2020

Annual Report
Grupo Catalana Occidente, S.A.

Catalana Occidente
Insurance Group

Annual Report Grupo Catalana Occidente, S. A. 2020

Grupo Catalana Occidente publishes its annual report for 2020, which was analyzed by the Audit Committee and approved by the Board of Directors at its meeting on 25th February 2021, and specifically in relation to the consolidated financial statements that have been prepared on the basis of the European Union's international financial reporting standards and audited by PricewaterhouseCoopers Auditores S.L.

This report has been prepared in accordance with the re-porting framework of the International Integrated Reporting Council (IIRC), following the principles of reliability, relevance and comparability. The report gives a view of the environment, the business model, the strategic approach and the future outlook of the Group, as well as the main risks to which it is exposed. It also details the Group's activities in areas of governance and social, environmental and economic performance.

The scope of information that appears in the report corresponds to Grupo Catalana Occidente and the companies comprising it. Business performance in recent years has been linked to corporate operations, which have been formally communicated to the market through the Nation-al Securities Market Commission (CNMV) salient event notifications.

Grupo Catalana Occidente incorporates the non-financial and diversity information in this Annual Report following the requirements established in Act 11/2018 approved on 28 December 2018. The scope and location in this report of the different indicators that make up the non-financial information statement, using the Global Reporting Initiative (GRI) reporting framework, is shown in section 7 of the management report. This non-financial information has been verified by PricewaterhouseCoopers Auditores S.L. In addition, it prepares a Sustainability Report, a document in which it reports on its social and environmental policies, as well as its commitment and performance in the area of Sustainability, offering extended information on its actions in the matters described above.

The alternative performance measures (APM) used in this report correspond to the financial measures that are not defined or detailed in the framework of the applicable financial information. Their definition, calculation and reformulation regarding the financial statements can be consulted in the glossary section and the corporate web-site.

The report is available on the Group's website. Further-more, there is an Excel document with financial and non-financial information also available on the website. Finally, at the end of this report there is a questionnaire for evaluation and suggestions for improvement.

In the event that you should require further information contact:
Analysts and investors +34 91 566 13 02 analis-tas@catalanaoccidente.com

Letter from the Chairman

"In 2020 we have strengthened our leadership position and remained faithful, more than ever, to our values"

Dear shareholders, associates and customers,

I am pleased to share with you the annual report for 2020, a particularly complicated year in which Grupo Catalana Occidente has been able to strengthen its leadership position and has remained faithful, more than ever, to its values.

Before reviewing the global evolution and performance of our Group, I would like to focus on the importance, in difficult times such as the present, of creating a solid long-term business and generating sustainable social value. This means focusing our activity not only on obtaining results but also on promoting the well-being of our stakeholders and society as a whole.
In 2020, the world economy was hit by the COVID-19 pandemic, closing the year with a contraction of 3.5%. A rate not seen since World War II. Spain was one of the hardest hit markets, with GDP falling 11.1% year-on-year. The health crisis has caused profound damage to the Spanish economy, affecting public finances, companies, employment, consumption and investment.

In this extremely complex environment, we obtained a consolidated result of €270.1 million, 36.4% less than the previous year, due to the impact that the economic situation derived from COVID-19 has had on the credit insurance business. However, turnover increased slightly by 0.3% to €4,426.4 million thanks to the resilience of the traditional business. The integration of Antares, which contributed €142.8 million to turnover, was particularly satisfactory. In the credit insurance business, the result was €50.4 million. It should be noted that governmental support programmes implemented in an agile, forceful manner in Europe, where Atradius has the greatest focus of its activity, have contributed to mitigate the dramatic effects that the pandemic is having on various sectors to which we are exposed.

Overall, it has been a year in which we have strengthened our leadership position in the Spanish market, where we have climbed to fourth place in terms of premium volume.

With regard to the Group's capital strength, I would like to highlight that permanent resources at market value stood at €4,663.4 million at the end of 2020, which represents a growth of 1.7% and strengthens our solvency position, with a ratio of over 216%. At the same time, we have maintained our commitment to shareholders by paying a dividend of €105.85 million (€0.8821 per share).

We have chosen to be extremely prudent in our investments and to closely monitor financial margins and commitments to our policyholders. We have remained faithful to our strategy of investing in traditional assets, maintaining high liquidity rates in order to take advantage of market opportunities. At the same time, and due to the extension of the low interest rates over time, we have increased exposure to other types of assets such as loan or infrastructure funds, always with a long-term view. These represent a good opportunity to improve profitability and increase portfolio diversification.

As I mentioned at the beginning, no less remarkable than the financial results has been the fact that, since the beginning of the pandemic, we have promoted initiatives to protect employees and associates; to offer facilities to customers and suppliers; to support research and to help society in general, especially the most vulnerable groups.

In fact, the Group quickly implemented teleworking among all its employees in the companies Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros, and Atradius Crédito y Caución. At the same time, our intermediaries had tools to ensure continuity in the relationship with the customer through telematic means and remote contracting facilities at their disposal. To help our associates, mostly self-employed, we launched a plan of €20 million in interest-free advances on their invoicing, with the aim of providing them with liquidity.

In the provision of service to our traditional business policyholders, we quickly implemented aids such as flexible payment of bills and free medical assistance by telephone. Systems for customer service such as video-loss adjustments and digital signatures were implemented. For our corporate customers we extended cyber-risk coverage to employees who were teleworking. In the credit insurance business, among other measures, we made the period for declaring non-payment more flexible. All of this, with the desire to contribute to alleviating the difficulties caused by the pandemic.

At sector level, Group Catalana Occidente joined the solidarity fund for the fight against the COVID-19 health crisis with a contribution of €2.27 million. With this initiative, the sector recognises the efforts of all the staff of health centres and old people's homes that are on the front line, facing the pandemic and offers them free life insurance and an allowance for hospitalisation in case they are infected.

In turn, the Fundación Jesús Serra's solidarity action was focused on new initiatives aimed at alleviating the situation created by the health crisis: among others, it supported the Spanish National Research Council (CSIC) in its aim of promoting research into a vaccine against COVID-19; and it collaborated with Save the Children to help families in vulnerable situations.

Last but not least, in this review of the year, I must highlight that we have formalised the review of our material issues and established a sustainability plan 2020-2023 that confirms our commitment to integrate sustainability into the Group's business model.

We have also signed up to the United Nations Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI), formalising our commitment to contribute to an economically efficient and sustainable global financial system that creates long-term value.

As we look to the future, our objectives are focused on redoubling our efforts in customer orientation, based on strengthening our distribution networks and relying increasingly on digitization and new technologies, which provide us with new capabilities for customer interaction. We will also continue to adapt our product and service offers to market trends in the areas of sustainability, looking after health and wellness, increased longevity, mobility and data security management. Many of these trends have been accelerated by the pandemic. Similarly, technical rigour in business management will continue to characterise our performance and we will continue to advance along the path of efficiency and integration.

To conclude, I would like to emphasise that insurers play a very important role in the lives of individuals and companies by accompanying them in their preventive needs and protecting them against uncertainties. Our vocation will continue to be to serve our customers, supported by our strategic pillars of growth, profitability and solvency.

Finally, I would like to thank you for your trust and support, as well as that of our intermediaries and external networks. I am convinced that together we will be able to continue to give the best of ourselves to others.

José M.ª Serra
Chairman

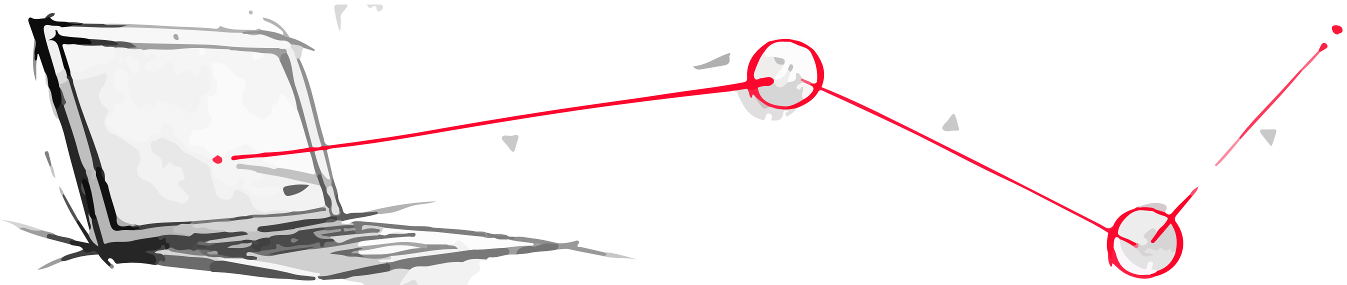
Índice

Índice - Informe de gestión

01 Annual panorama

Year marked by COVID-19

Resilience in traditional business supports the expected impairment in the credit insurance business.



International dimension

4th Largest insurance group in Spain

2Nd largest
largest credit insurance group in the world

50+ countries

1,600 offices

- Spain 68 %
- Central and Northern Europe 10,1%
- Western Europe 12,2%
- Southern Europe 3,3%
- Asia and rest of the world 3,4%
- America 2,9%

Main figures

Volume and distribution of the business

4.559,5M€ + 0,3%

57.4% Traditional business
40,3% Credit insurance business

Combined ratio

88,6% Traditional business
94,1% Credit insurance business

Recurring result

270,1M€ +9,9%

Remuneration for the shareholder

105,85M€ + 29,9%

4 million
Insured

7.384
employees

Over
3.934M€
transferred to the society

Long-term capital Market value

4.663M€

Insurance specialist

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

Solid financial structure

- Listed on the stock exchange.
- Rating "A" (AM Best) and "A2" (Moody's).
- Stable, committed shareholders.

Closeness – global presence

- Approximately 18,000 intermediaries.
- 7. 385 employees.
- 1,600 offices.
- 50 countries.

Technical rigour

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

Key financial figures

Improvement in the result of the traditional business and reduction in the profit of the credit insurance business

Growth

- The decrease in credit insurance was offset by the growth of the traditional business, which as a whole increased by 0.3% to €4,559.5 million.
- Integration of Antares, gaining presence in the health sector.

Profitability

- Decrease of 36.4% in the consolidated profit, reaching €270.1 million.
- Different recurring results:
  - Traditional business, at €238.6 million, +12.5%.
  - Credit insurance business, at €50.4 million, -78.8%.
- Combined ratio:
  - 88.6% in traditional business *(non-life) (-1.8 p.p.).
  - 94.1% in the credit insurance business (+15.4 p.p.).
- Commitment to the shareholder. Dividend paid of €105.85 million.

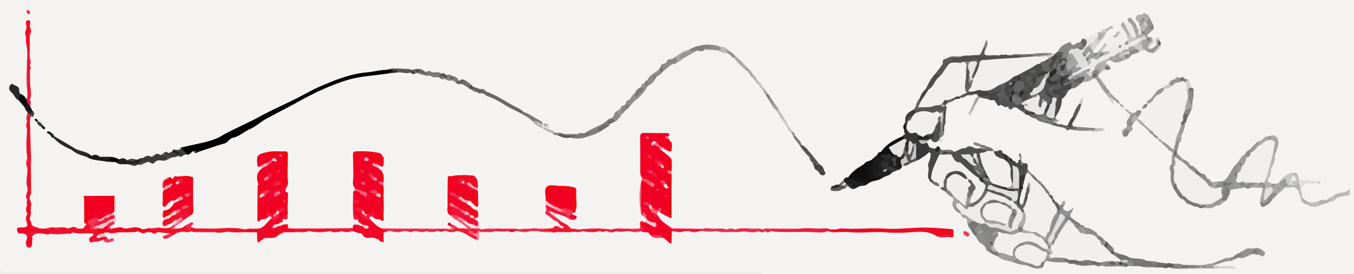
Solvency

- A.M.Best maintains the rating of the main operating entities in both traditional and credit insurance business at "A" with a stable outlook, and Moody's maintains the rating of the entities in the credit insurance business at "A2" with a stable outlook.
- The estimated Solvency II ratio at the close of 2020 for the Group is 216%.

	Datos más significativos	2018	2019	2020	Chg.	Report location
A	**GROWTH**					
	Turnover	4.345,2	4.547,7	4.559,5	0,3%	*Página 12*
	- Traditional business	2.541,2	2.612,4	2.720,4	4,1%	*Página 19*
	- Credit insurance business	1.804,0	1.935,3	1.839,1	-5,0%	*Página 22*
B	**PROFITABILITY**					
	Consolidated result	386,4	424,5	270,1	-36,4%	*Página 12*
	- Traditional business	195,7	212,1	238,6	12,5%	*Página 19*
	- Credit insurance business	200,9	238,2	50,4	-78,8%	*Página 22*
	- Non-recurring	-10,2	-25,8	-18,9		*Página 25*
	Attributed result	352,1	385,9	262,3	-32,0%	*Página 12*
	Combined traditional business ratio*	91,2%	90,4%	88,6%	-1,8	*Página 19*
	Combined ratio credit insurance (gross)	78,8%	78,7%	94,1%	15,4	*Página 23*
	Dividend	0,82	0,68	0,88	29,9%	*Página 14*
	Pay-out	28,2%	21,1%	40,4%		*Página 14*
	Share price	32,6	31,2	29,2	-6,4%	*Página 15*
	PER	11,1	9,7	13,3		*Página 15*
	ROE	12,3%	11,1%	7,3%		*Página 15*
C	**SOLVENCY**					
	Permanent resources at market value	3.908,6	4.584,8	4.663,4	1,7%	*Página 31*
	Technical provisions	9.567,7	10.652,1	10.982,5	3,1%	*Página 28*
	Managed funds	12.323,5	14.377,3	14.758,9	2,7%	*Página 29*
	Solvency II Ratio*	207%	213%	216%		*Página 33*
	% debt	5,0%	4,8%	4,5%		*Página 32*
	Interest coverage	37,4	37,9	38,1		*Página 32*
D	**Non-financial data**					
	Number of employees***	7.389	7.440	7.384	-0,8%	*Página 51*
	% Permanent contracts	96,6%	96,1%	96,0%		*Página 51*
	Number of offices	1.649	1.612	1.591	-1,3%	*Página 54*
	Number of intermediaries in traditional business	17.801	17.327	17.042	-1,6%	*Página 54*
	Net Promoter Score (NPS), traditional business	34,1%	39,6%	45,4%		*Página 53*

** Combined ratio does not include Health and Funeral*
*** 2020 Data with transition of technical provisions and with partial internal model. Pending audit*
**** Considered in the concept of full time employees (FTE)*

02 Grupo Catalana Occidente in 2020



Resilience of traditional business despite COVID-19

The Group increases turnover, traditional business performance and capital compared to the previous year.

Macroeconomic environment

Decline of 3.5% in 2020 (2.8%). Widespread impairment of economic indicators as a result of COVID-19

United States GDP -3.4% GDP 2020 (2.2%)

- Political tensions, elections
- Trade disputes smoothed out by agreements reached with China
- Unrest over the management of the health crisis
- Solid private consumption
- Contraction of investment and exports.
- Unemployment rate of 6.3%.

Eurozone GDP -7.2% 2020 (1.3%)

- Tensions due to contributions of the recovery plans
- Estimated 110% public debt
- Unemployment of 8.3%

United Kingdom GDP -10.0% 2020 (1.5%)

- Brexit on 31st January 2020
- Depreciation of the pound against the euro
- Drop in exports of more than 60%
- Unemployment of 4.9%

outh America -7.4% GDP 2020 (0.0%)

- Worsening financial conditions
- Reduced private investment
- Context of low economic dynamism
- Unrest over the management of the health crisis

Spain GDP -11.1% 2020 (2.0%)

- Strong impact on the economy due to the important weight of tourism
- Estimated 110% public debt
- Unemployment of 16.2%
- Deficit of 11.3%

Asia Pacific + -1.1% GDP 2020 (5.5%)

- China 2.3% GDP 2020 (6.1%)
- Sharp drop in industrial production
- Fiscal and monetary stimulus measures
- Collapse of direct investment

Japan -5.1% GDP 2020 (1.0%)

- 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

- Widespread measures to inject liquidity and credit support into economies.
- Minimum interest rates

Interest rates	1 year	3 years	5 years	10 years
Spain	-0,6	-0,2	-0,1	0,1
Germany	-0,7	-0,7	-0,7	-0,6
U.S.	0,1	0,3	0,5	0,9

Source: Bloomberg. End 2020

Variable income

- Fall in the main European stock market indices

	End 2020	%Chg.
Ibex35	8.073,7	-15,5%
EuroStoxx Insurance	261,3	-19,0%
Eurostoxx50	3.552,6	-5,1%
Dow Jones	30.606,5	+7,5%

Raw materials/currencies

- Fall in oil prices
- The dollar loses its appeal as a safe-haven currency

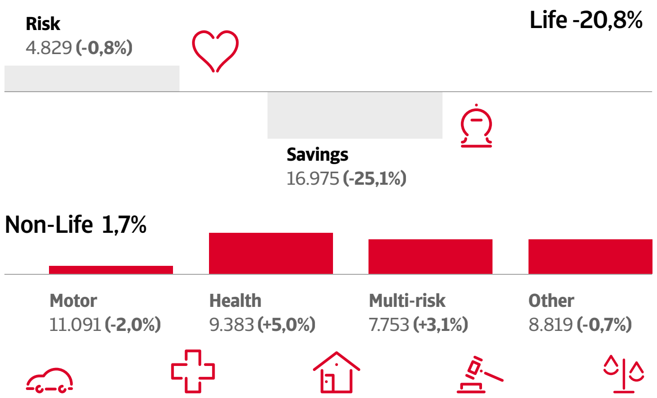
	End 2020	% Chg
Oil ($/barrel)	49,2	-25,5%
Gold	1.525,5	+0,1%
€/$	1,22	+8,9%
€/£	0,90	+5,9%

Sectoral environment

The insurance sector's turnover in Spain is decreasing due to the fall in life premiums.

Insurance industry in Spain

Performance of insurance sector and ranking in Spain



Ranking Group	Position		Market share
Vidacaixa		=	12,1%
Mapfre		=	11,3%
Grupo Mutua Madrileña		=	9,4%
Grupo Catalana Occidente	↑	1	5,1%
Allianz	↓	1	5,1%
Grupo Axa	↑	1	4,9%
Zurich	↓	1	4,2%
Generali	↑	1	3,8%
Santalucía	↓	1	3,7%
Grupo Helvetia (Helvetia + Caser)	↑	2	3,2%

Source: ICEA at the close of 2020

The result of the technical account for the sector at the end of 2020 was 11.7% of retained premiums, 2.1 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 motor, which improved its combined ratio by 6.2 percentage points to 87.8% due to the lower volume of claims.

Estabilidad en los resultados del sector

Fuente: a cierre de 2020

ROE	Ratio combinado
14,9%	89,3%*

Motor	87,8%
Multi-risk	94,6%
Health	91,1%

** Combined ratio includes Health and Funeral*
Source: ICEA at the close of 2020

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 2020 has been 237.8%, up by 0.8 p.p., higher than the average for the sector in the European Union.

Credit insurance

The COVID-19 health crisis has strongly affected the world economy. The IMF's GDP forecast fell from +3.3% at the start of the year to -3.5% at the end of the year. Faced with this situation, the governments of the main European countries, through credit insurance, have supported the business fabric of their economies. The government reinsurance arrangements are part of a comprehensive package of measures and aim to ensure that sufficient liquidity is available in the market, to counteract the damage inflicted on businesses affected by the pandemic and to preserve the continuity of economic activity during and after the pandemic.

The global economy is expected to recover in 2021 from the major economic downturn that took place in the first half of 2020. However, the pace of recovery will depend largely on the effectiveness of vaccination plans and the end of lockdowns. Fiscal and monetary support will be crucial to sustain activity. The advanced economies are forecast to grow by 3.9% in 2021, largely undoing the cumulative fall in GDP in 2020.

Evolution of the Group

Positive performance of the traditional business, which has partially offset the decline in the results of the credit insurance business.

The Group's attributable profit decreased by 32.0% to €262.3 million.

Result impacted by the health crisis

The business turnover (which includes the premiums invoiced and the income from information) ascends to €4,559.5 million, slightly increasing by 0.3%.

In turn, the technical result, with €339.8m was 36.9% lower, reflecting the impact of the COVID-19 health crisis, especially in the credit insurance business.

In traditional business, the good performance extended to all the Group's entities and all its business units. In addition, corporate departments and corporate platforms improve the efficiency of this business.

In the credit insurance business, the worsening of the result in the second half of the year was limited by the management actions carried out

(figures in € million)

Income statement	2018	2019	2020	% chg. 19 -20
Written premiums	4.212,7	4.411,2	4.426,4	0,3%
Income from information	132,5	136,5	133,1	-2,5%
Turnover	**4.345,2**	**4.547,7**	**4.559,5**	**0,3%**
Technical cost	2.584,7	2.739,5	2.920,7	6,6%
*% on total income from insurance**	*60,0%*	*59,5%*	*63,9%*	
Commissions	532,8	561,1	560,6	-0,1%
*% on total income from insurance**	*12,4%*	*12,2%*	*12,3%*	
Expenses	726,6	764,3	749,5	-1,9%
*% on total income from insurance**	*16,9%*	*16,6%*	*16,4%*	
Technical result after expenses	**467,3**	**538,2**	**339,8**	**-36,9%**
% on total net income	*10,8%*	*11,7%*	*7,4%*	
Financial result	80,1	37,9	32,5	-14,2%
*% on total income from insurance**	*1,9%*	*0,8%*	*0,7%*	
Result of non-technical non-financial account	-31,0	-25,9	-14,1	
*% on total income from insurance**	*-0,7%*	*-0,6%*	*-0,3%*	
Result of compl. activities credit and funeral insurance	6,4	5,9	6,4	*8,5%*
*% on total income from insurance**	*0,1%*	*0,1%*	*0,1%*	
Result before tax	**522,8**	**556,2**	**364,6**	**-34,4%**
*% on total income from insurance**	*12,1%*	*12,1%*	*8,0%*	
Taxes	136,4	131,7	94,5	
% taxes on result	*26,1%*	*23,7%*	*25,9%*	
Consolidated result	**386,4**	**424,5**	**270,1**	**-36,4%**
Minority interests	34,3	38,6	7,8	-79,8%
Attributed result	**352,1**	**385,9**	**262,3**	**-32,0%**
*% on total income from insurance**	*8,2%*	*8,4%*	*5,7%*	
Recurring result	396,6	450,3	289,0	-35,8%
Non-recurring result	-10,2	-25,8	-18,9	

* Total insurance income = total earned premiums and information income

Turnover
+0,3%

Attributed result
262,3M€

The technical result

The combined ratio of the traditional business (does not include Health and Funeral) improved to 88.6%, 0.7 percentage points lower than the sector average. The technical cost is improving compared to the previous year, thanks to the good performance of all our branches: motor, multi-risk and other. Of note was the good combined ratio of 90.3%, 3.7 percentage points better than in the same period of the previous year, due to a lower frequency of claims, given the lower flow of vehicles during the lockdown period.

In credit insurance, the gross combined ratio closed the year at 94.1%, 15.4 percentage point higher than a year earlier because of the COVID-19 health crisis.

Progressing with sustainability

For Grupo Catalana Occidente, sustainability is the voluntary commitment to integrate risks and responsible management of economic, social and environmental issues into its strategy, to promote ethical behaviour with our stakeholders, to rigorously apply the principles of good governance and to contribute to the well-being of society through the creation of sustainable social value. Social value is the result of focusing our activity not only on obtaining good financial results but also on favouring the welfare of the stakeholders to which the group's entities respond. This value becomes sustainable when it is integrated into the business strategy not only in the short term but also in the medium and long term.

The main milestones of this year have been:

- The review of materiality.
- The implementation of the new master plan.
- Policy updates available on the Group's website.

Improved efficiency

In the traditional business, expenses amounted to €312.0 million, down 1% on the same period of the previous year. In the credit insurance business, the reduction in expenses was even greater, falling by 3.4% to €433.7 million.

The efficiency ratio improved 0.9 percentage points to 31.7%

Financial margin and complementary activities

The net interest margin, at €32.5 million, fell by €5.4 million. The non-recurring financial result includes the impairment and realisation of losses on equity as a result of the fall in markets related to the COVID-19 crisis.

During the year, the Group has remained active in the diversification and search for profitability, undertaking various investments in properties. For the complementary activities, in traditional business, the funeral activity reports €4.6 million in profit and in credit insurance, the information, collections and credit management services for export contributed €1.8 million in profit.

Company income tax

In the year 2020, the expense for company income tax reached €94.5 million, which represents an effective rate of 25.9% of profit before taxes.

Financial strength

Permanent resources increased by 2.1%, to €4,138.3 million. Adding the capital gains not included in the balance sheet (from properties), the permanent resources at market value stand at €4,663.4 million, up 1.7% from 2019.

A.M.Best maintains the rating of the main operating entities in both traditional and credit insurance business at "A" with a stable outlook, and Moody's maintains the rating of the entities in the credit insurance business at "A2" with a stable outlook.

Solid Solvency ratio

In terms of solvency, Grupo Catalana Occidente calculates the capital requirement in accordance with the standard formula established in the regulation, except for the area of credit and surety where, with the objective of collecting the specific details of the business, a partial internal model has been developed for the calculation of subscription risk, approved by the college of supervisors.

The Group's solvency ratio at 2020 year-end is estimated at 216% (with the application of the transitional technical provisions measures). The solvency ratio, even in adverse scenarios, remains at around 175% on a sustained basis.

Events after the close of 2020

After the close of the year, there have been no events that significantly effect the information in this report. For further information, see section 22 of the Notes on the consolidated financial statements.

Shareholder remuneration

The historical pattern of the dividend policy demonstrates the clear commitment of the Group to remunerate its shareholders.

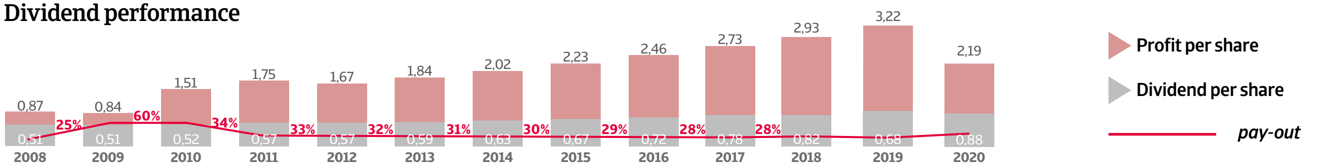
Dividends

After complying with the regulators' recommendations and suspending the final dividend for 2019, the Group resumes its dividend policy.

The Group has made 3 dividend payments in cash for a total amount of €0.4764 per share. These payments were made on 1 July 2020, 7 October 2020 and 10 February 2021. Furthermore, the Board of Directors agreed, in the meeting held on 25 February 2021, to propose to the general shareholders meeting an increase of 100% for the complementary dividend that will be paid on 12 May 2021. With this, a total of €0.8821 per share (€105.85 million) would be allocated, with an increase of 29.86%. This dividend amounts to a pay-out of 40.4% on the 2020 attributable profit and a dividend yield of 3.8% in 2020.

In the previous financial year, and in the context of the COVID-19 health crisis, the Group was forced to reduce the final dividend previously proposed at the Annual General Shareholders' Meeting, resulting in a reduction of 17.41% in the dividend against 2019 results.

Dividend performance

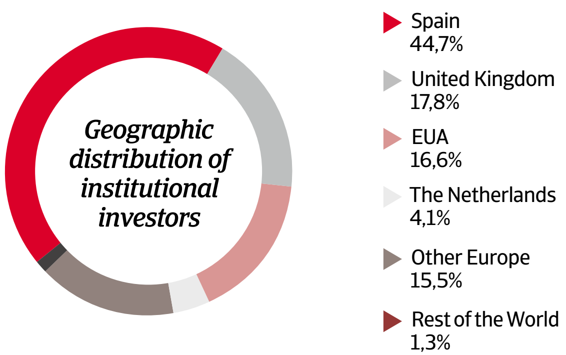


Share structure

Stable, committed shareholders. At the close of 2020, the share structure had not suffered any variations.

The reference shareholder in Grupo Catalana Occidente is INOC S.A., which controls approximately 61.95% of share capital.

The Group holds 2,042,524 treasury shares with a par value of €0.30 per share and an acquisition cost of €23.5 million, representing 1.70% of treasury shares, through Sociedad Gestión Catalana Occidente, S.A. During the year, 52,493 shares were sold. 32.42% 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.



Relationship with the financial market

Grupo Catalana Occidente maintains a smooth, transparent and close relationship with the financial market.

The Group has a policy of communication and relationship with the financial market available on its website and is in contact with its analysts, investors and shareholders through specific channels.

The website for shareholders and investors updates the performance of the share as well as the principal information relative to relevant events, results, presentations and credit rating.

The Group has also increased the content of the sustainability section of its corporate website, where the Group's sustainability strategy, ESG reports, policies, international alliances and more information regarding this can be found.

During 2020, the Group transmitted its value proposition to the financial markets through the quarterly retransmission of the results published (on the website, in English and Spanish) and by holding 18 roadshows and conferences in different European countries telematically.

With this type of event, the Group brings its business reality closer to institutional investors such as small shareholders.

Share performance

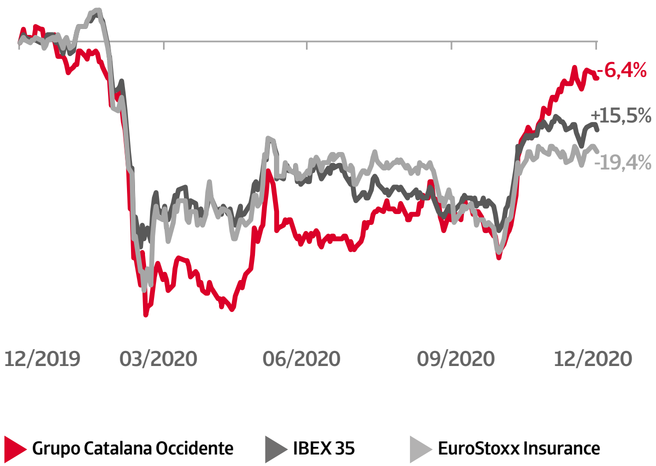
During the year the average share price was €23.2/share.

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

In 2020, Grupo Catalana Occidente's shares outperformed the Eurostoxx Insurance and Ibex 35 indices.

Analysts' recommendations remain favourable, with a "buy" recommendation and indicating an average target price of €33.1/share.

Share performance



Share data	2018	2019	2020
Minimum (€/s)	32,40	28,30	16,20
Maximum (€/s)	39,20	35,30	32,05
Period end (€/s)	32,60	31,15	29,15
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)	34.149	44.093	73.334
Average daily subscription (euro)	1.243.406	1.412.462	1.653.784
Market capitalisation (€ million)	3.912	3.738	3.498

Ratios	2018	2019	2020
Profit per share	2,93	3,22	2,19
Theoretical book value	25,66	32,09	32,81
PER	11,11	9,69	13,34
ROE	12,29	11,10	7,33
Profitability per dividend	2,25	2,12	3,80

Profitability	2002	2007	2012	2018	2019	2020	CAGR* 02-20
Closing price 31/12	3,99	22,91	13,77	32,6	31,15	29,15	
GCO (%)	-7,21	-16,54	12,22	-11,75	-4,45	-6,42	12,24%
IBEX 35 (%)	-28,11	7,32	-4,66	-14,97	11,82	-15,45	1,63%
EUROSTOXX Insurance (%)	-51,23	-11,92	32,92	-10,05	24,44	-19,04	2,86%

** Compound annual growth rate*

Profit per share
2,19

CAGR* 2002 2020
+12,2%

Ver evolución de la acción de Grupo Catalana Occidente

Group actions against COVID-19

Grupo Catalana Occidente has promoted a plan of measures to support all its stakeholders and strengthen their confidence in the face of the COVID-19 health crisis.

The main measures that have been carried out could be divided into five groups:

Employee protection and operational support. Our employees are our most valuable asset and this has been a priority in the face of the current health crisis.

- To ensure employee protection and work continuity: teleworking has been implemented for all our employees.
- Rethinking of processes to maintain operational support under extreme conditions.

Maintenance of customer service. The Group emphasizes its vocation of service to the customer in order to adequately attend to the needs at a time like the present.

- Continuity in the relationship with the customer through telematic means.
- Continuity in customer service for loss adjustments, repairs, agency offices, etc... Successful implementation of undertaking loss adjustments by video.

Measures aimed at the traditional business. Flexibility in payment of receipts, instalments and deferment.

- 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.
- The video consultation service for Cosalud Asistencia Sanitaria and Cosalud Reembolso policyholders has been incorporated, which allows medical attention to be received without the need to travel, by those doctors and centres within the Cosalud medical team that have adhered to this functionality.
- Cover has been extended to our policyholders in teleworking situations in cyber-risk insurance.

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 different Governments to support business continuity through credit insurance.

Measures to support society.

- Participation with UNESPA in a fund to protect healthcare and nursing home staff dealing with COVID-19.
- The Fundación Jesús Serra collaborates with Save the Children and supports the CSIC for research in a future vaccine.
- Support from the innovation programme to overcome the health challenges caused: Beat the Vid.

Support measures for suppliers and associates.

- The Catalana Occidente Group has earmarked nearly €20 million to give advances to its suppliers for their invoicing, which are affected by the coronavirus in Spain, in order to help them deal with the liquidity problems they may have suffered as a result of the stoppage of activity caused by the pandemic.

The impact of COVID-19 on individual business results can be found on pages 19-21 for traditional business and pages 22-23 for credit insurance business.

We also report impacts on:

- Investments: see page 29.
- The reinsurance result: see page 26.
- The financial result: see page 27.

The agreements adopted with the various governments in the credit insurance business have also been published on page 24.

Outlook and challenges for 2021

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

At the beginning of 2020, the decrease in tension following the agreements reached between the United States and China, and the reduction of risks of a hard Brexit, led to the prediction of a continued economic scenario with that recorded in 2019. All the forecasts did not foresee the effect of the COVID-19 health crisis, causing a substantial decrease in the economy in 2020 and expecting a certain recovery during the financial year 2021.

Despite this, there is still uncertainty about the way out of the health and economic crisis, which will be marked by the actions taken in the face of future outbreaks and the pace of vaccination. The forecast for Spain will follow this overall trend.

In relation to the management of the COVID-19 crisis, the Group activated a contingency and continuity protocol in March 2020 with the onset of the pandemic. Despite the impact on the technical result of credit insurance, there has been no disruptive impact on traditional business. In addition, the investment impact of the crisis in the financial markets has been minimised. The outlook for 2021 is similar to the impacts of the previous year, depending on the evolution of the pandemic.

Specifically, the Group has set up a Contingency Committee to ensure, as a matter of priority, the safety of all employees and associates 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.

In the current context, the financial information presented includes the Group's best estimate of the main factors affected by the COVID-19 health crisis: the parameters of claims, 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.

	Growth	Profitability	Solvency
Milestone 2020	• Turnover: €4,559.5 million • Increased positioning in the health sector thanks to the incorporation of the Antares business. • Increase of the insured offer.	• The consolidated result amounted to €270.1 million. • Excellent combined ratio of the traditional business 88.6% (does not include Health and Funeral).	• The estimated solvency ratio at the end of 2020 is 216%. • AM Best : A Excellent with a stable outlook on the main entities in the traditional and credit insurance business. Moody's: A2 with a stable outlook for the main credit insurers.
2021 Guidelines	• To promote the development of distribution networks that improve the participation of intermediaries and promote strategic products. • Continuous improvement of products and processes. • Adaptation of supply to new market trends • New customer interaction capabilities • Advances in digitalization.	• Improved underwriting. • Increase the technical and financial result. • Unification of Group systems • Group service concentration. • Evolution of the Contact Centre and Claims Centres. • Connectivity and individualization of the offer for brokers	• HR Management: people, talent and productivity. • Analysis of flexible work models and teleworking. • Boost in the field of Sustainability. • Adaptation to IFRS 17.

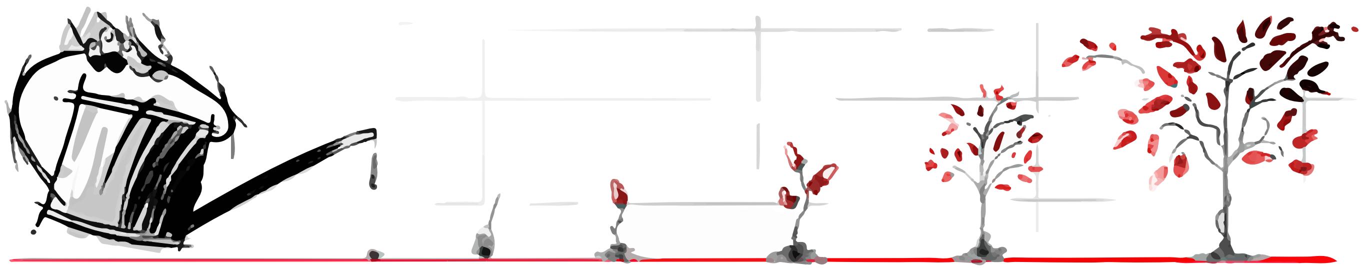
Principales magnitudes (Result Center)

03

Results in 2020

Results impacted by COVID-19

The Group increases its business results in the traditional business, increases permanent resources and maintains solvency above 200%.



Traditional business

Traditional business presents a positive evolution, increasing its recurring result by 12.5%.

Recurring turnover (excluding single life premiums) increased by 6.5%, supported mainly by non-life insurance, where the increase in multi-risk premiums is noteworthy. The life business evolved favourably with a growth in revenues of 8.7%, with the integration of Antares' business for the full year.

The technical result of €261.1 million, grew by 21.7%. Non-life business contributed €186.9 million to this result, up 19.7%, reflecting a 1.8 percentage point improvement in the combined ratio to 88.6% (does not include Health and Funeral). It highlights the lower technical cost of motor and multi-risk. The life business increased its technical result by €15.8 million to €74.2 million, incorporating the result of Antares in the health branch.

In the traditional business, the impact of the COVID-19 health crisis has resulted in a lower combined ratio due to a lower frequency of claims, particularly in the health and motor sectors.

