risk reports.

Grupo Catalana Occidente operates with a specific internal model governance system to ensure adequate control over, among other things, statistical quality, data quality, validation and calculation processes.

E.5. Non-compliance with the Minimum Capital Requirement and the Solvency Capital Requirement

The risk profile and solvency positions are continuously monitored and the management will take appropriate action if there is an increase in risk due to a capital fall.

E.6. Any other information.

Not applicable

F

Annexes

The purpose of this section is to complete the information shown in the previous chapters.

A. Activity and results A.1 Details of subsidiaries

Figures in € Thousand

Company (Name and address)	Activity	% of voting rights Direct	Indirect	Total	Summarised financial information Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	100%	-	100%	5,808,130	18,030	252,866	134,206 *(1)*	407,471	1,078,952	-
Grupo Compañía Española de Crédito y Caución, Sociedad Limitada Paseo de la Castellana, 4 Madrid	Holds shares	73.84%	-	73.84%	649,237	18,000	617,518	13,654 *(2)*	-	-	58,954
Atradius NV y Sociedades Dependientes David Ricardostraat, 1 1066 JS Amsterdam (The Netherlands)	Credit and surety insurance and complementary insurance activities	35.77%	47.43%	83.20%	5,067,373	79,122	1,670,349	227,708	31,548	1,074,236	252,497
Sociedad Gestión Catalana Occidente, S.A. Paseo de la Castellana, 4 Madrid	Financial investments	100%	-	100%	45,648	721	42,665	2,258	-	-	1,711
Cosalud Servicios, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Hire of industrial offices and others	100%	-	100%	9,787	3,005	6,453	105	92	-	438
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. Cedaceros, 9 – planta baja Madrid	Financial investments	100%	-	100%	6,324	391	5,072	10 *(3)*	57	-	7,262
GCO Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Reinsurance	100%	-	100%	106,563	9,050	11,060	1,573 *(4)*	45	2,962	-
GCO Gestora de Pensiones, EGFP, S.A. Paseo de la Castellana, 4 Madrid	Pension fund management	100%	-	100%	3,067	2,500	56	60	20	-	-
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance and reinsurance	-	99.73%	99.73%	2,019,570	28,009	99,770	3,272 *(5)*	181,917	464,394	-
Bilbao Hipotecaria, S.A., E.F.C. Paseo del Puerto, 20 Getxo (Vizcaya)	Mortgage Credit	-	99.73%	99.73%	65,532	4,450	1,239	479	-	-	2,075
S. Órbita, Sociedad Agencia de Seguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	2,776	1,100	280	13	-	-	6,984
Bilbao Telemark, S.L. Paseo del Puerto, 20 Getxo (Vizcaya)	Tele-marketing	-	99.73%	99.73%	260	37	44	10	-	-	1,695
Bilbao Vida y Gestores Financieros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	807	60	52	4	-	-	5,087
Nortehispana de Seguros y Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	-	100%	100%	457,775	20,670	52,852	20,921	29,070	193,250	-

Figures in € Thousand

Company		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros Plaza de las Cortes, 8 Madrid	Insurance and reinsurance	-	100%	100%	2,966,475	97,619	203,592	39,153 *(6)*	98,662	866,622	-
Hercasol, S.A. SICAV Avenida Diagonal, 399 Barcelona	Financial investments	-	88.69% (*)	88.69% (*)	59,053	57,792	(7,049)	12,270	-	-	12,873
Catoc SICAV, S.A. Cedaceros, 9 – planta baja Madrid	Financial investments	-	99.86% (*)	99.86% (*)	161,681	8,286	131,091	30,777	-	-	31,807
PREPERSA de Peritación de Seguros y Prevención, A.I.E. Jesús Serra Santamans, 1 Sant Cugat del Vallés (Barcelona)	Prevention and loss adjustment	-	100%	100%	2,201	60	947	1	-	-	5,322
Tecniseguros, Sociedad de Agencia de Seguros, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Insurance broker	-	100%	100%	689	60	(37)	(46)	-	-	6,704
Nortehispana Mediacion, Agencia De Seguros S.A. Paseo Castellana, 4 Madrid	Insurance broker	-	100%	100%	155	60	(1)	-	-	-	-
Previsora Bilbaina Agencia de Seguros, S.A. Alameda Mazarredo, 73 Bilbao	Insurance broker	-	100%	100%	9,787	60	8,197	(667)	72	-	11,050
Catalana Occidente Capital, Agencia de Valores, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Stock broker	-	100%	100%	5,047	300	3,943	530	16	-	1,610
Grupo Catalana Occidente Tecnología y Servicios, A.I.E. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Auxiliary insurance services	-	99.93%	99.93%	51,127	35,826	(2,185)	2,817	-	-	87,707
Grupo Catalana Occidente Contact Center, A.I.E. Jesús Serra Santamans, 3 - 4º planta Sant Cugat del Vallés (Barcelona)	Telephone attention	-	99.97%	99.97%	1,969	600	91	-	-	-	8,007
Grupo Catalana Occidente Activos Inmobiliarios S.L. Avenida Alcalde Barnils 63 Sant Cugat del Vallés (Barcelona)	Real Estate Development	-	99.95%	99.95%	279,813	99,125	162,014	2,963	(41)	-	7,929
Inversions Catalana Occident, S.A. Avinguda Carlemany, 65 Escaldes Engordany (Andorra)	Creation, management and operation of insurance entities	-	100%	100%	5,449	60	329	(11)	-	-	2,844
Grupo Asistea Henao, 19 Bilbao	Funeral business	-	100%	100%	40,853	2,003	16,222	2,093	-	-	24,304

(*) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

(1) The company has paid an interim dividend of €38,000 thousand and has posted an increase in the equalisation provision for the amount of €4,666 thousand.

(2) The Company paid an interim dividend of €44,550 thousand.

(3) The Company paid an interim dividend of €985 thousand.

(4) The Company has recognised an increase in the stabilisation reserve for an amount of €82 thousand.

(5) The company has paid an interim dividend of €37,180 thousand and has posted an increase in the equalisation provision for the amount of €385 thousand.

(6) The Company has recognised an increase in the stabilisation reserve for an amount of €8,763 thousand.

The financial information given for the aforementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the latest individual or consolidated financial statements available for the 2019 financial year, prepared in accordance with the regulatory framework for financial information applicable to each of the companies. These financial statements have been duly adapted by each company to the Group's accounting policies.

In the case of insurance companies, the figure for earned premiums net of reinsurance is given. In all other companies, the figure given is ordinary income.

The figures for Atradius N.V. include the data for their subsidiaries relating to the profit or loss for the year and equity reserves.

A.2. Details of associated entities with voting rights

Figures in € Thousand

Company		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Inversiones Credere S.A. Santiago - Chile	Holds shares	49.99%	-	49.99%	-	-	-	-	-	-	-
Calboquer, S.L. Villarroel, 177-179 08936 Barcelona	Medical, social, psychological, and legal advice	-	20.00%	20.00%	877	60	386	69	-	-	2,123
Asitur Asistencia. S.A. Avenida Encuartes, 21 Tres Cantos (Madrid)	Assistance	-	42.82%	42.82%	40,800	2,945	11,733	1,930	-	-	278,527
Gesiuris Asset Management, S.G.I.I.C., S.A., Cedaceros, 9 Madrid	Investment company	-	26.12% (*)	26.12% (*)	10,362	301	6,869	639 *(1)*	481	-	8,319
MB Corredors d'Assegurances Calle Prat de la Creu, 59-65 Andorra la Vella (Andorra)	Insurance broker	-	25%	25%	142	60	60	(12)	-	-	368
CLAL Credit Insurance Tel Aviv - Israel	Credit and surety insurance	-	16.64%	16.64%	90,632	3,341	53,359	3,506	6,824	14,503	-
Compañía de Seguros de Crédito Continental S.A. Santiago - Chile	Credit and surety insurance	-	41.60%	41.60%	114,972	3,657	49,720	8,143	(1,333)	8,433	-
The Lebanese Credit Insurer S.A.L. Beirut - Lebanon	Credit and surety insurance	-	40.68%	40.68%	9,190	2,230	187	164	63	4,285	-
Credit Guarantee Insurance Corporation of Africa Limited Johannesburg-South Africa	Credit and surety insurance	-	20.80%	20.80%	144,748	164	58,512	9,090	2,709	54,910	-

(*) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

(1) The Company paid an interim dividend of €500,000.