The financial result contributes €56.1 million, and the funeral business €4.6 million

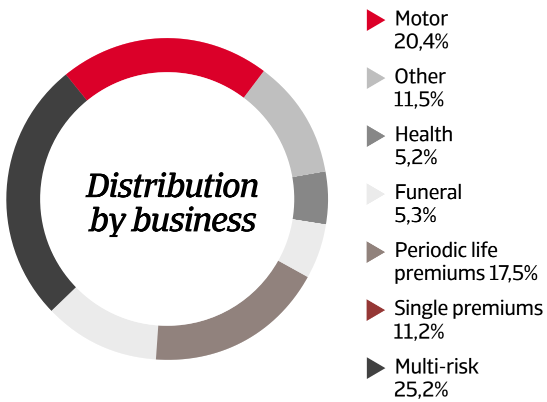
Recurring profit has increased 12.5% to €238.6 million. During the year there were non-recurring negative results of €10.3 million; consequently, the total result is €228.3 million, increasing by 11.8%.

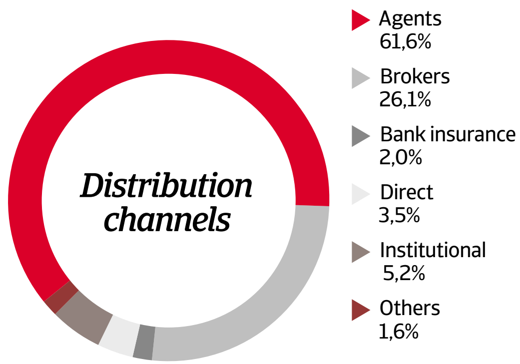
Traditional business	**2018**	**2019**	**2020**	**% var. 19-20**
Written premiums	**2.541,2**	**2.612,4**	**2.720,4**	**4,1%**
Recurring premiums	2.200,5	2.268,6	2.415,5	6,5%
Technical result	**201,2**	**214,6**	**261,1**	**21,7%**
% on earned premiums	*7,9%*	*7,9%*	*9,6%*	
Financial result	**74,1**	**59,3**	**56,1**	**-5,4%**
% on earned premiums	*2,9%*	*2,2%*	*2,1%*	
Non-technical result	-20,4	-14,6	-16,3	
Complementary act. Funeral B.	**2,4**	**2,7**	**4,6**	
Company income tax	-61,5	-50,0	-66,8	
Recurring result	**195,7**	**212,1**	**238,6**	**12,5%**
Non-recurring result	**-4,6**	**-7,9**	**-10,3**	
Total result	**191,1**	**204,2**	**228,3**	**11,8%**
Earned premiums	2.531,2	2.707,5	2.710,1	0,1%

(figures in € million)

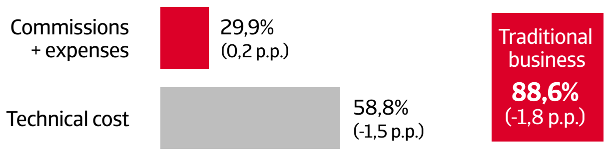
Recurring premiums
+6,5%

Recurring result
+12,5%





*** Combined ratio**
(does not include Health and Funeral)



Multi-risk

Growth in turnover of 3.8% to €686.9 million. The combined ratio has been reduced by 0.6 percentage points to 88.9%.

COVID-19 impact: change in the casuistry of claims received as a result of the increased use of the home.

Multi-risk	2018	2019	2020	% chg. 19-20
Written premiums	**645,9**	**661,6**	**686,9**	**3,8%**
Number of claims	**728.229**	**719.419**	**841.510**	**17,0%**
Average cost of the claims, in €	494,9	508,8	449,3	-11,7%
Technical provisions	**525,1**	**537,7**	**544,4**	**1,2%**
% Technical cost	**55,8%**	**55,3%**	**55,0%**	**-0,3**
% Commissions	*20,7%*	*20,9%*	*20,9%*	*0,0*
% Expenses	*13,4%*	*13,3%*	*13,0%*	*-0,3*
% combined ratio	**89,9%**	**89,5%**	**88,9%**	**-0,6**
Technical result	**64,5**	**68,6**	**75,0**	**9,3%**
% on earned premiums	*10,1%*	*10,5%*	*11,1%*	
Earned premiums	**638,7**	**653,3**	**676,1**	**3,5%**

(figures in € million)

Recurring premiums
+3,8%

Combined ratio
88,9%

Motor

Slight reduction in turnover with €653.8 million. The combined ratio improved by 3.7 percentage points to 90.3%, with reduced claims due to less frequent claims and lower expenses.

COVID-19 impact: reduction of the accident frequency due to less mobility of vehicles during lockdown. The technical cost is reduced by 3.7 percentage points.

Motor	2018	2019	2020	% chg. 19-20
Written premiums	**654,3**	**657,3**	**653,8**	**-0,5%**
Number of claims	**578.897**	**571,208**	**472,878**	**-17,2%**
Average cost of the claims, in €	805,9	805,1	916,5	13,8%
Technical provisions	**810,1**	**824,0**	**857,4**	**4,1%**
% Technical cost	**71,3%**	**70,0%**	**66,3%**	**-3,7**
% Commissions	*11,0%*	*11,1%*	*11,2%*	*0,1*
% Expenses	*13,0%*	*12,9%*	*12,8%*	*-0,1*
% combined ratio	**95,3%**	**94,0%**	**90,3%**	**-3,7**
Technical result	**30,9**	**39,6**	**63,7**	**60,9%**
% on earned premiums	*4,7%*	*6,0%*	*9,7%*	
Earned premiums	**657,2**	**655,2**	**655,5**	**0,0%**

(figures in € million)

Recurring premiums
+0,5%

Combined ratio
90,4%

Other

Maintaining turnover reaching €312.2 million. The combined ratio remained stable at 84.6%, with an increase in the technical cost, which was offset by a reduction in expenses and fees.

COVID-19 impact: lower turnover in branches related to economic activity (Civil Liability, Accidents...)..

Other	2018	2019	2020	% chg. 19-20
Written premiums	**308,4**	**311,7**	**312,2**	**0,2%**
Number of claims	**96.159**	**100.783**	**93.487**	**-7,2%**
Average cost of the claims, in €	1.610,0	1.549,9	1.704,8	10,0%
Technical provisions	**489,9**	**540,5**	**574,4**	**6,3%**
% Technical cost	**50,2%**	**50,1%**	**51,0%**	**0,9**
% Commissions	*20,8%*	*20,1%*	*19,6%*	*-0,6*
% Expenses	*14,1%*	*14,3%*	*14,0%*	*-0,4*
% combined ratio	**85,2%**	**84,6%**	**84,6%**	**0,0**
Technical result	**45,3**	**48,0**	**48,2**	**0,4%**
% on earned premiums	*14,8%*	*15,4%*	*15,4%*	
Earned premiums	**305,2**	**311,8**	**312,4**	**0,2%**

(figures in € million)

Recurring premiums
+0,2%

Combined ratio
84,6%

Life

The life business performed favourably with a growth in revenue of 8.7%, which includes the Antares business for the full year.

COVID-19 Impact: Significant reduction of the combined ratio in the healthcare business by 7.9 p.p. to 84.1%, due to lockdown during the year. The combined ratio increased by 1.1 percentage points to 84.0% in the life insurance business

Life	2018	2019	2020	% chg. 19-20
Life insurance turnover	**932,6**	**981,8**	**1.067,5**	**8,7%**
Recurring Life	400,6	438,2	476,5	8,7%
Health	57,6	60,9	142,8	134,5%
Funeral	133,7	138,8	143,3	3,2%
Single Life	340,7	343,8	304,9	-11,3%
Pension plan contributions	61,2	69,1	71,8	3,9%
Net contributions to investment funds	4,3	1,9	1,3	-31,6%
Volume of Managed funds	5.711,9	6.617,3	6.695,5	1,2%
Technical result	**60,5**	**58,4**	**74,2**	**27,1%**
% on earned premiums	*6,5%*	*5,4%*	*7,0%*	
Technical-financial result	**92,2**	**81,2**	**95,3**	**17,4%**
% on earned premiums	*9,9%*	*7,5%*	*8,9%*	
Earned premiums	**930,1**	**1.087,2**	**1.066,1**	**-1,9%**

(figures in € million)

Recurring premiums
+19,6%

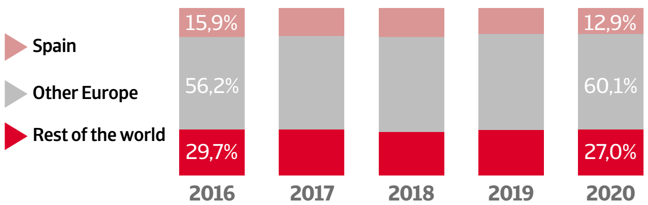
Credit insurance business

Control of the impairment of the business by applying risk management measures in the face of the COVID-19 crisis.

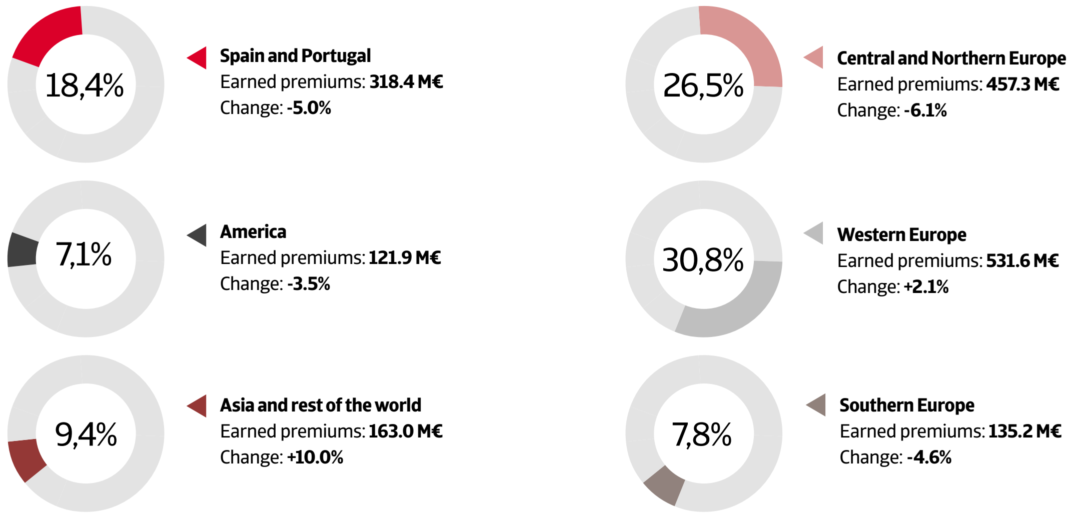
In the credit insurance business, the Group has reduced its net income (earned premiums and information services) by 1.9% reaching €1,860.5 million. In turn, earned premiums, of €1,727.4 million, have decreased by 1.8% and the income from information has reached €133.1 million, being 2.5% less than in the same period of the previous financial year. Written premiums in the period (invoiced premiums), compared to the previous year, fell by 5.2% due to a reduced appetite for risk and a decline in insurable business transactions given the current economic situation.

The Group has reduced its risk exposure (TPE) by 8.6%, with respect to the close of 2019 of €614.6 billion, due to an adjustment in the risk selection criteria in accordance with the current health crisis and a lower commercial activity of our policyholders. Europe represents 73.0% of total exposure and Spain is the main market, with 12.9% of the total.

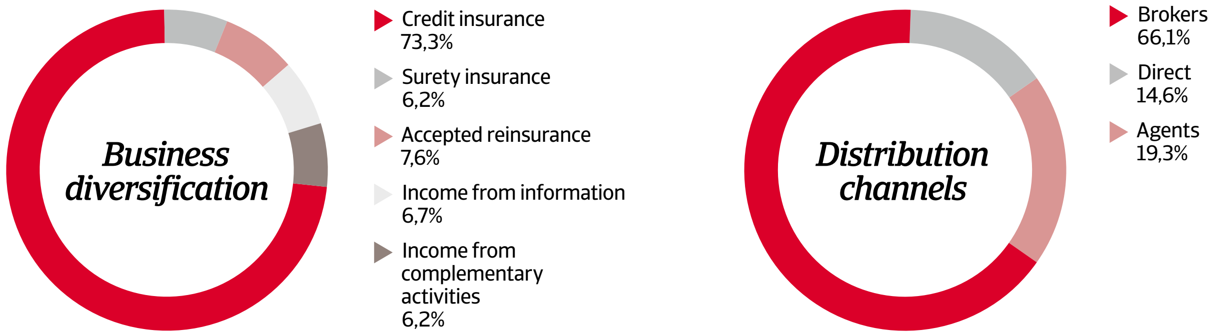
Evolution of cumulative risk (TPE)



Aumento del +6,7% de las primas adquiridas con 1.759,5 millones de euros



Primas adquiridas



The technical result after credit insurance expenses was 73.0% lower than in the previous year at €109.3 million as a result of the impact of the COVID-19 health crisis. The effective implementation of risk management measures resulted in a stabilisation of spreads in the second half of the year.

The combined gross ratio stands at 94.1%, 15.4 percentage points more than in the same period of the previous year due to the increase in the claims provisions collected in the claims department.

In turn, the financial result is lower than in the same period of the previous year due to maturities whose reinvestment has been carried out at market interest rates, the reduction in dividends received and a lower contribution to the result of associated companies, partially offset by fluctuations in exchange rate gains. The result of the complementary activities is €1.8 million.

Consequently, the recurring result is positioned at €50.4 million, 78.8% less than the previous year. During the year there were non-recurring losses of €8.5 million.

In total, this business contributed a result of €41.8 million and was down 81.0%.

COVID-19 Impact: Decrease in invoiced premiums, increase in the claims ratio and reduction in the TPE, all as a result of risk management actions and an adequate level of provisions.
Reinsurance agreements with European governments (next page).

(figures in € million)

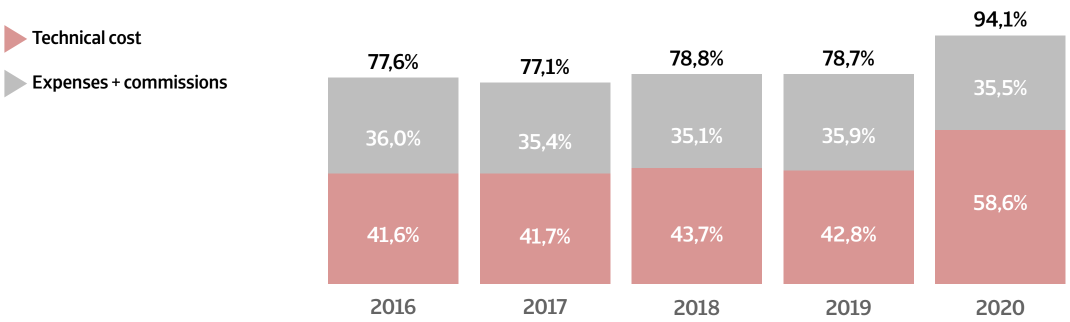
Negocio del seguro de crédito	**2018**	**2019**	**2020**	**% var. 19-20**
Primas adquiridas	1.648,5	1.759,5	1.727,4	-1,8%
Ingresos de información	132,5	136,5	133,1	-2,5%
Ingresos netos	**1.781,0**	**1.896,0**	**1.860,5**	**-1,9%**
Resultado técnico después gastos	**377,6**	**404,8**	**109,3**	**-73,0%**
% s/ingresos	*21,2%*	*21,4%*	*5,9%*	
Resultado de reaseguro	-105,6	-82,6	-28,1	-66,0%
Ratio cesión reaseguro	*40,0%*	*38,0%*	*37,0%*	
Resultado técnico neto	**271,9**	**322,2**	**81,2**	**-74,8%**
% s/ingresos	*15,3%*	*17,0%*	*4,4%*	
Resultado financiero	**9,2**	**5,6**	**5,1**	
% s/ingresos	*0,5%*	*0,3%*	*0,2%*	
Resultado act. complementarias	**3,8**	**3,2**	**1,8**	**-43,8%**
Impuesto sobre sociedades	-76,6	-85,4	-34,8	
Ajustes	-7,4	-7,4	-2,9	
Resultado recurrente	**200,9**	**238,2**	**50,4**	**-78,8%**
Resultado no recurrente	**-5,7**	**-17,9**	**-8,6**	
Resultado total del negocio	**195,2**	**220,3**	**41,8**	**-81,0%**

Net income
-1,9%

Recurring result
€50.4M

Recurring result
50,4M%

Performance of the gross combined ratio



Agreements adopted in the credit insurance business

The government reinsurance arrangements are part of a comprehensive package of measures and aim to ensure that sufficient liquidity is available in the market, to counteract the damage inflicted on businesses affected by the pandemic and to preserve the continuity of economic activity during and after the pandemic.

All contracts apply to direct business (gross reinsurance). The usual reinsurance contract through which 37% of premiums and claims are ceded to the reinsurance table remains in force and is applied on the retention (after government agreements).

The joint impacts of these measures on these financial statements are as follows:

- Income statement: the contracts signed bring positive results to the Group as the ratio of claims in the countries covered deteriorates further. At the end of the year, the assignment of premiums net of commissions was higher than the claims assigned, and the result of these contracts was a loss of €44.9 million.
- Balance sheet: increase in reinsurance debts by €195.4 million and increase in the reinsurance share of technical reserves by €224.3 million.

Most of the governmental agreements have been renewed with similar conditions, providing coverage for the risks underwritten during the first half of 2021.

Acuerdo firmado *	Main features	Conditions	Ceded premiums
Germany	**Guarantee contracts similar to proportional reinsurance.** Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 1 March 2020).	65% of the premiums. 90% of the claims. No commissions	103,9M€
Belgium	**Instalment contract by tranches according to the claim ratio.** Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 27 March 2020).	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. With commissions.	18.2M€
The Netherlands	**Proportional reinsurance agreement.** Cover for insured risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 29 February 2020).	90% of premiums and claims from new policyholders. 100% of premiums and 90% of claims of the insured in the portfolio. The government assumes all costs.	102,3M€
Denmark	**Guarantee contracts similar to proportional reinsurance.** Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020).	65% of the premiums. 90% of the claims. No commissions	21,0M€
Luxembourg	**Instalment contract by tranches according to the claim ratio.** Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020).	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. With commissions.	0.9M€
France	**Cap releais: reinsurance contract with a performance similar to that of the quota share with certain particularities depending on the quality of the risks assumed.** Coverage of risks underwritten between 16 March and 31 December 2020.	75% of the premiums. 75% of the claims. With commissions.	42,8M€
United Kingdom	**Guarantee contracts similar to proportional reinsurance.** Coverage of risks underwritten between 1 April and 31 December 2020.	100% of the premiums. 90% of the claims. No commissions	78,3M€
Norway	**Instalment contract part.** Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 12 March 2020).	65% of the premiums. 90% of the claims. No commissions	5,0M€
Spain	**Reinsurance contract in addition to that underwritten in the private market.** Premiums and Claims from 1 October 2020 to 30 June 2021.	31% of the premiums. 31% of the claims. With commissions.	7,3M€
Italy	**Proportional reinsurance agreement.** Coverage of risks underwritten between 19 May to 31 December 2020.	90% of the premiums. 90% of the claims. With commissions.	32,9M€

**The measure is for trade credit originated by insured persons operating in the country with a signed agreement and covers debtors from inside and outside that country. The average commission is 30%*

General expenses and commissions

he efficiency ratio improved 0.9 p.p. to 31.7%.

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 been reduced by 1.0%. In turn, the credit insurance business substantially reduced its expenses by 3.4%.

In relative terms, the expenses and commissions ratio for recurring premiums is reduced by 0.9 percentage points to 31.7%. Since 2013, the Group has improved efficiency by 4.5 percentage points.

Expenses and commissions	2018	2019	2020	% chg. 19-20
Traditional business	305,8	315,2	312,0	-1,0%
Credit insurance business	413,4	449,0	433,7	-3,4%
Non-recurring expenses	7,4	0,0	3,8	
Total expenses	**726,6**	**764,3**	**749,5**	**-1,9%**
Commissions	**532,8**	**561,1**	**560,6**	**-0,1%**
Total expenses and commissions	**1.259,4**	**1.325,4**	**1.310,1**	**-1,2%**
% expenses and commissions without recurring premiums	*32,3%*	*32,6%*	*31,7%*	

(figures in € million)

Efficiency ratio
+31,7%

Non-recurring result

During the year there were non-recurring negative results mainly due to impairments or sale of assets.

For business, the non-recurring result after tax for the traditional business represented a loss of €10.3 million and €8.6 million in the credit insurance business.

Non-recurring result (net of taxes)	2018	2019	2020
Financial	2,3	-5,4	-22,1
Expenses and other non-recurring	-5,6	-3,9	6,1
Taxes	-1,3	1,4	5,7
Non-recurring from traditional business	**-4,6**	**-7,9**	**-10,3**
Financial	-0,1	-18,1	-5,7
Expenses and other non-recurring	-7,4	0,0	-3,8
Taxes	1,9	0,2	0,9
Non-recurring from credit insurance	**-5,7**	**-17,9**	**-8,6**
Non-recurring result	**-10,2**	**-25,8**	**-18,9**

Reinsurance result

Government agreements with reinsurance contracts in the face of the COVID-19 health crisis.

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. As of 1 January 2020, the Group has increased the retention of business by one point, bringing the ceding ratio to 37.0% with private reinsurers. The increase in ceded premiums is the result of the various reinsurance agreements with European governments.

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

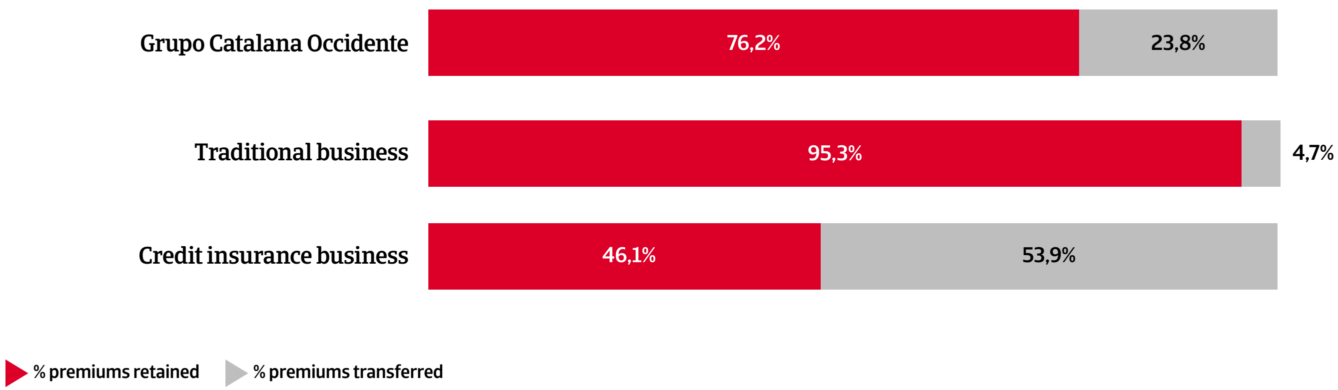
Overall, the cost of reinsurance has implied €41.4 million, €13.3 million from traditional business and the remaining €28.1 million from the credit insurance business.

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.

Reinsurance	**2018**	**2019**	**2020**	**% chg. 19-20**	**Traditional business**	**Credit insurance**
Ceded premiums	-770,4	-801,3	-1.057,1	31,9%	-126,4	-930,7
Net premiums ceded	-768,6	-798,5	-1.020,3	27,8%	-121,0	-899,3
% on earned premiums	*-18,4%*	*-17,9%*	*-23,0%*		*-4,5%*	*-52,1%*
Commissions	299,0	338,8	344,1	1,6%	25,4	318,7
Claims	323,9	353,8	634,8	79,4%	82,3	552,5
Ceded reinsurance result	**-145,8**	**-105,9**	**-41,4**	**-60,9%**	**-13,3**	**-28,1**

(figures in € million)

Reinsurance distribution between lines of business



COVID-19 Impact: The Group has entered into governmental reinsurance agreements which are explained on page 24 of this report.

Financial result

The financial investments have provided €32.5 million.

The financial result contributed €32.5 million to the Group's income statement, reducing it by €5.4 million due to the different impact of the non-recurring result.

The financial result of the traditional business with €56.1 million is reduced by maturities whose reinvestment has been carried out at market interest rates and by the reduction of dividends received.

In turn, credit insurance contributed €5.1 million, reflecting the same effects as those described in the traditional business and also a lower contribution to the results of the associated companies, partially offset by exchange rate gains.

Finally, non-recurring results reduced the financial result by €27.8 million, mainly due to realisations and impairment losses on equities.

Financial result	**2018**	**2019**	**2020**	**chg. 19-20**
Financial income net of expenses	204,4	215,7	190,2	-11,8%
Exchange-rate differences	0,1	0,0	0,0	
Subsidiary companies	1,0	1,1	1,8	
Interests applied to life	-131,4	-157,6	-135,9	-13,8%
Recurring results traditional business	**74,1**	**59,3**	**56,1**	**-5,4%**
% on earned premiums	*2,9%*	*2,2%*	*2,1%*	
Financial income net of expenses	16,7	16,6	13,5	-18,7%
Exchange-rate differences	4,8	-1,3	5,5	
Subsidiary companies	4,7	7,1	2,9	-59,2%
Interest subordinated debt	-16,9	-16,9	-16,9	
Recurring results from credit insurance	**9,2**	**5,6**	**5,1**	**-8,9%**
% on net income from insurance	*0,5%*	*0,3%*	*0,3%*	
Intra-group interest adjustment	-5,4	-3,5	-0,9	-74,3%
Adjusted recurring results from credit insurance	**3,8**	**2,1**	**4,2**	
Recurring result	**77,9**	**61,5**	**60,3**	**-2,0%**
% on net income from insurance	*1,8%*	*1,3%*	*1,3%*	
Non-recurring result	**2,2**	**-23,5**	**-27,8**	
Financial result	**80,1**	**37,9**	**32,5**	**-14,2%**

(figures in € million)

Traditional business
56,1M€

Credit insurance business
5,1M€

COVID-19 impact: reduction in dividends received as a result of the COVID-19 crisis. The non-recurring financial result includes the impairment and realisation of losses on equity as a result of the fall in markets related to the COVID-19 crisis.

Balance Sheet

Grupo Catalana Occidente increased its assets by €689.8 million.

Grupo Catalana Occidente closed the balance sheet of 2020 with assets of €17,367.7 million, up 4.1% from the year 2019.

The main items that explain this increase are:
- Investments, at €448.0 million.
- Technical provisions, at €330.4 million
- Reinsurance of technical provisions, at €233.8 million.

The Group's attributable equity amounted to €3,578.9 million.

Note that the item "cash" does not reflect the Group's liquidity position as investments in deposits and money market funds are included in Financial Investments (See Investments and Managed funds table).

Likewise, it should be remembered that Grupo Catalana Occidente does not account for the surplus value of its property featured, so they appear at the amortised cost value and not at market value.

(figures in € million)

Assets	2018	2019	2020	% chg. 19-20
Intangible assets and property, plant and machinery	**1.242,1**	**1.429,1**	**1.440,1**	**0,8%**
Investments	**10.873,7**	**12.618,4**	**13.066,4**	**3,5%**
Property investment	561,1	661,4	692,9	4,8%
Financial investments	9.149,1	10.602,3	10.895,6	2,8%
Cash and short-term assets	1.163,5	1.354,7	1.478,0	9,1%
Reinsurance of technical provisions	**837,4**	**874,3**	**1.108,1**	**26,7%**
Other assets	**1.526,2**	**1.756,0**	**1.753,2**	**-0,2%**
Deferred tax assets	96,5	226,3	271,9	20,2%
Credits	885,3	951,0	971,0	2,1%
Other assets	544,4	578,7	510,3	-11,8%
Total assets	**14.479,4**	**16.677,9**	**17.367,7**	**4,1%**

Net liabilities and equity	2018	2019	2020	% chg. 19-20
Permanent resources	**3.404,6**	**4.051,7**	**4.138,3**	**2,1%**
Net equity	**3.204,1**	**3.851,2**	**3.937,6**	**2,2%**
Parent company	2.863,8	3.477,1	3.578,9	2,9%
Minority interests	340,3	374,1	358,7	-4,1%
Subordinated liabilities	**200,4**	**200,5**	**200,7**	**0,1%**
Technical provisions	**9.567,7**	**10.652,1**	**10.982,5**	**3,1%**
Other liabilities	**1.507,1**	**1.974,1**	**2.247,0**	**13,8%**
Other provisions	184,1	210,5	234,6	11,4%
Deposits for reinsurance granted	52,8	52,9	58,3	10,2%
Deferred tax liabilities	280,9	488,4	488,8	0,1%
Debts	687,1	767,8	969,8	26,3%
Other liabilities	302,2	454,5	495,5	9,0%
Total net liabilities and equity	**14.479,4**	**16.677,9**	**17.367,7**	**4,1%**

Technical provisions
+3,1%

Investments and Managed funds

At the close of 2020, the Group manages funds amounting to €14,758.9 million, €381.6 million more than in the previous year.

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 56.7% of the total portfolio, at €7,604.1 million. The main asset is the Spanish sovereign debt at €4,093.6 million. The distribution of the rating in the portfolio is shown graphically below. At the end of the period, 55.0% of the portfolio had an A rating or higher, reflecting the improvement in the Spanish rating of the main credit rating agencies. The duration of the portfolio at the end of the financial year is 4.5 years and profitability at 2.05%.

In recent years, the Group has increased its investments in real estate. At the end of the year, this investment increased by €56.9 million. In total, property at market value amount to €1,735.4 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 €525.1 million.

The value of equity investments declined by 1.0%, reflecting developments in financial markets. The securities portfolio is broadly diversified and focused on large-cap securities, mainly in Europe but with highlighted exposure to Spain (26.2%), which have attractive dividend yields.

In terms of liquidity, the Group maintains a solid position of €573.4 million, 5.8% less than at the beginning of the year. The Group has a total of €1,535.5 million in deposits, mainly in Banco Santander, BBVA and Bankinter.

Investments and Managed funds	2018	2019	2020	% var. 19-20	% s/inv. R.Cia.
Properties	1.371,2	1.678,5	1.735,4	3,4%	12,9%
Fixed income	6.631,2	7.361,2	7.604,1	3,3%	56,7%
Variable income	1.250,2	1.673,7	1.656,4	-1,0%	12,3%
Deposits with credit institutions	644,3	608,6	573,4	-5,8%	4,3%
Other investments	153,7	199,1	229,2	15,1%	1,7%
Cash and monetary assets	1.183,6	1.403,5	1.535,5	9,4%	11,4%
Investment in investee companies	85,4	85,8	85,2	-0,7%	0,6%
Total investments, risk to entity	**11.319,6**	**13.010,5**	**13.419,2**	**3,1%**	**100,0%**
Investments on behalf of policyholders	362,1	575,1	618,4	7,5%	
Pension plans and investment funds	641,8	791,7	721,3	-8,9%	
Total investments, risk to policy holders	**1.003,9**	**1.366,8**	**1.339,7**	**-2,0%**	
Investments and Managed funds	**12.323,5**	**14.377,3**	**14.758,9**	**2,7%**	

(figures in € million)

Managed funds
+2,7%

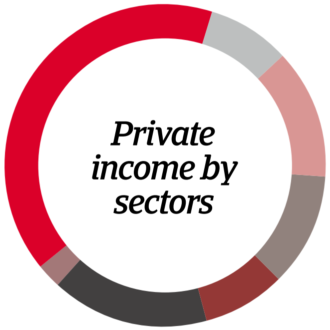
COVID-19 Impact: Reduction of capital gains due to the fall in value of variable income.

Fixed income distribution in 2020

- Private corporate Fixed Income 56,7%
- Public Fixed Income 43,3%

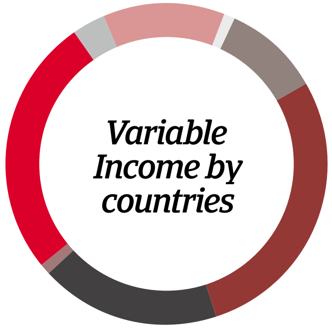
- BBB and Rest 45,0%
- AAA 3,7%
- AA 7,0%
- A 44,3%

- Spain 54,2%
- Netherlands 7,8%
- France 11,5%
- United Kingdom 5,7%
- Germany 5,6%
- Rest of Europe 5,2%
- U.S. 7,5%
- Other 2,4%



- Financial 40,6%
- Public Services 8,4%
- Non-cyclical consumer goods 12,9%
- Communications 11,5%
- Industrial 8,2%
- Cyclical consumer goods 16,0%
- Energy 2,3%

Variable income distribution in 2020



- Spain 26,2%
- Netherlands 3,5%
- France 12,1%
- United Kingdom 1,0%
- Germany 9,9%
- Rest of Europe 28,2%
- U.S. 18,0%
- Other 1,1%

- Financial 25,8%
- Industrial 11,6%
- Technological 12,8%
- Public Services 12,4%
- Diversified 0,3%
- Commodities 1,4%
- Communications 9,3%
- Cyclical consumer goods 9,3%
- Non-cyclical consumer goods 16,2%
- Energy 0,9%

Excel

Ver memoria capítulo "Renta fija" notas 4, 7, 8 y 9

Capital management

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.

All Group entities maintain the necessary financial strength to develop the business strategy, taking risks prudently and meeting the required solvency needs.

In addition to the remuneration policy for shareholders, in the capital planning, the Group takes into account, among others, the following aspects:

- The solvency ratio of the Group and its individual entities in accordance with the risk appetite.
- Any change in the risk profile of the particular group, among others, with the following aspects:
  - Changes in reinsurance policy, such as the entry into force of government agreements in the credit business.
  - Possible corporate transactions such as mergers or acquisitions.
- The asset-liability management (ALM) of life and cash business of each of the entities.

Principles of capital management

Capital management is governed by the following principles:

- Ensuring that Group companies have sufficient capital to meet their obligations, even when faced by extraordinary events
- Managing capital taking into account the economic vision, as well as the objectives established in the risk appetite.
- Optimising the capital structure through the efficient allocation of resources between entities, ensuring financial flexibility and remunerating shareholders appropriately

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

Capital performance

"At the close of 2020, the Group's capital has increased by 1.7% supported by the results"

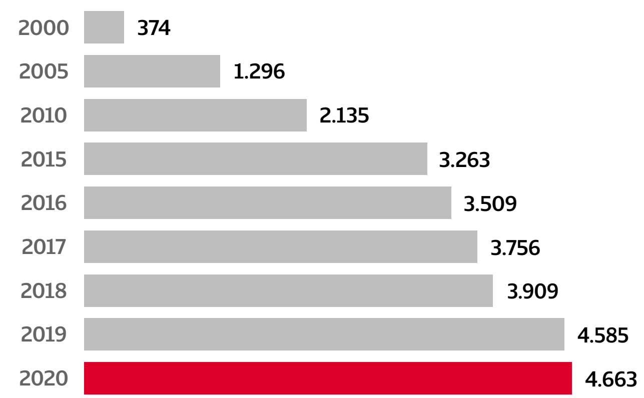
The consolidated result has contributed to the Group's financial strength. Market movements have led to a decrease in the value of investments, with a negative impact of €77.5 million. Also, dividends have been paid, amounting to €81.5 million, thus reducing equity by the same amount.

In credit insurance, Atradius has issued subordinated debt amounting to €250 million, maturing in September 2044, which can be fully amortised from 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 amount of the subordinated debt to be calculated for the purposes of the Group has been reduced by €54.3 million due to the investment that some entities of traditional business have in the bond. (See section 13 a) of the Notes to the report).

(figures in € million)

Permanent resources at 31/12/2019	**4.051,7**
Permanent resources at market value	**4.584,8**
Net equity on 31/12/2019	**3.851,2**
(+) Consolidated results	270,1
(+) Dividends paid	-81,5
(+) Change in valuation adjustments	-77,5
(+) Other changes	-24,7
Total movements	**86,4**
Total net equity on 31/12/2020	**3.937,6**
Subordinated debt	200,7
Permanent resources at 31/12/2020	**4.138,3**
Capital gains not included in balance sheet	525,1
Permanent resources at market value	**4.663,4**

Evolution of permanent resources at market value



Credit rating

In December 2020, A.M. Best confirmed the financial strength rating of A (excellent) with a stable outlook for the Group's main operating entities, both in traditional business and credit insurance business. This rating reflects the solid balance sheet strength, excellent operating results and appropriate capitalization of the Group's main operating entities.
Furthermore, it considers that exposure to natural disasters is limited, thanks to the existence of a national coverage system (Consorcio de Compensación de Seguros).

Moody's affirmed the 'A2' rating of the operating entities in the credit insurance business under the Atradius brand, upgrading the outlook back to stable in February 2021. The confirmation of this rating reflects Moody's confidence in the strength of the Atradius brand, even in situations of economic uncertainty such as that generated by COVID-19. This is due to Atradius' dynamic risk exposure management, its strong economic capitalisation and its solid positioning as the second largest global credit insurance player.

Rating of Group entities

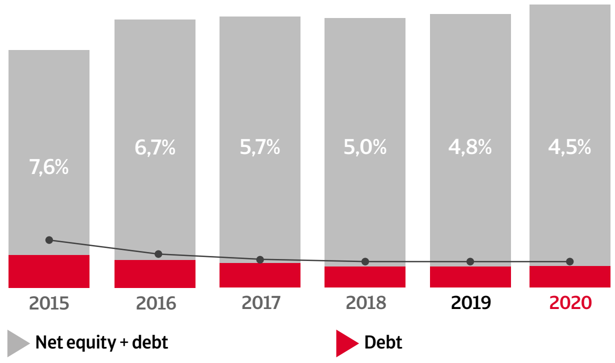
	AMBest	Moody's
Seguros Catalana Occidente	'A' estable (FSR) 'a+' estable (ICR)	
Seguros Bilbao	'A' estable (FSR) 'a+' estable (ICR)	
Plus Ultra Seguros	'A' estable (FSR) 'a+' estable (ICR)	
Atradius Crédito y Caución Seg Reas	'A' estable (FSR) 'a+' estable (ICR)	'A2' estable (IFS)
Atradius Reinsurance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

**In February 2021 Moody's upgraded the outlook for entities in the credit insurance business from negative to stable.*

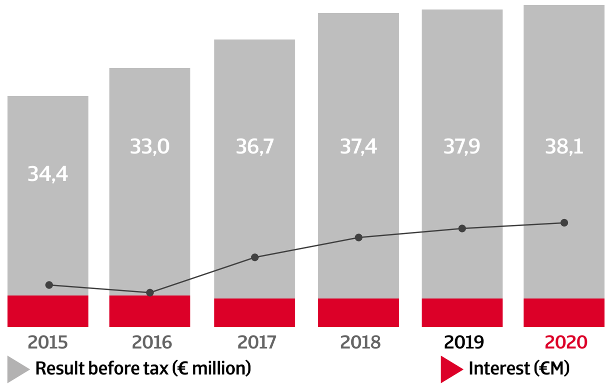
Financial strength

The Group presents a debt ratio of 4.5%, reduced by 0.3 p.p. thanks to the increase in net worth. The debt corresponds to the emission from the Group entity in credit insurance: Atradius.

Reduced debt ratio



trong interest coverage ratio



"A"

A.M. Best operating entities of the Group

Best highlights the prudence in underwriting, which is reflected in a positive record of operating results with an excellent combined ratio and a high return on equity (ROE).

"A2"

Moody's operating entities of the credit insurance business

They highlight the strong competitive position, strong capitalization, low financial leverage and conservative investment portfolio.

Solvency II

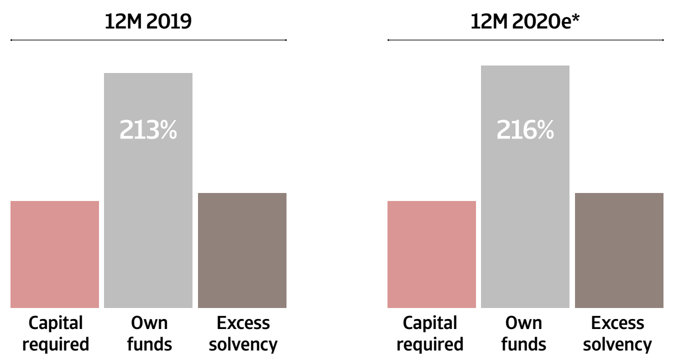
The estimated Solvency II ratio applying the transitory measure for technical provisions at the close of 2020 is of 216%. The solvency ratio at the close of 2019, with transitory measure of technical provisions, was 213%.

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

Grupo Catalana Occidente has a robust financial and solvency position to withstand adverse situations; in fact, the ratio of solvency II is maintained around 175% even in adverse scenarios. Furthermore, it should be noted that the own funds are of high quality, with over 95% of the same being tier1.

The Group carries out a quantitative valuation of the risks using the standard formula, except in the credit insurance underwriting risk, which uses a partial internal model approved in July 2017.

Evolution Solvency ratio



** Data with transition of technical provisions and with partial internal model.*

Stress scenarios and sensitivity analysis based on the SFCR 2019 published in May 2020

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% RV	0 p.p.
Rates curve +100 pbs	8 p.p.
Rates curve -100 pbs	-10 p.p.
Spread +10 pbs	-6 p.p.
Impairment *rating*	-1 p.p.
Adverse scenario**	**-29 p.p.**
No VA and no PPTT transient	**-11 p.p.**

Main ratio scenario

212,9%

** 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%.

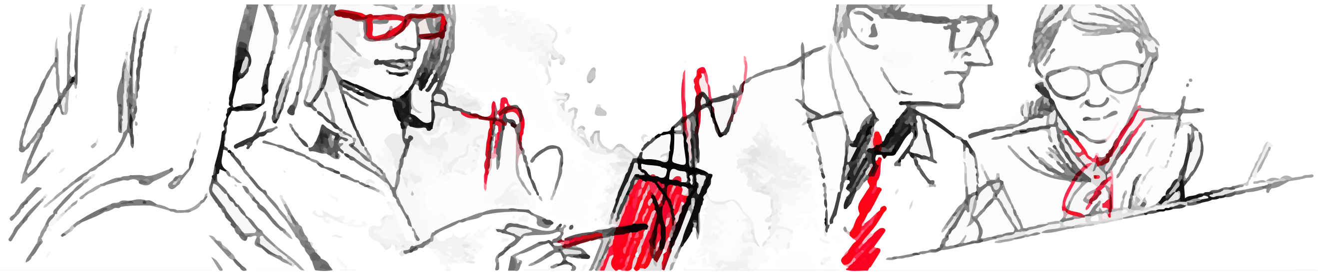
SFCR

04

Corporate governance

Best practices

The Group has remained committed in 2020 to a corporate governance model aligned with international practices and based on transparency, rigour and accountability.



Corporate governance model

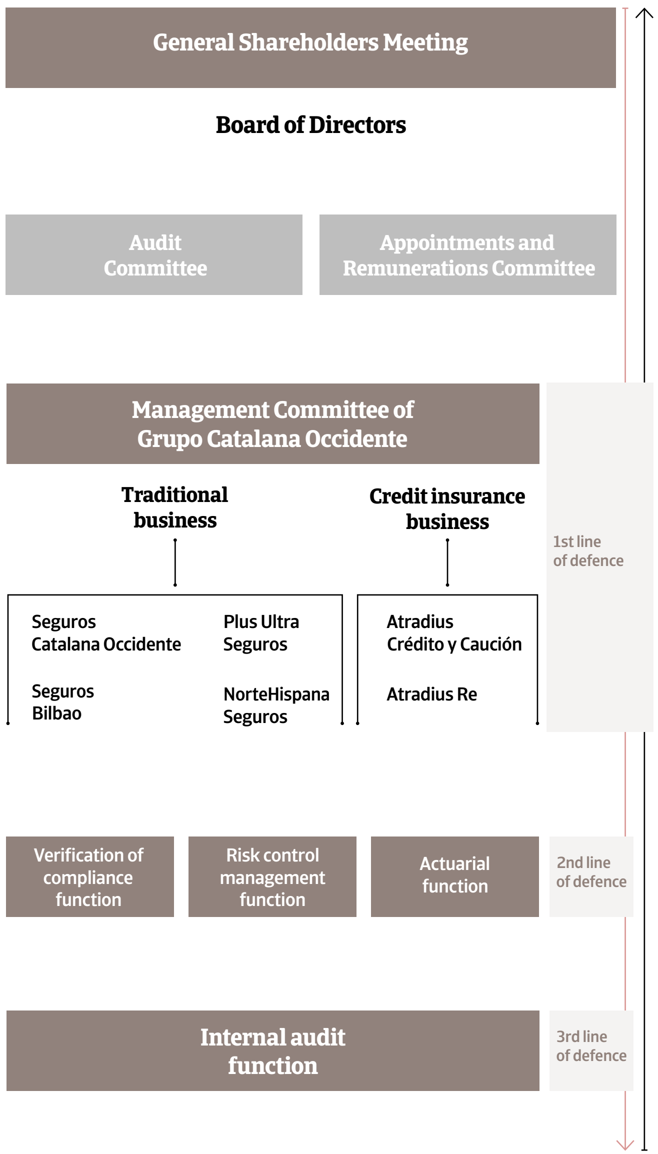
El Consejo de Administración sigue orientando su actividad conforme a los principios de buen gobierno.

The government bodies of Grupo Catalana Occidente have the goal of providing management and control structures that are suitable to protect the interests of shareholders, to monitor compliance with the strategy of the Group and to ensure the creation of value and the efficient use of resources in a transparent framework of information. The Group applies practically all the recommendations of the Good Governance Code for Listed Companies of the Spanish National Securities Market Commission (CNMV), as well as advanced corporate governance practices. The main functions of the government bodies are described in more detail in the Corporate Governance Report attached and on the corporate website.

General Shareholders' Meeting

The General Shareholders' 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 application of the result. In the Company there are no restrictions on the right to vote and each share is entitled to one vote.

The next General Shareholders' Meeting has been convened for 29 April 2021 at 5.00 p.m. on first call. In order to facilitate the participation of all shareholders, the Group provides a digital debate forum as well as electronic methods that facilitate distance voting and the delegation of representation. The General Shareholders' Meeting is also broadcast in streaming on the corporate website



Board of Directors

The Board of Directors is the maximum management and supervision authority in the Group. The guiding principle is to delegate the ordinary management to the management team and to concentrate its activity on the supervisory function, which includes, among others, the following responsibilities:

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

Its operation and action is regulated by the articles of association and the Regulation of the Board of Directors. At year-end 2020, the board of directors consisted of 16 directors, of which 10 were proprietary directors, 2 are independent and 4 are executive directors. During the year 2020, the Board of Directors has met 14 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.

Board of Directors

Chairman
* José María Serra Farré

Vice Chair
* Hugo Serra Calderón

Chief Executive Officer
* José Ignacio Álvarez Juste

Secretary director
* Francisco José Arregui Laborda

Members

Jorge Enrich Izard

Enrique Giró Godó

** Juan Ignacio Guerrero Gilabert

Federico Halpern Blasco

** Francisco Javier Pérez Farguell

Maria Assumpta Soler Serra

Alberto Thiebaut Estrada

Fernando Villavecchia Obregón

Ensivest Bros 2014, S.L.
Jorge Enrich Serra

Jusal, S.L.
José M.ª Juncadella Sala

Lacanuda Consell, S.L.
Carlos Halpern Serra

Gestión de Activos y Valores S.L.
Álvaro Juncadella de Pallejá

Non-Secretary Vice-Chair

Joaquin Guallar Pérez

*Executive directors **Independent

Delegate committees:
The Board of Directors has two delegated committees: the Audit Committee and the Appointments and Remunerations Committee.

Audit Committee

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

The Board of Directors has appointed an audit committee in accordance with the provisions of Additional Provision 3 of the Audit Act. Its composition and regulation is established in the Regulations of the Board of Directors.

The powers of this Committee are those provided for in the Capital Companies Act 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 examine compliance with the Group's internal and external regulations on good governance.
- To take to the Board of Directors the proposal for the selection, appointment and replacement of auditors and to assess the results of each audit.
- To supervise the process of preparing and presenting the regulated financial reporting information.
- To report to the Board of Directors on (i) the financial information that the Company must periodically publicly disclose; and (ii) transactions with related parties

Appointments and Remunerations Committee

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

As in the case of the Audit Committee, its composition and regulation is established in the Regulations of the Board of Directors.

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

- To report to the Board of Directors on appointments and resignations of senior managers and to propose the basic conditions for their contracts.
- To supervise that directors comply with the Company's requirements of fitness and reputation both at the time of their appointment and during their term of office.
- To review the Company's remuneration policy and report on its implementation.

Management committee (first line of defence)

Grupo Catalana Occidente has a corporate management committee that directs and coordinates the day-to-day management of the Group. Furthermore, the individual principal insurance entities that form part of the Group have their own management committee.

These committees meet at least monthly to take actions regarding their operating system.

External audit

The firm PriceWaterhouseCoopers Auditores, S.L., performs the individual external audit of the Society and the consolidated Group, as well as of the majority of the entities that form part of it. This brings global homogeneity between all audits and, in particular, with regards to the financial information systems.

In Note 21b of the report and in the Corporate Governance report, the remuneration paid to the auditors is listed both in concept of auditing services and other services. The full contents of the financial statements, the notes to the financial statements and the auditors' report are available at: www.cnmv.es and at www.grupocatalanaoccidente.com, in the section dedicated to investors and analysts, in the economic information section.

Assessment of the Board and the Committees

Following the recommendations included in the code of good corporate governance, which recommends that an external expert assess the functioning of the Board of Directors every three financial years, during the 2018 financial year, an external assessment was carried out by KPMG in its capacity as an independent expert of the functioning of the Board of Directors, the delegated committees and the performance of its Chairman. The outcome was positive, with the external expert highlighting both the adequacy of the procedures and the functioning of these bodies. In addition, and as provided for in the aforementioned code of good governance, during the financial year 2019 and the current financial year, the Board of Directors and its delegated committees have also carried out internal processes of self-assessment of their operation.

Information and transparency

The Board of Directors has approved the report on remuneration of members of the Board of Directors corresponding to the financial year 2020, following the guidelines established by the regulations in relation to the transparency of listed companies. The annual report on corporate governance and the annual remuneration report, which contain, among other information, details on the Group's corporate governance, the composition of its shareholder base, the functioning of its governing bodies and the remuneration of the members of the Board of Directors during the last financial year can be accessed through the corporate website, in the shareholders and investors section.

Key functions (2nd and 3rd line of defence)

Control of risk management function

- Supports the board of directors and the management committee with identification, assessment and control of all risks.
- Supports the Board of Directors in the annual establishment of the appetite and risk tolerance for the Group and its main businesses.
- It follows up on the prospective risk assessment.
- Periodic monitoring of the risk profile and threats.

Verification of compliance function

Ensures compliance with the obligations that affect the organisation of the Group, including both the regulations of mandatory application as well as those assumed on a voluntary basis, including the legal, regulatory and administrative provisions affecting the Group, as well as its own internal regulations.

Actuarial function

Exercises the powers conferred by the insurance regulations.

- Expresses an opinion on the technical provisions.
- Assesses the quality of the data used.
- Expresses an opinion on the suitability of the technical provisions included in the ORSA.
- Expresses an opinion on the underwriting policy.
- Expresses an opinion on the reinsurance policy.

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 2020 the Group carried out a total of 72 audits, including 3 on aspects of Solvency II, 11 on processes of the internal control system for the generation of financial information (SCIIF) and 2 on the prevention of money laundering and financing of terrorism.

In total, over 182 opinions have been issued, 96.7% of which are at least in the satisfactory category.

Finally, Internal Audit handles irregularities and/or fraud of intermediaries, professionals and employees of which it has become aware. Reportable matters include non-compliance with the code of ethics established by the Group for all employees and the manipulation or falsification of data and, in general, within the framework of the internal control system for financial information, any irregular practice linked to the internal control systems and the preparation of financial information. In this sense, in 2020, 66 incidents of internal fraud were detected for an amount of €55,233 in terms of contracting, claims and others that represent 0.001% of the turnover.

During 2020, there have been no confirmed cases of corruption in the Group and no public legal cases related to corruption.

Política de remuneraciones

This is oriented towards the recurring generation of value and sustainability of results over time. It also seeks to align the interests of the directors and employees with those of the Group's stakeholders together with prudent risk management in such a way as to be reasonable with the size of the Group, its economic situation and the market standards of comparable companies.

This policy is approved for three-year periods (unless there are amendments to it) by the General Shareholders' Meeting. Although in 2020 the General Shareholders' Meeting approved a new policy for the three-year period 2020-2022, as a result of the recommendations of EIOPA and the DGSFP, the Board of Directors has agreed to amend the policy and submit it again to the General Shareholders' Meeting in 2021. In addition, the annual report on remuneration of the Board of Directors, which includes the remuneration received by the members of the Board of Directors both in the Company and in its subsidiaries, is published annually and submitted to the consultative vote of the General Shareholders' Meeting.

Grupo Catalana Occidente, by virtue of its commitment to sustainability, includes in its remuneration policy to be approved at the General Shareholders' Meeting in April 2021, non-financial criteria relating to the commitments acquired in relation to sustainability linked to variable remuneration

Principles of the policy

- 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 reward the level of responsibility.
- To ensure internal equality and external competitiveness.

Terms and Conditions

The members of the Board of Directors in their roles as such, have perceived remunerations, in the concept of statutory attentions and daily subsistence allowances for attendance at meetings. In turn, the executive directors have signed, in accordance with the trade regulations, their corresponding contracts which include, among other elements, and as appropriate, a fixed remuneration, variable remuneration (of which a part is deferred), payment in kind and a system of complementary social security.

In Note 20b of the report and in the remuneration report, the amounts paid to the members of the Board of Directors for all of the above concepts are listed.

Policy of aptitude and honour

The corporate governance of the Group not only involves the Board of Directors and other governing bodies, but also extends to all aspects of the organisation and teams.
The Group, through a proper and transparent policy for remuneration and aptitude and honour, ensures that the positions are held by the suitable people.

Aptitude

It is understood that the professional is suitable if they have the training and the right profile to perform the functions entrusted to them, as well as practical experience derived from previous jobs with functions similar to those to be undertaken. In order to evaluate its aptitude, the Human Resources Management defines an ideal type of qualification, knowledge and experience for each role and evaluates the aptitude through the corresponding supporting documentation.

Honour

The process for determining good repute is carried out by the Human Resources Department and the Group's Compliance Verification unit. The evaluation of honourableness includes an assessment of their honesty and financial solvency based on reliable information on their reputation.
In accordance with the applicable regulations, the Group provides both the corresponding insurance supervisor and, where applicable, the CNMV or the Bank of Spain, as corresponding, all of the information regarding appointments and terminations of strategic personnel.

Ethical framework

The Group's code of ethics promotes responsible and transparent management, considers people to be the greatest asset and places the customer in the centre of the activity.

The Group's code of ethics, formulated and approved by the Board of Directors, is the document that establishes the guidelines that preside over the ethical behaviour of the directors, employees, agents and associates of Grupo Catalana Occidente in their daily work, with regards to the relationships and interactions they maintain with the stakeholders.

This code, developed through different protocols, has been periodically renewed in order to adapt to the new realities faced by the Group and includes, systematises and publishes its principles and values for action in line with the cultural keys of the Group, including the commitments assumed in reference to good governance and issues related to ethics and regulatory compliance and, in particular, the actions related to corruption and bribery, compliance with human rights, respect for people, professional development, equal opportunities, the relationship with collaborating companies, occupational health and safety and respect for the environment, among others.

The code of ethics also includes, the actions of those responsible for law enforcement by Grupo Catalana Occidente, the actions upon receipt of judicial documentation or in the case of receiving an inspection, as well as the manual for procedures and selection of suppliers and the channel for claims against fraud and irregularities.

General principles and values of the Group:

- Integrity and honesty.
- Impartiality
- Transparency and confidentiality
- Professionalism
- Sustainability
- Social commitment
- Compliance with the law and the corporate governance system
- Respecting and safeguarding human rights
- Brand image and corporate reputation

Communication and monitoring

The code of ethics is communicated to the entire staff through the intranet of each of the Group entities, receiving the appropriate training in this regard, and it must also be assumed by all employees of the Group entities. This code of ethics can be consulted on the Group's corporate website.

The Group has safeguards in place to ensure compliance with the code of ethics, including a channel for complaints and irregularities through which such complaints and possible violations can be managed.

Complaints of breaches of the code of ethics are regulated in the regulations relating to the procedure for action in cases of irregularities and fraud (whistle-blowing channel). Once the communication is received, an initial analysis of its relevance is carried out by the Internal Audit area, which will refer the case to the Human Resources area, as applicable when it involves employees. During 2020, 28 communications were received through existing complaint channels, 27 of which have already been resolved.

The first principles set out in the Group's code of ethics are integrity and honesty, which means that any form of corruption will be avoided and the necessary measures will be implemented to combat it.

In 2021, access to the whistle-blowing channel has been extended through the websites of the Group and the companies that comprise it, allowing not only employees but also any interested third party to report, confidentially or anonymously, irregularities related to breaches of the Group's code of ethics or its implementing protocols, as well as actions or omissions that result in a criminally punishable irregularity or the manipulation and/or falsification of financial data.

Furthermore, the Group avails of various policies and internal regulations on behaviour for specific topics such as:

- Internal behavioural regulation regarding the stock market
- Outsourcing policy and procedures and supplier selection manual.
- Prevention of money laundering and funding of terrorism manual
- Personal data protection policy and ICT resources.

This management model also establishes that the Audit committee and the Management Committee receive periodic reports on the actions in this area.

Compliance and prevention

Operating in a highly regulated sector makes the verification of compliance function essential.

Regulatory compliance

- **Prevention of money laundering and funding of terrorism**

  The Group has a manual for the prevention of money laundering and the financing of terrorism, which sets out, among other matters, all the measures implemented by the Group entities subject to the regulations on the prevention of money laundering and the financing of terrorism.

  These measures are subject to annual review by an external expert who prepares a report and has considered that the Group has a satisfactory prevention system. The board of directors examines this report, together with proposals of necessary measures, to address the weaknesses identified. No claims on money laundering have been received. As part of the prevention system, the Group has implemented an annual training plan for its employees in this area. During 2020, 1,509 employees have taken courses in this area.

- **Data protection. Cyber security**

  he Group entities have a personal data protection policy and a prevention policy, among others, approved by the Board of Directors, which coordinates the data protection committee and its delegates. Potential cyber attacks are considered one of the principal risks in the sector. This is why the Group has a *Chief Information Security Officer.*

  During the year, the Group received two complaints regarding customer privacy breaches from third parties and one complaint regarding customer breach from regulatory authorities. No cases have been received concerning leaks, theft or loss of customer data. Likewise, the Group has not received any substantiated claims of security breaches involving the loss of personal data.

- **Fight against fraud and corruption**

  The Group has procedures to combat fraud, which help to identify possible malicious acts or omissions in purchasing the insurance policies, in the statement of claims, or in the accreditation of damages, which are designed to obtain improper benefits, money laundering or unjust enrichment. In 2020, 3,213 employees have undergone training on anti-corruption policies and procedures.

  Likewise, the code of ethics and its development protocols establish the policy of action in anti-corruption matters, expressly prohibiting activities such as extortion, bribery and influence peddling, as well as indicating how to act in the event of acceptance or granting of gifts, donations and contributions to foundations and non-governmental organisations, among other actions.

  The Group also has a whistle-blowing channel that allows any person to report conduct that may involve the commission of criminal offences to the corporate Internal Audit Department via the Group's website.

  During 2020, the Group's spending on industry associations amounted to €0.3 million.

- **Reliability of the financial information**

  Following the recommendations of the CNMV about the Internal Control System of Financial Reporting (SCIIF) in 2020, the Group has continued in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenization of criteria and the reflection on efficiency improvements.

In 2020, there were a total number of 16 fines and penalties for non-compliance with laws and regulations in social and economic spheres amounting to €1.3 million euros.

Internal control

The system is based on a solid culture of control where the fundamental principles are clearly defined and notified to all levels of the organisation. The internal control system is subject to an independent monitoring process that verifies proper operation over time. Comprehensive system monitoring is performed by the management of the Internal Audit.

Within the control environment, the Group focuses on controls for financial and property investments. In this sense, the concentration and dispersal of fixed income and equity, the average rating of the portfolio, exposures by rating and how they have changed, changes in the optionality of assets due to changes in interest rates, and the performance of underlying assets are monitored at monthly intervals.

In addition, in 2020 more progress was made regarding improving the quality of the risk map. In total, the Group avails of over 5,000 internal controls.

Risk management

The strategy and policies for risk management by Grupo Catalana Occidente are under the responsibility of the Board of Directors of the company.

Control of risk management system

This is based on the principle of "three lines of defence":

1st line - Taking responsibility for risks.
This consists of the business units that are responsible for the risk assumed and their management.

2nd line - Control and monitoring.
This consists of the role of risk management control, verification of regulatory compliance and actuarial function. This defines controls that allow compliance with the risk management policies and processes to be ensured.

3rd line - Internal audit function.
The function of the internal audit is responsible for carrying out an independent evaluation of the effectiveness of the government system, the risk management system and the internal control.

From the risk management control area, all significant aspects relative to risk management are handled, marking guidelines and reference criteria that are assumed by the entities with the adaptations necessary.

Information and communication

The government bodies receive information relative to the quantification of the principal risks the Group is exposed to and the capital resources available to face these with a frequency of at least once per quarter, as well as the information relative to compliance with the limits established for risk appetite.

Since 2016, with an annual nature, the Group and the insurance entities that form part of it publish a specific report on the financial and solvency situation which details and quantifies the risks they are exposed to.

Risk strategy

Grupo Catalana Occidente defines its risk strategy as the level of risk that the entities that form part of it are willing to assume, and ensures that the integration of the same with the business plan permits compliance with the risk appetite approved by the Board of Directors.

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 the Group plan to accept to achieve their objectives.
- **Risk tolerance**
  Maximum deviation with respect to the appetite that is willing to be assumed (tolerate).
- **Risk limits**
  Operating limits established to comply with risk strategy.
- **Alert indicators**
  In addition, the Group avails of a series of early alert indicators that work as a base for both monitoring the risks and for complying with the risk appetite approved by the Board of Directors.

Business strategy and ORSA

The business strategy is defined in the Group's strategic plan and the medium-term plan, which is aligned with the strategy.

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

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

The ORSA contributes towards spreading a common risk culture and provides a prospective vision of the risks and solvency position in the medium-term plan framework.

The Group performs a *back-testing* analysis between the estimates of the capital requirements for the year, ORSA and its results at the end of the year.

Policies for risk management

El Grupo dispone de políticas escritas que, junto con las normas The Group has written policies which, together with the existing technical standards, it has reviewed and approved during the financial year 2020. The policies are available in Table 12 of the Non-Financial Information Statement.

Each of these 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 to control and manage the risks.

ESG Risks

Sustainability risks are defined as those risks that constitute the possibility of losses driven by environmental, social and governance factors. Grupo Catalana Occidente understands, prevents and has the ambition to reduce ESG risks as well as to manage the opportunities to offer safe and quality protection against these risks to all our stakeholders in the best possible way.

SFCR

Risk map

RISKS NOT INCLUDED IN PILLAR 1			
Risk	**Description**	**Internal regulations**	**Mitigation**
Credit Underwriting Risk	Risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions. In the case of credit insurance, the risk arises from the non-payment by our buyers (customers) of our customers, and in the case of surety, from the non-fulfilment of the contractual, legal or fiscal obligations of our customers.	- Underwriting policy and rate setting regulation - Underwriting guidelines - Authorisation matrices - Buyer rating monitoring and credit limit concessions - IFRS and Local Regulations	-Reinsurance - DEM - Strict underwriting control - Control and monitoring of buyers' default risks
Non-life Underwriting Risk	Risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions.	- Underwriting and reserve policies - Reinsurance policy - Underwriting manual and technical standards - Data quality policy - National and international insurance regulations - Good practice guides - Consortium	- Strict control and monitoring of the combined ratio - Catastrophic non-life risks are also mitigated through CCS - Business value - Reinsurance policy - Maintenance of business diversification
Health Underwriting Risk	Risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions.	-Underwriting and reserve policies - Reinsurance policy - Underwriting manual and technical standards - Data quality policy - National and international insurance regulations - Good practice guides	- Strict control and monitoring of the combined ratio - Business value - Reinsurance policy - Maintenance of business diversification
Life and Funeral Underwriting Risk	Risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions. This is broken down into biometric risks (which include the risks of mortality, longevity, morbidity/disability) and non biometric risks (fall in the portfolio, expenses, review and catastrophe).	- Underwriting and reserve policies - Reinsurance policy - Underwriting manual and technical standards - Data quality policy - National and international insurance regulations - Good practice guides	- Strict control and monitoring of the combined ratio - Business value and profit test - Reinsurance policy - Maintenance of business diversification
Market Risk	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.	- Investment policy - Management based on the principle of prudence - Asset and liability valuation policy - Insurance regulations (LOSSP) - CNMV regulations - Distribution regulations	- Asset management based on the principle of prudence - Control of the different types of portfolio according to objectives - Liability commitments to be hedged. Detailed asset-liability matching analysis (ALM) and sensitivity analysis to future scenarios - Types of investments suitable for hedging - Dispersion and diversification limits - Credit rating to be maintained
Counterparty Risk	Counterparty risk arises from losses resulting from unexpected default or impairment in the credit quality of counterparties.	- Investment policy - Reinsurance policy - Management based on the principle of prudence - Insurance regulations - CNMV regulations - Distribution regulations	- Reinsurance with counterparties with a high credit rating - Diversified investment portfolio with a high rating - Monitoring of the credit rating of the main financial counterparties and the reinsurer table - Monitoring of trade credit risk exposures
Operational Risk	Risk of loss arising from inadequate or dysfunctional internal processes, personnel or systems or external processes. It also includes regulatory non-compliance	- SolvPRC / Risk Register tool - Contingency plans - Data security and quality policy - Code of Ethics - Procedure for action in cases of fraud (whistleblower channel) - Insurance regulations - Principles of three lines of defence (COSO regulations)	- Internal control system - SolvPRC - Control of inherent risk and residual risk through the implementation of preventive and mitigating controls upon the occurrence of an event.

Mapa de riesgos

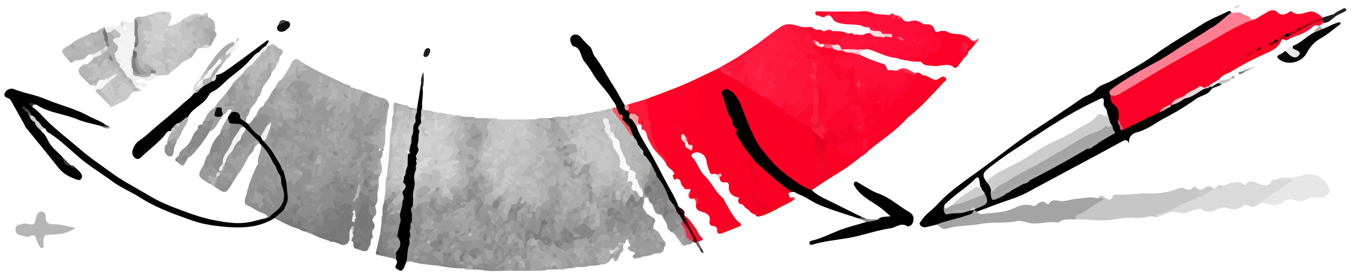
RISKS NOT INCLUDED IN PILLAR 1			
Risk	**Description**	**Internal regulations**	**Mitigation**
Liquidity Risk	Risk of non-compliance of obligations due to an inability to obtain the necessary liquidity even if sufficient assets are in place	- Investment policy - Prudent management - Reinsurance policy - Insurance regulations - CNMV regulations - Distribution regulations	- Prudent-based asset management - Control of the different types of portfolio - Liability commitments to be hedged. Detailed asset-liability matching (ALM) analysis as well as sensitivity analysis to future scenarios - Typology of investments suitable for hedging - Dispersion and diversification limits - Low level of indebtedness
Political and Economic Environment Risks	Risks arising from the national and international economic and political environment, which have an impact on the volatility of financial variables and on the real economy. In particular, the risk of a global pandemic associated with Covid, the global economic crisis and the lax monetary policy with interest rates at minimum levels should be highlighted	- Underwriting regulations - Written Policies (in particular investment policy) - Occupational risk prevention regulations - Internal Code of Conduct - European regulations - Sector analysis - Global regulation associated with the economic recession and pandemic	- Occupational risk prevention regulations to protect our employees and our customer - Risk underwriting - Strategic planning process and its follow-up - Sectorial analysis - Internal audit, internal control, complaints and whistleblowing channel - Geographical and sectoral diversification in the Credit business - Contingency plans (Brexit) - "Event-driven" monitoring and analysis of the Economic Research Unit
Social, Environmental and Governance Risk	Risk that constitutes the possibility of losses driven by environmental, social and governance factors (associated with the lack of business development under criteria of value for society, ethics, transparency and commitment to legality)	- Bylaws of the General Shareholders' Meeting - Regulations of the Board of Directors - Prevention of money laundering - Code of Conduct - Written policies (sustainability policy, climate change and environment policy, tax policy, outsourcing policy) - Sustainability Master Plan - Non-financial reporting regulations - European Sustainability Regulations (ESMA, EIOPA...) - Draft legislation on climate change - United Nations Sustainable Development Goals and Agenda 2030 - Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	- Internal Audit - Internal Control - Complaints channel - Occupational health and safety regulations - Corporate social responsibility report - Monitoring and adaptation of strategic planning - Code of conduct - Written policies (e.g. sustainability policy, climate change and environment policy,...) - Sustainability Master Plan
Other Risks	Risks not included in the previous groups, such as the risk of loss arising from inadequate strategic decisions, their defective implementation or inadequate adaptation to changes in the economic or social environment (strategic risk), the risk associated with the occurrence of an event that has a negative impact on the Group's reputation (reputational risk) or the risk arising from the interdependence of the risks existing between Group entities (contagion risk)	- Written policies - Reputational risk management protocol - Social media usage manual - Advertising regulations	- Exhaustive monitoring of the medium-term plan - Code of ethics - Procedure in case of irregularities and frauds - Requirements of aptitude and reputation - Monitoring of information published in the media and social networks - Control of the manual for the use of social networks - Action protocols for the management of reputational risk events - Continuous monitoring of business units

05

Business model

Protection and forecast

The Group reinforces its strategic purpose with leadership positions in the protection and long-term forecasting for families and businesses in Spain and in trade credit risk hedging at the international level, supported by its cultural keys and fostering innovation.



Business model

In 2020, the Group moved to fourth position in the Spanish market and maintained its share in the credit insurance segment to reach 26% internationally.

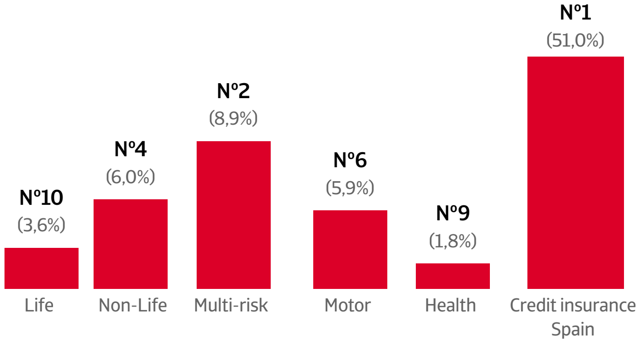
The aim of the Group is based on leadership in protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at international level. Grupo Catalana Occidente is a multinational insurance company operating in more than 50 countries through a diversified, balanced business portfolio, serving more than 3.5 million customers.

The participation of the various entities in Grupo Catalana Occidente implies, without prejudice to their legal autonomy, their integration within the corporate structure through the coordination and supervision of their activities by the parent company.

Grupo Catalana Occidente S.A. is the holding company that acts as the parent company of the Group, whose shares are listed on the Madrid and Barcelona stock exchanges, on the Continuous Market and is subject to the supervision of the National Securities Market Commission (CNMV). As an insurance company, the Group is also subject to the supervision of the Directorate General of Insurance and Pension Funds (DGSFP).

In Spain, the Group holds the fourth position in the ranking, with a market share of 5.1%: 6.0% in non-life and 3.6% in life. Furthermore, in credit insurance, the Group is the second entity worldwide, with a market share of 26%.

The Group's position in the Spanish insurance market



The Group bases its strategy on 3 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.

Cultural keys

One of the major milestones for the Group in 2020 has been to continue bringing the cultural keys closer to the entire organisation.

One of the milestones in 2016 was the start of the Proyecto Cultura, where the first objective was to identify the cultural keys of Grupo Catalana Occidente. These keys define the common values that explain the Group's way of being and doing and that of their entities. In the following years, the Group has addressed the cultural keys, deepening each one of them through an annual conference involving the participation of more than 300 executives from the highest levels of responsibility. Thus, in 2017 the focus was placed on the 'Innovation" key, in 2018 on 'People' and in 2019 on 'Self-criticism', in 2020 it will address 'Austerity' and training will also be provided to different groups within the organisation.

Pillars	Cultural keys
Growth	Self-criticism Innovation
Profitability	Austerity Long-term vision
Solvency	People Commitment

Innovation

The culture, offer and customer, main areas of the transformation plan of Group Catalana Occidente.

The Group considers that a culture that embraces change and, at the same time, encourages and motivates innovation among employees, is a fundamental pillar in order to be able to adapt the offer of products and services to meet the needs of all kinds of customers. The Group has invested €67.9 million in R&D&I activities and projects in 2020.

One of the most outstanding initiatives on this path towards cultural transformation is the intra-entrepreneurship programme, called Xplora, launched in 2017, which brings together training and a tool for employees to propose ideas that allow Grupo Catalana Occidente to improve its products and services.

Xplora Space Platform

In 2019, the Group made the new Xplora Space platform available to employees, which integrated news about the insurance sector, technologies or corporate culture, as well as offering the possibility of proposing ideas.

In 2020, work continued on improving the platform and providing it with content, including innovative projects from other areas of the company to promote the exchange of knowledge between areas

In the last year, employees have contributed more than 90 ideas to the 9 proposed challenges. Of these, 11 ideas have been supported; 4 are in the project phase and 5 have been integrated into strategic projects. In addition, one of them is in pilot phase.

On the other hand, the Group organised inspirational and informative seminars on digital transformation and new technologies, which were attended by more than 350 employees, all of which were adapted to an online format to coincide with the healthcare crisis.

The innovation training programme has been expanded with more workshops for employees and advanced training in Agile Methodologies and innovation methodologies for employees and managers.

The different projects worked on in the training programmes have been presented to the Innovation Committee in the form of innovative pitches.

Two new programmes have also been opened: one that aims to expand the Group's innovation ecosystem with new partners (start-ups, universities, etc.) and another that aims to develop new products and services with work teams made up of employees with the support of partners such as La Salle, the Mobility Institute, KPMG, SECOT and Phyltime.

> “There are aspects of Xplora that I particularly like: one is that we focus on the customer, another is that transversal teams can be formed and, precisely, diversity is a value that strengthens companies, and finally, which fosters teamwork”
>
> **Daniel Ruiz,** *Head of Training at Seguros Bilbao*

Atradius Business Transformation Programme

In 2019, the “Shaping Tomorrow Together” initiative began with the aim of fostering a culture of growth and development in employees, as well as the adoption of new technologies, which would make them drivers of change and transformation. In a year as challenging as 2020, the agile adaptation to a completely new situation and the rapid adoption of technologies that have allowed us to continue to offer excellent customer service have been demonstrated.

The Evolve+ programme has fostered the innovative culture in Atradius through the organisation of webinars in which more than 1,800 employees have participated, including the Management Board. The optimal model for the use of collaborative tools has been analysed and management teams from all over the world have been put in contact with each other to share management models in exceptional times. This has included a specific manual to assist managers in carrying out their duties.