The financial information given for the aforementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the latest individual or consolidated financial statements available for the 2019 financial year, prepared in accordance with the regulatory framework for financial information applicable to each of the companies. These financial statements have been duly adapted by each company to the Group's accounting policies. The financial statements of the above companies are for the period ended 31 December 2019.

A.3. QRT S.05.01.02 and S.05.02.01

S.05.01.02 - Premiums, claims and expenses by line of business -

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:accepted non-proportional				
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
Premiums written																	
Gross - Direct Business	65.461.331	63.952.886	0	349.085.525	308.388.327	30.193.977	747.036.664	115.730.146	1.582.805.131	4.564.071	1.676.512	15.521.197					3.284.415.767
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	210.919.303	0	0	0					210.919.303
Gross - Non-proportional reinsurance accepted													0	0	0	6.504.418	6.504.418
Reinsurers' share	2.005.959	438.077	0	12.052.341	11.176.833	1.289.649	50.082.121	22.039.393	695.605.632	0	0	1.012.192	0	0	0	0	795.702.198
Net	63.455.371	63.514.809	0	337.033.184	297.211.494	28.904.328	696.954.543	93.690.752	1.098.118.802	4.564.071	1.676.512	14.509.004	0	0	0	6.504.418	2.706.137.290
Premiums earned																	
Gross - Direct Business	137.561.518	65.499.195	0	350.723.017	304.496.445	29.874.448	741.579.770	112.882.457	1.550.218.190	4.529.562	1.671.153	15.740.136					3.314.775.890
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	204.728.972	0	0	0					204.728.972
Gross - Non-proportional reinsurance accepted													0	0	0	6.509.316	6.509.316
Reinsurers' share	2.184.243	779.626	0	12.051.565	11.313.693	1.324.774	49.408.387	21.871.779	686.562.309	0	0	1.018.972	0	0	0	0	786.515.348
Net	135.377.274	64.719.568	0	338.671.452	293.182.752	28.549.674	692.171.383	91.010.678	1.068.384.853	4.529.562	1.671.153	14.721.164	0	0	0	6.509.316	2.739.498.830
Claims incurred																	
Gross - Direct Business	101.520.678	25.224.974	0	273.171.924	150.651.996	21.417.211	404.052.918	44.803.818	747.016.479	1.479.604	114.561	1.639.757					1.771.093.919
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	99.517.057	0	0	0					99.517.057
Gross - Non-proportional reinsurance accepted													0	0	0	5.332.009	5.332.009
Reinsurers' share	1.953.401	-422.524	0	5.530.968	161.774	2.085.161	45.094.595	11.330.300	369.452.013	0	0	20.695	0	0	0	839.751	436.046.134
Net	99.567.277	25.647.498	0	267.640.956	150.490.222	19.332.050	358.958.323	33.473.517	477.081.523	1.479.604	114.561	1.619.062	0	0	0	4.492.258	1.439.896.851
Changes in other technical provisions																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	20.202.870	27.037.359	0	99.747.898	74.202.435	11.023.104	257.703.418	33.836.733	503.918.598	1.503.293	802.348	7.819.780	0	0	0	672.324	1.038.470.160
Other expenses																	1.219.351
Total expenses																	1.039.689.512

	Line of Business for: life insurance obligations						Life reinsurance obligations		
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
Premiums written									
Gross	1.256.031	602.503.894	86.147.019	222.872.862	0	0	0	0	912.779.805
Reinsurers' share	215.824	36.794	853	4.567.725	0	0	0	0	4.821.197
Net	1.040.207	602.467.099	86.146.166	218.305.136	0	0	0	0	907.958.608
Premiums earned									
Gross	1.251.093	602.780.369	86.146.927	255.358.973	0	0	0	0	945.537.361
Reinsurers' share	217.587	45.384	799	10.974.562	0	0	0	0	11.238.332
Net	1.033.505	602.734.985	86.146.128	244.384.411	0	0	0	0	934.299.029
Claims incurred									
Gross	314.959	619.686.779	64.108.381	76.795.383	-205.133	0	0	0	760.700.370
Reinsurers' share	161.900	10.198	0	1.365.405	0	0	0	0	1.537.503
Net	153.059	619.676.581	64.108.381	75.429.978	-205.133	0	0	0	759.162.867
Changes in other technical provisions									
Gross	-1.530.142	109.712.479	56.970.465	10.788.107	215.991	0	0	0	176.156.900
Reinsurers' share	0	0	0	353.969	0	0	0	0	353.969
Net	-1.530.142	109.712.479	56.970.465	10.434.138	215.991	0	0	0	175.802.931
Expenses incurred	165.642	37.305.158	10.793.561	99.044.693	107.883	0	0	0	147.416.936
Other expenses									0
Total expenses									147.416.936

S.05.02.01 - Premiums, claims and expenses by country -

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		DE	FR	IT	GB	NL	
Premiums written							
Gross - Direct Business	1.997.145.187	182.651.035	122.427.376	117.427.297	114.789.400	91.102.399	2.625.542.692
Gross - Proportional reinsurance accepted	421.070	1.438.472	3.928.141	42.421	301.972	1.245.337	7.377.413
Gross - Non-proportional reinsurance accepted	106.274	0	1.032	844.438	79.753	112.602	1.144.099
Reinsurers' share	296.862.896	111.427.876	77.897.622	74.062.787	70.606.384	60.927.743	691.785.307
Net	1.700.809.634	72.661.631	48.458.927	44.251.369	44.564.741	31.532.595	1.942.278.897
Premiums earned							
Gross - Direct Business	2.058.533.216	175.288.925	124.802.219	116.095.980	113.179.226	92.846.554	2.680.746.121
Gross - Proportional reinsurance accepted	416.290	1.321.657	108.220	25.491	32.580	181.727	2.085.965
Gross - Non-proportional reinsurance accepted	106.274	0	1.032	844.438	79.235	112.602	1.143.581
Reinsurers' share	282.446.819	107.661.222	77.577.055	74.653.327	69.694.281	61.627.807	673.660.511
Net	1.776.608.962	68.949.361	47.334.416	42.312.581	43.596.760	31.513.077	2.010.315.157
Claims incurred							
Gross - Direct Business	1.168.811.739	62.913.117	43.527.145	41.250.947	51.816.395	33.235.558	1.401.554.902
Gross - Proportional reinsurance accepted	115.097	125.527	15.308	-86.080	44	0	169.896
Gross - Non-proportional reinsurance accepted	347.378	0	1.658	1.478.046	15.256	-15.006	1.827.333
Reinsurers' share	166.261.711	37.947.573	27.350.511	27.990.310	33.482.146	20.210.822	313.243.073
Net	1.003.012.503	25.091.070	16.193.601	14.652.604	18.349.549	13.009.730	1.090.309.057
Changes in other technical provisions							
Gross - Direct Business	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Expenses incurred	565.177.957	18.179.694	21.118.875	22.501.317	11.216.417	3.773.589	641.967.849
Other expenses							1.219.635
Total expenses							643.187.484

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
Premiums written							
Gross	912.779.805	0	0	0	0	0	912.779.805
Reinsurers' share	4.821.197	0	0	0	0	0	4.821.197
Net	907.958.608	0	0	0	0	0	907.958.608
Premiums earned							
Gross	945.537.361	0	0	0	0	0	945.537.361
Reinsurers' share	11.238.332	0	0	0	0	0	11.238.332
Net	934.299.029	0	0	0	0	0	934.299.029
Claims incurred							
Gross	760.772.376	0	0	0	0	0	760.772.376
Reinsurers' share	1.537.503	0	0	0	0	0	1.537.503
Net	759.234.874	0	0	0	0	0	759.234.874
Changes in other technical provisions							
Gross	176.156.900	0	0	0	0	0	176.156.900
Reinsurers' share	353.969	0	0	0	0	0	353.969
Net	175.802.931	0	0	0	0	0	175.802.931
Expenses incurred	147.416.732	0	0	0	0	0	147.416.732
Other expenses							0
Total expenses							147.416.732

B. Governance system

B.3. Breakdown of ORSA processes

As part of the Risk Management System, the Group and all its entities carry out internal risk and solvency assessments on an annual basis and, in any case, immediately after any significant change in their risk profile. Internal risk and solvency assessment is an integral part of the business strategy and is taken into account on an ongoing basis in the strategic decisions of the Group and its entities.