In parallel, the “Atradius Academy” has been a fundamental support in employee development through digital media such as e-learning platforms, newsletters and social networks. By addressing topics such as vitality, remote working and well-being in difficult times, we have encouraged the creation of an environment where learning and development are part of the normal working dynamic.

Finally, the “Rethinking the way we work” programme invited employees to reflect on the future of work in areas such as the configuration of the home for professional use, co-working spaces in offices, the various legislations that apply and how to ensure that the corporate culture of excellence in customer service is maintained. The aim of this project is to incorporate things learned from the pandemic into the working model of the future.

The centre of the strategy: the customer

For Grupo Catalana Occidente, the customer is in the centre of the strategy and therefore, is the motor for all of the innovation processes. In this sense, there is constant analysis of their opinion in order to learn about their needs and be able to offer innovative solutions adapted to their profile. Just in the last year, more points of contact with the customer have been opened and a boost has been given to the monitoring of opinions and queries through social networks.

The Group is also clearly committed to omni-channels, allowing customers to decide the channel through which they want to interact. In this regard, the Contact Centre transformation project launched in 2019 continues to lead the way in offering its customers a consistent, homogeneous experience across all channels. In the last year, an open question telephone service system has been implemented to reduce unnecessary internal transfers, improving the customer experience through a natural language model that identifies the reasons for the call; the messaging system in the event of claims has been improved to allow customers to monitor it in real time and a new chat channel has been implemented to deal with customers.

Finally, the basic pillars (culture, offer and customer) are based on two essential catalysts: data and technology. The Group is aware of the need to be prepared to manage the information available to customers, in order to offer them a better experience and greater personalisation.

It is also working to adapt and improve the technological systems with the objective of being prepared and agile in order to respond to the needs of consumers.

Technology and operations

The Group is making decisive progress in digitization.

In 2020, the efforts with regards to digital transformation were significantly increased.

- **Artificial Intelligence / Data Science**

  Artificial intelligence and, in particular, the application of Machine Learning self-learning techniques remain a key initiative of the Group to improve the operational efficiency of internal processes and enhance the quality of service to our customers. This year the Group has implemented customer segmentation systems that will enable it to carry out personalised actions and campaigns and develop loyalty policies.
- **Unification of platforms**

  A project that aims to provide a technological framework common to all companies of traditional business in the Group and to improve the efficiency of processes and promote technological synergies.
- **Video loss adjustment**

  In order to improve the customer experience in the context of the healthcare situation, the Group has adapted its loss adjustment processes by implementing a video loss adjustment system as the most appropriate means of carrying out this work when a face-to-face visit is not possible. In addition, this service minimises the impact on pollution caused by our employees' journeys.
- **Atradius Business Transformation Programme**

  The aim is to improve its offer of services and product development to maintain the strong value proposition for customers.

Creation of value

The vocation of Grupo Catalana Occidente is to consolidate a solid business and generate sustainable social value. In 2020, the Group distributed €3,930 million to society.

Sustainable social value is the result of focusing the Group's activity not only on obtaining good financial results but also on favouring the well-being of the people that form part of the interest groups and society as a whole in the short and long term.

(figures in € million)

	2018	2019	2020
Direct economic value generated	**3.803,8**	**4.145,5**	**4.330,8**
Distributed economic value	**3.725,6**	**4.035,1**	**3.933,5**
Provisions provided to customers	2.252,1	2.461,5	2.385,9
Public Administrations	406,5	465,3	452,5
Intermediaries	488,6	505,6	512,2
Employees	481,2	499,7	496,6
Shareholders	94,7	100,5	81,5
Contributions to non-profit entities and foundations	2,4	2,5	4,8
Retained economic value	**78,2**	**110,4**	**397,3**

**The direct economic value generated responds to the aggregation of the distributed value and the retained value. Contributions to foundations and non-profit organisations include contributions with UNESPA to the COVID-19 fund for health professionals and the contributions of the Group's entities to the Fundación Jesús Serra.*

Business units

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 over 1,500 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

The Group's operating platforms in the traditional business

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

Traditional business

Operating entities

Seguros Catalana Occidente	Plus Ultra Seguros	Seguros Bilbao	NorteHispana Seguros

Platforms

Computer development	Organisation and logistics	Claims centre
Systems	*Contact Center*	Post-sales Post-sales service

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.

The brands of the Group for credit insurance business are:

Atradius
Crédito y Caución Atradius
Atradius Re

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 administers 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 2020. All of them have their own organisational structure and network. From an organisational point of view they have a structure with centralisation and decentralisation of operations, with the following service centres: two underwriting centres, six claims centres, an administrative accounting centre and a call centre.

Grupo Catalana Occidente - Main entities

Insurance companies	Complementary insurance companies	Investment companies
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 S.L.
Atradius Re	Atradius Duch State Business	Atradius NV
Atradius ATCI	Atradius Information Services	Atradius Participations Holding
Atradius Seguros de Crédito México	Iberinform Internacional	Atradius Finance
Atradius Rus Credit Insurance	Graydon	
Crédito y Caución Seguradora de Crédito e Grantias Brazil		

Traditional business   Credit insurance business

06 Sustainability

A year of consolidation

Integrating sustainability into Business strategy in the long term

Sustainability strategy

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

Social value is the result of focusing our activity not only on obtaining good financial results but also on favouring the welfare of the stakeholders to which the Group's entities respond. This value becomes sustainable when it is integrated into the business strategy not only in the short term but also in the medium and long term.

This commitment is materialised through our sustainability policy and the sustainability master plan 2020-2023.

Sustainability policy

In January 2021, the Board of Directors approved the sustainability policy of grupo Catalana Occidente, which replaces the former corporate responsibility policy in force until then.

This document establishes the reference framework for the Group and the entities that comprise it to develop and promote socially responsible behaviour. Grupo Catalana Occidente and the entities that comprise it. It includes the general principles of action in the area of sustainability, as well as specific sustainability goals pursued by the Group.

The new sustainability policy aims to respond to an increasingly demanding European and national regulatory framework, which includes the United Nations 2030 Agenda, the Paris Agreement of the United Nations Framework Convention on Climate Change, the European Green Pact and the European Strategy for decarbonisation to 2050.

Externally, it strengthens its commitment to the United Nations Global Compact Principles, the United Nations Principles for Responsible Investment (PRI), the Principles for Sustainable Insurance (PSI) and the Sustainable Development Goals (SDGs).

Internally, the policy is the key instrument to strengthen the Group's commitment to sustainability and lays the foundations on which to develop the sustainability master plan..

Stakeholders

Our relationship with the different stakeholders is based on a constant and transparent dialogue. Grupo Catalana Occidente establishes specific commitments with each of them, which are included in its code of ethics.

The relationship with the different stakeholders is materialised through the implementation of specific commitments based on the Group's cultural keys, which define its way of being and doing: people, commitment, self-criticism, austerity, long-term vision and innovation.

Employees

The human team is the main asset for creating value for the customers and shareholders of the Group's entities. We are committed to guarantee: equal opportunities, fair pay, lifelong learning and to facilitate the reconciliation of work and family life.

Equal opportunities, integration and diversity: The Grupo Catalana Occidente integrates corporate social responsibility policies focused on a responsible and transparent management in its business strategy. The behaviour of all its members is based on ethical behaviour based on good faith and integrity as set out in the principles of action formalised in the code of ethics: the principle of integrity and honesty, the principle of impartiality, the principle of transparency, the principle of confidentiality, the principle of professionalism and the principle of corporate social responsibility..

In this line, no type of discrimination is permitted based on birth, sex, religion, opinion or any other personal or social condition or circumstance. Respect for human rights is also guaranteed. In addition, companies of significant size have an equality plan and a protocol for the prevention and treatment of sexual harassment on the grounds of gender and moral harassment.

The Equality Commission is responsible for ensuring compliance. The general objectives of these plans are:

a) To promote the principle of equal treatment between men and women, guaranteeing the same professional opportunities in employment, selection, remuneration, training, development, promotion and working conditions.

b) To guarantee the absence of direct or indirect discrimination on the basis of gender and, especially, those derived from maternity, paternity, the assumption of family obligations, marital status and working conditions.

c) To prevent all types of abuse, particularly sexual harassment and gender-based harassment, implementing a code of behaviour that protects the entire human team.

d) To promote equal opportunities through communication and awareness on all organisational levels.

e) To favour conciliation of the professional, personal and family life of the whole team.

It should be noted that the composition of the staff is generally gender balanced. Although the functions of greater responsibility are mostly occupied by men, in recent years, a positive trend has begun to emerge towards achieving a balance.

The Group is also committed to the employment integration of people with disabilities. At the end of the year, 85 people with different abilities were on the Group's payroll (92 people in 2019). The companies Seguros Catalana Occidente, GCO Tecnología y Servicios, Plus Ultra Seguros, Seguros Bilbao, have been awarded the certificate of exceptionality granted by the State Public Employment Service, under the provisions of Royal Decree 364/2005, of 8 April, which regulates the alternative fulfilment of the reserve quota in favour of disabled workers on an exceptional basis.

Fair remuneration: during 2020, progress has been made in having a common remuneration policy in the traditional business, characterised by making a wide variety of flexible remuneration products available to employees, highlighting the annual offer of share-based remuneration for the staff of the insurance activity. In addition, the Group's employees enjoy an extensive programme of social benefits, including pension plans, company canteens, financing of employee training (university education, MBA, languages), assistance for disabled family members, personal loans, etc.

Reconciliation and co-responsibility of both parents In their commitment to equal opportunities and work-life balance, the companies adhering to the Collective Bargaining Agreement, which affects practically all traditional business entities, offer a flexible timetable that allows them to accumulate hours for future free use and an intensive working day in the summer months, as well as the option of voluntary leave for one year with a guarantee of re-entry.

Likewise, these companies offer social benefits such as a permanence prize, retirement prize, birth prize, help for disabled relatives, life insurance above the conditions of the collective agreement of the insurance sector and personal loans.

On the other hand, the company GCO Contact Centre has started the teleworking modality for some workers and plans to increase the number of workers in teleworking situation progressively.

At Atradius N.V., the measures to promote work-life balance are subject to the regulations of each country.

In addition, a disconnection policy was approved in 2019 for Grupo Catalana Occidente entities.

> "The rapid implementation of teleworking by the Group has enabled me to continue to perform my duties normally thanks to the tools made available to me and has also helped to protect my health"
>
> **Alberto Gimeno** *Atradius Crédito y Caución employee*

Permanent training and professional development. During the 2020 financial year, the Group has maintained the training actions aimed at professional development, in line with the provisions of the Training Plan. The traditional business training plan is established annually by virtue of meetings held with the heads of each unit and is drawn up on the basis of three complementary sources: the Group's strategic plan, the results of the consultations sent to each sub-department and teams regarding their training needs, and the specific training needs arising from the professional assessments that began to be implemented in December 2018. In the credit business, there is "Atradius Academy" a learning platform available to all employees of the credit business where they can find a wide selection of online courses. This year, the strategy for the platform has been updated and new courses have been included.
In total, more than 136,263 hours of training have been provided, which represents an average of 18 hours per employee, similar to the previous year's figures despite the situation.

Health and safety: The entities of the Group in Spain have a prevention service in accordance with current labour legislation. In addition, there are procedures and internal regulations related to occupational risk prevention, including self-protection plans for all buildings, risk assessments and annual action planning

There is also a joint prevention service that covers most of the Group's insurance companies, allowing for a more homogeneous management. The entities that are not under this department maintain their own or have an outsourced service, following to efficiency and speciality criteria. For Atradius countries, there is no general policy, most countries have their own policy according to local legislation or collective agreements.

At corporate level, although there is no specific health and safety policy of general application, the Group's commitment to the health and safety of its employees is embodied in the preparation of sickness protocols and the inclusion in collective bargaining agreements of benefits in the event of any kind of incapacity to work. In 2020 there were more than 10,300 individual training sessions on health and safety related topics.

Internal communication: The Group maintains constant communication with our employees, making sure to keep them informed about the future of the business and about any information relevant to the Group and its entities. For this purpose, there are corporate intranets as the principal tools for internal communication accessible to all employees. In this regard, at the beginning of the year the documents summarising the Group's strategic plan, as well as the guidelines for each year, are published and are accessible to all employees.

Healthy Company: Grupo Catalana Occidente is concerned about the well-being of its employees, promoting sport and healthy living. Last year the Healthy Company initiative was launched, with the outstanding milestone of the remodelling of the Club Catalana Occidente, in Sant Cugat del Vallés (Barcelona), and with the aim of carrying out similar actions in the rest of the Group's entities.

Union representation and collective bargaining in Spain

The continuous dialogue between the organisation and the employee representatives is articulated through the company committees and trade unions with whom the companies maintain fluid communication, with periodic meetings addressing the issues related to working conditions, equality, prevention of occupational hazards, professional recognition, etc., and the existence of committees designed to address specific topics such as health and safety,professional classification pension or equality plans, whose committee ensures compliance with the equality plans.

This year has seen the consolidation of the application of the same working conditions for all the employees of the companies that have signed the collective bargaining agreement that affects practically all the insured business entities. Within the same, working conditions have been established that are common to all staff in the insurance sector that have integrated activities and share the same operating functions that highlight consolidation for all employees in a system of social prevention with annual contributions corresponding to 5% of the fixed salary. In addition, the remuneration systems of the integrated companies were integrated in the recent period, establishing a system of professional classification that establishes the same conditions for the same functions, which is a guarantee of equity. In addition, this year the company GCO Contact Centre has reached an agreement with the representation of workers in the Madrid area to establish measures aimed at resolving the discomfort detected in the report on psychosocial risks in the Madrid workplace and improving the reconciliation of family life, along the same lines as those agreed with the representation of workers in the Sant Cugat area at the end of 2018. At present, both work centres have an equivalent agreement that has allowed stability in the management of the activity and a good social climate. As in the previous year, in European countries the percentage of employees under collective bargaining agreements is over 95% (including the United Kingdom) and in the rest of the countries it is on average 15%. With regard to collective bargaining agreements, Atradius N.V. is in constant dialogue with the trade unions in each country and the works councils, and in the case of the EU also with the EWC (European Works Council).

Customers

The main objective of Grupo Catalana Occidente's relationship with more than three and a half million customers (policyholders) is to offer them competitive products and a quality service, based on personal, transparent and comprehensive advice.

The Group is also committed to provide policyholders with simplified and clear information, as well as to clear up any doubts they may have about the content of their policies and services, or in the case of an incident.

In recent years, new self-service functionalities have been developed and implemented in the e-customer tool.

Customer experience in traditional business

NPS
45,4% (+4,8 p.p.)
Net promoter score (post –claim interview)

Retention rate
87%
Customer retention rate

Experiencia cliente del negocio del seguro de crédito

Retention rate
89%
Customer retention rate in Spain

Retention rate
93%
Customer retention rate in the rest of the world

The Group's entities are adhered to the guide for good transparency practices of Unespa

Customer service

Good management of customer complaints and claims is a basic element in the quality of service. Grupo Catalana Occidente has regulations for customer protection adapted to the requirements of Order ECO/734/2004 of 11 March on customer service departments and services of financial institutions and the commitments assumed by the insurance sector through the Guide to good practices for the internal resolution of complaints promoted by the Spanish Union of Insurance and Reinsurance Companies (UNESPA). Complaints and claims data for the Group's business are provided in tables 13 and 14 in chapter 7.

> “At such a delicate time as the loss of a loved one, it is grateful to have the full support of professionals who take care of both the material and emotional needs of your family member”
>
> **Elisa Alcaide,** *Nortehispana Seguros customer*

Shareholders, investors, and analysts

These groups are key to the long-term sustainability of the organisation, which is committed to working to achieve a return on its investment through prudent risk management, the development of a long-term strategy and transparency of information. The Group has two specific areas of the organisation that deal with the requests of shareholders and institutional investors, their proposals and expectations regarding management in an individualised and close manner.

Shareholder Relations Unit: +34 935 820 667
accionistas@catalanaoccidente.com
Analysts, Investors, Rating Agencies and Sustainability Relations Unit: +34 915 661 302
analistas@catalanaoccidente.com

Distributors / intermediaries

Formed by the network of agents and brokers, these stakeholders facilitate the relationship of the entities with their environment. They contact the customers, generating confidence to understand individual needs and providing value through their professionalism and proximity. Good communication and a relationship of trust with the intermediaries are essential to provide a good service to customers.

The commercial network of Grupo Catalana Occidente's companies is made up of 1,591 traditional business offices and 17,042 intermediaries, mainly exclusive agents and insurance brokers. During 2020 Grupo Catalana Occidente focused on the development and efficiency of its distribution network.

> “The social network ambassadors project is allowing us to improve our digital presence at no cost to the agency and without the need to invest time and resources. It is a service that puts the company within our reach and helps us to have updated content and be closer to our customers”
>
> **Antonio Rico,** *exclusive agent of Seguros Bilbao*

Associates and suppliers

These are specialised service providers whose work is essential to the performance of the insurance business. The Group guarantees objectivity and impartiality in selection and hiring, equal treatment and transparency in management.

The code of ethics establishes that the Group's relationship with associates and suppliers must be oriented towards the achievement of common goals, based on mutual commitment to the fight against corruption and respect for human rights. In order to choose suppliers, the traditional business applies the criteria set out in internal regulations and, in particular, in the Supplier Selection Manual. which regulate the acquisition of goods, services and supplies. These criteria are based on objectivity, impartiality, transparency, equal treatment and quality, and seek to avoid any kind of conflict of interest or personal, family or economic ties in the selection of suppliers. All suppliers of the traditional business explicitly undertake to comply with a series of clauses which, in summary, include the following:

- Compliance with the Grupo's code of ethics.
- Compliance with the European Data Protection Regulation.
- The obligations with the Tax Authorities and Social Security.
- Compliance with Occupational Risk Prevention Regulations.
- The confidentiality of the information collected in their performance
- On the other hand, Atradius has an outsourcing policy that regulates the management of suppliers.

The Group does not currently carry out audits of suppliers.

Management of Suppliers

During 2020, Grupo Catalana Occidente worked with more than 3,000 suppliers, resulting in expenditure of approximately €232 million. In the case of the traditional business, without taking Asistea into account, the number of suppliers with which the company worked was 1,086 and the expenditure made with these suppliers amounted to €45.8 million. Due to its activity and its presence in Spain, most of the expenditure goes to local suppliers. The credit business collaborated with 2,009 suppliers and total expenditure was €186 million, 95% of which corresponds to expenditure with local suppliers.

Average payment period for suppliers

The Group does not have any balance pending to suppliers with deferment over the legal period (30 days except where otherwise agreed between the parties). For more information, see Note 21c. of the Notes to the report.

Management of associates in traditional business

Prepersa AIE (Insurance experts and EIG prevention) is the company in Grupo Catalana Occidente that manages specialised associates for the solution of claims, except for lawyers. All direct associates are local. In total, the Group has 2,171 associates.

Associates are continuously evaluated according to different parameters such as activity, costs, management time, customer service and best practices. The results are collected in reports that are received by the associates themselves and the doctors in each area. The activity holds the quality certificate UNE-EN ISO 9001-2008, which guarantees that the processes are oriented towards continuous improvement and have efficient organisation for the planning, control and analysis of results.

> **“The support shown by Grupo Catalana Occidente has been vital to guarantee the continuity of our business at a time when we needed an injection of liquidity to face, above all, the consequences of the state of alarm, a time when there was a sharp drop in activity”**
>
> **Rafael Moreno,** *an associate whose workshop is part of the AutoPresto network*

Society

he commitment assumed with the societies in which the Group operates has been linked to economic development, welfare and quality employment for more than a century.

The companies of Grupo Catalana Occidente are committed to a new sponsorship strategy linked to music in order to reinforce their positioning in the Spanish market. Music allows us to connect with a wide range of audiences of all ages and increase people's connection with the brand in moments that are enjoyed with enthusiasm; under the slogan “music, like confidence, makes your life better” the Group is committed to music as an element to give people confidence. In 2020, two important collaboration agreements were undertaken:

- Grupo Catalana Occidente becomes the main sponsor of the Starlite Festival in Marbella, which is now called Starlite Catalana Occidente. The Group also sponsored the Starlite Charity Gala held on 9 August in Marbella, organised by the Fundación Starlite to raise funds for the fight against COVID-19.
- Catalana Occidente is the main sponsor of El Regreso, a digital programme in which the aspirants of Atresmedia's La Voz have the opportunity to return to the musical talent show broadcast on television, thanks to the confidence of Grupo Catalana Occidente. El Regreso is broadcast on the ATRESplayer platform and can also be followed on the La Voz website, as well as on the programme's social media profiles.

Overall, the amount earmarked for sponsorship projects in 2020 amounted to € 4.4 million, the amount in 2019 amounted to €0.9 million.

At Atradius, employees articulate campaigns with the aim of maximising their social contribution. Among the actions promoted can be found collections of donations for various causes or charity races under the initiative “Atradius Cares”. This initiative was created with the purpose that local Atradius staff share and gain recognition for the local social projects undertaken. Some of this year's initiatives include supporting entrepreneurs in developing countries and donating the proceeds from Christmas gifts to planting trees.

During this year and as a public subsidy, the Grupo Catalana Occidente has only received 154 thousand euros for training (FUNDAE).

The social action of Grupo Catalana Occidente is articulated through the Fundación Jesús Serra.

Fundación Jesús Serra
Fundación Jesús Serra is a private non-profit entity created in memory of Jesus Serra Santamans, well-known businessman and patron, founder of Grupo Catalana Occidente, which is intended to give support and promote initiatives of a cultural, business, education, music, sports, research and charity type.

Currently, the Foundation carries out projects with the aim of making a better society for all, always guided by values such as solidarity, effort and teamwork. The Foundation's contributions to society in 2020 amounted to €2.1 million.

> "Without the commitment of entities such as the Grupo Catalana Occidente and the Fundación Jesús Serra, it would be impossible to implement our programmes aimed at alleviating the educational gap that Covid is causing in the most vulnerabled"
>
> **Andrés Conde,** *CEO of Save The Children in Spain*

For more information on our stakeholders, please see chapter 3 of the sustainability report available on the corporate website.

Materiality

Grupo Catalana Occidente has updated its materiality study in 2020 with the aim of identifying the relevant issues for the Group and its stakeholders.

The methodology used is based on the guidelines of the Global Reporting Initiative (GRI), specifically the GRI 101 Standard: Fundamentals and takes into account both the Group's impact on the environment and the impact of the various issues on the Group. For this, the processes of identification, prioritisation, validation and determination of contents have been undertaken.

Identification
Firstly, based on various external sources and an industry benchmark, an analysis of the issues of concern to Group's stakeholders has been carried out in order to determine which issues can be considered relevant.

Prioritization
Once the issues have been identified, they have been prioritized based on a dual analysis of information sources: external relevance and internal relevance.

Validation
The results obtained were evaluated and validated by the Sustainability Committee, which assessed the coherence of the evaluations given in the previous phase.

Determination of contents
Once the above results had been validated, a materiality matrix was drawn up, which determined the list of aspects that, having acquired sufficient importance, should be reported as material issues.

The result of such analysis, results in the following material issues:

- Customer experience
- Data protection. Cyber security
- Innovation
- Corporate governance
- Ethics and transparency.
- Risk management
- Responsible investment.
- Responsible products or ESG.
- Climate change and environmental management
- Attracting, developing and retaining talent
- Quality employment
- Health and safety
- Management of service providers.
- Commitment to Society
- Development of local communities
- Human rights

Sustainability Plan

The Sustainability Master Plan is the main instrument through which Grupo Catalana Occidente develops and implements its sustainability strategy. Based on the new materiality study carried out in 2020, a new Sustainability Master Plan has been updated for the 2020-2023 period, which replaces the previous Corporate Responsibility Master Plan 2019-2021.

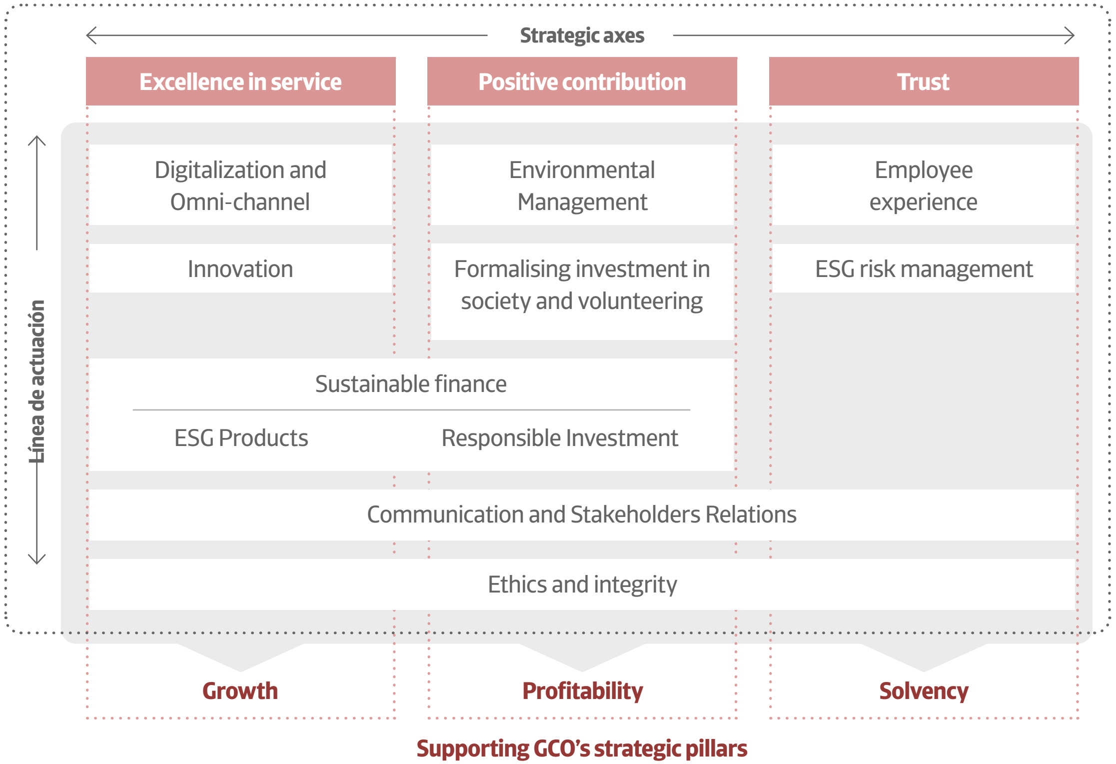
The objectives of the Sustainability Master Plan 2020-2023 are as follows:

- To offer a common working framework in the field of sustainability for the entities that form part of the Grupo Catalana Occidente.
- To promote those lines of work in sustainability that support the basic pillars of the Group's strategy -growth, profitability and solvency- and respond to the challenges of both the insurance sector and Grupo Catalana Occidente.
- To advance in the commitments assumed with stakeholders in the Sustainability Policy (formerly Corporate Responsibility Policy).
- To establish a work programme for the 2020-2023 period, to define responsibilities and monitoring indicators.
- To provide management of identified material issues.
- The Sustainability Master Plan has been structured by identifying three fundamental areas of development: excellence in service, positive contribution and trust; and a transversal area of transparency common to these areas: disclosure and reporting.

The Sustainability Master Plan has been structured by identifying three fundamental areas of development: excellence in service, positive contribution and trust; and a transversal area of transparency common to these areas: disclosure and reporting.

Within each area, specific lines of action have been established in which the Group intends to create value in a sustainable manner, with actions for their development, those responsible for their execution, scope of action and indicators for their monitoring.

Sustainability Master Plan 2020-2023



Sustainable finance

Sustainable finance, understood as finance that incorporates environmental, social and governance (ESG) criteria, has become one of the main tools to drive the transformation towards an economy that supports the EU's climate and sustainable development agenda.

Grupo Catalana Occidente, as a financial institution and insurance group, plays a key role in this process in two ways: on the one hand, as an investment manager and, on the other, as a provider of products and services that promote sustainable development.

Responsible investment.

As a signatory of the United Nations Principles for Responsible Investment (PRI), Grupo Catalana Occidente has joined the commitment to achieve a global, sustainable financial system by incorporating environmental, social and corporate governance (ESG) factors in its investment decisions and in the active exercise of ownership.

As at 31 December 2020, the value of the Group's responsible investments in relation to total investments and Managed funds represents 52.0%. There are no significant investment agreements, as Grupo Catalana Occidente directly manages practically all investments.

In January 2021, the Group's Board of Directors approved Grupo Catalana Occidente's Responsible Investment Policy. This policy establishes the ESG principles and criteria to be taken into account by the Group in the management of its financial investments and is complementary to the investment management principles established in the Group, which are based on a principle of prudence in its actions and whose main objective is to ensure the commitments assumed with customers over time with an adequate diversification of the portfolios.

Investment strategy

The Group has established the following principles of action to advance the incorporation of ESG issues into the analysis and decision-making processes with regard to investment management:

- Principles of exclusion: Negative Screening and regulatory Screening.
- Integration principles: sustainable thematic investments: and impact investments.

The Group's annual responsible investment plan establishes, on an annual basis, the responsible investment objectives to be achieved during each year in accordance with the above principles set out in the responsible investment policy.

In order to analyse and implement investment decisions, there is a SRI (Socially Responsible Investment) Committee, which reports to the Group's Investment Committee, whose main objective is to monitor the implications of the implementation of the Group's responsible investment policy and the annual implementation plan.

Responsible products

Sustainable growth meets the needs of the present without compromising the ability of future generations to meet their needs, ensuring a balance between economic growth, social well-being and the environment. Changes in consumption patterns, new energy sources, new technologies and innovation are essential for sustainable growth.

Agricultural insurance

The agroinsurance pool is responsible for managing combined agricultural insurance on behalf of the traditional business insurers participating in the pool, thus contributing to the economic and social development of the agricultural and livestock sector.

- It mitigates losses resulting from the climatic emergency in the agricultural sector.
- It minimises the risk of endangering an activity that is essential to society.
- It is a significant support to producers' incomes.
- It is an additional way of boosting the population in rural areas.
- It is an international benchmark.

Environmental risk insurance

The Group participates in the environmental risk pool, an effective incentive in the prevention of these risks since, due to the lack of sufficient development of this type of insurance on an individual basis in the Spanish market, without the pool formula it would not be possible to protect against environmental risks. The cover provided by environmental liability insurance allows the costs arising from the necessary repair of the environment damaged as a result of a pollution event to be met. Group's range of environmental insurance covers companies, boats, residential buildings and single-family homes.

Cyber risk insurance

Digital transformation poses new challenges and needs for our customers. Companies are investing more and more in technology, but they are also exposed to greater risks and greater needs to store and process data ethically and securely. Grupo Catalana Occidente responds to these needs by offering companies protection against the risks involved in operating in an increasingly digital age.

For this, the Group has a cyber-risk policy for companies that offers, among other things, protection against cyber-attacks, preventive services and professional advice.

In 2020, the preventive services of the insurance have been expanded, extending cyber protection to the homes and equipment of all your employees who are teleworking.

Insurance for electrical vehicles

The transformation of carbon-based economies to new paradigms of sustainability, where energy efficiency and environmental protection play essential roles, is already a major global priority. Ensuring access to affordable, secure, sustainable and modern energy is part of the UN agenda.

The motor insurance offer includes a specific insurance offer for electric and hybrid vehicles, which are committed to sustainability by mitigating the carbon footprint.

Senior Health and Wellness

The ageing of the population is one of the main challenges facing society and the insurance sector has always played a fundamental role in this respect, complementing public pension systems with a wide range of products that favour long-term savings. In order to continue advancing specific products that meet the growing needs of those in the third and fourth age, the Group has moved forward in 2020 with the creation of a health product that caters to the needs of people over 65 years of age, the senior wellness health product.

Risks and opportunities of climate change

Climate change is a risk that affects all business sectors, especially insurance. Companies' exposure to climate risks can put their financial sustainability at risk due to the impact these risks have on their assets and operations over time.

Grupo Catalana Occidente, aware of the global repercussions of climate change on the financial system, has worked during 2020 on various lines of action related to climate risk. Thus, as a result of the materiality analysis carried out this year, climate change and environmental management is positioned as one of the critical issues to be accountable for.

The Group's strategy in this area is reflected in the Climate Change and Environment Policy, which sets out the commitments to contribute to protecting the environment and reducing the effects of climate change from an internal perspective due to the impact of the Group's activities and from an external perspective by identifying business opportunities in its activities and products.

In this way, the Group undertakes to incorporate the physical risk derived from climate change in the risk analyses of the products and services that could be materially affected by it, as well as to review them regularly and include them in the prospective risk assessment in accordance with the recommendations of European supervisors and regulators.

Within the framework of the Risk Management System, the Group undertakes to identify the risks and opportunities related to climate change and to include them in its risk map and analyse their impact on financial planning, adapting its strategic planning if necessary, as well as progressively promoting and implementing metrics that help to measure and manage the risks and opportunities arising from climate change.

Among the risks included in the risk map, the following are identified as the main climate risks:

Physical Risks: These are those resulting from climate change and arise from a series of specific weather events. These risks can have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

Transition Risks: They emerge as society adapts to a low-carbon economy.

Liability risks: They arise from weather-related insurance claims through liability insurance policies and direct legal claims against insurers for failing to manage weather risks appropriately.

By 2021, the Group will continue to work on the identification of climate change risks and opportunities following the recommendations of the TCFD (Task Force on Climate related Financial Disclosures).

Environment

The environmental impact of Grupo Catalana Occidente's current activity is limited. Even so, Grupo Catalana Occidente recognises the effects of its activity on the environment, mainly those derived from the consumption of raw materials, energy consumption and the emissions associated with the latter. As this is an office activity, neither water consumption nor waste management data are considered significant, but efficient use of waste is encouraged. In January 2021, the climate change and environment policy was approved, in which the group commits to a process of continuous improvement in environmental performance and pollution prevention.

In it, the Group aims to address the impact of its operations on the environment, based on the following lines of action:

- To work on its environmental management systems with the aim of reducing greenhouse gas emissions, thus contributing to achieving the 2030 and 2050 European targets.
- To actively promote a culture that encourages the efficient and responsible use of resources.
- To raise awareness of climate change and environmental issues among the Group's employees and encourage suppliers and contractors.

In addition, the companies in the credit insurance business have formalised their commitment by drawing up their own environmental policy in line with that of Grupo Catalana Occidente.

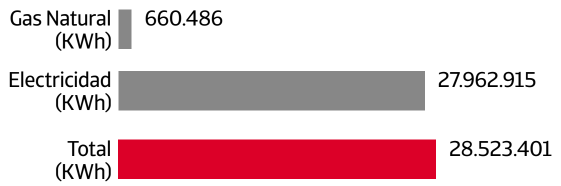
No significant sources of atmospheric pollution, noise or light pollution have been identified, except for those related to GHG emissions.

Energy

Grupo Catalana Occidente encourages good energy practices among its entities, promoting the consumption of renewable energies. Thus, for example, 73% of electricity consumption will come from renewable sources by 2020.

The maintenance and refurbishment of the Group's buildings are governed by energy efficiency principles, with the aim of reducing consumption and CO2 emissions. To date, a total of 6 of the Group's buildings have sustainable building certificates. The new projects and renovations included movement detectors, automatic regulation of light intensity and replacement of air conditioning and heating installations for other more efficient systems from an energy point of view. These actions have reduced energy consumption in the principal buildings of the Group in traditional business.

Energy consumption 2020*



**The natural gas consumption of the credit insurance business has been calculated by extrapolating the consumption up to October and November*

The commitment to the environment is also linked to the day-to-day work of the employees of the Group's entities. For this reason, electric charging stations for vehicles have been installed in some of its most emblematic buildings.

Materials

In an effort to achieve efficient document management and reduce paper consumption, the implementation of electronic documentation has been promoted in business processes, including those in which the customer participates, with the launch of the digital policy being a highlight. Teleworking has accelerated this process.

Consumption of materials	2020
Paper consumption (Kg)	9.094.665
% Recycled paper	10%

Emissions

Emissions*	2020
Scope 1 (Kg CO2)	134.567
Scope 2 (Kg CO2)	2.477.408
Total (Scope 1 + Scope 2 KgCO2)	**2.611.976**

**Emissions calculated from reported energy consumption. Natural gas emission factor 2.018 KgCO2/m3 (Source: DEFRA). Electricity emission factor 0.288 KgCO2/KWh (Source: CO2 emissions from Fuel Combustion IEA 2020).*

Grupo Catalana Occidente is committed to working on its environmental management systems with the aim of gradually reducing the intensity of greenhouse gas emissions, thus contributing to achieving the European targets of a 55% reduction by 2030 compared to 1990 and achieving carbon neutrality by 2050.

The Group has no environmental liabilities, expenses, assets, provisions or contingencies that could be material to its equity, financial position and results.

Notwithstanding the above, the Group will develop a certified environmental management system in the coming year.

International alliances and commitments

Grupo Catalana Occidente adheres to the principles of the Global Compact and is committed to the Sustainable Development Goals. It is a signatory to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI).

Sustainable Development Goals (SDGs)
The business of the Group's companies and the projects of the Fundación Jesús Serra have an intrinsic impact on the SDGs by the very nature of their core activities. These entities are promoting new initiatives that take the form of actions, programmes and information published on some of these goals.

Global Compact
The Group maintains its adherence to the ten principles of the United Nations Global Compact, which involves a commitment to align its strategies and operations with these universally recognised principles, which are grouped into four areas: human rights, labour standards, environment and corruption.

Principles for Sustainability in Insurance
In 2020, the Group signed up to the Principles for Sustainable Insurance (PSI) developed by the United Nations Environment Programme Finance Initiative, which provide a framework for the industry to address social, environmental and governance risks and opportunities.