ORSA Process

The Group has implemented processes that involve all the Organisation and that allow the risks to which the Group is and could be exposed in the short and long term to be properly identified and assessed.

Stages of the ORSA Process

The processes defined in the execution of the ORSA exercise are the following:

1. To describe the business profile
2. To define the strategic plan and draw up the medium-term plan in accordance with the strategic plan
3. To define the adverse scenario and sensitivity analyses
4. To review the methodologies and assumptions used in ORSA to ensure that they are appropriate for the risk assessment
5. To run ORSA projections
6. To assess the results of the ORSA
7. To assess and determine the necessary management actions in the light of the results obtained
8. Writing up of the ORSA reports
9. Approval of ORSA reports
10. ORSA report sent to the supervisor

C. Risk profile

	Description	Regulation	Mitigation	Impact in 2019
Social, environmental and sustainability risks	Risks arising from the national and international economic, political and social environment and from the new habits of society Specifically this year, Brexit, a lax monetary policy with minimum interest rates, slower world economic growth and an aging population, stands out.	Underwriting regulations, written policies (in particular investment policy) Internal Code of Conduct. Corporate Social Responsibility Unit	Underwriting risk, Internal Audit, Internal Control, Claims and Complaints Channel, Occupational Health and Safety Area and strategic plan process and sector analysis	See section 7: relationship with stakeholders.
Non-life underwriting risk	Control of underwriting and claims through strict control of combined ratio and default credit risk, also supported on the reinsurance policies.	Underwriting and reserve policies. Reinsurance policy. Manual and technical standards for underwriting. Data quality policy.	Reinsurance and strict control of the combined ratio. Maintenance of the business diversification.	Claims ratio in traditional business of 90.4%. Claims ratio in credit insurance of 73.4%. For risk quantification, see SFCR.
Underwriting risk for life, health and funeral	Control of underwriting, claims and portfolio value, also supported on the reinsurance policies.	Underwriting and reserve policies. Reinsurance policy. Manual and technical standards for underwriting. Data quality policy.	Reinsurance and strict control of the underwriting risk.	For risk quantification, see SFCR.
Market Risk	Detailed analysis of asset-liability management (ALM), analysis, and sensitivity analysis for future scenarios.	Investment policy. Management based on principle of prudence. Asset and liability assessment policy.	Management of assets based on principle of prudence. *Control of different types of portfolio and objectives. *Commitments of liabilities to cover. *Typology of investments considered suitable for investment. *Diversification limits and credit rating to be maintained.	Financial result for net income of 0.8% impacted by maintenance of reduced interest rates and exchange differences. Non-recurring result of -€25.8 million due to impairment in value of two subsidiaries. For risk quantification, see SFCR.
Counterparty risk	Control of credit rating for the principal financial counterparties and rating of the reinsurance panel. Monitoring of risk exposure for commercial credit.	Reinsurance policy. Investment policy.	Reinsurance with counterparties with good credit rating. Diversified investment portfolio with high rating.	No impact. Average reinsurer rating of “A”. Average investment portfolio rating of “BBB”. For risk quantification, see SFCR.
Operational and regulatory compliance risk	Control of inherent risk and residual risk through the implementation of preventive controls and mitigation in the case of occurrence of an event. Includes non-compliance risk Regulation and assessment of the impact of any change in the legal environment.	Contingency plans. Data quality and safety policy. *Code of ethics.* Procedure for action in cases of irregularities and fraud (reporting channel). *Internal Code of Conduct.* Verification of regulatory compliance policy. Prevention of money laundering and funding of terrorism Outsourcing policy. Cyber risk / data protection.	Implementation of an efficient internal control system.	No impact. Positive result of the “cyber risk attacks”. For risk quantification, see SFCR. There have not been any events of regulatory non-compliance but there are still significant imminent regulatory changes.
Market Liquidity	Control of liquidity in the companies and the obligations.	Investment policy.	Low debt ratio.	Over €1,800 million in liquid assets and deposits. For risk quantification, see SFCR.
Strategic risk	Controlled by the Board of Directors and the Steering Committee through the *Strategic Plan* and the guidelines of the Group.	Strategic plan and medium-term plan.	Continuous monitoring of the regulatory frameworks, allowing the entity to adopt the best practices and most efficient and rigorous criteria for implementation. Frequent contact with the *rating* agencies. Implementation of an efficient internal control system.	Solvency ratio of 200%, slightly higher than the European average. Favourable performance of solvency publication financial statements and tax risk management and control policy. Political situation in Spain.
Reputational risk	Continuous improvement of customer service and the image of the Group and the risks that may have an impact on the Group.	Procedure for action for irregularities. Code of conduct Code of ethics. Policy for fitness and good repute.		

D. Valuation for solvency purposes

The valuation principles of Solvency II are in accordance with Articles 75 to 86 of the Solvency II Directive, Articles 7-16 of the Delegated Regulation implementing it, the Guidelines and Recommendations supplementing the Solvency Regulation and Articles LOSSEAR and ROSSEAR transposing Community regulations.

The general assessment criterion for the purposes of the Solvency Directive II states that:

a) Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;

b) Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

In addition, they provide that, unless otherwise stated, assets and liabilities, other than technical provisions, shall be recognised in accordance with international accounting standards, provided that they include valuation methods consistent with the valuation approach described in Article 75 of the Directive.

Functional and reporting currencies

The items included in the financial statements of each of the Group entities are constructed using the currency in which the entity operates (the "functional currency").

The balance sheet of Solvency II is presented in thousands of euros (EUR).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of foreign transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under IFRS and form part of the eligible capital in the financial balance sheet.

D.1. Reconciliation of the balance sheet and explanatory notes (euros)

	Financial 18	Financial 19	Accounting	
Goodwill	0	0	804,975,336	Note 1
Deferred acquisition costs	0	0	239,088,251	Note 2
Intangible assets	0	0	190,039,910	Note 3
Deferred tax assets	598,015,387	925,648,433	226,263,610	Note 4
Surplus pension benefits	38,440,000	53,393,000	53,393,000	
Property, land and equipment for own use	460,621,637	594,097,015	434,100,997	Note 5.1
Investments (other than Index-linked and Unit-linked assets)	9,449,941,614	11,013,328,682	10,644,125,343	Note 5.2
Assets held for unit-linked fund purposes	361,995,308	574,359,286	574,359,291	Note 6
Loans and mortgages	117,023,296	164,353,133	171,986,509	Note 7
Reinsurance recoverables	397,375,024	390,640,885	727,618,663	Note 8
Deposits to assignors	26,781,972	25,395,873	25,395,873	
Insurance and brokering receivables	248,316,200	258,167,673	359,816,367	Note 9
Reinsurance receivables	59,105,563	74,985,165	74,985,165	
Receivables (other than from insurance operations)	185,580,827	204,367,189	210,031,162	Note 9
Treasury shares	635,909	635,909	21,999,931	
Amounts due from equity items or initial fund required but not disbursed	0	0	0	
Cash and other equivalent liquid assets	1,220,682,733	1,200,404,632	1,230,751,543	
Other assets	202,636,780	194,783,277	285,951,604	Note 10
Total assets	**13,367,152,252**	**15,674,560,152**	**16,274,882,557**	

	Financial 18	Financial 19	Accounting	
Technical provisions - Non-Life	2,247,719,567.9	2,289,695,640.7	3,501,715,558.4	Note 11
Technical provisions - Life	5,008,951,731.0	5,846,453,157.1	6,725,314,745.1	Note 12
Other technical provisions	0.0	0.0	0.0	
Contingent liabilities	0.0	0.0	0.0	
Other non-technical provisions	24,360,036.4	26,654,974.0	22,100,663.0	
Provisions for pensions and similar obligations	153,595,756.9	188,251,756.8	188,412,244.2	Note 15
Reinsurance deposits	52,753,410.6	52,905,806.3	52,905,806.3	
Deferred tax liabilities	994,582,527.1	1,456,351,968.9	488,437,593.9	Note 4
Derivatives	0.0	0.0	0.0	
Debts with credit institutions	1,984,445.5	208.1	208.1	
Financial liabilities other than debts to credit institutions	1,168,929.6	-611,134.9	-599,644.6	
Liabilities from insurance and coinsurance operations	104,181,117.9	96,493,038.6	111,871,997.0	
Liabilities from reinsurance operations	114,683,799.9	83,197,071.8	83,197,071.8	
Other debts and items payable	448,386,647.7	561,674,355.7	573,544,849.1	Note 13
Subordinated liabilities	187,225,843.5	213,215,955.8	200,545,450.8	Note 14
Other liabilities, not shown under other headings	164,697,742.5	181,505,500.6	454,252,816.6	Note 16
Liabilities	**9,504,291,556.5**	**10,995,788,299.5**	**12,401,699,359.7**	
Available equity	**3,862,860,695**	**4,678,771,852**	**3,873,183,197**	

Breakdown of assets

	Financial 18	Financial 19	Accounting	
Investments (other than Index-linked and Unit-linked assets)	**9,449,941,614**	**11,013,328,682**	**10,644,125,343**	
Investments in real estate (other than for own use)	910,574,369	1,034,468,094	661,390,071	Note 5.2
Shareholdings	253,040,624	302,736,187	85,794,115	Note 6.1
Variable income	806,158,464	1,084,143,419	1,278,774,978	Note 6.2
Variable income - Type 1	783,021,026	1,062,241,113	1,256,872,673	
Variable income - Type 2	23,137,438	21,902,306	21,902,306	
Bonds	6,697,503,012	7,302,789,742	7,311,351,460	Note 6.3
Public debt	3,387,035,728	3,478,798,947	3,487,360,665	
Private fixed income	3,260,508,146	3,801,024,895	3,801,024,895	
Structured financed assets	49,959,138	22,965,899	22,965,899	
Securities with collateral	0	0	0	
Investment funds	342,249,247	547,352,739	547,352,739	Note 6.4
Derivatives	29,397	0	0	
Deposits (other than cash equivalents)	440,386,501	741,838,501	759,461,980	Note 6.5
Other Investments	0	0	0	

	Financial 17	Financial 19	Accounting	
Loans and Mortgages	**117,023,296**	**164,353,133**	**171,986,509**	Note 7
Loans and mortgages to individuals	1114169.91	854311.81	854,312	
Other loans and mortgages	93,744,143	141,358,667	148,992,044	
Loans and policies	22,164,983	22,140,154	22,140,154	

	Financial 18	Financial 19	Accounting
Reinsurance Recoverables:	**397,375,024**	**390,640,885**	**727,618,663**
Non-life and health similar to non-life	399,890,900	391,757,150	721,088,788
Non-life excluding health	399,190,204	392,556,315	718,899,941
Health similar to non-life	700,696	-799,165	2,188,848
Life and health similar to life, excluding health and index-linked and unit-linked	-2,515,876	-1,116,265	6,529,875

Breakdown of liabilities

	Financial 18	Financial 19	Accounting	
Technical provisions - non-life insurance	**2,247,719,568**	**2,289,695,641**	**3,501,715,558**	Note 11
Technical provisions - non-life insurance (excluding illness)	2,195,747,549	2,229,450,607	3,414,941,609	
Best Estimate (BE)	*2,044,577,574*	*2,072,179,837*	*0*	
Risk margin (RM)	*151,169,975*	*157,270,770*	*0*	
Technical provisions - health insurance (similar to non-life insurance)	51,972,019	60,245,033	86,773,950	
Best Estimate (BE)	*47,909,206*	*53,930,342*	*0*	
Risk margin (RM)	*4,062,814*	*6,314,691*	*0*	
Technical provisions - life insurance (excluding index-linked and unit-linked)	**4,715,593,736**	**5,338,991,989**	**6,150,170,898**	Note 12
Technical provisions - health insurance (similar to non-life insurance)	0	18,213,570	18,081,876	
Best Estimate (BE)	*0*	*18,213,570*	*0*	
Risk margin (RM)	*0*	*0*	*0*	
Technical provisions - life insurance (excluding health, index-linked and unit-linked)	4,715,593,736	5,320,778,419	6,132,089,023	
Best Estimate (BE)	*4,309,274,618*	*4,772,280,064*	*0*	
Risk margin (RM)	*406,319,118*	*548,498,355*	*0*	
Technical provisions - index-linked and unit-linked	**293,357,995**	**507,461,168**	**575,143,847**	
Best Estimate (BE)	*276,422,064*	*489,085,543*	*0*	
Risk margin (RM)	*16,935,930*	*18,375,625*	*0*	

D.1. Explanatory Notes:

Note 1 Goodwill

“Goodwill on Consolidation” reflects any positive consolidation differences arising from the acquisition of equity interests in subsidiaries. It is equal to the excess of the cost of the business combination according to the net fair value of the identifiable assets, liabilities and contingent liabilities acquired, provided such excess cannot be assigned to specific tangible or intangible assets.

For balance sheet purposes it is valued at zero.

Note 2 Deferred acquisition costs

Costs corresponding to earned premiums that are attributable to the period between the closing date and the end of coverage of the contracts, with the expenses charged to results corresponding to those actually borne in the period with the limit established in the technical bases.

For financial balance sheet purposes, they are included in the flows of the calculation of the Best Estimate of the Direct Insurance of the technical provisions. Therefore, their value is zero.

Note 3 Intangible fixed assets

“Intangible assets” comprise all identifiable non-monetary assets without physical substance that arise as a result of an acquisition from a third party or are generated internally by a company of the Group. Intangible assets that are identifiable, have future economic benefits and are under the Group’s control are recognised if, and only if, their cost can be reliably estimated and the future economic benefits associated with them are likely to flow to the Group.

For balance sheet purposes, they are valued at zero, unless the intangible asset can be sold separately and the insurance or reinsurance undertaking can demonstrate that identical or similar assets have a value obtained in accordance with Article 10, Section 2 of the Delegated Regulation, in which case they are valued in accordance with that Article.

The Group has assigned a zero value to intangible assets for the purposes of calculating the financial balance sheet.

Note 4 Deferred tax assets and liabilities

Temporary differences give rise to deferred tax assets and liabilities as a result of the difference between accounting profit/loss and taxable profit (unused tax credits or losses).

Deferred tax liabilities in the financial balance sheet are recognised for the tax effect of the difference between the valuation of assets and liabilities for solvency purposes and their accounting valuation. When considering deferred tax assets, account is taken not only of the different measurement criteria for accounting and solvency purposes, but also of the possibility of offsetting them against deferred tax liabilities and the likelihood of future taxable profits in respect of which the deferred tax assets can be used.

4.1 Adjustment of the loss absorption capacity of deferred taxes

The Group SCR tax adjustments are calculated as a proportion of the sum of the SCR tax adjustments of the individual entities that comprise it. The ratio used is that corresponding to the division of the Group SCR before tax adjustment by the sum of the SCRs before tax adjustment of the individual entities.