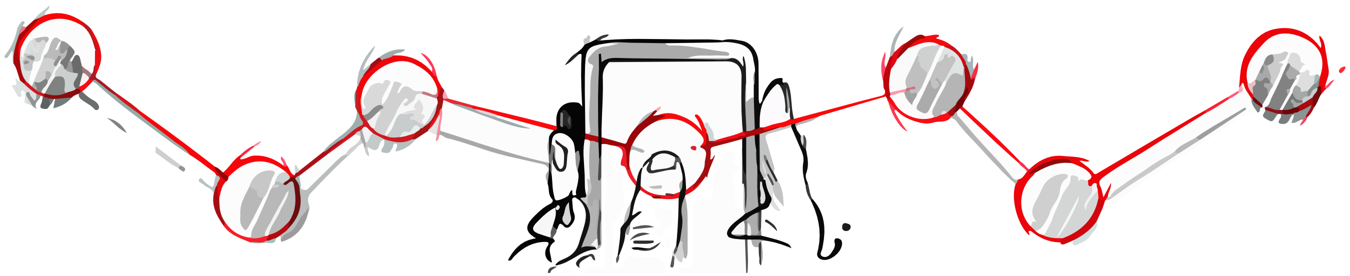
Principles for Responsible Investment
Aware that exercising its corporate responsibility can contribute to a comprehensive and stable global economy that helps to protect the world's assets, Grupo Catalana Occidente is a signatory to the Principles for Responsible Investment (PRI) agreed by the UN in 2005.

In addition to the Group's membership of the aforementioned initiatives and benchmark organisations in sustainability, in Spain, the Group's entities also participate in the main sector associations UNESPA (Insurance Business Association that lobbies on behalf of Spanish insurance companies before public administrations) and ICEA (Spanish Insurance Industry Research Service), which have corporate responsibility programmes.

Through UNESPA, Grupo Catalana Occidente supports the work of Finresp (Centre for Responsible and Sustainable Finance in Spain). This organisation was present at the 25th Climate Summit held in Madrid in 2019 on behalf of the Spanish financial sector, including the insurance sector.

The Group is also a member of the EWI network, which aims to promote the presence of women in insurance management

07 Non-financial information status



Information required by Act 11/2018		Related GRI standards	Materiality	Report location
General information				
Business model	Brief description of the group's business model (entrepreneurial and organisation environment)	102-2 Activities, brands, products and services	Corporate governance	Pages 45, 48 and 49
		102-7 Size of the organisation		Pages 7 and 8
		102-9 Supply chain		Pages 8, 54 and 55
	Geographical presence	102-3 Headquarters location		Pages 49
		102-4 Operations location		Pages 7, 11 and 22
		102-6 Markets served		Pages 7, 10, 11, 19, 22 and 24
	Objectives and strategies of the organisation	102-14 Declaration of top executives responsible for decision-making (vision and strategy relative to the management of economic, social and environmental impacts)		Pages 17, 45 and 51
	Principal factors and trends that may affect future evolution	102-15 Principal impacts, risks and opportunities		Pages 10, 11, 12, 17, 35 and 46
Políticas	Description of the policies that the group applies regarding said issues, which will include the due diligence policies applied for identification, evaluation, prevention and mitigation of significant risks and impacts and of verification and control, including which measures have been adopted.	103-2 The management focus and its components	n.a.	Page 51 Table 12
Resultados de las políticas	The results of these policies, which must include relevant key indicators on non-financial results that permit monitoring and evaluation of the progress and that favour comparability between companies and sectors, in accordance with the national, European and international frameworks of reference used.	103-2 The management focus and its components 103-3 Evaluation of the management focus	n.a.	Pages 39, 40, 41, 47, 51, 52, 53, 54, 55, 57, 58, 59 and 60
Riesgos	The **main risks** related to these issued linked to the activities of the group, including, where relevant and proportionate, their commercial relationships, products or services that may have negative effects in those scopes, and how the group manages said risks, explaining the **procedures used to detect** and evaluate them in accordance with national, European or international frameworks of reference for each topic. Information must be included on the impacts detected, offering a breakdown of the same, particularly for the principal risks in the short, medium and long-term.	102-15 Principal impacts, risks and opportunities	Risk Management and Responsible Investments	Pages 41, 42, 43, 58 and 59
Marco de reporting	Mention in the report on the national, European or international reporting framework used for the selection of key indicators for non-financial results included in each of the sections.	102-54 Declaration of drafting of the report on conformity with the GRI standards	n.a.	Page 2

Information on environmental issues		Related GRI standards	Materiality	Report location
Environmental management	Current and anticipated effects of the company's activities on the environment and, where applicable, the health and safety	102-15 Principal impacts, risks and opportunities	Climate change and environmental management	Pages 43, 60 and 59
	Environmental assessment or certification procedures	103-2 El enfoque de gestión y sus componentes		Page 59
	Resources dedicated to prevention of environmental risks.	103-2 The management focus and its components		Page 59
	Application of the precautionary principle	102-11 Principle or focus of precaution		Page 59
	Quantity of provisions and guarantees for environmental risks	103-2 The management focus and its components		Page 59
Pollution	Measures to prevent, reduce or repair the emissions that seriously affect the environment; taking into account any form of atmospheric contamination specific to an activity, including noise and light pollution.	103-2 The management focus and its components	Climate change and environmental management	n.a
Circular economy and waste management and prevention	Circular economy, measures for prevention, recycling, reuse, other forms of recovery and elimination of waste,	n.a	Non-material	n.a.
		n.a		
	Actions to combat food waste	n.a	Non-material	n.a
Sustainable use of resources	Water consumption and water supply in accordance with local constraints	n.a	Non-material	n.a.
	Consumption of prime materials and measures adopted to improve efficiency of use	301-1 Materials used by weight or volume	Climate change and environmental management	Page 60
	Direct and indirect consumption of energy	302-1 Energy consumption within the organisation		Page 59
	Measures taken to improve energy efficiency	103-2 The management focus and its components		Page 59
	Use of renewable energies	302-1 Energy consumption within the organisation		Page 59
Climate change	mportant elements of greenhouse gas emissions generated as a result of the company activities, including the use of goods and services produced	305-1 Direct emissions of GHG (scope 1)	Climate change and environmental management	Page 60
		305-2 Indirect emissions of GHG (scope 2)		Page 60
	Measures taken to adapt to the consequences of climate change	103-2 The management focus and its components		Page 58
	Voluntary medium- and long-term reduction targets established to reduce greenhouse gas emissions and the means implemented to that end.	103-2 The management focus and its components		Page 60
Protection of Biodiversity	Measures taken to preserve or restore biodiversity	n.a	Non-material	n.a
	Impacts caused by activities or operations in protected areas			

Information on social issues and personnel issues		Related GRI standards	Materiality	Report location
Employment	Total number and distribution of employees by sex, age, country and professional classification	102-8 Information on employees and other workers	Quality jobs Attracting, developing and retaining talent	Page 51, 52 and 53
		405-1 Diversity in government bodies and employees		Page 36 Tables 2, 3 and 4
	al number and distribution of modalities of work contract, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	102-8 Information on employees and other workers		Tablas 1 and 5
	Number of terminations by gender, age and professional classification	401-1 New employee hires and personnel rotation		Tables 6 and 6b
	The average remunerations and their evolution disaggregated by gender, age and professional classification or equal value	405-2 Ratio of the base salary and remuneration of women compared to men		Tables 7b, 7c, 7d and 7e
	Wage gap, remuneration for equal or average jobs in society.	405-2 Ratio of the base salary and remuneration of women compared to men		Tables 7b, 7c, 7d and 7e
	Average remuneration of board members and directors, including variable remuneration, allowance, compensation and payment to long-term saving systems and any other money perceived disaggregated by gender	405-2 Ratio of the base salary and remuneration of women compared to men		Annual remuneration report of the board of directors Tables 7a, 7b and 7d
	Implementation of work disconnection policies	103-2 The management focus and its components		Page 52
	Employees with disability	405-1 Diversity in government bodies and employees		Page 52
Organisation of the work	Organisation of work time;	103-2 The management focus and its components	Quality jobs Attracting, developing and retaining talent	Page 52 and 53
	Number of hours of absenteeism	403-9 Work-related injuries (2018)		Table 10
	Measures aimed to facilitate the enjoyment of conciliation and to promote shared exercise of the same by both parents.	103-2 The management focus and its components		Page 52
Health and safety	Occupational health and safety conditions	103-2 The management focus and its components	Health and safety	Pages 52 and 53 Table 10
	Occupational accidents, particularly their frequency and severity, as well as professional illness; disaggregated by gender.	403-9 Work-related injuries (2018)		
		403-10 Occupational diseases and illnesses (2018)		

Information on social issues and personnel issues		Related GRI standards	Materiality	Report location
Social relationships	Organisation of social dialogue, including procedures to inform and consult personnel and to negotiate with them;	103-2 The management focus and its components	Quality employment	Pages 39, 52 and 53
	Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements		Pages 52 and 53
	Balance of collective bargaining agreements, particularly in the field of health and safety at work	103-2 The management focus and its components		
Training	Policies implemented in the field of training	103-2 The management focus and its components	Attracting, developing and retaining talent	Page 52 Table 11
	The total amount of training hours by professional categories	404-1 Average training hours per year per employee		
Universal accessibility for people with disability	Universal accessibility for people with disability	103-2 The management focus and its components	Quality jobs	Page 52
Equality	Measures adopted to promote equal treatment and opportunities between men and women	103-2 The management focus and its components	Quality jobs Attracting, developing and retaining talent	Pages 51, 52 and 53
	Plans for equality (Chapter III of Organic Act 3/2007, of 22 March, on effective equality between men and women), measures adopted to promote employment, protocols against sexual and gender-based harassment, universal accessibility and integration of people with disability.	103-2 The management focus and its components		
	Policy against all types of discrimination and, where applicable, management of diversity	103-2 The management focus and its components	Ethics and transparency.	
Information on respect for human rights				
Application of due diligence procedures	Application of due diligence procedures related to human rights, prevention of risks for violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuse committed.	102-16 Values, principles, standards and regulations for behaviour 102-17 Mechanisms for advice and ethical concerns 408-1 Operations and suppliers with significant risk of child labour issues 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour 412-1 Operations subject to human rights impact assessments or reviews	Human Rights	Pages 39, 40 and 41 Table 9
	Complaints of cases of violation of human rights	406-1 Cases of discrimination and corrective actions taken 419-1 Non-compliance with laws and regulations in the social and economic spheres		Page 40 Table 9
	Promotion and compliance with the provisions of the fundamental agreements of the International Labour Organisation related to respect for the freedom of association and the right to collective negotiation; the elimination of discrimination at work and occupation; the elimination of forced or obligatory work; the effective abolition of child labour.	103-2 The management focus and its components		Page 52
		406-1 Cases of discrimination and corrective actions taken		Page 51 and 52

Information relative to the fight against corruption and bribery		Related GRI standards	Materiality	Report location
Information relative to the fight against corruption and bribery	Measures adopted to prevent corruption and bribery	103-2 El enfoque de gestión y sus componentes	Ethics and transparency.	Page 40
		102-16 Valores, principios, Estándares y normas de conducta		Page 40
		102-17 Mecanismos de asesoramiento y preocupaciones éticas		Page 40
		205-3 Casos de corrupción confirmados y medidas tomadas		Page 40
	Measures to fight against money laundering	103-2 El enfoque de gestión y sus componentes		Page 40
		102-16 Valores, principios, Estándares y normas de conducta		Página 40
		102-17 Mecanismos de asesoramiento y preocupaciones éticas		Page 40
		205-2 Comunicación y formación sobre políticas y procedimientos anticorrupción		Page 40
	Contributions to non-profit entities and foundations	201-1 Valor económico directo generado y distribuido		Page 47
Information about the company				
The company's commitments to sustainable development	The impact of the Company's activity on employment and local development	103-2 The management focus and its components	Commitment to society Development of local communities Innovation, Responsible Investment and Responsible Products or ESG	Pages 47, 54, 55, 57 and 58 Tabla 8
		203-2 Significant indirect economic impacts		
		204-1 Proportion of expense in local suppliers		
	The impact of the company's activity on local populations and the territory	103-2 The management focus and its components		Pages 47, 54, 55, 57 and 58 Tabla 8
		413-1 Operations with the participation of the local community, impact evaluations and development programmes		
	Relationships maintained with the actors in local communities and the modalities of dialogue with the same	102-43 Focus for the participation of stakeholders		Pages 54, 55, 57 and 58
	Association or sponsorship actions	102-13 Affiliation with associations		Page 55

Information about the company		Related GRI standards	Materiality	Report location
Subcontracting and suppliers	Inclusion in the purchase policy of social, gender equality and environmental issues	103-2 The management focus and its components	Management of service providers.	Page 54
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	103-2 The management focus and its components		Page 54
		102-9 Supply chain		Page 54
	Supervision and audit systems and their results.	103-2 The management focus and its components		Page 54
		102-9 Supply chain		Page 54
Consumers	Measures for health and safety of consumers	103-2 The management focus and its components	Experiencia del cliente	Pages 53 and 54
	Systems for claims, complaints received and their resolution	102-43 Focus for the participation of stakeholders	Protección de Datos. Ciberseguridad	Pages 53 and 54 Tabes 13 and 14
		418-1 Substantiated claims relative to violations of customer privacy and loss of customer data		
Tax information	Benefits obtained country by country	103-2 The management focus and its components	Ética y transparencia	Table 15 Page 55
	Income taxes paid	103-2 The management focus and its components		
	Information on public subsidies received	201-4 Financial assistance received from government		

nnex tables - non-financial information

The information regarding employees in non-financial information refers to work contracts valid on 31/12/2020, excluding the management board of Atradius N.V. Said information differs from other sections of the management report, as well as the report of the annual statements, which measures the average of full-time employees (full-time equivalent). The employees at year-end have been reported, since the average number of employees is 7,577 and its variation with respect to the first one is not significant.

Table 1* - Employees by type of contract and gender	2019	2020
Permanent contract	7.366	7.284
Total women	3.516	3.498
Total men	3.850	3.786
Temporary contract	302	303
Total women	175	173
Total men	127	130
Total employees	**7.668**	**7.587**
Scope	100%	100%

** Explanatory note to tables 1 and 5: only breakdowns of contract type and working hours type are reported, as this is the Group's representative material information.*

Table 2 - Employees by age and gender	2019	2020
Over 50	**2.911**	**2.958**
% Women	40,6%	41,7%
From 40 to 49	**2.514**	**2.526**
% Women	52,5%	52,7%
From 30 to 39	**1.645**	**1.528**
% Women	52,6%	52,2%
Under 30	**598**	**575**
% Women	54,2%	54,1%
Total employees	**7.668**	**7.587**
Scope	100%	100%

Table 3 - Employees per country	2019	2020
Spain	4.504	4.424
The Netherlands	570	582
Germany	484	480
United Kingdom	399	389
Belgium	308	300
France	232	225
Italy	205	200
U.S.	125	127
Denmark	77	74
Mexico	74	76
Australia	66	60
Portugal	59	89
Poland	52	49
Hong Kong	46	48
China	42	37
Singapore	42	39
Ireland	40	39
Rest of the World	343	349
Total employees	**7.668**	**7.587**
Scope	100%	100%

Table 4 - Employees by professional rating and gender	2019	2020
Executives	**137**	**133**
% Women	15,3%	18,0%
Intermediate managers and technical supervision	**1.562**	**1.617**
% Women	31,0%	31,9%
Qualified admin. and sales	**5.098**	**4.990**
% Women	50,1%	50,4%
Administrative support	**871**	**847**
% Women	72,3%	72,5%
Total employees	**7.668**	**7.587**
Scope	100%	100%

Table 5* - Employees by type of working hours and gender	2019	2020	%
Full time	**6.663**	**6.619**	**87,2%**
% Women	42,7%	43,3%	
Part time	**1.005**	**968**	**12,8%**
% Women	84,5%	83,5%	
Total employees	**7.668**	**7.587**	
Scope	100%	100%	

Table 6** - Terminations by age and gender	2019	2020
Over 50	**25**	**22**
% Women	44,0%	22,7%
From 40 to 49	**22**	**29**
% Women	40,9%	65,5%
From 30 to 39	**38**	**26**
% Women	42,1%	34,6%
Under 30	**19**	**12**
% Women	52,6%	33,3%
Total employees	**104**	**89**
Scope	100%	100%

Table 6b** - Terminations by category and gender	2019	2020
Executives	**6**	**0**
% Women	33,3%	0,0%
Intermediate managers and technical supervision	**14**	**10**
% Women	35,7%	10,0%
Qualified admin. and sales	**53**	**51**
% Women	34,0%	47,1%
Administrative support	**31**	**28**
% Women	68%	42,9%
Total employees	**104**	**89**
Scope	100%	100%

**Explanatory notes table 6 and 6b:*
- Traditional business: of the 58 redundancies in 2019, 70% are commercial staff on the payroll of agency companies.

Table 7a - Total remuneration board members*	2019	2020
Total	**6.720,5**	**6.957,5**
Average male non-executive director	239,0	239,2
Average female non-executive director	230,2	232,4

Includes fixed remuneration, variable remuneration, allowance, bylaws and others. The average remuneration by gender corresponds exclusively to individual directors. The executive directors (composed entirely of men) were paid an average of €1,065.0 thousand in 2020 (€1,036.8 thousand in 2019). The breakdown of the remuneration by item and person can be found in the annual report on the remuneration of the Board of Directors available on the Group's website.

Table 7b*** - Remuneration by category and gender and wage gap	2019	2020
Executives		
Average salary for men	169.847	177.046
Average salary for women	148.716	165.717
Ratio of average remuneration Women/Men	0,88	0,94
Intermediate managers and technical supervision		
Average salary for men	80.664	81.059
Average salary for women	66.518	68.315
Ratio of average remuneration Women/Men	0,82	0,84
Qualified admin. and sales		
Average salary for men	46.473	48.617
Average salary for women	39.068	42.447
Ratio of average remuneration Women/Men	0,84	0,87
Administrative support		
Average salary for men	26.219	26.851
Average salary for women	26.752	30.137
Ratio of average remuneration Women/Men	1,02	1,12
Scope	100%	100%

Table 7c*** - Remuneration by category and gender and wage gap (TB)	2019	2020
Executives		
Average salary for men	146.404	153.554
Average salary for women	131.670	137.626
Ratio of average remuneration Women/Men	0,90	0,90
Intermediate managers and technical supervision		
Average salary for men	60.414	59.782
Average salary for women	53.423	52.745
Ratio of average remuneration Women/Men	0,88	0,88
Qualified admin. and sales		
Average salary for men	35.060	35.489
Average salary for women	31.887	31.992
Ratio of average remuneration Women/Men	0,91	0,90
Administrative support		
Average salary for men	18.645	19.146
Average salary for women	17.471	18.262
Ratio of average remuneration Women/Men	0,94	0,95
Scope	100%	100%

****Clarification note table 7b and 7c. The main reason for the difference in the average pay ratio by gender is seniority. The data on average remuneration by professional category and gender for 2019 have been recalculated with the aim of homogenizing the calculation criteria with 2020 data*

Table 7d - Remuneration by age and gender and wage gap	2019	2020
Over 50		
Average salary for men	69.203	71.276
Average salary for women	47.879	52.018
Ratio of average remuneration Women/Men	0,69	0,73
From 40 to 49		
Average salary for men	58.886	59.903
Average salary for women	44.532	46.519
Ratio of average remuneration Women/Men	0,76	0,78
From 30 to 39		
Average salary for men	44.201	43.718
Average salary for women	36.398	37.597
Ratio of average remuneration Women/Men	0,82	0,86
Under 30		
Average salary for men	33.612	31.871
Average salary for women	29.581	27.783
Ratio of average remuneration Women/Men	0,88	0,87
Scope	100%	100%

Table 7e*** - Remuneration by age and gender and wage gap (TB)	2019	2020
Over 50		
Average salary for men	53.790	54.134
Average salary for women	38.956	38.664
Ratio of average remuneration Women/Men	0,72	0,71
From 40 to 49		
Average salary for men	42.907	43.042
Average salary for women	33.147	33.860
Ratio of average remuneration Women/Men	0,77	0,79
From 30 to 39		
Average salary for men	31.492	32.437
Average salary for women	28.483	29.382
Ratio of average remuneration Women/Men	0,90	0,91
Under 30		
Average salary for men	22.257	23.314
Average salary for women	19.317	19.671
Ratio of average remuneration Women/Men	0,87	0,84
Scope	100%	100%

***** Clarification note table 7d and 7e. GCO has analysed the pay gap by age and professional category and it is not significant. The age pay gap stems from the greater number of men who in the past held senior positions. This difference tends to be eliminated as there is now a greater balance between the number of women and men in these positions.*

Table 8 - Operations with participation of local community	2019	2020
Total number of company operations	55	49
Total number of operations with programmes for participation with the local community, impact evaluations and/or development programmes	55	49
Percentage of operations with the participation of the local community, impact evaluations and/or development programmes	84%	100%

Source: Fundación Jesús Serra regarding aid programmes for training and participation programmes, both cultural and sporting.
In addition, and for a smaller amount, Atradius has developed 34 local social initiatives.

Table 9 - Equality and human rights	2019	2020
Cases of discrimination	0	6
Cases solved	0	50%
Complaints related to human rights	1	0

Human Rights cases exclude discrimination and are understood to be closed. Resolved cases are understood as those that have been closed.

Table 10 - Health and safety 2020	Men	Women
No. accidents with sick leave (excl.in itinere)	35	33
Frequency rate*	5,54	5,67
Severity Index**	0,17	0,17
Death rate***.	0,00	0,00
No. of occupational diseases detected	1	3

Absence hours 2020 are 499,341 (in 2019 are 341,102)

** Frequency index= (N of accidents with sick leave not counting in itinere/ No. of hours effectively worked)*1000000*
**Seriousness index = (Number of days lost due to accident with sick leave/ number of hours actually worked)*1000*
**Death rate= (N of deaths due to occupational accidents/ no. of hours actually worked)*1000000*

Table 11 - Training by category and gender (hours)	2019	2020
Executives	**5.716**	**4.342**
% Women	19,8%	22,1%
Intermediate managers and technical supervision	**38.446**	**41.462**
% Women	31,5%	36,4%
Qualified admin. and sales	**86.894**	**76.294**
% Women	52,4%	48,4%
Administrative support	**18.898**	**14.166**
% Women	70,6%	65,0%
Total hours	**149.954**	**136.264**
Scope	100%	100%

The distribution of hours by professional category has been estimated for Atradius.

Tabla 12 – Main Group Policies	Internal	Location
Code of ethics and behaviour		Web
Responsible Investment Policy	X	
Climate Change and Environment Policy	X	
Human Resources Policy	X	
Corporate Tax Policy		Web
Board Member Selection Policy	X	
Sustainability Policy		Web
Plan for Business Continuity	X	
Risk Management System Policy	X	
Investment Policy	X	
Reinsurance Policy	X	
Underwriting risk policy, provisioning assumption risk and claims management,	X	
Policy regarding the partial internal model for the credit insurance underwriting risk	X	
Communication policy with Institutional Shareholders and Investors	X	
Reputation Risk Policy		Web
ORSA Policy	X	
Capital management policy	X	
Policy of aptitude and honour	X	
Internal control policy	X	
Risk Management System Policy		Web
Internal audit policy	X	
Verification of compliance policy.	X	
Remuneration policy	X	
Work disconnection policy	X	

Table 13 - Complaints and claims Traditional business + Atradius Spain	2018	2019	2020
Complaints through Customer Service channels	4.309	5.103	5366
Admitted for processing	3.460	4.232	4033
Resolved in favour of the entity	2.004	2.534	2424
Resolved in favour of the customer	1.121	1.424	1253
Resolved by agreement	335	274	356

In accordance with Atradius regulations in its international business, complaints and claims are submitted in accordance with Atradius internal procedures and the regulations in each country:

Table 14 - Atradius complaints and claims (excluding Spain)	2018*	2019	2020
Complaints through customer service channels	511	1.031	617
Admitted for processing	508	1.028	617
Resolved in favour of the entity	66	180	47
Resolved in favour of the customer	20	202	206
Resolved by agreement	40	71	26

** 2018 does not include information services in Mexico.*

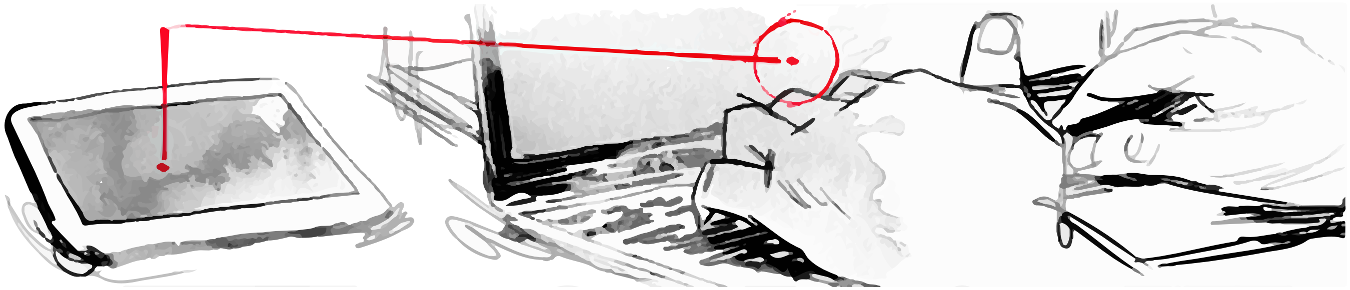
Table 15* - Tax information Profit and taxes obtained by geographical areas

(figures in € million)

	2019			2020		
	Profit	Tax accrued	Tax paid	Profit	Tax accrued	Tax paid
Spain	363,3	93,1	80,8	358,1	75,8	60,7
Belgium	23,8	8,4	6,8	13,8	3,6	3,4
Denmark	7,3	1,2	1,6	-1,7	-0,4	0,4
France	16,6	7,1	4,9	18,7	5,2	0,8
Germany	39,8	6,2	14,6	10,0	3,1	2,4
Greece	3,2	1,9	0,9	2,6	0,5	2,5
Ireland	27,9	2,8	3,5	-61,6	-7,7	0,2
Italy	11,7	1,3	3,7	4,7	2,1	3,4
Norway	3,7	10,7	0,9	3,0	0,8	0,8
Russia	8,2	1,3	1,6	5,2	1,0	0,6
Switzerland	3,7	1,1	0,4	1,0	0,2	-0,1
United Kingdom	24,0	2,7	5,1	-6,9	0,6	0,2
The Netherlands	13,4	8,2	3,7	-4,8	-0,6	12,4
Other Europe	6,5	1,7	1,7	4,3	2,7	1,6
Australia	3,7	4,5	1,1	9,8	3,1	1,7
USA	11,5	3,1	2,8	8,2	1,8	1,9
Rest OECD	-2,9	1,7	0,2	5,6	1,7	0,4
Hong Kong	5,0	0,1	0,4	-1,4	0,7	0,9
Rest of the World	5,4	0,8	1,3	-4,1	0,0	0,9
Total	**575,9**	**158,0**	**136,0**	**364,6**	**94,4**	**95,1**
Foreign business consolidation adjustments	-19,7	0,0	-4,3	0,0	0,0	0,0
Total	**556,2**	**158,0**	**131,7**	**364,6**	**94,4**	**95,1**

Tax paid corresponds to the amounts actually paid or received in respect of corporate income tax in the financial year and includes payments on account and withholdings for the current year as well as final assessments and refunds for previous years.
In turn, the tax accrued corresponds to the expenses for taxes accounted for upon close of the year for profits obtained in said year.
Finally, Profit corresponds to pre-tax profits.
In the 2020 financial year, the consolidation adjustments of the foreign business have been included in the corresponding country.

08 Corporate governance report



ISSUER'S PARTICULARS

Financial year-end: 31/12/2020

Tax Code: A-08168064

Corporate name:

GRUPO CATALANA OCCIDENTE, S.A.

Registered office:

PASEO DE LA CASTELLANA, 4 MADRID

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
25/05/2006	36,000,000.00	120,000,000	120,000,000

Indicate whether different types of shares exist with different associated rights:

[ ] Yes
[√] No

A.2. Details of direct and indirect owners of significant holdings at the end of the financial year, excluding directors:

Name or corporate name of the significant shareholder	% voting rights attributed to shares		% voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	0.00	61.95	0.00	61.95	61.95

Breakdown of indirect holding:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	LA PREVISIÓN 96, S.A.	25.00	0.00	25.00
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	INOC, S.A.	7.55	0.00	7.55
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	29.40	0.00	29.40
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	DEPSA 96, S.A.	0.01	0.00	0.01

Indicate the most significant movements in the shareholder structure during the year:

A.3. Complete los the following tables, list the members of the Board of Directors (hereinafter, "directors") with voting rights on company shares:

Name or corporate name of the director	% of voting rights attributed to shares		% of voting rights through financial instruments		total % of voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JOSÉ MARÍA SERRA FARRÉ	0.43	0.00	0.00	0.00	0.44	0.00	0,00
MR. FEDERICO HALPERN BLASCO	0.03	0.00	0.00	0.00	0.05	0.00	0.00
MS. MARÍA ASSUMPTA SOLER SERRA	2.10	0.00	0.00	0.00	2.10	0.00	0.00
MR. ENRIQUE GIRÓ GODÓ	0.22	0.68	0.00	0.00	0.90	0.00	0.00
MR. FRANCISCO JOSÉ ARREGUI LABORDA	0.05	0.03	0.00	0.00	0.08	0.00	0.00
MR. HUGO SERRA CALDERÓN	0.01	0.09	0.00	0.00	0.10	0.00	0.00
MR. FRANCISCO JAVIER PÉREZ FARGUELL	0.00	0.01	0.00	0.00	0.01	0.00	0.00
MR. ALBERTO THIEBAUT ESTRADA	0.02	0.01	0.00	0.00	0.03	0.00	0.00
MR. FERNANDO VILLAVECCHIA OBREGÓN	0.08	0.06	0.00	0.00	0.14	0.00	0.00
GESTIÓN DE ACTIVOS Y VALORES, S.L.	0.04	0.03	0.00	0.00	0.07	0.00	0.00

% of total voting rights held by the Board of Directors	3.92

Breakdown of indirect holding:

Name or corporate name of the director	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights	% voting rights that can be transmitted through financial instruments
No data					

A.4. Where applicable, indicate any family, commercial, contractual or business relationships between owners of significant shareholdings, insofar that they are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those detailed in section A.6:

Related-party name or corporate name	Type of relationship	Brief description
No data		

A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of corporate directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name or corporate name of the related director or representative	Name or corporate name of the significant related shareholder	Corporate name of the company of the group of the significant shareholder	Description of relationship/post
MR. JOSÉ MARÍA SERRA FARRÉ	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Chairman
MR. JORGE ENRICH IZARD	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director
MR. FEDERICO HALPERN BLASCO	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director
MR. FRANCISCO JOSÉ ARREGUI LABORDA	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director-Secretary
MR. HUGO SERRA CALDERÓN	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director
JUSAL, S.L.	LA PREVISIÓN 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Minority shareholder
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Deputy Chairman
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director

Name or corporate name of the related director or representative	Name or corporate name of the significant related shareholder	Corporate name of the company of the group of the significant shareholder	Description of relationship/post
MR. ALBERTO THIEBAUT ESTRADA	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Natural person acting as legal representative of the Director of COTYP, S.L.
MR. FERNANDO VILLAVECCHIA OBREGÓN	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, SA.	Natural person acting as legal representative of the Director of VILLASA, S.L.

Mr. Enrique Giró Godó and Ms. Assumpta Soler Serra were appointed proprietary directors at the proposal of INOC, S.A., although they have no relationship with this shareholder.

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable:

[ ] Yes
[√] No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Where applicable, briefly describe them:

[ ] Yes
[√] No

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act. If so, identify them:

[√] Yes
[ ] No

Name or corporate name
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.

A.9. Complete the following tables on the company's treasury

stock: At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
	2,095,017	1.75

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	2,095,017
Total	2,095,017

There has been no change in the direct holder of the participation with respect to previous reports. Sociedad Gestión Catalana Occidente, S.A.U. is the new denomination of Salerno 94, S.A.U. as a consequence of the merger by virtue of which this company, as an absorbing company, acquired the denomination of the absorbed company (Sociedad Gestión Catalana Occidente, S.A.U.).

A.10. Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock:

The Board of Directors of Grupo Catalana Occidente, S.A. (hereinafter, "the Company") is authorised and empowered for the derivative acquisition of treasury shares, either directly or through subsidiaries, for any of the acquisition modalities allowed by law, within the limits and subject to the requirements established in the Corporate Enterprises Act ("LSC"), and, in particular, to the following:

(i) The nominal value of the shares acquired, directly or indirectly, in addition to those already owned by the Company and its subsidiaries, and, where appropriate, the parent company and its subsidiaries, may not exceed 10% of the Company's capital stock.
(ii) The acquisition of shares, including those that the Company or person acting on its own behalf but on behalf of the latter had previously acquired and had in the portfolio, may not produce the effect that the net equity, as defined in Article 146 LSC, is less than the amount of the share capital plus legal or statutory reserves unavailable.
(iii) The acquisition modalities may consist of both buying and selling and swapping as well as any other business modality for consideration, depending on the circumstances, of fully paid out shares, free of any charge or encumbrance and that do not entail the obligation to perform accessory benefits.
(iv) The minimum and maximum acquisition value will be that of its contribution value reduced or increased by 10%, respectively, on the date on which the transaction in question is completed.

The current authorisation was granted for a period of five years at the General Shareholders' Meeting held on 29 October 2020.

Within the framework of the aforementioned authorization, the Board of Directors will establish the treasury stock action policy, being able to delegate the execution of said action policy to the Chairperson and / or the Managing Director of the Company. Likewise, the Board of Directors must especially shall in particular monitor that, at the time of any authorised acquisition, the conditions established in the agreement and in the Law (in particular EU and national market abuse regulations) are respected.

Moreover, the acquisitions that are made based on the aforementioned authorization may have as their object actions to be delivered, in application of compensation programs of the Company and its Group, to the workers or administrators of the Company and its subsidiaries, directly or as a consequence of the exercise of the option that they are the holders, for which the Company's existing treasury stock may be used, or new acquisitions may be completed under the authorization indicated.

A.11. Estimated floating capital:

	%
Estimated floating capital	32.42

A.12. State whether there are any restrictions (articles of association, legislative or of any other nature) placed on the transferability of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and any regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[√] Yes
[ ] No

Description of restrictions
There are no restrictions on the right to vote, since each action entitles one vote. Nevertheless, in accordance with the Company's Bylaws and the Regulations of the General Meeting, a minimum of 250 shares registered in the corresponding Accounting Registry are required to attend the General Shareholders' Meeting, at least five days before the date of the meeting. Shareholders holding a lower number of shares may group them together until at least said number is completed, appointing a representative among them. Similarly, the restrictions of the insurance regulations apply (Act 20/2015, of 14 July on the organization, supervision and solvency of the insurance and reinsurance entities and their development regulations) that subject to administrative requirements the direct or indirect acquisition of shares or insurance companies based on certain thresholds.

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

[ ] Yes
[√] No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.14. State if the company has issued shares that are not traded on a regulated EU market.

[ ] Yes
[√] No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. OWNERSHIP

B.1. Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Articles of Association. Describe how it differs from the system of minimum quorums established in the LSC:

[ ] Yes
[√] No

B.2. Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework set forth in the LSC:

[ ] Yes
[√] No

B.3. Indicate the rules governing amendments to the company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when changing the Articles of Association.

The existing rules for the modification of the Articles of Association are the same as those established in the LSC. Thus, article 10 of the Articles of Association establishes that in order for the Board to validly agree on the increase or decrease of capital and, in general, any modification of the Articles of Association, attendance quorums will be required and, where appropriate, the majorities provided in articles 194 and 201 LSC.

Likewise, in accordance with the provisions of articles 286 and 287 LSC, in case of modification of the Articles of Association, the administrators or, where appropriate, the shareholders bringing forth the proposal must write the full text of the modification they propose and a written report justifying the modification, which must be made available to the shareholders on the occasion of the call of the meeting to discuss said modification.

Under articles 197.bis LSC and 4.8 of the Regulations of the General Meeting, matters which are substantially independent, such as amendments to the Articles of Association, will be voted on separately, in which case, each article or group of articles with independent content will be voted separately. Nevertheless, proposals for approval of a full text of the Articles of Association will be voted together.

B.4. Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:

	Attendance Data				
Date of General Meeting	% physically present	% present by proxy	% distance voting: Electronic voting	% distance voting: Other	Total
26/04/2018	65.79	15.58	0.00	0.52	81.89
Of which, free float	1.89	15.55	0.00	0.52	17.96
25/04/2019	65.19	15.11	0.00	0.20	80.50

Of which, free float	0.53	15.08	0.00	0.20	15.81
30/04/2020	62.01	11.48	0.00	2.23	75.72
Of which, free float	0.00	9.32	0.00	0.81	10.13
29/10/2020	62.47	13.57	0.00	0.36	76.40
Of which, free float	0.03	10.73	0.00	0.36	11.12

B.5. State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. State whether the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

[√] Yes
[ ] No

Number of shares required to attend the General Meetings	250
Number of shares required for distance voting	1

There are no voting restrictions and no minimum number of votes in the case of remote voting.

B.7. State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting:

[ ] Yes
[√] No

B.8. Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website:

The address of the company's corporate website is: www.grupocatalanaoccidente.com

The way of accessing the content of the information on corporate governance and other information on the general meetings that must be made available to the shareholders through the indicated corporate website, is within the section "General Meeting of Shareholders", clearly accessible through the links "Shareholders and Investors" - "Governance Structure".