In addition, and for the purposes of their recognition, firstly, and taking into account their temporary nature, the net deferred tax liabilities (DTLs minus DTAs) shown in the financial balance sheet are taken into account and secondly, a recoverability test is carried out on the remaining amount. For the purposes of the recoverability test, the business plan used to make the estimates of future taxable income is in line with market reality and the specificities of the Entity, and specifically with the assumptions contained in the ORSA report.

Note 5 Tangible fixed assets and investment property

The heading 'Tangible fixed assets and investment property' includes tangible assets intended to be used on a lasting basis by companies, which may be of a movable or immovable nature. In the case of the latter, classification as tangible fixed assets or investment property will depend on the destination of the property.

Real estate can be placed in the following categories:

5.1 Tangible fixed assets - Property, land and equipment for own use:

Properties used in the production or supply of goods or services, or for administrative purposes, are classified as tangible fixed assets.

5.2 Real estate investments (not for own use)

Properties that are held to earn rent, as in the case of leasing, capital gains or both, outside of the sale in the ordinary course of business, qualify as investment property. Land and buildings on which no decision has been made as to future use at the time of inclusion in the equity are also classified as investment property.

In the financial statements, they are initially measured at acquisition or production cost and are subsequently reduced by the corresponding accumulated depreciation and impairment losses, if any.

For financial balance sheet purposes, assets classified in this category are measured at market value. The market value is determined according to the appraisal value carried out by approved appraisal companies. The difference lies in the consideration, under Solvency II, of unrealised capital gains/depreciation.

Financial assets

A financial instrument is a contract that gives rise to a financial asset in an entity and, simultaneously, to a financial liability or equity instrument in another company.

In general, the valuation of financial assets coincides between the different regulations, IFRS and Solvency II; the differences are specified in more detail within each type.

Note 6. Investments (other than Index-linked and Unit-linked assets)

6.1 Shareholdings in Group companies and associates:

Group entities are considered to be those entities linked to the Company by a control relationship that have not been fully integrated for solvency purposes.

Associates are entities, other than subsidiaries, over which the Group has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not to exercise full or joint control over it.

In general, it is presumed that the Group exercises significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist (Annex II to the Annual Report provides relevant information on these entities).

In Solvency, the shareholdings are valued at market value, the market value of the insurance companies being their equity in accordance with Solvency II regulations. Consequently, no account is taken of the implicit goodwill that forms part of the value of the shareholding. In the case of shareholdings in non-insurance companies, they are valued according to their adjusted theoretical book value.

6.2 Variable income:

For accounting purposes, variable income valued on the basis of their fair value, with the valuation in both regimes coinciding.

Solvency II breaks down two types of variable income (type 1 and type 2):

Type 1: Shares listed on regulated markets in the OECD or the European Economic Area. They are measured at market value, and changes in equity are recorded until the asset is sold or becomes impaired, at which time the cumulative gains or losses are recognised in the income statement.

Type 2: Share listed in non-OECD and non-ESA markets, private equity, hedge funds, commodities and other alternative investments. These are valued at their adjusted theoretical book value.

6.3 Fixed income

In general, the measurement coincides in both regimes and is carried out on the basis of fair value, with changes in equity being recorded until the asset is sold or becomes impaired, at which time these accumulated results are recorded in the income statement.

There are three types:

- Public debt
- Private fixed income
- Structured financial assets

The differences between the two environments are due to the different valuation of SPVs and trust deposits. The accounting balance sheet considers the valuation made by the counterparty while the financial balance sheet values them using the look-through approach, breaking down the investment into each of its component parts, so that each asset is valued separately. This decomposition involves a reclassification of some of these assets between deposit, private fixed income and public fixed income. The individual valuation is made by discounting the flows taking into account the credit risk associated with each one.

See D.4 - Valuation methods

6.4 Investment Funds

In general, the measurement coincides in both regimes and is carried out on the basis of fair value, with changes in equity being recorded until the asset is sold or becomes impaired, at which time these accumulated results are recorded in the income statement.

6.5 Deposits (other than cash equivalents)

In general, the measurement coincides in both regimes and is carried out on the basis of fair value, with changes in equity being recorded until the asset is sold or becomes impaired, at which time these accumulated results are recorded in the income statement.

The differences between the two environments are due to the different valuation of SPVs. The accounting balance sheet considers the valuation made by the counterparty while the financial balance sheet values them using the look-through approach, breaking down the investment into each of its component parts, so that each asset is valued separately. This decomposition involves a reclassification of some of these assets between deposit, private fixed income and public fixed income. The individual valuation is made by discounting the flows taking into account the credit risk associated with each one.

See D.4 - Valuation methods

Note 7. Loans and Mortgages

Loans and mortgages are valued for accounting purposes at amortised cost.

In Solvency they are valued at market value. The directors consider that the market value can be assimilated to the amortised cost.

Note 8 Reinsurance recoverables

The recoverables from ceded and retroceded reinsurance correspond to the amounts to be recovered from reinsurers in respect of the transfer of direct insurance and accepted reinsurance respectively.

For the purposes of Solvency II, the amounts recoverable from Non-Life reinsurance are reduced by a probability of default (PD) calculated for each branch and type of provision (premiums or claims) according to the reinsurer's rating. Finally, the resulting flows are financially discounted by applying the risk-free curve with volatility adjustment published by EIOPA.

The differences by valuation methodology of Solvency II in the technical provisions are reflected in the same way in the recoverable amounts.

Notes 9 and 10 Receivables and other assets not allocated to other items

Receivables are valued for accounting purposes at amortised cost.

The differences in valuation between the two schemes in both traditional business and credit insurance business are due to the fact that claims for unearned and unwritten premiums and claims corresponding to claims settlement agreements are not taken into account for the purposes of Solvency II, because they are included in the flows for calculating the best estimate of technical provisions.

Note 11 Technical provisions other than Life

For the purposes of this report, the methodology of the Non-Life business is broken down into the credit insurance branch and the non-credit insurance branch (traditional business).

Non-Life technical provisions (traditional business)

Provisions are broken down into premiums and claims

- **Premium Provision**

For the purposes of Solvency II, the valuation of the best estimate of premiums follows the methodology set out in Technical Annex 3 of the Guidelines and is calculated by applying the acquisition costs to the volume of gross unearned premiums:

- o Claim ratio: ultimate (final loss) for each business line
- o Administration costs and claims handling expenses of the income statement

In addition, the amount corresponding to tacit renewals and the profits corresponding to premiums collected in instalments that do not form part of the assets in the financial balance sheet are taken into account.

The corresponding premium provision flows are obtained from the payment patterns. They are finally discounted using the risk-free curve published by EIOPA together with the volatility adjustment.

For Group purposes, the provision is the sum of the companies' premium provisions after deducting intra-group transactions.

- **Claims Provisions**

For the purposes of the Group, the provision is the sum of the companies' claims provisions after deducting the intra-group transactions.

For the purposes of Solvency II, the best estimate of claims is calculated on the basis of the technical provisions for accounting claims for direct insurance and accepted reinsurance, gross of reinsurance ceded and retroceded, respectively. This concept includes the provision for benefits pending settlement and/or payment, the provision for benefits pending declaration and the provision for internal claims settlement expenses, all calculated using realistic assumptions and commonly accepted methodologies. The payment patterns are applied to this provision to obtain the cash flows and then the financial discount is made by applying the risk-free curve with volatility adjustment published by EIOPA.

The risk margin is calculated as the linear sum of the risk margins of each individual entity, without eliminating intra-group adjustments. These margins are calculated in the same way for all individual entities.

- In the Non-life underwriting risk of the reference entity, the sub-modules of premiums and reserves, fall and catastrophe are calculated according to the Standard Formula and under the assumption that the entity does not accept new business, it is considered that in the case of premiums the policies are not renewed and in the case of reserves the flow of its obligations is consumed.
- For counterparty risk, the projection is made according to the evolution of the reinsurance BEL.
- In the case of operational risk, since it is calculated according to the volume of premiums and reserves, these volumes are determined using the same criteria as for premium and reserve risk.
- Finally, Market SCR is considered to be non-material.

Non-Life Technical Provisions (Credit Insurance Business)

- **Premium Provision:**

  As with traditional Non-Life lines of business, the best estimate of premiums includes the best estimate of future claims that are within the limits of the contract, including:

  - Future claims: the expected value of future claims in respect of reported or unreported claims where the claim event has not yet taken place (in credit insurance, extended default coverage allows claims to be reported that have not yet taken place).
  - The benefits/losses related to the UEPP.
  - The amount of future premiums in accordance with the limits of the Solvency II contract.
  - Estimated recoveries corresponding to future claims.
  - Other future expenses: investment expenses, management expenses, administration expenses and commissions.

- **Claims Provisions**

For the purposes of the flows to be considered in each of the provisions, it is essential to determine:

- The contract limit.
- The date of occurrence and its distribution over time in order to break down the provision for claims in the premium reserve. Additionally, the payment patterns that serve as the basis for applying the discount curve for the calculation of the BEL are determined.

The risk margin in the credit insurance business is calculated in accordance with Method 1 of EIOPA Guide 62. The methodology is as follows:

- Future annual SCRs are calculated for the existing business from the standard formula applying certain simplifications. The simplification is used for the counterparty SCR and for the operational SCR.
- The cost of capital of 6% is applied to future SCRs discounted to the risk-free curve in accordance with solvency methodology II.
- Market SCR is assumed to be zero.

Note 12 Technical provisions for life insurance, including Unit Link

For Solvency II purposes, the best estimate is equal to the present value of expected future cash flows taking into account the time value of money by applying the relevant risk-free interest rate structure. The cash flow projections used in the calculation are made policy by policy in accordance with Chapter III of the Delegated Regulations, including all the flows corresponding to existing insurance contracts:

- Payment of benefits to policyholders and beneficiaries
- Payments of all expenses incurred by the entity to meet insurance obligations.
- Premium payments and any additional flows arising from such premiums.
- Payments between the entity and intermediaries in relation to insurance obligations.

This cash flow projection takes into account all the uncertainties related to:

- Assumptions on the behaviour of annulments and the behaviour of policyholders.
- Assumption of death.
- Changes in demographic assumptions and premium payments
- Uncertainty about cost assumptions.

The Risk Margin is calculated as the linear sum of the risk margins of the individual entities without eliminating intra-group adjustments. These margins are calculated in the same way for all individual entities, in accordance with Guideline 62 on the valuation of technical provisions, simplified methods 2 and 3 are not appropriate when BEL is negative in any of the projection years, as is the case for flows from the Temporary Annual Renewable Insurance and Funeral Insurance.

- The flows from both the central BEL and the stressed BEL are used in the life underwriting risk of the reference entity and the resulting SCR is calculated year by year, assuming that the entity does not accept new business and therefore consumes the flow of its obligations;
- For the remaining risk modules, if their calculation is based on the BEL, the projection of the BEL is considered and the resulting SCRs are calculated;
- Finally, Market SCR is considered to be non-material.

Note 13. Other debts

The valuation coincides in both regimes, except for the changes in the scope.

Note 14 Subordinated liabilities

The Group has a subordinated issue made through its entity Atradius.

Note 15 Provisions for pensions and similar obligations

The Group has post-employment pension obligations classified as either defined-contribution plans or defined-benefit plans, which are covered by insurance policies and employment pension plans or trustee-administered funds. Other post-employment benefits, as well as long-term benefits, such as service awards, are covered by internal provisions. The valuation is the same except for changes in the scope of consolidation.

Note 16 Other liabilities, not shown under other headings

Among other items, this balance sheet heading includes accounting asymmetries, as well as the accrual of commissions and acquisition expenses pending allocation in the future corresponding to the ceded reinsurance business. Both concepts are included in the calculation of the "Best Estimate" of technical provisions under solvency II, so their valuation is equal to zero.

QRT S.02.01.02, S.22.01.22 and S.32.01.22

S.02.01.02 - Balance sheet

Assets	Solvency II value
Goodwill	
Deferred acquisition costs	
Intangible assets	0
Deferred tax assets	925.648.433
Pension benefit surplus	53.393.000
Property, plant & equipment held for own use	594.097.015
Investments (other than assets held for index-linked and unit-linked contracts)	11.013.328.682
Property (other than for own use)	1.034.468.094
Holdings in related undertakings, including participations	302.736.187
Equities	1.084.143.419
Equities - listed	1.062.241.113
Equities - unlisted	21.902.306
Bonds	7.302.789.742
Government Bonds	3.478.798.947
Corporate Bonds	3.801.024.895
Structured notes	22.965.899
Collateralised securities	0
Collective Investments Undertakings	547.352.739
Derivatives	0
Deposits other than cash equivalents	741.838.501
Other investments	0
Assets held for index-linked and unit-linked contracts	574.359.286
Loans and mortgages	164.353.133
Loans on policies	22.140.154
Loans and mortgages to individuals	854.312
Other loans and mortgages	141.358.667
Reinsurance recoverables from:	390.640.885
Non-life and health similar to non-life	391.757.150
Non-life excluding health	392.556.315
Health similar to non-life	-799.165
Life and health similar to life, excluding health and index-linked and unit-linked	-1.116.265
Health similar to life	0
Life excluding health and index-linked and unit-linked	-1.116.265
Life index-linked and unit-linked	0
Deposits to cedants	25.395.873
Insurance and intermediaries receivables	258.167.673
Reinsurance receivables	74.985.165
Receivables (trade, not insurance)	204.367.189
Own shares (held directly)	635.909
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	1.200.404.632
Any other assets, not elsewhere shown	194.783.277
Total assets	15.674.560.152

Liabilities	Solvency II value
Technical provisions - non-life	2.289.695.641
Technical provisions - non-life (excluding health)	2.229.450.607
Technical provisions calculated as a whole	0
Best Estimate	2.072.179.837
Risk margin	157.270.770
Technical provisions - health (similar to non-life)	60.245.033
Technical provisions calculated as a whole	0
Best Estimate	53.930.342
Risk margin	6.314.691
Technical provisions - life (excluding index-linked and unit-linked)	5.338.991.989
Technical provisions - health (similar to life)	18.213.570
Technical provisions calculated as a whole	0
Best Estimate	18.213.570
Risk margin	0
Technical provisions - life (excluding health and index-linked and unit-linked)	5.320.778.419
Technical provisions calculated as a whole	0
Best Estimate	4.772.280.064
Risk margin	548.498.355
Technical provisions - index-linked and unit-linked	507.461.168
Technical provisions calculated as a whole	0
Best Estimate	489.085.543
Risk margin	18.375.625
Other technical provisions	
Contingent liabilities	0
Provisions other than technical provisions	26.654.974
Pension benefit obligations	188.251.757
Deposits from reinsurers	52.905.806
Deferred tax liabilities	1.456.351.969
Derivatives	0
Debts owed to credit institutions	208
Financial liabilities other than debts owed to credit institutions	-611.135
Insurance & intermediaries payables	96.493.039
Reinsurance payables	83.197.072
Payables (trade, not insurance)	561.674.356
Subordinated liabilities	213.215.956
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	213.215.956
Any other liabilities, not elsewhere shown	181.505.501
Total liabilities	10.995.788.300

Excess of assets over liabilities	4.678.771.852

S.22.01.22 - Impact of long term guarantees and transitional measures -

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	8.136.148.798	297.732.230	0	14.241.912	0
Basic own funds	4.582.790.724	-223.299.173	0	-10.617.152	0
Eligible own funds to meet Solvency Capital Requirement	4.582.790.724	-223.299.173	0	-10.617.152	0
Solvency Capital Requirement	2.152.124.236	0	0	2.122.625	0