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of Directors	18
Minimum number of Directors	9
Number of directors set by the general meeting	16

C.1.2 Complete the following table with board members' details:

Name or corporate name of the director	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ MARÍA SERRA FARRÉ		Executive	CHAIRMAN	15/04/1975	30/04/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JORGE ENRICH IZARD		Proprietary	DIRECTOR	29/04/1993	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FEDERICO HALPERN BLASCO		Proprietary	DIRECTOR	25/11/1993	30/04/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE		Executive	MANAGING DIRECTOR	26/04/2012	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FRANCISCO JAVIER PÉREZ FARGUELL		Independent	DIRECTOR	25/02/2015	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JUAN IGNACIO GUERRERO GILABERT		Independent	DIRECTOR	28/04/2011	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING

Name or corporate name of the director	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MS. MARÍA ASSUMPTA SOLER SERRA		Proprietary	DIRECTOR	24/09/2009	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. ENRIQUE GIRÓ GODÓ		Proprietary	DIRECTOR	28/02/2019	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FRANCISCO JOSÉ ARREGUI LABORDA		Executive	DIRECTOR-SECRETARY	29/01/1998	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. HUGO SERRA CALDERÓN		Executive	VICE CHAIRMAN	27/06/2013	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
JUSAL, S.L.	MR. JOSÉ MARIA JUNCADELLA SALA	Proprietary	DIRECTOR	29/04/2010	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
GESTIÓN DE ACTIVOS Y VALORES, S.L.	MR. ÁLVARO JUNCADELLA DE PALLEJÁ	Proprietary	DIRECTOR	25/05/2017	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
ENSIVEST BROS 2014,S.L.	MR. JORGE ENRICH SERRA	Proprietary	DIRECTOR	25/02/2015	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
LACANUDA CONSELL, S.L.	MR. CARLOS FEDERICO HALPERN SERRA	Proprietary	DIRECTOR	29/04/2010	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. ALBERTO THIEBAUT ESTRADA		Proprietary	DIRECTOR	30/04/2020	30/04/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FERNANDO VILLAVECCHIA OBREGÓN		Proprietary	DIRECTOR	30/04/2020	30/04/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING

Total number of directors	16

State any terminations, either by resignation or by resolution of the general meeting, from the Board of Directors during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was member	Indicate whether the director left before the end of the term
No data					

Reason for termination, if before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of non-executive directors, explanation or opinion of the director who has been terminated by the general meeting

INVERSIONES GIRÓ GODÓ, S.L. presented their resignation at the Board on 28/02/2019, being appointed director by the co-opting procedure on the same date his natural person acting as legal representative, Mr. Enrique Giró Godó, being ratified by the General Meeting on 25/04/2019.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Post in the organisational chart of the company	Profile
MR. JOSÉ MARÍA SERRA FARRÉ	EXECUTIVE CHAIRMAN	He holds a degree in Law and Business from the Universidad Pontificia de Comillas (ICADE). Senior Management Program at the IESE Business School. He has been president of the Governing Council of the Cooperative Research Institute between Insurance Entities and Pension Funds and President of the Family Business Institute.
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	CEO	He holds a degree in Economics and Business Administration from the Universidad Comercial de Deusto.
MR. FRANCISCO JOSÉ ARREGUI LABORDA	MANAGING DIRECTOR	Holds a degree in Law from the University of Barcelona. State Attorney on leave. Senior Management Program at the IESE Business School.
MR. HUGO SERRA CALDERÓN	VICE CHAIRMAN-MANAGING DIRECTOR	He holds a degree in Business Administration from UPC. BSBA by University of Wales and MBA by IESE Business School.

Total number of executive directors	4
% of the Board	25.00

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder represented or that has proposed their appointment	Profile
MR. JORGE ENRICH IZARD	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Law from the University of Madrid.
MR. FEDERICO HALPERN BLASCO	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Economics from the University of Barcelona. Diploma in Industrial Insurance from the Escuela de Organización Industrial. Graduated from the Escuela Oficial de Periodismo de Madrid.
MS. MARÍA ASSUMPTA SOLER SERRA	INOC, S.A.	Holds a degree in Geography and History from the Universidad de Barcelona.
MR. ENRIQUE GIRÓ GODÓ	INOC, S.A.	Diploma in Business from the University of Barcelona.
JUSAL, S.L.	JUSAL, S.L.	Holds a degree in Economics and Business Administration from the Universidad de Barcelona.
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	Holds a degree in Law from the Universidad Abat Oliba CEU.
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	BBA in International Business from Schiller International University. PDD from IESE Business School.
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Physical Sciences from the Universidad Complutense de Madrid. MBA from IESE Business School. AMP from Harvard Business School.
MR. ALBERTO THIEBAUT ESTRADA	INOC, S.A.	Holds a degree in Economics and Business Administration from the Universidad Complutense de Madrid. MBA from Instituto de Empresa.
MR. FERNANDO VILLAVECCHIA OBREGÓN	INOC, S.A.	Holds a degree in Architecture from the Escuela Superior de Arquitectura de Barcelona, Universitat Politècnica de Catalunya.

Total number of proprietary directors	10
% of the Board	62.50

The profiles included with regard to legal persons refer to natural persons representing them.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
MR. FRANCISCO JAVIER PÉREZ FARGUELL	Holds a degree in Law from the Universidad de Barcelona and a degree in Business Administration and MBA from ESADE Business School. Executive Program at Stanford Business School. Diploma by Harvard and INSEAD. Director at Mahou-San Miguel between 2005 and 2015. Managing Partner at Clearwater International. Member of the Advisory Council of Foment del Treball National and full member of the Barcelona Chamber of Commerce.
MR. JUAN IGNACIO GUERRERO GILABER	Holds a degree in Economics and Business Administration from the Universidad de Barcelona. Insurance Actuary by the Universidad de Barcelona. PhD holder in Financial and Actuarial Mathematics from the Universidad of Barcelona. Currently, Director-Managing Director of "Domasa Inversiones, S.L." and was CEO – Managing Director of "Aresa, Seguros Generales, S.A.".

Total number of independent directors	2
% of the Board	12.50

NO

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the Board detailing the reasons why the said Director may carry out their duties as an independent Director.

Name or corporate name of the director	Description of the relationship	Reasons
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:			
Name or corporate name of the director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
No data			

Total number of other external directors	N/A.
% of the Board	N/A.

List any changes in the category of each Director which have occurred during the year:

Name or corporate name of the director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2020	Year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	10.00	10.00	10.00	10.00
Independent					0.00	0.00	0.00	0.00
Other external					0.00	0.00	0.00	0.00
Total	1	1	1	1	6.25	6.25	6.25	6.25

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved
In accordance with Article 16 of the Regulations of the Board of Directors (the "Board Regulations"), the Appointments and Remuneration Committee is entrusted with the basic function of formulating and reviewing the criteria that shall be followed for the composition of the Board of Directors and the selection of candidates. In particular, said Committee has been ensuring, and will continue to do so, that the candidate selection processes do not suffer from implicit biases that might hinder diversity, by raising proposals or informing the Board of Directors, as the case may be, with total objectivity and respect for the principle of equality and diversity, according to their professional conditions, experience and knowledge. This principle has always presided over the performance criteria of the aforementioned Committee, so it is not necessary to adopt any additional measures, as there are no discriminations to eliminate. The right candidate has always been sought, regardless of issues such as age, gender, or disability. Additionally, the Appointments and Remuneration Committee is entrusted with the duty, in accordance with Article 16 of the Board Regulations, to establish a

representation goal for the least represented sex on the Board of Directors and to develop guidelines on how to achieve said goal, in case there are any vacancies. However, this objective has not yet been established as said vacancies have not occurred.

C.1.6 Describe the measures, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors, and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between women and men. Also state whether these measures include encouraging the company to have a significant number of female senior managers:

Explanation of measures
The Appointments and Remuneration Committee ensures that the measures indicated in the previous section are respected and that persons of both sexes who meet the necessary requirements and skills for the position are taken into consideration, both with regard to the appointment of directors and senior management. Additionally, in accordance with Article 16.5.k) of the Board Regulations, said Committee has the duty to establish a representation goal for the least represented sex on the Board of Directors and to develop guidelines on how to achieve said goal, in case there are any vacancies. However, this objective has not yet been established as said vacancies have not occurred.

When, despite the measures taken, there are few or no women Directors or senior managers, explain the reasons:

Explanation of reasons
The appointment of new Directors and Aenior Management depends, to a large extent, on the creation of vacancies within the Board of Directors and the Management Committee, respectively, which does not happen frequently. In this sense, and regarding the Board of Directors, over the last years, the only movements that have taken place have been re-elections, substitutions of a natural person director by a legal person, a legal person by its representing natural person, or changes in the legal person but keeping the natural person acting as representative.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the aimed at favouring an appropriate composition of the Board of Directors.

The absence of effective vacancies on the Board of Directors, together with the fact that a large part of the directors are proprietary directors appointed at the proposal of shareholders with significant participation, has made it unnecessary until now to approve a policy for the selection of directors, thus being unnecessary to verify it. Notwithstanding the foregoing, and with regard to the percentage of female directors on the Board of Directors, as indicated in the preceding section, the Appointments and Remuneration Committee has the function of establishing a representation goal for the less represented sex on the Board of Directors and elaborating guidelines on how to achieve said goal that, where appropriate, will try to implement when the indicated vacancies occur.

C.1.8 Explain, when applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Name or corporate name of the director	Justification
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Although the aforementioned shareholder does not have a direct shareholding of more than 3%, as indicated in section A.7 above, it exercises indirect control over the Company in accordance with Article 42 of the Commerce Code.
JUSAL, S.L.	Jusal, S.L. ceased to hold a direct shareholding of more than 3% in the Company, although it indirectly holds a 4.27% interest in the Company.

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. if this is the case, please explain why the aforementioned requests were not met:

[ ] Yes
[√] No

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name or corporate name of the director or committee	Brief description
JOSÉ MARÍA SERRA FARRÉ	The Executive Chairman has been expressly delegated to him all the powers and competences of the Board of Directors, except those that cannot be delegated by Law or by the Regulations of the Board of Directors.
JOSÉ IGNACIO ÁLVAREZ JUSTE	The CEO has been expressly delegated to him all the powers and competences of the Board of Directors, except those that cannot be delegated by Law or by the Regulations of the Board of Directors, as well as the power to sell, pledge and in any other way transmit and / or tax, the shares, social interests or quotas of all kinds of companies and entities that are part of the same group as the Company, in accordance with the provisions of Article 42 of the Commerce Code.
FRANCISCO JOSÉ ARREGUI LABORDA	The Managing Director has broad powers of representation of the Company for its ordinary management (with the exclusions indicated for the CEO), limited to 10 million euros jointly, being able to exercise them without monetary limit jointly with the Vice Chairman-Managing Director.
HUGO SERRA CALDERÓN	The Vice Chairman-Managing Director has broad powers of representation of the Company for its ordinary management (with the exclusions indicated for the CEO), limited to 10 million euros jointly, being able to exercise them without monetary limit in a joint manner with the Managing Director.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JOSÉ MARÍA SERRA FARRÉ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CHAIRMAN	YES
MR. JOSÉ MARÍA SERRA FARRÉ	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS	CHAIRMAN	NO
MR. JOSÉ MARÍA SERRA FARRÉ	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JORGE ENRICH IZARD	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JORGE ENRICH IZARD	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO
MR. FEDERICO HALPERN BLASCO	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS N.V.	CHAIRMAN SUPERVISORY BOARD	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	CHAIRMAN	NO
MR. FRANCISCO JAVIER PÉREZ FARGUELL	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JAVIER PÉREZ FARGUELL	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JUAN IGNACIO GUERRERO GILABERT	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JUAN IGNACIO GUERRERO GILABERT	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. MARÍA ASSUMPTA SOLER SERRA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. ENRIQUE GIRÓ GODÓ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	REPRESENTATIVE SINGLE ADMINISTRATOR	YES
MR. FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR-SECRETARY AND MANAGING DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	CATOC SICAV, S.A.	CHAIRMAN	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	COSALUD SERVICIOS, S.A.	REPRESENTATIVE SINGLE ADMINISTRATOR	YES
MR. FRANCISCO JOSÉ ARREGUI LABORDA	HERCASOL, SICAV, S.A.	PRESIDENTE	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	REPRESENTATIVE DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS N.V.	VICE CHAIRMAN SUPERVISORY BOARD	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	VICE CHAIRMAN	NO
MR. HUGO SERRA CALDERÓN	CATOC SICAV, S.A.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CHAIRMAN	NO
MR. HUGO SERRA CALDERÓN	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	HERCASOL, SICAV, S.A.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	GCO GESTORA DE PENSIONES EGFP, S.A.	CHAIRMAN	YES
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE ACTIVOS INMOBILIARIOS, S.L.	CHAIRMAN	YES
MR. HUGO SERRA CALDERÓN	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	ATRADIUS N.V.	MEMBER SUPERVISORY BOARD	NO
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	DIRECTOR	YES
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	DIRECTOR	YES
JUSAL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
GESTIÓN DE ACTIVOS Y VALORES, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
ENSIVEST BROS 2014, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
LACANUDA CONSELL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	PREPERSA PERITACIÓN DE SEGUROS Y PREVENCIÓN, AIE	REPRESENTATIVE SINGLE ADMINISTRATOR	YES
MR. ALBERTO THIEBAUT ESTRADA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FERNANDO VILLAVECCHIA OBREGÓN	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FERNANDO VILLAVECCHIA OBREGÓN	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN , S.L.	DIRECTOR	NO

In addition to the charges indicated in said Section, the representing natural person of Lacanuda Consell, S.L., Don Carlos Halpern Serra, serves as a director at Atradius Crédito y Caución, S.A. de Seguros y Reaseguros and Atradius NV.

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on regulated markets other than group companies, and have communicated that status to the Company:

Name or corporate name of the director	Corporate name of the listed company	Position
No data		

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where this is regulated
In accordance with the provisions of Article 29 of the Board Regulations, so that the Director may devote the time and effort necessary to perform his function effectively, he or she may not be part of a number of boards greater than six. For the purposes of calculating the indicated number, the following will not be considered: the boards of companies of the Group on which a Director is proposed by the Company or by any company of the Group; those Boards of equity companies owned by the Directors or their immediate family members; or those which constitute vehicles or complements for the

professional practice of the Director, of their spouse or person with similar relationship of affectivity or of their close relatives. Nor will be boards of companies which have as their object leisure activities, assistance or assistance to third parties, or similar, complementary or accessory object of any of these activities.

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	6,541
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	5,833
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	

Additionally, there are 111 thousand euros corresponding to long-term variable remuneration that has not been effectively settled, but is deferred and its perception is conditioned by the terms of the Company's Remuneration Policy, published in the corporate website.

The amount of rights accrued by current directors with regard to pensions includes both consolidated and unconsolidated economic rights.

Moreover, the total remuneration includes those remunerations received by COTYP, S.L. and VILLASA, S.L. until the expiry of their posts on 30 April 2020.

C.1.14 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year:

Name or corporate name	Position(s)
MR. JAVIER MAIZTEGUI OÑATE	MANAGING DIRECTOR OF BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.
MR. AUGUSTO HUESCA CODINA	MANAGING DIRECTOR OF NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.
MR. LUÍS ESTRELLA DE DELÁS	DEPUTY COMMERCIAL MANAGING DIRECTOR
MR. JUAN CLOSA CAÑELLAS	MANAGING DIRECTOR OF TRADITIONAL BUSINESS
MR. JORDI COTS PALTOR	GENERAL MANAGER OF INTERNAL AUDIT
MR. DAVID CAPDEVILA PONCE	MANAGING DIRECTOR OF ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS
MR. JULIÁN HERRERA GARCÍA	MANAGING DIRECTOR OF PLUS ULTRA SEGUROS GENERALES Y VIDA, S.A.U. DE SEGUROS Y REASEGUROS

Number of women in senior management	
Percentage over total members of senior management	0.00

Total remuneration received by senior management (thousands of euros)	3,489

There is a total amount of 353 thousand euros corresponding to the long-term variable remuneration of the members of the Senior Management that has not been effectively liquidated, but is deferred and its perception is conditioned in the terms of Remuneration Policy of the Company and its subsidiaries.

C.1.15 Indicate whether any changes have been made to the Board Regulations during the year:

[√] Yes
[] No

Description of the amendments
The Board of Directors, at its meeting held on 26/11/2020, approved the amendment of the Regulations of the Board of Directors as regards Articles 2 ("Interpretation"), 5 ("General Supervisory Function"), 10 ("Vice-Chairman"), 14 ("The Executive Committee"), 15 ("The Audit Committee"), 23 ("Removal of Directors"), 27 ("Director Remuneration"), 33 ("Relations with Shareholders"), 34 ("Relations with Institutional Shareholders"), 35 ("Relations with Markets") and 38 ("Annual Corporate Governance Report"). Said amendment was made in order to adapt its content, among others, to the new features introduced by (i) the Good Governance Code of Listed Companies following the revision approved by the Spanish National Securities Market Commission on 26 June 2020; (ii) articles 226 and 227 of the Consolidated Text of the Securities Market Law, relating to the dissemination of inside information: and (iii) the Draft Law which will foreseeably amend the Consolidated Text of the Capital Companies Act, with regard to the promotion of long-term shareholder involvement in listed companies, as well as introducing certain technical improvements.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, procedures and criteria used for each ofthese procedures.

The Directors will be appointed by the General Meeting or by the Board of Directors, in accordance with the rules contained in the LSC.

The proposals for the appointment of Directors submitted by the Board of Directors for the consideration of the General Meeting and the appointment decisions adopted by said body by virtue of the powers of co-optation vested in it must be preceded by the corresponding report of the Appointments and Remuneration Committee. Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to previously submit to the Board its proposal for appointment. In any case, the proposals for the appointment of Directors must be accompanied by a justifying report from the Board, which will be attached to the minutes of the General Meeting or the Board itself.

In the appointment of external Directors, the Board of Directors and the Appointments and Remuneration Committee, within the scope of their powers, shall ensure that the election of candidates falls on persons of recognised solvency, competence and experience.

Proposals for the re-election of Directors that the Board of Directors decides to submit to the General Meeting must be subject to a formal process of preparation, for which a report issued by the Appointments and Remuneration Committee will necessarily be included, except in the case of re-election of independent Directors, and a report of the Board itself. Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to previously submit to the Board its re-election proposal. When the Board departs from the recommendations of the Appointments and Remuneration Committee on the appointment or re-election of Directors, it must state the reasons for its conduct and record its reasons in the minutes.

The Directors shall hold their office for periods of four years, renewing the Board in fifths or the number that is closest each year. However, they may be re-elected indefinitely except for independent Directors who in no case remain in their position as such for a period of more than twelve years.

The Directors appointed by co-optation will exercise their position until the conclusion of the General Meeting immediately following the appointment, at which they may be ratified or not. However, if a vacancy occurs once the General Meeting has been convened and prior to its celebration, the co-opted designee will serve until the next General Meeting is held.

The Directors will cease in office when the period for which they were appointed has elapsed and when the General Meeting decides. The proposals for the resignation of Directors that the Board of Directors submits for the consideration of the General Meeting and the decisions adopted in that regard by said body must be preceded by the corresponding report of the Appointments and Remuneration Committee.

Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to submit its proposal for termination to the Board. When the Board departs from the recommendations in this regard of the Appointments and Remuneration Committee, it must state the reasons for its conduct and record its reasons in the minutes.

The Director who terminates his or her mandate or ceases in the performance of his or her position for any other reason may not provide services in another entity that has a corporate purpose similar to that of the Company for a period of two years. The Board of Directors, if deemed appropriate, may waive the outgoing Director of this obligation or shorten the period of its duration.

The Board will not propose the cessation of any independent Director to the General Meeting before the deadline for which he or she has been elected, unless there is a justifying cause, assessed by the Board of Directors after a report from the Appointments and Remuneration Committee. In particular, the proposal for termination shall be understood as justified when:

(i) the Director had breached the duties inherent to the position or had incurred in some of the circumstances described for this purpose in the Code of Good Governance of Listed Companies, or (ii) there are changes in the shareholding structure of the Company that imply a reduction in the number of independent Directors.

When, either by resignation or by resolution of the General Meeting, a director leaves office before the end of his/her term of office, he/she must sufficiently explain the reasons for his resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal by the General Meeting, in a letter to be sent to all members of the Board of Directors, and the Company must, to the extent relevant for investors, publish the removal as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

C.1.17 Explain to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of the amendments

The result of the self-assessment measures in recent fiscal years, whether through independent expert reports or through the questionnaires on the functioning of the Board of Directors, the performance of the Executive Chairperson, the functioning of the Audit Committee and that of the Appointments and Remuneration Committee, has yielded a positive result regarding the perception of the suitability of the procedures that are currently applied. Therefore, notwithstanding the fact that the suggestions and aspects that the Directors have considered improvable have been taken into account, it has not been necessary to implement relevant changes in said procedures.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the assessment process and the assessed areas

In accordance with the Regulations of the Board of Directors, the Board assesses its quality and efficiency, as well as the performance of the duties of the Chairperson of the Board, starting in each case from the report submitted to it by the Appointments Committee. Similarly, the Board of Directors evaluates the operation of its Committees, based on the report that they submit to it.

In the last evaluation process carried out, in relation to FY2020, the Board of Directors has evaluated: (i) the quality and efficiency of the operations of the Board of Directors; (ii) the functioning of the Committees of the Board of Directors, and (iii) the performance of the duties of the Chairperson of the Board of Directors.

For this, it has taken into account both the recommendations issued at the end of FY2018 by the external consultants (KPMG Asesores, S.L.) on the quality and efficiency of the functioning of the Council, its committees, as well as the performance of the functions of the Chairperson, the Chief Executive Officer and the Secretary of the Board, as the Technical Guides issued by the CNMV (the Spanish Securities & Exchange Commission, by its Spanish acronym) in relation to the Audit Committee and the Appointments and Remuneration Committee.

First, the Appointments and Remuneration Committee has been analysing throughout the year the structure, size and composition of the Board of Directors to carry out the annual evaluation of the operation of the Board of Directors, issuing a preliminary report that has subsequently been raised to the Board of Directors.

In turn, the Board of Directors has carried out an evaluation of the quality and efficiency of the functioning of the Audit Committee and the Appointments and Remuneration Committee based on self-evaluation surveys carried out on the members of said committees, and the reports issued in this regard.

Lastly, the performance of the duties of the Chairperson of the Board of Directors, as Chairperson and as Chief Executive, has been carried out by the Board of Directors based on the previous report by the Appointments and Remuneration Committee.

In this context, it should be recalled that in fiscal year 2018 the external consultant issued - in accordance with the provisions of recommendation 36 of the Good Governance Code of Listed Companies and article 529 nonies of the Capital Companies Act - the corresponding evaluation report on the functioning of the Board of Directors and its committees, which was evaluated by the Board of Directors of the Company, having complied throughout fiscal year 2019 with the vast majority of the recommendations established in said report, as well as in the CNMV's Technical Guidelines, and consolidated said compliance in fiscal year 2020.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

During this year, the Company has not been assisted by an external consultant to carry out the annual evaluation of the operation of the Board of Directors.

C.1.19 Indicate the cases in which Directors are required to resign.

In accordance with the provisions of Article 23.3 of the Board Regulations, the Directors are obliged to inform and make available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation in certain cases (detailed in Section C.1.36 below), after a report from the Appointment and Remuneration Committee.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

[√] Yes
[ ] No

If applicable, describe the differences.

C.1.21 State whether there are any specific requirements other than those relating to the Directors, to be appointed chairperson of the board of directors:

[ ] Yes
[√] No

C.1.22 State whether the Articles of Association or the Board Regulations set any agelimit for:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board regulations establish any stricter term limits or other requirements for independent directors other than those required by law:

[ ] Yes
[√] No

C.1.24 State whether the Articles of Association or Board Regulations establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if there is any limit regarding the categories in which it is possible to delegate, beyond the limits imposed by law. If so, give brief details.

Although there are no formal processes for the delegation of the vote in the Board of Directors; in accordance with Article 18.1 of the Board Regulations, the Directors shall do everything possible to attend the meetings of the Board and, when they cannot do so personally, they shall ensure that the proxy they grant in favour of another member of the Board includes the appropriate instructions. In any case, non-executive directors may only delegate their representation to another non-executive director.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairperson present. Meetings where the chairperson sent specific proxy instructions are to be counted as attended.

Number of Board meetings	14
Number of Board meetings without the attendance of the chairperson	0

In State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Indicate the number of meetings of the various Board committees held during the year:

Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	4
Number of meetings of the AUDIT COMMITTEE	9

C.1.26 State the number of meetings held by the Board of Directors during the year and the information on member attendance:

Number of meetings with the physical attendance of at least 80% of directors	14
% of in situ attendance in terms of the total votes during the year	100.00
Number of meetings with the physical attendance, or proxies with specific instructions, of all directors	14
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100.00

Since the state of alarm was declared in March 2020, the Board of Directors has been meeting by audio videoconference, in accordance with articles 18 of the Regulations of the Board of Directors and 41 of Royal Decree-Law 8/2020 of 17 March, on extraordinary urgent measures to address the economic and social impact of COVID-19.

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

[√] Yes
[ ] No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the Board:

Name	Position
MR. CARLOS FELIPE GONZÁLEZ BAILAC	CHIEF FINANCIAL OFFICER
MR. FRANCISCO JOSÉ ARREGUI LABORDA	DIRECTOR-MANAGING DIRECTOR

C.1.28 Explain any measures, if any, established by the Board of Directors to ensure the annual financial statements submitted by the Board to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

In accordance with the provisions of the Company's Bylaws and the Board Regulations, the Audit Committee has, among its functions, the responsibility for:

(i) Ensure that the financial statements that the board submits to the general meeting are drawn up in accordance with accounting regulations.

(ii) Supervise both the effectiveness of the Company's internal control system, including the internal control system over financial reporting, ensuring in general that the policies and systems established are effectively applied in practice, and the internal audit and risk management systems, including the internal control system over financial reporting, as well as discuss with the auditors any significant weaknesses in the internal control system detected in the course of the audit, all without infringing their independence.

(iii) Knowing, appraising and supervising the preparation process and the integrity and presentation of regulated and non-financial financial information, as well as the internal control systems for financial and non-financial risk management.

(iv) Reviewing the Company's accounts, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of generally accepted accounting principles.

(v) Supervising the information that the Board of Directors must approve and include in its annual public documentation.

(vi) Liaising with the external auditors to receive information on those issues that may jeopardise their independence and any others related to the process of auditing the accounts; and to issue annually, prior to the issuance of the account audit report, a report in which they will express their opinion on their independence.

In the exercise of these duties, the Audit Committee shall meet with the external Auditor prior to the presentation of the individual and consolidated accounts, accounting for the work performed during the year, to ascertain and record that until that moment no qualifications are observed in the Audit Report.

The audit reports of the annual accounts formulated by the Board of Directors have been issued historically without qualifications, as stated in the information on the Company that can be found on the CNMV website (www.cnmv.es).

C.1.29 Is the Secretary of the Board also a Director?

[√] Yes
[ ] No

Complete if the Secretary is not also a Director:

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

In accordance with the provisions of Article 15 of the Board Regulations, the Audit Committee shall be responsible for liaising with external auditors to receive information on issues that may jeopardise their independence and any others related to the process of development of the audit of accounts, as well as those other communications foreseen in the legislation of audit of accounts and in the technical norms of audit. In any case, they shall receive annually from the account auditors the written confirmation of their independence from the entity or entities linked to it directly or indirectly, as well as the information of the additional services of any kind provided to these entities by the aforementioned auditors or by the persons or entities linked to them in accordance with the provisions of the Accounts Audit Law. Moreover, one of the responsibilities of the Audit Committee is to issue an annual report, prior to the issuance of the account audit report, in which it will express an opinion on the independence of the account auditors or audit firms.

Regarding the financial analysts, investment banks and rating agencies, no mechanisms have been developed to preserve their independence since no situation that requires their implementation has occurred or is foreseen to occur, the communication channels with these being established through the Company's Policy on economic-financial, non-financial and corporate information and contacts with shareholders, institutional investors and proxy advisors, which can be consulted on the corporate website.

C.1.31 State whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

[ ] Yes
[√] No

If there were any disagreements with the outgoing auditor, please provide an explanation:

[ ] Yes
[√] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

[√] Yes
[ ] No

	Company	Company of the group	Total
Amount of non-audit work (thousands of euros)	0	58	58
Amount of non-audit work / amount of audit work (in %)	0.00	1.51	1.29

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairperson of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

[ ] Yes
[√] No

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidates
Number of consecutive years	3	3

	Individual	Consolidated
Number of fiscal years audited by the current audit firm/ number of fiscal years the company has been audited (by %)	7.69	10.00

Last year's report erroneously included the same percentage corresponding to the individual accounts in the consolidated accounts (5.26%) when this percentage was in fact 6.89% for the consolidated accounts.

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

[√] Yes
[ ] No

Details of procedure

In accordance with the provisions of Article 25 of the Board Regulations, the Director is vested with the broadest powers to inform him or herself of any aspect of the Company, to examine its books, records, documents and other background of social operations and to inspect all its facilities. The right to information extends to subsidiaries, whether national or foreign.

In order not to disturb the ordinary management of the Company, the exercise of the powers of information will be channelled through the Chairperson or the Secretary of the Board of Directors, who will attend the Director's requests by directly providing the information, offering the appropriate interlocutors or arbitrating the precise measures so that you can practice the desired insight and inspection.

In addition, in accordance with the provisions of Article 17.2 of the Board Regulations, the Board shall be convened by letter, fax, telegram or email, and shall be authorised with the signature of the Chairperson or the Secretary or Deputy Secretary by order of the Chairperson. The call will be made at least five days in advance, unless there are extraordinary circumstances appreciated by the Chairperson.

C.1.36 State and, where appropriate, give details of whether the company has established rules obliging Directors to to report and, if appropriate, to resign when situations arise that affect them, whether or not related to their actions in the company itself, which could damage the credit and reputation of the company:

[√] Yes
[ ] No

Explanation of rules

Article 23 of the Board Regulations establishes that the Directors will be obliged to inform and place their position at the disposal of the Board of Directors and will formalise, if it deems it appropriate, after a report from the Appointments and Remuneration Committee, the corresponding resignation in the following cases:

(i) When they cease the executive positions to which their appointment as Director was associated.

When they are involved in any of the cases of incompatibility or prohibition provided by law.

(ii) When they are prosecuted for an allegedly criminal act or are subject to disciplinary proceedings for a serious or very serious offense instructed by the supervisory authorities.

(iii) When the Board itself so requests for having breached its obligations as Directors.

(iv) When their permanence on the Board may jeopardise the interests of the Company or when the reasons for which they were appointed disappear.

When situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company, being obliged to inform the Board of and any criminal proceedings in which they appear as being under investigation, as well as the procedural vicissitudes thereof. In such cases, having been informed or having otherwise become aware of any of the aforementioned situations, the Board shall examine the case as soon as possible, deciding, following a report from the Nomination and Remuneration Committee, whether or not any action should be taken and shall report thereon in the Annual Corporate Governance Report, unless there are special circumstances justifying such action, which shall be recorded in the minutes.

In addition, the Board of Directors will not propose to the General Meeting the cessation of any independent Director before the deadline for which he or she has been elected, unless there is a justifying cause, assessed by the Board of Directors after a report from the Commission of Appointments and Remuneration.

On the basis of the above, and stating that no situation has occurred in recent years such as those described, the Directors would report on any assumption that could damage the credit and reputation of the Company and would resign at the request of the Board.

C.1.37 State, unless special circumstances have arisen and have been recorded in the minutes, whether the Board of Directors has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company itself, which could damage the credit and reputation of the company:

[ ] Yes
[√] No

C.1.38 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

In FY2019, as part of the acquisition of the company Seguros de Vida y Pensiones Antares, S.A. ("Antares") from its former owner, Grupo Telefónica, an exclusivity commitment was signed for a certain period with Antares regarding certain collective policies whose taker are companies of said Group, the Company acting as guarantor. The aforementioned exclusivity commitment may be unilaterally terminated by Grupo Telefónica in the event of a change of control in the Company.

C.1.39 Identify individually, for directors, and collectively, in other cases, and provide details of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of operation.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Chief Executive Officer and Director-Managing Director	The Chief Executive Officer is entitled to compensation equivalent to one and a quarter (1.25) years in the event of termination of his or her contract except in the case serious and guilty breach of his contractual obligations. The termination of the contract at the request of either party requires a notice of 3 months, and in case of breach must be compensated for an amount equivalent to wages corresponding to the time remaining to complete said period. The Director-Managing Director is entitled to compensation in the event of termination of his or her contractual relationship except in the case of resignation not founded on just cause or

	for serious and guilty breach of his contractual obligations, for an amount equivalent to that which would have corresponded to a worker with an ordinary employment relationship in the case of an unqualified qualifying dismissal.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group, beyond the cases stipulated by regulations. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		√

C.2. Board Committees

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR. FRANCISCO JAVIER PÉREZ FARGUELL	CHAIRMAN	Independent
MR. JUAN IGNACIO GUERRERO GILABERT	MEMBER	Independent
GESTIÓN DE ACTIVOS Y VALORES, S.L.	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including any that are in addition to those stipulated by law, and describe the rules and procedures it follows for its organisation and functioning. For each one of these functions, briefly describe their most important actions during the year and how they have exercised in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions

APPOINTMENTS AND REMUNERATION COMMITTEE ("CNYR" BY ITS SPANISH ACRONYM)

1) According to the wording of Article 16 of the Board Regulations, the CNYR will consist of between 3 and 5 members, all external Directors and the majority being independent directors; however, the Executive Directors will attend the meetings without a vote unless it is not convenient for their Chairperson. Any member of the management team or staff that is required shall attend the sessions of the CNYR and provide their collaboration and access to the information available to them.

2) The CNYR shall regulate its operation, appointing its Chairperson from among its independent members. The Secretariat shall be carried out by the Secretary of the Board, the Deputy Secretary or one of the members and, in matters not provided for, the rules established by the Board Regulations in relation to the Board shall apply, provided they are compatible with the nature and function of the CNYR. The CNYR will

be constituted when at least half of its members attend, present or represented and their agreements will be adopted by an absolute majority of their assistants, the Chairperson's vote being decisive.

3) The CNYR shall ensure that the Company has an orientation program that provides new Directors with sufficient knowledge of the Company and its corporate governance rules. This CNYR may have only powers of information, advice and proposal in the matters determined by the Board Regulations, without excluding the Board from deciding on these matters, always obtaining the CNYR report. A decision may not be taken against the opinion of the CNYR except by agreement of the Board. The CNYR may seek the advice of external professionals.

4) The CNYR has, among others, the following functions (a complete enumeration can be read in Article 16 of the Board Regulations):

(i) formulating and review the criteria that must be followed for the composition of the Board and selection of candidates and verify that they meet the qualification requirements;
(ii) submitting to the Board a report on the appointment of Directors so that it may proceed directly to appoint them or submit the appointment to the decision of the General Meeting ("GM"), as well as on the appointment of natural persons representing legal persons acting as Directors. Reporting on the cessation proposals of the members of the Board. In the case of independent Directors, proposing their appointment or removal;
(iii) reporting on the appointment and removal of the Secretary and the Deputy Secretary of the Board;
(iv) proposing to the Board the members that must be part of each of the delegated bodies of the Board;
(v) reporting on the performance of the functions of the Chairperson of the Board and / or the Chief Executive, on the quality and efficiency of the work of the Board and on its own functioning;
(vi) examining or organising (under the coordination of the Coordinating Board) the succession of the Chairperson and / or the Chief Executive and, where appropriate, make proposals so that it occurs in an orderly and planned manner;
(vii) proposing to the Board the remuneration policy of the Directors and of the Managing Directors or of those who carry out their senior management functions under the direct dependence of the Board, of Executive Committees or of CEOs, as well as the remuneration and other contractual conditions of Executive Directors, ensuring their observance;
(viii) (vii) reporting on the appointments and dismissals of senior managers that the first executive proposes to the Board, as well as the basic conditions of their contracts;
(ix) reviewing the compensation programs, weighing their adequacy and performance; as well as the remuneration policy applied to directors and managers, verifying the information on their remuneration;
(x) reporting in relation to transactions that imply conflicts of interest, related transactions and, in general, the matters contemplated in Chapter IX of the Board Regulations;
(xi) establishing a representation goal for the less represented sex in the Board and developing guidelines on how to achieve said objective.
(xii)

The CNYR has exercised the functions (i), (ii), (v), (vii), (ix) and (x) during the year under review.

AUDIT COMMITTEE		
Name	Position	Category
MR. JUAN IGNACIO GUERRERO GILABERT	CHAIRMAN	Independent
MR. FRANCISCO JAVIER PÉREZ FARGUELL	MEMBER	Independent
LACANUDA CONSELL, S.L.	MEMBER	Proprietary

% of executive Directors	0.00
% of proprietary Directors	33.33
% of independent Directors	66.67
% of other external Directors	0.00

The Secretary of the Board of Directors of the Company (executive director) performs the functions of non-member secretary of the Audit Committee. In particular, said director is not only licensed in law but lawyer of the state on leave and, therefore, amply complies with all the necessary requirements to be able to exercise the functions entrusted and, in particular, those provided for in Article 529 octies LSC for the secretary of the board of directors and which can be extrapolated to the secretary of the Audit Committee, and among which we highlight "Ensuring that the actions of the board of directors comply with the applicable regulations and comply with the bylaws and other internal regulations ".

In this regard, the Board of Directors has understood that, given the increase in the functions and responsibilities attributed to the Audit Committee by the legislative reforms, said appointment would guarantee that its development will be carried out in accordance with said regulations, allowing Committee members focus on the substantive aspects of their mission.

Likewise, it should be noted that the executive director who acts as a non-member secretary of the Committee, as such, has no vote in the decisions taken by the same.

Explain the duties exercised by this committee, including any that are in addition to those stipulated by law, and describe the rules and procedures it follows for its organisation and functioning. For each one of these functions, briefly describe their most important actions during the year and how they have exercised in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

AUDIT COMMITTEE (“CAU” BY ITS SPANISH ACRONYM)

1) According to the wording of Article 15 of the Board Regulations, the Board of Directors will constitute a CAU that will be composed of between 3 and 5 members, all of them non-executive Directors, appointed by the Board, being the majority independent and having, as a whole, and in particular its Chairman, knowledge and experience in accounting, auditing and risk management, both financial and non-financial. The Board will choose, from among the independent members, the Chairperson of the CAU shall be replaced every 4 years, being able to be re-elected once one year has elapsed since his or her termination.

2) The CAU will be constituted when at least half of its members, present or represented, attend and their agreements will be adopted by an absolute majority of their assistants, the Chairperson's vote being decisive. Any member of the management team or the staff that is required will be obliged to attend and provide your collaboration and access to the information available to them.