S.32.01.22 - Undertakings in the scope of the group -

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
ES	95980020140005338378	LEI	Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005405017	LEI	Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800PAQJABFQWKRF36	LEI	Nortehispana. De Seguros y Reaseguros, S.A.	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005374850	LEI	Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140006033383	LEI	GCO Reaseguros, S.A.	(Re)insurance undertakings	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B85039600	Specific Code	Grupo Compañía Española de Crédito y Caución, S.L.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	73.84 %	100.00 %	73.84 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800V7RYS0SBDHZD65	LEI	Cosalud Servicios, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800HNWAK1KG9EJK63	LEI	Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	A48409023	Specific Code	Bilbao Hipotecaria, S.A., E.F.C.	Credit institution, investment firm and financial institution	Credit Institution	Non-mutual	Banco de España (BdE)	99.73 %	99.73 %	99.73 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800TMUKV2B1SB4X26	LEI	Seguros Órbita, Sociedad Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800EAE51QTVPN2Z81	LEI	Bilbao Telemark, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800A46282L0P1YS51	LEI	Bilbao Vida y Gestores Financieros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	9598006T6XHEPH82C668	LEI	Catoc SICAV, S.A.	Other sectors	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	99.86 %	99.86 %	99.86 %	NA	Dominant	1	Yes		Other methods
ES	959800AHXRU6CQK5W909	LEI	PREPERSA de Peritación de Seguros y Prevención, A.I.E.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800JMFGYBU2W6T783	LEI	Tecniseguros, Sociedad de Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800A7QQ40PVG1QD88	LEI	Catalana Occidente Capital, Agencia de Valores, S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800W0FZTBMSZAEU82	LEI	Grupo Catalana Occidente, Tecnología y Servicios, A.I.E.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	99.93 %	100.00 %	99.93 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800S7E9AZZLQ12L60	LEI	Grupo Catalana Occidente Contact Center, A.I.E	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	99.97 %	100.00 %	99.97 %	NA	Dominant	1	Yes		Consolidation/full integration
AD	GRO0009AD00001	Specific Code	Inversions Catalana Occident, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005290557	LEI	Hercasol, S.A. SICAV	Other sectors	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	88.69 %	88.69 %	88.69 %	NA	Dominant	1	Yes		Other methods
CL	GRO0009CL00001	Specific Code	Inversiones Credere S.A.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	50.00 %	50.00 %	50.00 %	NA	Significant	1	Yes		Consolidation/equity method
ES	B61022695	Specific Code	Calboquer, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	20.00 %	20.00 %	20.00 %	NA	Significant	0	Yes		Other methods

ES	A28749976	Specific Code	Asitur Asistencia. S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	42.82 %	42.82 %	42.82 %	NA	Significant	0	Yes		Other methods
ES	95980020140005888465	LEI	Gesiuris Asset Management, S.G.I.I.C., S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	26.12 %	26.12 %	26.12 %	NA	Significant	0	Yes		Method 1: Sectoral rules
NL	A01	Specific Code	Atradius NV	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	017	Specific Code	Atradius Collections Holding B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	677	Specific Code	Atradius Credit Management Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	611	Specific Code	Atradius Collections B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
MX	GR00009MX00601	Specific Code	Atradius Collections, S.A. de C.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GR00009BR00681	Specific Code	Atradius Collections Serviços de Cobranças de Dividas Ltda.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	631	Specific Code	Atradius Collections, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
SG	GR00009SG00669	Specific Code	Atradius Collections Pte. Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	613	Specific Code	Atradius Collections Ltd. (UK)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
AU	GR00009AU00659	Specific Code	Atradius Collections Pty Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	GR00009US00681	Specific Code	Atradius Collections, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CA	GR00009CA00607	Specific Code	Atradius Collections Ltd. (Canada)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
HK	GR00009HK00665	Specific Code	Atradius Collections Ltd. (Hong Kong)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CN	GR00009CN00667	Specific Code	Atradius Corporate Management Consulting (Shangai) Co. Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	B04	Specific Code	Atradius Insurance Holding B.V.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	411	Specific Code	Atradius Information Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CN	GR00009CN00072	Specific Code	Atradius Credit Information Consulting Co Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
KR	GR00009KR00473	Specific Code	Atradius Trade Insurance Brokerage Yuhan Hoesa (Corea del Sur)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
RU	GR00009RU00483	Specific Code	Atradius Credit Management Services (RUS) LLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IN	GR00009IN00475	Specific Code	Atradius India Credit Management Services Private Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
MX	GR00009MX00401	Specific Code	Informes Mexico S.A. de C.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ID	GR00009ID00010	Specific Code	PT Atradius Information Services Indonesia	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	397	Specific Code	Atradius Pensions Trustees Ltd	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration

ES	491	Specific Code	Iberinform Internacional S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Single-Entity Limited Company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	389	Specific Code	Invercyca S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Single-Entity Limited Company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	399	Specific Code	Iberinmobiliaria S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Single-Entity Limited Company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GR00009BR00295	Specific Code	Crédito y Caución Seguradora de Crédito e Garantias S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Banco Central do Brasil	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GR00009BR00495	Specific Code	Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	GR00009US00003	Specific Code	Atradius Credit Insurance Agency, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
MX	GR00009MX00201	Specific Code	Atradius Seguros de Crédito S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Comision Nacional de Seguros y Finanzas (CNSF)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IE	NA2	Specific Code	Atradius Investments Ltd.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	301	Specific Code	Atradius Dutch State Business N.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	GR00009US00203	Specific Code	Atradius Trade Credit Insurance, Inc.	Non-life insurance undertaking	Limited liability company	Non-mutual	Maryland Insurance Administration (MIA)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BE	025	Specific Code	Accento Services S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA7	Specific Code	Graydon Holding NV	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CL	GR00009CL00005	Specific Code	Compañía de Seguros de Crédito Continental S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Superintendencia de Valores y Seguros (SVS)	41.60 %	41.60 %	41.60 %	NA	Significant	0	Yes		Consolidation/equity method
LB	GR00009LB00011	Specific Code	The Lebanese Credit Insurer S.A.L.	Non-life insurance undertaking	Limited liability company	Non-mutual	Insurance Control Commission (ICC)	40.68 %	40.68 %	40.68 %	NA	Significant	0	Yes		Consolidation/equity method
IL	GR00009IL00003	Specific Code	CLAL Credit Insurance	Non-life insurance undertaking	Limited liability company	Non-mutual	Supervisor of Insurance	16.64 %	16.64 %	16.64 %	NA	Significant	0	Yes		Consolidation/equity method
ES	959800H2P9S8MS95DT42	LEI	Grupo Catalana Occidente, Sociedad Anónima	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	100.00 %	0.00 %	0.00 %	NA		0	Yes		Consolidation/full integration
ES	B95115572	Specific Code	Funeraria Auxiliadora S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	A48847321	Specific Code	Funeraria Bilbaína S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B39475843	Specific Code	Funeraria Merino Diez S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B95583910	Specific Code	Mediagen S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B95542015	Specific Code	Servicios Funerarios del Nervión S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	50.00 %	100.00 %	50.00 %	NA	Dominant	1	Yes		Consolidation/full integration
PT	GR00009PT00494	Specific Code	Iberinform Portugal S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
PT	GR00009PT00497	Specific Code	Gestifatura Unipessoal Ltda	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IE	6354003PFJVHJUGQQA54	LEI	Atradius Reinsurance DAC	(Re)insurance undertakings	Limited liability company	Non-mutual	Central Bank of Ireland (CBI)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	9598002U9BK2VP1RTG14	LEI	Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Non-life insurance undertaking	Private Single-Entity Limited Company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
PL	GR00009PL00695	Specific Code	Starzynski i Wspólnicy Kancelaria Prawna Sp. k.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ZA	GR00009ZA00007	Specific Code	Credit Guarantee Insurance Corporation of Africa Limited	Non-life insurance undertaking	Limited liability company	Non-mutual	Financial Services Board	20.80 %	20.80 %	20.80 %	NA	Significant	0	Yes		Consolidation/equity method