3) Executive Directors who are not members of the CAU may attend the sessions, in an advisory capacity, at the request of the Chairperson of the committee.

4) The CAU may seek the advice of external professionals.

5) The CAU will have, among others, the following functions (a complete enumeration can be read in Article 15 of the Board Regulations), all of which it has exercised during the fiscal year object of this Report:

(i) that the annual accounts that the Board of Directors submits to the General Meeting are drawn up in accordance with accounting regulations. In this respect, he/she shall report to the General Meeting on the issues raised therein by shareholders in matters within his/her competence and, in particular, (i) on the result of the audit: and (ii) in the event that the audit includes any qualification, he/she shall explain to the aforementioned General Meeting the opinion of the CAU on its content and scope;
(ii) proposing the selection, appointment, re-election and contract and mandate conditions, as well as revocation / non-renewal of external account auditors;
(iii) supervising both the effectiveness of the Company's internal control system, the internal control system over financial reporting, generally ensuring that the policies and systems in place are effectively applied in practice, and the internal audit and risk control systems, as well as discuss with the auditors any significant weaknesses detected;;
(iv) functions related to the internal audit unit;
(v) liaising with the external auditors and being informed about those issues that may jeopardise their independence, and any others related to the audit process. Receiving annually from the auditors written confirmation of their independence from the Company or entities linked to it;
(vi) annually issuing a report on the independence of the auditors, ruling on the provision of additional services by these or their related persons;
(vii) collecting information on structural modifications and corporate operations and their economic conditions and accounting impact;
(viii) evaluating the results of each audit;
(ix) supervising and evaluating the process of preparation, integrity and presentation of financial and non-financial information, as well as the financial and non-financial risk management systems, reviewing the accounts of the Company, monitoring compliance with the legal requirements, the adequate delimitation of the consolidation perimeter and the correct application of generally accepted accounting principles;
(x) supervising the information that the Board must approve and include in its annual public documentation;
(xi) examining compliance with the Internal Rules of Conduct of the Company and its Group, the Board Regulations and, in general, the rules of corporate governance of the Company; ensuring that the corporate culture is aligned with its purposes and values; and make proposals for their improvement and periodically evaluate the corporate governance system and the Company's environmental and social policies; and
(xii) supervising that the Company's environmental and social practices are in line with the strategy and policies set, as well as the application of the general policy regarding the communication of economic-financial, non-financial and corporate information and contacts with shareholders and investors, proxy advisors and other stakeholders.

6) The CAU shall report to the Board of Directors prior to its adoption on all matters on which it is required to do so (and, in particular, financial information, the creation or acquisition of shares in SPVs or shares domiciled in tax havens, related-party transactions and decisions on the ACGR).
7) The CAU will assess and, where appropriate, should encourage the group auditor to assume responsibility for the audits of the group companies.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR. FRANCISCO JAVIER PÉREZ FARGUELL / MR. JUAN IGNACIO GUERRERO GILABERT / LACANUDA CONSELL, S.L.
Date of appointment of the chairperson	25/07/2019

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2020		Year 2019		Year 2018		Year 2017	
	Number	%	Number	%	Number	%	Number	%
APPOINTMENTS AND REMUNERATION COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00
AUDIT COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

There are no specific regulations that regulate the activity of the Board Committees, as they are subject to regulation sufficiently detailed in the Board Regulations.

A report on the activities of the Audit Committee that is made available to shareholders at the time of convening the General Meeting of Shareholders and which can be consulted on the corporate website of the Company is made annually on a voluntary basis.

D. REATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

Without prejudice to other delegations conferred, the Board of Directors is aware of the most relevant matters for the Company and, in particular, by adopting agreements to be approved as provided in the Law or the Statutes, it is responsible for the treatment, among other matters which have the character of reserved, the one referring to the transactions that the Company carries out with Directors, with significant shareholders or represented on the Board of Directors, or with related persons ("related transactions").

Such related transactions must be authorised by the Board of Directors, after a favourable report from the Appointments and Remuneration Committee (which also has the responsibility to report on transactions that imply or may imply conflicts of interest) or, where appropriate, the Committee audit. The Directors affected by these transactions, in addition to not exercising or delegating their voting rights, must be absent from the meeting room while the Board of Directors deliberates and votes on them.

However, the previous authorization the report of the Appointments and Remuneration Committee will not be necessary, in those related transactions that simultaneously meet the following three conditions:

(i) that they are made under contracts whose conditions are standardised and are en masse;

(ii) that they are carried out at prices or tariffs established in general by those who act as suppliers of the goods or service in question; and

(iii) that its amount does not exceed 1% of the annual income of the Company.

As previously mentioned, and in accordance with the Regulations of the Board of Directors, in order to implement part of its supervisory powers, the Audit Committee has, among other powers, that of informing the Board of Directors prior to the adoption by the corresponding agreement of all related operations, when the Appointments and Remuneration Committee has not informed them.

D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

Name or corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	2
DEPSA 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	4
INOC, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3

Name or corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CORPORACIÓN CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3
LA PREVISIÓN 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3
INOC, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	6,048
CORPORACIÓN CATALANA OCCIDENTE, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	23,690
LA PREVISIÓN 96, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	20,380
APROA 3C REAL ESTATE. S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	1

D.3. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or Directors:

Name or corporate name of the administrators or managers	Name or corporate name of the company or entity in its group	Relationship	Nature of the operation	Amount (thousands of euros)
No data				N/A.

In accordance with the provisions of Order EHA / 3050/2004, of 15 September, it is hereby stated that, regardless of the remuneration received by the Directors reflected in Section C.1.13 and the dividends received, where appropriate, by the Directors (for total amount of 2,391.14 thousand euros) and members of Senior Management (for a total amount of 12.54 thousand euros) as shareholders, there have been no related transactions with administrators, executives or assimilated for this purpose, or with persons related to them, except those that, belonging to the ordinary traffic of the company, have been carried out under standard conditions for the clients and are of little relevance (understood as those whose information is not necessary to express the true image of the patrimony, of the financial situation and the results of the entity), or are already described in this Annual Corporate Governance Report.

D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Name of the company in its group	Brief description of the transaction	Amount (thousands of euros)
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	INTEREST ACCRUAL FROM LOANS	80
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	INTEREST ACCRUAL FROM LOANS	315

D.5. State the amount of any transactions conducted with other related parties that have not been reported in the previous sections:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
No data		N/A

D.6. Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Article 33 of the Regulations of the Board of Directors establishes that the Directors shall notify the Board of Directors of any conflict situation, direct or indirect, that they may have in the interest of the Company.

In the event of a conflict, the affected Director shall refrain from intervening in the operation to which the conflict is referred. In particular, Directors shall refrain from attending and intervening in deliberations that affect matters in which they may be personally interested.

The Director may not, directly or indirectly, carry out relevant professional or commercial transactions with the Company, unless he or she previously communicates the conflict situation and the Board, after a report from the Appointments and Remuneration Committee, approves the transaction.

In the case of ordinary transactions with the Company, it will be sufficient for the Board of Directors to approve, in a generic way, the line of operations.

In any case, the relevant transactions between the Company and its Directors and, in general, situations of conflict of interest in which the Directors of the Company are, directly or indirectly, will be subject to information in the Annual Corporate Governance Report, in accordance with the provisions of the applicable legislation and the provisions of Article 45 of the Board Regulations.

D.7. State whether the company is controlled by another entity within the meaning of Article 42 of the Spanish Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business dealings with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[√] Yes
[ ] No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand and the parent company or its subsidiaries on the other hand have been accurately disclosed publicly:

[√] Yes
[ ] No

Report the respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries, and identify where these aspects have been publicly disclosed

The Company reports in section D.2 of this report on the business relationships that exist between the listed company or its subsidiaries on the one hand, and the parent company of the group and its subsidiaries on the other.

Mechanisms for resolving possible conflicts of interest

There are no mechanisms to resolve possible conflicts of interest that may arise between the parent company of the listed company and the other companies of the group.

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk:

The Risk Control and Management System of the Company and its Group operates in an integral manner, consolidating said management by business, activity, subsidiary and support area at the corporate level.

The Company defines its strategy based on the level of risk it is willing to assume and ensures that its integration with the business strategy allows it to comply with the appetite and risk tolerance set by the Board of Directors. For this purpose, through the process of establishing the Risk Control and Management System, the Company identifies and determines, among others, (i) the different types of risk it faces (including tax nature), (ii) the level of risk that is considered acceptable, (iii) the measures envisaged to mitigate the impact of the identified risks, should they materialise, and (iv) the internal information and control systems used in the management of said risks .

Within the framework of compliance with the requirements established in Article 66 of Act 20/2015 on the organization, supervision and solvency of insurance and reinsurance entities ("LOSSEAR") and its development by Article 44 of the Royal Decree Law 1060/2015, of 20 November, on management, supervision and solvency of the insurers and reinsurers ("ROSSEAR"), the Company has developed written policies that, together with existing technical standards, guarantee the proper management of risks. Specifically, it has a risk management policy that establishes the general guidelines for managing them and serves as an umbrella for the following policies: (i) subscription risk policy, risk of provision of provisions and claims management, (ii) reinsurance policy, (iii) investment policy, (iv) operational risk policy, (v) internal risk assessment and solvency policy ("ORSA") and (vi) policies related to the Partial Internal Model for Subscription risk concerning Crédito y Caución.

Each of them, and in relation to its purpose, identifies the risks of the affected area, establishes measures to quantify the risk, determines the actions to be taken to mitigate its impact and defines both internal and external information systems.

Additionally, there is a Corporate Fiscal Policy, applicable at Group level, which describes the fiscal strategy of the Grupo Catalana Occidente and the incorporation into its corporate governance system of the processes and principles that should guide its fiscal compliance policy with the provisions of Article 529 ter (i) of the Corporate Enterprises Act ("LSC").

E.2. Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk:

The Board of Directors, as the main organ of the Company, decides on the general policies and strategies of the Group and, among them, on the general policies of control and risk management. In this sense, the Board of Directors is the one who approves, at the proposal of the Group Management Committee, the main lines of said system, being the administrative bodies of the individual entities of the Group responsible for the execution of the risk strategy. Additionally, the Group Management Committee is responsible for periodically monitoring the implementation and execution of internal information and control systems.

In support of the actions of the Board of Directors and the Management Committee, the Risk Management System is based on the "Three Lines of Defence" principle. This principle establishes the levels of activity, roles and responsibilities that rule over the Risk Control and Management System with the following breakdown:

(i) First Line of Defence (Takes Risks and accepts responsibility for them): It is formed by the business units which are responsible for the specific risks assumed and their management.

(ii) Second Line of Defence (Control and Monitoring): It consists of the Risk Management Control Function, Compliance Verification Function and Actuarial Function, which act as a line of control regarding the risks managed by the business units and ensure compliance with risk management policies.

(iii) Third Line of Defence (Internal Audit): It is made up by the Internal Audit Function, which is responsible for carrying out an independent evaluation of the effectiveness of the Government System, the Risk Management System and the Internal Control.

In particular, and as regards fiscal risk, the Board of Directors encourages the follow-up of the tax principles and good practices contained in the Corporate Fiscal Policy of the Catalana Occidente Group initially approved by the general meeting of 26 November 2015 and which is reviewed annually, being informed both of the risks incurred and/or assumed and, if applicable, of the appropriate corrective measures that may be established.

Under the coordination of the Fiscal Advisors of the Company, the good practices included in the aforementioned policy are executed by the different Departments of the entities that make up the Group .Each of these departments, within its sphere of competence, risk management and control functions, must establish the control mechanisms and internal rules necessary to ensure compliance with current tax regulations and is responsible for applying the corporate policies and rules approved at Group level consistently, adapting them, if necessary, to local requirements.

This work includes all the countries and territories in which the Group is present and covers all the areas and businesses that are developed by it, which allows for an integrated management of its fiscal positions in a coherent and joint manner to the rest of the risks.

Likewise, said Policy establishes the need to adopt the control mechanisms to ensure, within an adequate business management, compliance with tax regulations and the above principles by all the Group entities, being implemented, under the supervision of the Audit Committee, a system of control and management of risks, including tax, in order to identify them, and define and include prevention and correction measures, together with the relevant internal procedures and controls.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives:

The main risks that may affect the achievement of the Company's business objectives are:

1. Technical risks of the general insurance business:

The risks inherent to this business include loss derived from an adverse change in the value of the Company's liabilities due to (i) fluctuations in relation to the time of occurrence, the frequency and severity of the insured events, and the timing and amount of claims settlement (premium and reserve risks) or (ii) the occurrence of extreme or exceptional events (catastrophic risk).

2. Technical risks of credit insurance:

The risks of credit insurance are specified (i) in the worsening of the non-payment of the credit insurance policy portfolio, and the insolvency of the clients of our insured parties and (ii) in the breach of the clients in the products of guarantee. In the credit insurance business, given its special idiosyncrasy, there are risk authorization systems and processes that are specific. As the limits to be insured increase, the decision about whether or not to ensure a risk requires the authorization of one or more persons and of a higher hierarchy. Even people of high hierarchical levels have authorization limits.

3. Technical risks of the Life insurance business:

In life products, technical risks are summarised in (i) risks biometric (which include the risks of mortality, longevity, morbidity/disability); (ii) portfolio decline; (iii) of expenses; and (iv) and catastrophe. The variability of each of these risks with respect to their statistical average value is the origin of a potential loss.

4. Financial Risks:

Financial risk is understood as the one arising from a result of (i) movements of interest rates and credit spreads; (ii) the variation in the price of equity and real estate; (iii) the concentration of investments; (iv) lack of liquidity; (v) the volatility of currency exchange rates; and (vi) adverse changes in the financial situation of issuers of securities, counterparties and any debtor to which the Group is exposed. Specific monitoring is carried out for all these risks.

5. Operational Risks:

Operational risk is understood as the risk of loss arising from the inadequacy or dysfunction of internal processes, personnel or systems, or external events. Operational risk management includes: (i) the identification of risks, (ii) their assessment, (iii) the definition of controls in response to said risks and (iv) the analysis and monitoring of residual risk. In particular, such risks include the lack of detection of both internal fraud and external fraud.

6. Other Risks (regulatory, legal, tax, reputational, ESG [environmental, social and governance], economic and geopolitical, strategic, emerging):

The different entities of the Group are exposed to a complex and changing regulatory and legal environment, by governments and regulators, which can influence their growth capacity and in the development of certain businesses, in greater capital requirements. The Company constantly monitors changes in the regulatory framework that allow it to anticipate and adapt to them sufficiently in advance, adopt best practices and the most efficient and rigorous criteria in its implementation.

In turn, and as part of the financial sector, the Company is subject to an intense level of scrutiny by regulators, governments and by society itself. Negative news or inappropriate behaviour can lead to significant reputational damage and affect the ability of an entity to develop a sustainable business. The attitudes and behaviours of the Group and its members are governed by the principles of integrity, honesty, long-term vision and best practices thanks to, on the one hand, the Code of Ethics of the Grupo Catalana Occidente, its development protocols and the Internal Regulations of Conduct (see Section F below), and, on the other hand, and in reference to the specific tax risk, to the Corporate Fiscal Policy.

Moreover, to complement the previous internal regulations, the Company has a reputational risk management protocol to which the main entities of the Group are adhered.

As risk managers, the Group's insurance companies play an important role in promoting economic, social and environmental sustainability, so ESG risks are being naturally integrated into their risk control and management processes. In addition, due to the dependence of the business on the global economic situation and due to the hedging of international commercial credit risks, the Company is subject to risks derived from the national and international economic and political environment, which have an impact on the volatility of financial variables and on the real economy. In view of the above, the Group monitors both its own and the external environment to identify potential emerging risks arising from the ability to adapt to changes in the sectoral, macroeconomic, demographic, geopolitical and technological framework.

E.4. State whether the entity has a risk tolerance level, including tolerance for tax compliance risk:

The Company and its dependent entities have risk tolerance levels in accordance with the risk strategy defined by the Group. Starting from the Group's risk strategy, the risk strategy of each of the individual insurance entities belonging to the Group is defined.

The risk strategy that the Group is willing to assume in order to achieve its business objectives is defined by the Company's Board of Directors. In determining the risk strategy, the Board considers, among other elements, the Group's capital management policy and the ORSA process, in which capital needs are projected based on the business plan, both in normal situations and in stressful situations, considering all the quantitative and qualitative risks to which the Company (including tax) as well as the individual insurance entities that belong to the Group are exposed.

E.5. Identify any risks, including fiscal, which have occurred during the year:

The risk control and management system contemplates the main quantifiable risks through the standard formula and the partial internal model for credit insurance and those significant risks not included in said calculation evaluated in the ORSA process. Quantifiable risks are broken down into Life and Non-Life Subscription Risks (technical risks), Market Risk, Counterparty Risk and Operational Risk. Additionally, through the ORSA process, other risks such as reputational, strategic and regulatory are included.

In this regard, the year 2020 was marked by the Covid-19 pandemic, which affected market, underwriting and operational risks. Despite the occurrence of such an exceptional event, the strength of the internal control system and the Group's solvency have enabled all the entities that comprise it to continue with their activity, respecting the risk tolerance levels established in the Group's risk strategy, and no significant risks have materialised for the Company and the companies that comprise it.

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise:

The main risks faced by the Group are those derived from the subscription of its products and the risk derived from investments affecting the provisions generated by them.

Among the actions that the Company and the Group carry out for monitoring and control are:

1. Technical or own risks of the general insurance business:

(i) Monitoring the adequacy of the technical subscription regulations;
(ii) Analysis of the products in order to determine the sufficiency of the premiums; of the evolution of technical provisions and of the sensitivities of the product portfolios;
(iii) Arrangement of the appropriate reinsurance structure:
(iv) Appropriate actions relating to portfolio monitoring;
(v) Quantification of the market value of the business (“Appraisal Value”) at an individual and consolidated level; and
(vi) Calculation of regulatory capital.

2. Technical or own risks of the Life insurance business:

(i) Monitoring the adequacy of the technical subscription regulations;
(ii) Analysis of the products in order to determine the sufficiency of the premiums;
(iii) Recruitment of the appropriate reinsurance structure;
(iv) Quantification of the intrinsic value of the life business ("European Embedded Value"), both individually and consolidated; and
(v) Calculation of regulatory capital.

The Actuarial Function has carried out a consolidation of the value of some companies that had previously implemented an Appraisal Value (for general insurance business) and Embedded Value (for life insurance business) system in place, and undertook the coordination of the calculations of said indicators at the level of the Group's traditional business.

3. Financial Risk:

(i) Classification of assets managed according to their characteristics (required profitability, risk, liquidity, etc.);
(ii) Analysis and monitoring of credit risk and monitoring of concentration risks by sector, issuer, currency and country of the managed portfolios:

(iii) Analysis of the marriage of assets and liabilities ("ALM") in relation to the obligations contracted with the insured;
(iv) Analysis of the maximum loss ("VaR") that each of the portfolios could experience;
(v) Sensitivity analysis and future scenarios; and
(vi) Monitoring of capital requirements as well as the criteria used by rating agencies.

Said analysis and control is carried out at the individual and consolidated level. Additionally, there is an Investment Policy that determines the assets suitable for investment, diversification limits and the main control systems established.
The Corporate Internal Control department and the Corporate Internal Audit Department ensure the adequacy, effectiveness and compliance of the aforementioned controls.

4. Operational Risk:

The Group has 2 IT tools that allow monitoring and quantification (in traditional and credit insurance).
The risks and controls associated with processes have been categorised so that their classification is homogeneous, allowing to obtain the necessary information to improve the management of operational risk by both entity and Group.
Likewise, an evaluation of the effectiveness of the internal procedures implemented is carried out and the reported operational losses (including tax) are collected in order to improve the Risk Management System and prevent its recurrence.

Information regarding the assessment of operational risks, the degree of performance of the controls defined for mitigation, as well as the operational losses that have occurred, is reported semi-annually to the Board.

5. Regulatory, legal and fiscal risks:

The Group guarantees compliance with the different internal and external regulations that affect it by means of controls that are carried out from different Departments, highlighting the following:

(i) Department of the Legal Service: Among its objectives is to maintain adequate compliance with legal regulations.
(ii) Department of Management Control and Planning: It has, among other objectives, to provide and implement adequate control of the Company's financial and financial information and its budgets.
(iii) Risk control department: It is responsible for controlling the Group's risk management and, in particular, for ensuring application of the solvency regulations.
(iv) Internal Audit Department: Its mission is to supervise that the previous bodies have correctly implemented the control and self- control measures defined by the Group.

Regarding the fiscal risk, the Group's Fiscal Advisors are in charge of establishing the control policies and processes to guarantee compliance with the current tax regulations based on the Corporate Fiscal Policy.

Finally, regarding the procedures followed by the Company to ensure that the Board responds to the challenges that arise regarding the previous risks, it should be noted that it is regularly informed both (i) of any material novelty that is intended to implement in the risk control system, either on its own initiative or as a result of a new regulation or the modification of the current one, as (ii) of any loss derived from said risks. In particular, and in relation to tax risks, prior to the formulation of the Annual Accounts, the Group's Tax Advisor reports to the Board on the tax strategies applied by the Company and the Group during the year and the degree of compliance with the aforementioned Policy. Likewise, in the case of relevant operations or matters that must be submitted to the Board for approval, the latter shall be informed of their tax consequences when they constitute a relevant factor.

F. INTERNAL CONTROL AND MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1. Entity control environment.

Report on at least the following, describing their principal features:

F.1.1 Which bodies and/or functions are responsible for: (I) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The bodies and functions responsible within Grupo Catalana Occidente S.A. and Dependent Entities (hereinafter, "Group Catalana Occidente or "the Entity") to maintain and implement an adequate and effective ICFR as well as to supervise it are the following:

(i) Board of Directors: The Regulations of the Board of Directors, the Risk Management System Policy and the Group's Internal Control Policy, among other documents, grant the Board of Directors the treatment of the general policies and strategies of the Entity and, in particular, the risk control and management policy, as well as the periodic monitoring of internal information and control systems.

Under this delegation, the Board of Directors of the Entity has formally assumed the existence, design, implementation, operation and maintenance of the ICFR.

(ii) Audit Committee: The Audit Committee consists of three members of the Board of Directors, two of them being independent directors, of which one holds the position of chairperson. Members are appointed taking into account their knowledge and experience in accounting and auditing.

The Regulations of the Board of Directors specify that the basic functions of the Audit Committee include, among others, those of:

(a) Supervising both the effectiveness of the Entity's system of internal control, including the system of internal control over financial reporting (ICFR), generally ensuring that the policies and systems in place are effectively implemented in practice, as well as the internal auditing and risk management systems; and

(b) Supervising and assessing the process of preparation and presentation of regulated financial information, as well as the financial risk management control systems, reviewing the Entity's accounts, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles.

In accordance with these functions, the Audit Committee is supervising the ICFR within the framework of internal control and the preparation and presentation of financial information.

(iii) Senior Management: The Entity's Internal Audit Policy establishes that Senior Management is responsible for implementing the necessary measures to ensure that the organisation maintains an appropriate system of internal control and specifically internal financial information control, including an internal audit function at the highest level that oversees the supervision of the ICFR.

(iv) The Internal Audit Department: As stated in the Internal Audit Policy, its task is to establish, implement and maintain a multi-annual audit plan, assess the level of control applied and make recommendations if you believe it. appropriate.

As such, the Corporate Internal Audit Department of the Grupo Catalana Occidente assists Senior Management and the Board of Directors in assessing and supervising the adequacy and effectiveness of the internal control system and other elements of the governance system existing in the Grupo Catalana Occidente, including the ICFR.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity:

The Board of Directors of the Entity has among its powers the definition of the structure of the group of entities of which the Entity is a dominant company and its internal organization. Thus, it is who designs, updates and reviews the organisational structure at the request of the Senior Management of the Entity and, in particular, of the Group's Management Committee. The organisational structure of the Group at its first level is duly communicated through its publication on the corporate website.

The definition of resource needs is performed by the corresponding area, together with the Department of Human Resources.

Grupo Catalana Occidente has 83 unique positions in relation to personnel involved in the preparation and review of financial information, of which 63 have a description of documented work profiles ("DPT"), the updating of the rest being pending as a result of the restructuring of the Group's financial areas during this fiscal year. These descriptions are made by the person occupying the position and supervised by the person in charge and the Department of Human Resources. Mainly, DTPs correspond to positions with technical or supervisory responsibility. There is a follow-up of the completion and updating of these DTPs on an annual basis.

Since the financial information is generated in each of the subsidiaries, until it is approved by governing bodies of each entity, each step is defined in a calendar of action known to each and every one of the agents involved. The responsibility for monitoring and updating the calendar lies with the Department of Management Control and Corporate Planning, under the Group's Financial Management, involving the corresponding departments depending on the matter to be implemented and disseminated. Once approved by the governing body or the management committee, as appropriate, the corresponding dissemination of the information is given through internal circulars whose publication is notified by email to the employees and is made available to them on the corporate intranet.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:

The Entity has a Code of Ethics, which includes the principles and values that shall govern the actions of its Directors, employees, agents and collaborators, in the fulfilment of their functions and in their commercial and professional relations, in such a way that they act in agreement with the laws and respecting the ethical principles established in said Code.

Initially approved in June 2013, the Code of Ethics has been regularly reviewed, the latest version of which was verified by the Compliance Verification Committee on 10 December 2020 and approved on 28 January 2021 by the Entity's Board of Directors, in order to introduce a series of improvements and new features in it and its development protocols as a result of (i) the external audit carried out during the last quarter of 2019 of the Group's criminal risk prevention system, which resulted in a series of recommendations to be implemented during the financial year 2020 and (ii) the Sustainability Plan promoted by the Group.

The Code of Ethics is applicable to directors and employees, regardless of their position and level, both of Grupo Catalana Occidente, SA and its subsidiaries and economic interest groupings, as well as to the network of agents and collaborators related to them, and is widely disseminated through internal circulars and is available both on the corporate website and on its intranet.

The Code of Ethics has as its general principles and values (i) integrity and honesty; (ii) impartiality; (iii) transparency and confidentiality; (iv) professionalism; (v) sustainability; (vi) social commitment; (vii) compliance with the law and the corporate governance system; (viii) respect for and safeguarding of human rights; (iv) respect for the environment; and (v) the corporate brand, image and reputation.

With respect to the preparation and dissemination of financial information, article 5 of the Code of Ethics provides that the economic and financial information of the Group must faithfully reflect its economic, financial and equity reality and must be in accordance with generally accepted accounting principles and applicable international financial reporting standards, and must be disclosed to the market in accordance with the Policy for the Communication of Economic and Financial, Non-Financial and Corporate Information and Contacts with Shareholders, Institutional Investors, and Proxy Advisors, and the securities market regulations applicable from time to time.

To this end, the Group's economic or financial information must not be concealed or manipulated, so that it is complete, accurate and truthful, and must not be misused, all in accordance with the Group's Internal Code of Conduct.

It also includes the obligation on the part of those bound by the Code to protect, inter alia, financial information and carry out their activities in accordance with the established rules and procedures, and to avoid any internal or external risk of non-compliant access to financial information. The Board of Directors shall also be responsible for protecting the financial information and carrying out its activities in accordance with the established rules and procedures, and for avoiding any internal or external risk of non-consensual access, manipulation or destruction, not using the information available to them for purposes other than those which, by reason of their work or professional activity, justify their access to it.

On the other hand, on 30 July 2020, the Board of Directors of the Entity agreed to amend the Group's Internal Code of Conduct ("RIC" by its Spanish acronym) to adjust its wording following the adaptation of Spanish legislation to the Market Abuse Regulation, particularly with regard to inside information and discretionary trading of treasury shares. These regulations are published on the Entity's corporate website

The RIC is of mandatory application, among others, to directors and members of senior management, as well as to those personnel described in the RIC who, either by virtue of their position or employment, have access to inside information, and must be formally signed by each of them ("Subject Persons").

The IRC assigns the Secretary of the Board of the Entity and/or the Entity's Compliance Verification Unit, as applicable, the following functions:

(i) Maintaining at all times a register of the Subject Persons updated and available to the relevant administrative authorities;

(ii) Receiving notifications of subscription, purchase or sale transactions, of securities or financial instruments carried out by the Subject Persons on their own account or by persons related to them;

(iii) Receiving information on possible conflicts of interest of the Subject Persons, due to their family, economic or any other type of relationship with any entity of the Group to which the Entity belongs, and resolve any doubts on the possible existence of a conflict of interest;

(iv) Monitoring, with the support of the Analyst, Investor, Rating Agency and Sustainability Relations Unit, the listing of securities and financial instruments issued by the Group, as well as the news that professional disseminators of economic information and the media may issue and that may affect them; and

(v) Disseminating Inside Information or Other Material Information, after consultation with the Chairman of the Board of Directors, when necessary.

The Audit Committee of the Entity is responsible for informing the Persons Subject on the RIC, examining compliance with the RIC and the Code of Ethics and making the necessary proposals for their improvement and updating. It is also the body responsible for detecting any breaches of the provisions of the RIC and the Code of Ethics and, if necessary, adopting the appropriate measures in this respect.

Whistle-blower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature:

The Regulations of the Board of Directors of the Entity state that the Audit Committee shall establish and supervise a mechanism to enable the directors, employees and shareholders of the Group, as well as the network of agents and collaborators, to report any potentially significant irregularities, including financial and accounting irregularities, which they notice within the Entity or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistle-blower and the reported party.

In application of the provisions of the aforementioned Regulations, the Company has, as mentioned above, as a regulation for the development of its Code of Ethics, a "Protocol of Action in the Event of Irregularities and Fraud (Whistle-blower Channel)" that may occur within the organisation of Grupo Catalana Occidente. The aforementioned Protocol was last updated by the Compliance Verification Committee on 10 December 2020 in order to adapt it to the reorganisation of the legal services and the updating of the Group's Code of Ethics, to be approved on 28 January 2021 by the Board of Directors of the Entity.

Reportable events are considered to be those practices or conducts considered inappropriate or not in accordance with the legal framework in force, the Code of Ethics, its development protocols, as well as any other internal regulations or policies of the Group and/or its Entities individually considered and which are described in greater depth in the Whistle-blower Channel.

The e-mail address and postal address to which such reports should be sent are included in the aforementioned Protocol, available on the intranet of the Entity and its subsidiaries, as well as in the Policy for communication of economic-financial, non-financial and corporate information and contacts with shareholders, institutional investors and proxy advisors, accessible through the Entity's website, and therefore easily accessible to all obligated parties. Without prejudice to the foregoing, the fact that the channels provided are not used shall not prevent the Corporate Internal Audit Department from analysing the reports received.

In this respect, the total and absolute confidentiality of the whistle-blower, the reported party and other persons who may be related, as well as the content of the report, is guaranteed. Likewise, the possibility of receiving anonymous complaints is envisaged, and those complaints that do not contain the identification details of the complainant will be accepted for processing, and the complaint will be investigated with the utmost prudence and proportionality.

In order to guarantee such confidentiality and anonymity, the Corporate Internal Audit Manager is the only person who has access to the e-mail address to which such reports should be sent. In such cases, he/she ensures that the identity of the whistle-blower does not appear in the relevant audit reports on irregularities.

Once the Corporate Internal Audit Department receives a report of an irregularity, it must proceed to analyse it and take the corresponding actions in accordance with the Corporate Internal Audit Procedure and Methodology.

Furthermore, the Protocol also contemplates both the prioritisation of the reports received according to their amount for preparation, where appropriate, of the corresponding internal control reports, as well as the frequency with which they are communicated to Senior Management and the Audit Committee.

- Periodic training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR which address, at least, accounting rules, auditing, internal control and risk management:

The Entity provides the personnel of the financial area of the different entities of the Group involved in the preparation and review of the financial information with the possibility of receiving continuous training, either provided internally or through attendance at external courses and seminars.

In particular, and in relation to internal training, those responsible for the financial area, together with the Head of Human Resources, carry out a periodic analysis of the training and updating needs of personnel in that area, as a result of developments in legal, fiscal or accounting matters that may arise. In this sense, during the year 2020, the personnel of these areas have carried out both internal and external training for a total of 2,672 hours and 435 persons attending 86 training actions. In this activity, it is remarkable the training related to accounting standards, auditing, internal control and risk management; credit risk, and the Directive Solvency II. This is complemented by language training and development of management skills.

F.2. Risk assessment in financial reporting.

Report, at least:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

The process exists and is documented:

The Entity has identified risks, both business (Department of Internal Control) and financial risks (Department of Management Control and Planning). In relation to the latter, the Entity has defined two types of risk:

(i) Risk that the information is generated erroneously.

(ii) Risk that the information is generated in an untimely fashion.

Both the risk of fraud and the risk of error are considered integrated in the first typology.

These risks have been identified as a consequence of the implementation of a process for identifying them, in which the Department of Management Control and Planning, the Department of Internal Control, and external consultants have participated.

The risks related to the erroneous or untimely generation of the financial information are identified in each and every one of the processes related to the financial information formalised by the Entity and the entities that belong to the Group. The supervision of this risk identification process is continuous, especially in those processes which are more relevant due to their materiality (billing, provisions, accidents...) and is formally documented, being the unit responsible for reviewing and updating the Financial Information Internal Control Unit, which is part of the Department of Management Control and Planning.

Said processes detail procedures which include flow diagrams and narratives related to the process of obtaining and preparing financial information. They also describe the controls identified to mitigate the main risks referred to above, especially indicating (i) the control activity, (ii) the responsible personnel, (iii) the periodicity and (iv) the documentation for the execution of said control. The unit responsible for reviewing and updating them is the Financial Information Internal Control Unit. These procedures are within the ICFR and follow the protocol planned so that the information is controlled from when it is generated in the Entity and the entities belonging to the Group until it reaches the Board of Directors of the Entity, through its Financial Department and its Directorate General, among other filters.

If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency:

The risk identification process focuses on the risk of financial information being generated erroneously and the risk of information being generated untimely (financial assertions have not been separately identified). The processes in which the financial information is generated are analysed, at least, on an annual basis in order to identify the possible risks of error.

A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose entities, holding companies, etc.:

The accounting, management and fiscal consolidation perimeters are defined and identified in accordance with current regulations and are reviewed and updated when there are changes in the Entity's shareholding, directly or indirectly, in any Group entity, each time any of the Group's entities constitutes or acquires an entity outside said perimeter, is affected by a process of corporate restructuring (merger, division) or is dissolved or liquidated.

The perimeter definition and identification process is carried out by the Entity's Corporate Accounting Department, which communicates any changes that occur and the consolidation differences and adjustments to the Department of Management Control and Planning.

The process addresses other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they may affect the financial statements:

Within the financial reporting environment, in addition to the operational, financial and legal risks inherent to the economic sector in which the Entity and the entities belonging to its Group operate, technological risk is of particular relevance. All the above risks are monitored through the Group's Internal Control Unit (as explained in section E above), and any operational loss of more than 10,000 euro arising from any of the above risks is reported to the Board of Directors on a half-yearly basis, and an action plan is initiated to mitigate the loss and prevent it from recurring in the future.

To mitigate said risks, a series of specific controls have been established for each process that have been described in Section E.3 above.

Which of the company’s governing bodies is responsible for overseeing the process:

In accordance with the Regulations of the Board of Directors, the Board of Directors has delegated to the Audit Committee of the Entity the function of periodically supervising the ICFR, so that these systems allow the main risks to be properly identified, managed and made known.

F.3. Control activities.

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1 P Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections

The Audit Committee informs the Board of Directors prior to the adoption of decisions on all matters on which it is required and, in particular, the financial information that the Entity must make public periodically ensuring that the intermediate information is formulated with the accounting criteria of the annual accounts.

The flows of activities and controls are explained in section F.2.1 above.

The procedure for reviewing the financial information is as follows:

(i) The different departments (IT, General and Life Insurance Techniques, Accounting, and Investments Areas) prepare the financial information that is reviewed by the corresponding person incharge.

(ii) The Department of Management Control and Planning validates that the financial information is correct before it is published on the intranet and communicated to the DGSFP or the CNMV, as appropriate.

(iii) Semi-annually, reports on the semi-annual and annual activity are made, including a summary and main conclusions of the audits.

The Accounting Period Close procedure is documented in detail and is integrated in the set of descriptive documents of the Financial Reporting Processes that include the flows of activities and controls. The specific review of judgements, estimates, valuations and projections, which are mainly specific to technical provisions, financial investments, asset impairment, corporate income tax expense, non-technical provisions and accrued expenses, is duly documented by the responsible Areas.

All the criteria for calculating the different magnitudes involved in the financial information are defined and documented in the procedures described in point F.2.1, and are therefore known by all the agents involved and have followed the same authorization protocol that is established and planned in the ICFR of the Entity.

F.3.2 Internal control policies and procedures for information systems (including secure access, control of changes, system operation, operational continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Entity has policies, regulations and procedures to ensure the security and reliability of the information. Among the documents available in relation to the internal control of information systems, are the following:

(i) System of confidentiality of access to the applications of the central computer, which contains its description covering all possible environments;

(ii) System Development and Maintenance Standard, detailing the security requirements, data validation and maintenance and change management;

(iii) Grupo Catalana Occidente's Corporate Information Security Policy - ISPO1, which is aligned with the information systems security guidelines defined in accordance with the ISO/IEC 27001 standard, which establishes an internationally recognised and endorsed security reference framework;

(iv) Business Continuity Standard, detailing the contingency plans to (a) ensure such continuity, (b) allow data recovery in case of loss; and (c) record transactions in the event of a disruption of the systems normally operated;

(v) Change Management and Control, which details the regulations that guarantee its effectiveness;

(vi) Segregation of Duties, where it is described as an internal control measure in a way that ensures the reliability and integrity of the information, compliance with norms, policies and legislation, and the safeguarding of assets and their proper use;

(vii) In the case of the purchase of a new computer application, internal and external validation, testing and user validation procedures defined by the Entity's Operations Department are carried out, in accordance with the policy defined for this purpose; and

(viii) Data Quality Policy: Its objective is to define the action process to ensure the quality of the data used in the calculation processes of technical provisions and in the process of the internal business model of credit.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Within the framework of compliance with the requirements established in article 67 of Law 20/2015 on the regulation, supervision and solvency of insurance and reinsurance entities, the Board of Directors of the Entity approved at its General Meeting of 29 October 2015 the management policy of the fundamental functions and critical activities to be performed by the insurance and reinsurance entities that make up the Grupo Catalana Occidente, considering them as those essential for the operation of the insurance entities without which it would be incapable to provide its services including:

(a) the design and pricing of insurance products

(b) portfolio management or asset investment
(c) the handling of claims (provided they are not carried out by intermediaries or agents)
(d) the provision of services that provide regular or constant support in terms of regulatory compliance, internal audit, accounting, risk management or actuarial functions
(e) the provision of data storage
(f) the provision of maintenance or support services for computer systems on an ordinary and daily basis
(g) the self-assessment process for risks and solvency.