ES	9598009ND0L37V1EF569	LEI	GCO Gestora de Pensiones, EGFP, S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800SJ70968SV2L842	LEI	Grupo Catalana Occidente Activos Inmobiliarios, S.L.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	99.95 %	100.00 %	99.95 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800Q3FUHA8MYC9M92	LEI	Sociedad Gestión Catalana Occidente, S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800JNSR2YG5AXMD91	LEI	Previsora Bilbaina Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B80125172	Specific Code	Funeraria Nuestra Señora de los Remedios, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	A88127642	Specific Code	Nortehispana Mediación, Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
AD	GRO0009AD00002	Specific Code	MB Corredors d'Assegurances, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	25.00 %	25.00 %	25.00 %	NA	Significan t	0	Yes		Other methods
ES	B95778783	Specific Code	Asistea Servicios Integrales, S.L.U	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
VN	GRO0009VN00509	Specific Code	Atradius Information Services Vietnam Company Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		solidation/full integration
NL	NA71	Specific Code	Graydon Nederland B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA73	Specific Code	Stichting Derdengelden	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA74	Specific Code	Giant-net B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA75	Specific Code	Open Companies B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BE	NA76	Specific Code	Graydon Belgium N.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
RU	GRO0009RU00285	Specific Code	Atradius Rus Credit Insurance LLC	Non-life insurance undertaking	Limited liability company	Non-mutual	Central Bank of the Russian Federation	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	B02	Specific Code	Atradius Finance B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	B06	Specific Code	Atradius Participations Holding S.L.U.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IT	329	Specific Code	Atradius Italia Intermediazioni SRL	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	NA77	Specific Code	Graydon UK Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CN	GRO0009CN00467	Specific Code	AEMC Ltd Shanghai	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
AE	GRO0009AE00719	Specific Code	Atradius Collections DMCC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration

E. Capital management

E.1. SCR breakdown by module

Data in € thousand

RISKS	31/12/2019
Non-Life risk	**1,342,132.46**
Internal Model	940,552.1
Premium and reserve risk	393,084.2
Fall risk	7,171.8
Catastrophe risk	29,624.8
Life Risk	**742,199.5**
Mortality risk	177,600.5
Longevity risk	89,211.9
Disability risk	38,268.5
Fall risk	658,032.8
Expenses risk	35,787.3
Review risk	0.0
Catastrophic	42,404.8
Health Risk	**57,175.5**
Premium and reserve risk	56,857.1
Fall risk	2,622.1
Catastrophic	999.0
Market risk	**1,416,413.8**
Interest rate risk	36,361.6
Variable income risk	681,774.5
Real estate risk	368,299.6
Spread risk	401,281.1
Concentration risk	76,043.7
Exchange rate risk	251,273.0
Counterparty risk	**227,855.4**
Intangible asset risk	**0.0**
Operational risk	**143,586.0**
SCR Other Financial Sectors	**4,166.2**
SCR Total	**2,152,124.2**
MCR	**783,689.4**

E.2. QRT S.23.01.22 and S.25.02.22

S.23.01.22 - Own funds -

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	**36.000.000**	36.000.000		0	
Non-available called but not paid in ordinary share capital at group level	**0**	0		0	
Share premium account related to ordinary share capital	**1.532.881**	1.532.881		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**0**	0		0	
Subordinated mutual member accounts	**0**		0	0	0
Non-available subordinated mutual member accounts at group level	**0**		0	0	0
Surplus funds	**0**	0			
Non-available surplus funds at group level	**0**	0			
Preference shares	**0**		0	0	0
Non-available preference shares at group level	**0**		0	0	0
Share premium account related to preference shares	**0**		0	0	0
Non-available share premium account related to preference shares at group level	**0**		0	0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**4.198.824.098**	4.198.824.098			
Subordinated liabilities	**213.215.956**		0	213.215.956	0
Non-available subordinated liabilities at group level	**0**		0	0	0
An amount equal to the value of net deferred tax assets	**0**				0
The amount equal to the value of net deferred tax assets not available at the group level	**0**				0
Other items approved by supervisory authority as basic own funds not specified above	**0**	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	**0**	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	**374.038.964**	374.038.964	0	0	0
Non-available minority interests at group level	**240.128.586**	240.128.586	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	692.588				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**0**	0	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	**0**	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	**0**	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	**0**	0	0	0	0
Total of non-available own fund items	**240.128.586**	240.128.586	0	0	0
Total deductions	**240.128.586**	240.128.586	0	0	0

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total basic own funds after deductions	**4.582.790.724**	4.369.574.768	0	213.215.956	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	**0**			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**0**			0	
Unpaid and uncalled preference shares callable on demand	**0**			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**0**			0	0
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**0**			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**0**			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**0**			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**0**			0	0
Non available ancillary own funds at group level	**0**			0	0
Other ancillary own funds	**0**			0	0
Total ancillary own funds	**0**			0	0
Own funds of other financial sectors					
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	**0**	0	0	0	
Institutions for occupational retirement provision	**0**	0	0	0	0
Non regulated entities carrying out financial activities	**0**	0	0	0	
Total own funds of other financial sectors	**0**	0	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	**0**	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	**0**	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**4.582.790.724**	4.369.574.768	0	213.215.956	0
Total available own funds to meet the minimum consolidated group SCR	**4.582.790.724**	4.369.574.768	0	213.215.956	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**4.582.790.724**	4.369.574.768	0	213.215.956	0
Total eligible own funds to meet the minimum consolidated group SCR	**4.526.312.654**	4.369.574.768	0	156.737.885	
Minimum consolidated Group SCR (Article 230)	**783.689.427**				

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**6**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	4.582.790.724	4.369.574.768	0	213.215.956	0
Group SCR	2.152.124.236				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**2**				

Reconciliation reserve	
Excess of assets over liabilities	4.678.771.852
Own shares (held directly and indirectly)	635.909
Foreseeable dividends, distributions and charges	67.740.000
Other basic own fund items	411.571.845
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Other non available own funds	**0**
Reconciliation reserve	**4.198.824.098**
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	1.178.431.551
Expected profits included in future premiums (EPIFP) - Non- life business	163.687.511
Total Expected profits included in future premiums (EPIFP)	**1.342.119.062**

S.25.02.22 - Solvency Capital Requirement - for groups using the standard formula and partial internal model -

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
1	RIESGO DE MERCADO	1.416.413.755	0		0
2	RIESGO DE CONTRAPARTE	227.855.476	0		0
3	RIESGO DE SUSCRIPCIÓN DE RIESGOS DE VIDA	742.199.549	0	None	0
4	RIESGO DE SUSCRIPCIÓN DE SALUD	57.175.457	0	None	0
5	RIESGO DE SUSCRIPCIÓN DE NO VIDA	1.342.132.456	940.552.108	None	0
7	RIESGO OPERACIONAL	143.586.018	0		0
9	CAP IMPUESTOS DIFERIDOS (CUANTÍA NEGATIVA)	-547.038.406	0		0

Calculation of Solvency Capital Requirement	
Total undiversified components	3.382.324.307
Diversification	-1.234.366.315
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	2.147.957.992
Capital add-ons already set	0
Solvency capital requirement	2.152.124.236
Other information on SCR	
Amount/estimate of the overall loss-absorbing capacity of technical provisions	0
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	-547.038.406
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	0
Minimum consolidated group solvency capital requirement	783.689.427
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
Capital requirement for non-controlled participation requirements	4.166.244,63
Capital requirement for residual undertakings	0
SCR for undertakings included via D and A	0
Solvency capital requirement	2.152.124.236

For further information please contact:

Analysts and investors
+34 915.661.302
analistas@catalanaoccidente.com

Catalana Occidente
Grupo asegurador