The selection of the providers of the fundamental functions and critical activities requires a detailed examination to verify that they can perform their duties and activities satisfactorily verifying that the provider is suitable for (i) providing the service; (ii) developing the functions or activities required satisfactorily, as well as; (iii) possessing the technical and financial capacity and any authorization required by the regulations to provide the service, and that have taken the necessary measures to ensure that no conflict of explicit or potential interest endangers the Entity's needs.

Likewise, the aforementioned policy, which is reviewed annually by the Board of Directors (the last revision was on 28 May 2020), establishes the minimum content of the contracts with said suppliers, the periodic review of their actions and the notification of these, when appropriate, to the DGSFP.

There are no aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

For the rest of the non-fundamental activities, there is a handbook of procedures for the selection of suppliers, which is part of the regulations for the development of the Code of Ethics, available to all the individuals subject to it. It describes the procedures for contracting external suppliers in the different cases, depending on the needs to be covered, and establishes the appropriate checks to be carried out to determine the suitability or not of their contracting: aptitude, capacity, price, business continuity, and solvency, among other criteria.

F.4. Information and communication.

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company’s operating units.

The Corporate Accounting Unit, under Financial Management, is responsible for defining and coordinating the accounting policies of the Entity and the entities that belong to its Group. In particular, said unit, among other duties, shall analyse the regulatory changes that may affect the accounting policies of the Entity and the entities that belong to its Group, supervise the application of said policies and, where appropriate, coordinate the implementation of internal changes that affect the flow of financial information in relation to accounting policies.

On a monthly basis, Accounting Coordination Subcommittees are held with Atradius NV, a Dutch entity that is part of the Grupo Catalana Occidente. These committees include the Financial Director of the Group, the Accounting Director, the Corporate Accounting Director, the Financial Director of Atradius NV, the Director of Management Control and Planning and those responsible within the Group for the Departments of Consolidation and Control of the Credit Insurance Business. The topics discussed are, among others, the incidents and doubts about interpretations and accounting criteria as well as the follow-up of those other relevant aspects that could affect the accounting of said entities. Internal minutes are drawn up from these meetings.

The Entity, as the parent company of the consolidated group, has written accounting policies that are updated with the accounting standards that come into force and with the internal changes that are implemented to improve processes. During the current financial year, an accounting policy has been developed for goodwill impairment valuations.

The adoption of the accounting standard IFRS 17, which is expected to come into force on 1 January 2023, will require many of these accounting policies to be readjusted. During the 2020 financial year, working sessions continued to be organised to analyse the impact of the application of this standard on the Group in order to establish, on a preliminary basis, the set of policies and principles for the implementation of the standard, as well as the adaptation of the IT infrastructure to meet the new regulatory requirements. The main objective is to carry out the necessary preparatory work for the implementation of IFRS 17, so as to ensure compliance on the date of first application, and to assess the potential quantitative and qualitative impacts sufficiently in advance in order to adapt its management.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

Grupo Catalana Occidente prepares its consolidated financial information and reporting on the HFM platform.

Similarly, the entities that make up the Grupo Catalana Occidente use various applications for their accounting management and carry out the process of loading information on the HFM platform on a monthly basis using the Financial Data Quality Management (FDM) application and Excel Smart View templates, according to the designed requirements for content and format.

Once the aforementioned information loading and consolidation processes have been completed, both the Entity and its dependent entities have minimal management information according to homogeneous reporting and criteria.

In the consolidation process, a series of preventive and detective controls have been established to guarantee the reliability of the accounting data that are also contrasted with the Management Information that is published.

F.5. System Function Monitoring.

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1 The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the Internal Control System, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The supervisory activities of the Audit Committee are explained in section F.1.1. (ii) above.

Likewise, as indicated in the aforementioned section F.1.1, there is an Internal Audit Department, which depends hierarchically on the Audit Committee, supporting said committee in its oversight work of the ICFR.

In particular, the Internal Audit Policy specifies that the Corporate Internal Audit Director will inform the members of the Audit Committee of the audits that are planned to be carried out in each fiscal year and will report directly to the audits performed.

Likewise, the Internal Audit Department assists Senior Management and the Board of Directors in an efficient and effective manner in the assessment and supervision of the internal control existing in the Entity, including the ICFR.

Regarding the resources available to the Director of Internal Audit Department, their team consists of twenty-two people, including its director. The members of the internal audit team perform this function exclusively, allocating all of their working time.

The Internal Audit Department conducts the audits based on a multi-annual audit plan, which is approved by the Audit Committee.

The Entity has an internal document called "Procedure and Methodology of Internal Audit" which describes the steps that must be taken in carrying out an audit mission, as well as establishing principles to standardise and as much as possible the performance of the audits. This methodology distinguishes the three natural and chronological phases that an audit must have:

(i) their planning,

(ii) field work and its realization and

(iii) the audit report.

As a consequence of the application of the assessment of the level of internal control observed in the audit, contemplated in the document “Procedure and Methodology of Internal Audit” previously referred to, the Internal Audit Department makes the recommendations it deems appropriate in case of detecting the need of carrying out corrective actions. These recommendations are communicated to the auditees and, if they agree, they become mandatory. In those cases in which the auditees disagree, the discrepancies are raised to the Corporate Internal Audit Committee, which decides whether the recommendations should be implemented or not.

The Internal Audit Department keeps a record of all the recommendations that must be implemented, as well as the deadlines within which the auditees must do so. Once the deadline is finalised, information is requested on the degree of implementation of the recommendations if the auditees have not previously informed that they have already complied with said recommendations. Once this end has been verified, the Director of Corporate Internal Audit informs the Audit Committee and the Corporate Internal Audit Committee, in addition to the follow-up of the recommendations, their implementation in time and outside of it, and those pending to do so in time and outside it.

During the financial year 2020, the Internal Control Unit of the Financial Information assigned to the Department of Management Control and Planning of Grupo Catalana Occidente, S.A., under the Financial Department, coordinated the projects related to the ICFR for the Entity, in particular, the description of the processes identified in relation to the financial information, a document being prepared by those responsible in which, in a way that is guaranteed to ensure a certain homogeneity, all the relevant information of the process is included, with examples of evidence of the controls made. This document is approved by the representatives of the units involved, and is attached to an approval record which all interested parties may access. The document is signed again every time there are significant changes and, at least, once a year.

The Internal Audit Department audits all ICFR processes in five-year cycles with the aim of identifying the risks inherent to the ICFR and validating the controls described, assessing the degree of integrity and consistency of financial information, evaluating whether the established controls are enough to guarantee the reliability of the financial information that is intended to be obtained and diagnosing the internal control environment existing in the areas at issue. In cases where control weaknesses are observed, recommendations are made with action plans agreed with the auditees, as well as the deadline for their implementation, with the aim of strengthening the weaknesses detected. The agreed recommendations and action plans are recorded in a database with the person responsible for their implementation and the agreed time frame to do so. Once the deadline has been met, the implementation of these recommendations is checked with those responsible.

In 2020 as in 2019, all ICFR audits were carried out with the resources of Internal Audit Department.

In particular, during the financial year 2020, Corporate Internal Audit has audited 11 processes of the ICFR. (3 processed for Seguros Catalana Occidente, S.A. de Seguros y Reaseguros; 1 for Bilbao, Compañía Anónima de Seguros y Reaseguros; 2 for Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros; 3 for Nortehispana Seguros y Reaseguros, S.A.; and 1 for Grupo Catalana Occidente Gestión de Activos, S.A. SGIIC.)

At the same time, and during this year, progress has been made in incorporating all the financial information controls agreed in the internal control tool that allows those responsible for preparing the financial information to express their agreement to the correct execution of the controls, and even attach evidence in the most relevant ones with the periodicity established for each control, having included, in relation to the Traditional Business Insurance Entities, all the controls of the financial information of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros and Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, and nearly the entirety of Bilbao, Compañía Anónima de Seguros y Reaseguros and Nortehispana de Seguros y Reaseguros, S.A.

With regard to the Credit Insurance business, during year 2020, the Internal Audit Deparment has verified in Atradius Crédito y Caución S.A. de Seguros y Reaseguros a total of 242 controls related to audits planned for fiscal year 2020.

F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the entity's senior management and its audit committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Internal Audit Policy establishes that the Internal Audit Department can make recommendations in each of the audits it performs if it considers it necessary.

In addition, as indicated in section F.5.1 above, the Internal Audit Department informs the Audit Committee about both the recommendations made and those with which the auditees do not agree so that it can decide on the convenience of its implementation. It also informs the aforementioned Audit Committee about the follow-up and implementation of the recommendations and/or weaknesses detected.

In this regard, the provisional audit reports or any information related thereto is sent to the director or head of the audited unit who shall express their agreement or disagreement with the conclusions and / or recommendations before the report is sent to the Group Management Committee and the Audit Committee.

Additionally, every six months, the Internal Audit Department issues an activity report that is submitted to the Corporate Audit Committee and the Audit Committee, which includes a detail of (i) the audits performed during the first semester and the calendar year respectively, indicating whether incidents / recommendations have been detected; (ii) a risk map of the audited activities; as well as (iii) a list of irregularities and significant fraud detected and the follow-up on the implementation of the recommendations made. Likewise, in each audit an action plan is proposed and the recommendations / weaknesses detected are monitored.

On the other hand, those audits that are performed by external auditors have the collaboration of the Internal Audit Department, with which they coordinate and review their recommendations before communicating to the Chairperson and the Secretary of the Audit Committee the conclusions of their audits together with the weaknesses detected.

In the Internal Audit Policy, a specific section called "Cooperation with external auditors and supervisors" is included, indicating that the external auditor or auditors, who issue the report on the annual accounts of the Entity and its subsidiaries, and the Director of Internal Corporate Audit must be in tune with the audit activities carried out by both parties. In this sense, they will meet when they deem appropriate to discuss matters of common interest and, where appropriate, the results of their work. In said communications, both parties will ensure that the work techniques, methods and terminology of the work to be performed are properly understood by them.

F.6. Other relevant information.

There is no other relevant information to point out.

F.7. External auditor's report.

State whether:

F.7.1 The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The information on ICFR contained in this Annual Corporate Governance Report shall be submitted for review by the company's external auditor, PricewaterhouseCoopers Auditores, S.L. In so far, the Entity will include the corresponding report issued by the external auditor along with the information that is sent regarding the market.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company’s behaviour. General explanations are not acceptable.

1. That the Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

   Complies [X] Explanation [ ]

2. That when listed company is controlled, pursuant to article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business dealings with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them, it should disclose accurately and publicly:

   a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Complies [ ] Partially complies [X] Explanation [ ] Not applicable [ ]

The Company reports in section D.2 of the annual corporate governance report on the business relationships that exist between the parent company of the group or its subsidiaries (other than subsidiaries of the listed company), on the one hand, and the listed company or any of the subsidiaries of the latter, on the other. However, there are no mechanisms in place to resolve any conflicts of interest that may arise.

3. That, during the course of the ordinary General Shareholders’ Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairperson of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

   a) Changes that have occurred since the last General Shareholders’ Meeting.

   b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

   Complies [ ] Partially complies [X] Explanation [ ]

Regarding section a), explanations of the most relevant aspects of the corporate governance of the Company and the changes that have occurred since the previous General Meeting are given at the General Shareholders' Meeting. These explanations are made, instead of by the Chairperson, by the Secretary, who is the person who leads the Board, thus achieving the objectives of the Recommendation in equal measure. Regarding section b), and regarding verbal information on the specific reasons why the Company does not follow any of the recommendations of the Corporate Governance Code, the Company understands that said reasons are already sufficiently explained in this Report.

4. That the company should draw up and implement a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors, that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

   And that, notwithstanding legal obligations regarding the dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [X] Partially complies [ ] Explanation [ ]

5. That the Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

   When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

   Complies [X] Partially complies [ ] Explanation [ ]

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

   a) Report regarding the auditor's independence.

   b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

   c) Report by the audit committee regarding related-party transactions.

   Complies [ ] Partially complies [ ] Explanation [X]

The Audit Committee and the Appointments and Remuneration Committee, as appropriate, analyse the issues covered by sections a) to c) above and inform the Board of Directors about them, with respect to sections a) to c) by means of the corresponding reports. However, the Company only publishes on the corporate website the reports that must be available to shareholders in accordance with current regulations. With respect to non-mandatory reports, the Company does not publish them because it understands that the subject matters have been sufficiently reflected in the documentation that is made available to shareholders in accordance with current regulations.

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders’ Meetings.

   And that the company has mechanisms that allow proxy voting and voting by telematic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation at the General Shareholders' Meeting.

   Complies [X]   Partially complies [ ]   Explanation [ ]

8. That the audit committee ensures that the annual accounts submitted by the board of directors to the general meeting of shareholders are drawn up in accordance with accounting regulations. In those cases in which the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, making a summary of said opinion available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the proposals and reports of the board.

   Complies [X]   Partially complies [ ]   Explanation [ ]

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders’ Meetings, and the exercise of the right to vote or to issue a proxy.

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

   Complies [X]   Partially complies [ ]   Explanation [ ]

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders’ Meeting, the company:

    a) Immediately distributes the additions and new proposals.

    b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

    c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

    d) That after the General Shareholders’ Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

    Complies [ ]   Partially complies [ ]   Explanation [ ]   Not applicable [X]

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies [X] Partially complies [ ] Explanation [ ]

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies [ ] Explanation [X]

Although the current Board consists of 16 members, one above the advisable recommendation, the Company understands, due to its nature and its specific circumstances, that this is the appropriate size to achieve an effective and participatory operation of the Board of Directors. In this sense, the questions to the directors about this aspect in the successive self-evaluation reports of the Board of Directors in the last financial years would support this vision, as so would those made by the external expert to whom the evaluation of the Board of Directors entrusted in fiscal year 2018.

14. That the Board of Directors approves a policy aimed at encouraging an appropriate composition of the board of directors that:

a) is concrete and verifiable.
b) ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
c) favours diversity in knowledge, experience, age, and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to be conducive to gender diversity.

That the resulting prior analysis of the skills required by the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

The appointments committee will annually verify compliance with this policy and explain its findings in the Annual Corporate Governance Report.

Complies [ ]   Partially complies [ ]   Explanation [X]

The Board of Directors has not approved, on the date of this Report, a policy for the selection of directors with the content indicated in the recommendation. However, the Company has an aptitude and honourability policy applicable to the members of the Board of Directors that establishes the general guidelines so that, in accordance with insurance legislation, the directors, as a whole, possess sufficient knowledge in all the areas necessary to develop the activity of the Company. Moreover, the Company also has an Appointments and Remuneration Committee that analyses the candidate before proposing his or her appointment to the Board or to the Shareholders' Meeting in accordance with the Board Regulations and with the evaluation that, as members of the Board of an entity that controls insurance companies, shall appear before the General Directorate of Insurance and Pension Funds. Therefore, the objective pursued by this Recommendation is achieved in equal measure.

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors accounts for at least 40% of the members of the board of directors by the end of 2022 and thereafter, and no less than 30% before that date.

Complies [ ]   Partially complies [X]   Explanation [ ]

The company complies with the first part of the recommendation in that proprietary and independent directors should constitute an ample majority of the board of directors and that the number of executive directors should be the minimum necessary, but does not comply with the second part of the recommendation regarding the number of female directors.

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalization in which interests that are legally considered significant are minimal.
b) In companies where a diversity of shareholders is represented on the Board of Directors without ties amongthem.

Complies [X]   Explanation [ ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [ ]   Explanation [X]

The independent directors represent 12.5% of the total of directors over the 33% recommended. The Company considers that, ultimately, the purpose of this Recommendation is not violated, which, in accordance with the Code of Good Governance, is that no significant shareholder exerts a greater influence on the Board of Directors regarding its participation in the share capital, representing the proprietary directors a percentage similar to that held in the share capital. Likewise, the Company considers that the Directors, by virtue of their legal duties of diligent administration, loyalty and defence of the corporate purpose, are obliged to defend the Company's and shareholders' interest over any other circumstance.

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies [ ]   Partially complies [X]   Explanation [ ]

The Company makes public through its website and keeps updated all the information referred to in this recommendation with the exception of informing about the other remunerated activities carried out by the directors, whatever their nature, because they understand that, to the extent that these activities (i) do not conflict with the corporate purpose of the Company and its group of companies (which they are specifically questioned about); and (ii) allow them to fulfil their duties and dedication to their roles as directors within the framework established in the Board Regulations and the LSC, it is not necessary to publish such information.

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation [ ]

22. That companies establish rules obliging directors to inform and, if necessary, resign when situations arise affecting them, whether or not related to their actions in the company itself, which could damage the credit and reputation of the company and, in particular, obliging them to inform the board of any criminal proceedings in which they are under investigation, as well as the progress of such proceedings.

And that, having been informed or having otherwise become aware of any of the situations mentioned in the preceding paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal. And that a report is included in the Annual Corporate Governance Report, unless there are special circumstances justifying this, which should be recorded in the minutes. All of this notwithstanding the information that the company must disclose, if appropriate, when the corresponding measures are adopted.

Complies [X]   Partially complies [ ]   Explanation [ ]

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies [X]   Partially complies [ ]   Explanation [ ]   Not applicable [ ]

24. That whenever, either by resignation or by resolution of the general meeting, a director retires from office before the end of his or her term of office, he or she should sufficiently explain the reasons for his resignation or, in the case of non-executive directors, his or her opinion on the reasons for the removal by the meeting, in a letter to be sent to all members of the Board of Directors.

And that, notwithstanding the fact that all the above is disclosed in the Annual Corporate Governance Report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies [X]   Partially complies [ ]   Explanation [ ]   Not applicable [ ]

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies [X] Partially complies [ ] Explanation [ ]

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies [X] Partially complies [ ] Explanation [ ]

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies [X] Partially complies [ ] Explanation [ ]

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Partially complies [ ] Explanation [ ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances so require.

Complies [X] Explanation [ ] Not applicable [ ]

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

    When, under exceptional circumstances, the chairperson wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

    Complies [X] Partially complies [ ] Explanation [ ]

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

    Complies [X] Partially complies [ ] Explanation [ ]

33. That the chairperson, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his or her duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

    Complies [X] Partially complies [ ] Explanation [ ]

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairperson of the Board of Directors in the absence of the chairperson and deputy chairpersons, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairperson.

    Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

    Complies [X] Explanation [ ]

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.
b) The workings and composition of its committees.
c) Diversity of membership and competence of the Board of Directors.
d) Performance of the chairperson of the Board of Directors and the chief executive officer of the company.
e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies [X]   Partially complies [ ]   Explanation [ ]

37. That if there is an executive committee, at least two non-executive directors should sit on it, being at least one of them independent; and its secretary should be the secretary of the Board.

Complies [ ]   Partially complies [ ]   Explanation [ ]   Not applicable [X]

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [ ]   Partially complies [ ]   Explanation [ ]   Not applicable [X]

39. That the members of the audit committee as a whole, in particular its chairperson, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies [X]   Partially complies [ ]   Explanation [ ]

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairperson of the Board or of the audit committee.

Complies [X] Partially complies [ ] Explanation [ ]

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee for approval by the latter or by the board, report to it directly on its implementation, including any potential incidents and limitations on scope that may arise during its execution, the results and follow-up of its recommendations, and submit an activity report at the end of each year.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

42. That, in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and assessing the preparation and integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, where appropriate, to the group — including operational, technological, legal, social, environmental, political, reputational and corruption-related risks— reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence and effectiveness of the group charged with the internal audit function; proposing the selection, appointment, and dismissal of the head of internal audit; drafting a budget for this department; approving or proposing approval to the Board of the internal audit orientation and annual work plan, making sure that its activity is focused primarily on the relevant risks (including reputational risks; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism whereby employees and other persons connected with the company, such as directors, shareholders, suppliers, contractors or subcontractors, may report potentially significant irregularities, including financial, accounting or any other irregularities they notice within the company or its group, of a potentially significant nature, including financial, accounting or any other irregularities they notice within the company or its group. This mechanism should guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistle-blower and the reported party.

d) Generally ensuring that the policies and systems established for internal control are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances which caused said resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Supervising that the company notifies, as a significant event, any change of auditor through the CNMV, accompanied by a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [X]   Partially complies [ ]   Explanation [ ]

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Partially complies [ ] Explanation [ ]

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

45. That the risk management and control policy identify and determine, as a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational, including those related to corruption) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee shall form part when the sectoral regulations so provide or when the company deems it appropriate.

c) The level of risk the company considers acceptable.

d) Means identified in order to minimise identified risks in the event they transpire.

e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies [X] Partially complies [ ] Explanation [ ]

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participating in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Partially complies [ ] Explanation [ ]

47. That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate - are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Partially complies [ ] Explanation [ ]

48. That high market capitalization companies have formed separate appointments and remuneration committees.

Complies [ ] Explanation [ ] Not applicable [X]

49. That the appointments committee consult with the chairperson of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Partially complies [ ] Explanation [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Proposing basic conditions of employment for senior management.

b) Verifying compliance with company remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guaranteeing that individual remuneration be proportional to that received by other directors and senior managers.

d) Overseeing that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verifying information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [X] Partially complies [ ] Explanation [ ]

51. That the remuneration committee consults with the chairperson and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Partially complies [ ] Explanation [ ]

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairpersons be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies [X]   Partially complies [ ]   Explanation [ ]   Not applicable [ ]

53. That supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the nomination committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the board of directors, in exercise of its powers of self-organisation, has decided to create. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed the minimum functions indicated in the following recommendation.

Complies [X]   Partially complies [ ]   Explanation [ ]

54. The minimum functions referred to in the foregoing recommendation are as follows:

a) Supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) Evaluation and periodical review of the corporate governance system and the company's environmental and social policy to ensure that they fulfil their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) Oversight of the company's environmental and social practices to ensure they are in line with the strategy and policies set.

e) Supervision and evaluation of the processes of relations with the different stakeholders.

Complies [X]   Partially complies [ ]   Explanation [ ]

55. That sustainability policies on environmental and social issues should identify and include at least the following:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for the supervision of non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect integrity and honour.

Complies [X]   Partially complies [ ]   Explanation [ ]

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies [X]   Partially complies [ ]   Explanation [ ]

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies [X] Partially complies [ ] Explanation [ ]

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

59. That the payment of variable components of remuneration should be subject to sufficient verification that the performance or other previously established conditions have been effectively fulfilled. Institutions should include in the annual directors' remuneration report the criteria for the time required and methods for such verification, depending on the nature and characteristics of each variable component.

That, in addition, entities should consider the establishment of a "malus" clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that some event occurs prior to the time of payment that makes it advisable to do so.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies [ ] Partially complies [ ] Explanation [X] Not applicable [ ]

With regard to executive directors, and as explained in the previous sections, there is an adequate balance between fixed and variable remuneration components, although the Company has not considered it necessary to introduce variables in the remuneration system in order to adjust it to long-term objectives, values and interests of the Company or grant plans to deliver shares or financial instruments referenced to their value, because (i) the proven permanence and stability of the current executive directors in the Company and the Board of Directors, on the one hand; and (ii) the establishment of parameters for the accrual of variable remuneration that do not encourage short-term objectives have been considered sufficient elements.

In this regard, it should be noted that the parameters used to establish such variable remuneration are fundamentally linked to the ordinary results of the Company, its subsidiaries and its consolidated Group, thus excluding those parameters that encourage other types of strategies that differ from sustained growth, such as the extraordinary results of the Company and its consolidated Group or other exogenous factors, such as the price of the Company on the Stock Exchange.

62. That once shares, options or financial instruments corresponding to the remuneration systems have been attributed, the executive directors may not transfer ownership or exercise them until a period of at least three years has elapsed.

An exception is made in the case where the director maintains, at the time of transfer or exercise, a net economic exposure to the variation of the share price for a market value equivalent to an amount of at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares which the director may need to dispose of in order to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, in order to deal with extraordinary situations that so require.

Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

64. That payments for termination or extinction of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, contractual extinction or termination payments should include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [ ]   Partially complies [X]   Explanation [ ]   Not applicable [ ]

This recommendation is complied with for 14 of the 16 directors of the Company. In the case of the Chief Executive Officer and the Managing Director, termination or expiration payments could exceed the amount equivalent to two years of the total annual remuneration, since, as described in the Annual Remuneration Report, for several years they have allocated 50% of their variable remuneration (which they would have been entitled to vest) to contributions to the social security system in a non-vested manner, such that the cumulative amount of such years may end up contributing to exceeding the aforementioned threshold.

H. OTHER USEFUL INFORMATION

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010:

Note regarding Section B.5

Pursuant to the provisions of articles 40.6.bis and 41. 3 of Spanish Royal Decree-Law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19, and within the framework of the recommendations of the European Insurance and Occupational Pensions Authority and the Directorate General of Insurance and Pension Funds, in their respective notes of 2 and 8 April 2020, in relation to the distribution of dividends by insurers in view of the situation generated by the coronavirus / COVID-19, the Board of Directors of the Company decided to withdraw the second item on the agenda ("Distribution of results for the financial year 2019") of the General Shareholders' Meeting of the Company on 30 April 2020.

The new proposal for the distribution of results was formulated by the Board of Directors in accordance with the provisions of the aforementioned articles of Spanish Royal Decree-Law 8/2020 and other commercial regulations and approved at the General Shareholders' Meeting of 29 October 2020.

Note regarding Section C.12

COTYP, S.L. and VILLASA, S.L. were removed as members of the Board of Directors of the Company after the expiration of their term of office prior to the General Shareholders' Meeting of 30 April 2020, their respective former natural person representatives, Mr. Alberto Thiebaut Estrada and Mr. Fernando Villavecchia Obregón, being appointed on the same date.

It is also stated for the record that on 26 November 2020 the Board of Directors of the Company, following a favourable report from the Appointments and Remuneration Committee, acknowledged the formal communication made by the director GESTIÓN DE ACTIVOS Y VALORES, S.L., notifying its intention to replace its natural person representative, Mr Javier Juncadella Salisachs, with Mr Alvaro Juncadella de Pallejá, and also accepting the resignation of the aforementioned director from his posts as Vice-Chairman and member of the Company's Appointments and Remuneration Committee.

Note regarding Section H.3

The Board of Directors agreed at its meeting on 28 October 2016 that the Company, as the dominant entity of a group of companies within the meaning of Article 42 of the Commerce Code, adheres to the Code of Good Tax Practices and the annex to it, approved, respectively, on 23 July 2010 and 3 November 2015.

Likewise, the Society and its Group are adhered to the United Nations Global Compact, a voluntary initiative by which it undertakes to align its strategies and operations with ten universally accepted principles, grouped into four areas: human rights, labour standards, environment and corruption. It also works constantly in the development of the Sustainable Development Goals defined by the UN in September 2015. All of this is explained in greater detail in the Grupo Catalana Occidente Sustainability Report, available on the corporate website.

This annual corporate governance report has been approved by the company's Board of Directors, at its meeting on:

[25/02/2021]

State whether any Directors voted against or abstained from voting on the approval of this Report.

[ ] Yes
[√] No

Glossary

Item	Definition	Formulation
Technical result	Result of the insurance activity	**Technical result =** (premiums accrued from direct insurance + premiums accrued from reinsurance accepted + information services and commissions) – Technical cost – Participation in benefits and return premiums - Net operating expenses - Other technical expenses
Reinsurance result	Result due to transferring business to the reinsurer or accepting business from other entities.	**Reinsurance result = R**esult of Inward Re + Result of ceded reinsurance
Financial result	Result of the financial investments.	**Financial result =** income from financial assets (coupons, dividends, actions) - financial expenses (commissions and other expenses) + result of subsidiary companies - interest accrued on the debt - interest paid to the insured parties of the life insurance business
Technical/financial result	Result of the insurance activity, including the financial result. This result is particularly relevant for Life insurance.	**Technical/financial result =** Technical result + Financial result
Result of non-technical non-financial account	Income and expenses that cannot be assigned to the technical or financial results.	**Result of non-technical non-financial account =** Income - expenses that cannot be assigned to the technical or financial results.
Result of credit insurance complementary activities	Result of activities that cannot be assigned to the purely insurance business. Mainly distinguishes the activities of: · Information services · Recoveries · Management of the export account of the Dutch state.	**Result of credit insurance complementary activities =** income - expenses
Recurring result	Result of the entity's regular activity	**Recurring result =** technical/financial result + non-technical account result - taxes, all resulting from normal activity
Non-recurring result	Extraordinary or atypical movements that may undermine the analysis of the income statement. These are classified depending on their nature (technical, expenses and financial) and by business type (traditional and credit insurance)	**Non-recurring result =** technical/financial result + non-technical account result - taxes, all resulting from extraordinary or atypical activity

Item	Definition	Formulation
Turnover	Turnover is the Group's business volume. It includes premiums that the Group generates in each of the business lines and the income from services pertaining to the credit insurance.	**Turnover** = Premiums invoiced + Income from information **Premiums invoiced** = premiums issued from direct insurance + premiums from accept-ed reinsurance
Managed funds	Amount of the financial and property assets managed by the Group	**Managed funds** = Financial and property assets entity risk + Financial and property assets policyholder risk + Managed pension funds **Managed funds** = fixed income + variable income + properties + deposits in credit entities + treasury + investee companies
Financial strength	This shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.	**Debt Ratio** = Debt / Equity + Debt **Interest coverage ratio** = result before taxes / Interest
Technical cost	Direct costs of accident coverage. See claims.	**Technical cost** = **c**laims in the year, net of reinsurance + variation of other technical provisions, net of reinsurance
Dividend yield	The profitability per dividend or dividend yield shows the relationship existing between the dividends distributed in the previous year with the value of the average share. Indicator used to value the shares of an entity.	**Dividend yield** = dividend paid in the year per share / value of the price of the average share.
Modified duration	Sensitivity of the value of the assets to movements in interest rates	**Modified duration**= Represents an approximation of the value of the percentage variation in the value of the financial assets for each percentage point (100 basic points) of variation in the interest rates.
Expenses	The general expenses include the costs incurred for management of the business, excluding those that can be assigned to claims.	**Expenses** = personnel expenses + commercial expenses + various expenses and services (allowance, training, management rewards, material and other office expenses, leases, external services, etc.)
Permanence index	This measures the customer's expectations of continuing with the entity Scale from less than 1 year to over 5 years	**Permanence index**= how long do you think that you will remain a customer?
Company satisfaction index	This measures the general satisfaction of the customer with the entity Scale from 1 to 10	**Overall satisfaction index** = (Satisfied – dissatisfied) / respondents Satisfied responses with result from 7 to 10 Dissatisfied responses with result from 1 to 4

Item	Definition	Formulation
Service satisfaction index	This measures the evaluation of the service received Scale from 1 to 10	**Service satisfaction index** = (Satisfied – dissatisfied) / respondents Satisfied responses with result from 7 to 10 Dissatisfied responses with result from 1 to 4
Income from insurance	Measures the income directly derived from the activities of insurance and information services	**Income from insurance** = premiums accrued from direct insurance + premiums accrued fro accepted reinsurance + information services and commissions
Investments in associated / subsidiary entities	Non-dependant entities where the Group has significant influence	**Investments in associated / subsidiary entities** = accounting value of the economic investm
Net Promoter Score NPS	This measures the degree of customer loyalty with the entity	**Net Promoter score** = Would you recommend the company to family and friends? = (promoters-critics)/ respondents Promoters: responses with result equal to 9 or 10 Critics: responses with result from 1 to 6
Pay out	Ratio that indicates the part of the result distributed among investors through dividends	**Pay out** = (Total dividend/ Result of the year attributable to the parent company) x 100
Price Earnings Ratio PER	The price-earnings ratio or PER measures the relationship between the price or value of the entity and the results. Its value expresses what the market pays for each monetary unit of results. It is representative of the entity's capacity to generate results.	**PER** = Price of the share at market close / Result of the year attributable to the parent company per share
Ex. single premiums	Total premiums without considering non-periodic premiums in the Life business	**Ex. single premiums** = Invoiced premiums - single premiums in the life business
Technical provisions	Amount of the obligations assumed that are derived from insurance and reinsurance contracts.	
Combined ratio	Indicator that measures the technical profitability of the Non Life insurances.	**Combined ratio** = Ratio of claims + ratio of expenses
Net combined ratio	Indicator that measures the technical profitability of the non life insurances net of the reinsurance effect	**Net combined ratio** = Net ratio of claims + net ratio of expenses
Expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses.	**Expenses ratio** = Expenses from operation / Income from insurance
Net expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses, net of the reinsurance effect	**Net expenses ratio**= (Net expenses from reinsurance operation) / (premiums attributed to direct business and accepted reinsurance + information services and commissions)

Item	Definition	Formulation
Claims ratio	Business indicator, consisting of the proportion between claims and earned premiums.	**Claims ratio** = Claims / Income from insurance
Net claims ratio	Business indicator, consisting of the proportion between claims and earned premiums, net of the reinsurance effect.	**Net claims ratio**= Claims in the year, net of reinsurance / (premiums attributed to direct business and accepted reinsurance + information services and commissions)
Permanent resources	Resources that can be included in own funds.	**Permanent resources** = Total net equity + subordinated liabilities
Permanent resources at market value	Resources that can be included in own funds at market value	**Permanent resources at market value** = Total net equity + subordinated liabilities + capital gains associated to properties for own use + capital gains associated to property investments
Resources transferred to the company	Amount that the Group returns to the main stakeholders.	**Resources transferred to the company** = claims paid + taxes + commissions + personnel expenses + dividends
Return On Equity ROE	Financial profitability or rate of return Measures the performance of the capital	**ROE** = (Result of the year. Attributable to the parent company) / (Simple average of the Equity attributed to shareholders of the parent company at the start and end of the period (twelve months) x 100
Claims	See technical cost. Economic evaluation of claims.	**Claims = Payments made from direct insurance + Variation of the provision for services of direct insurance + expenses attributable to services**
Total Potential Exposure TPE	This is the potential exposure to risk, also "cumulative risk". Credit insurance business term	**TPE** = the sum of the credit risks underwritten by the Group for each buyer

Contact

www.grupocatalanaoccidente.com

For further information please contact:
analistas@catalanaoccidente.com
+34 935 820 518

Analysts and investors
+34 935 820 518
analistas@catalanaoccidente.com

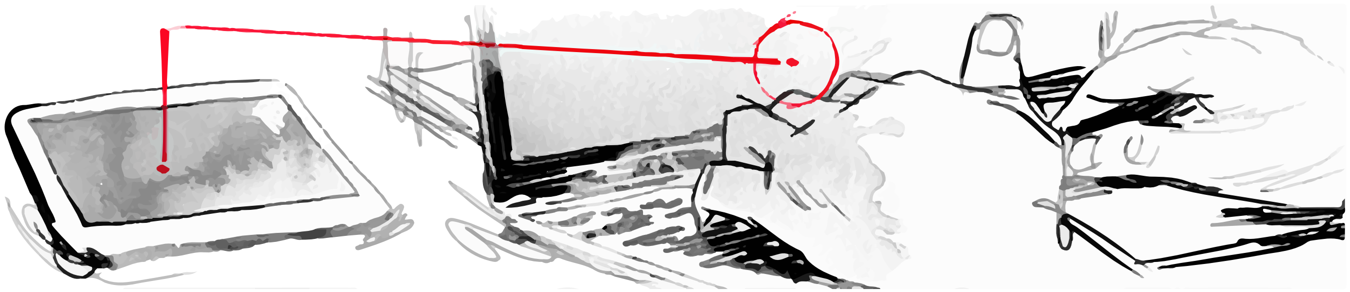
Shareholder services
+34 935 820 667
accionistas@catalanaoccidente.com

@gco_news

2020 Calendar

January	February	March	April	May	June	July	August	September	October	November	December
	25 Results **12M2020**		**29** Results **3M2021**			**29** Results **6M2020**			**28** Results **9M2021**		
	25 Presentation of results **12M2020** **16.30**		**30** Presentation of results **3M2021** **11.30**			**29** Presentation of results **6M2021** **16.30**			**28** Presentation of results **9M2021** **16.30**		
			29 General Shareholders' **Meeting** **2020**								
	Interim dividend **2020**			Complementary dividend **2020**		Interim dividend **2021**			Interim dividend **2021**		

09 Consolidated Annual Accounts



GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEETS AT 31 December 2020
AND 31 December 2019 (Notes 1 to 3)

(Figures in € Thousand)

ASSET		Note	31.12.2020		31.12.2019 (*)	
1.	Cash and other cash equivalents	6		**1.477.975**		**1.354.740**
2.	Financial assets held for trading	7.a.		**-**		**-**
3.	Other financial assets at fair value through profit or loss	7.a.		**585.341**		**579.019**
	a) Equity instruments		49		26.259	
	b) Debt securities		-		1.026	
	c) Investments held for the benefit of policyholders who bear the investment risk		585.292		551.734	
4.	Available-for-Sale financial assets	7.a.		**9.862.441**		**9.586.342**
	a) Equity instruments		1.834.453		1.769.154	
	b) Debt securities		7.554.910		7.337.199	
	c) Loans		-		-	
	d) Bank deposits		473.078		479.989	
5.	Loans and items receivable			**1.249.224**		**1.197.027**
	a) Loans and other financial assets	7.a.	329.531		327.770	
	b) Receivables	7.b.	886.604		845.875	
	c) Investments held for the benefit of policyholders who bear the investment risk	7.a.	33.089		23.382	
8.	Reinsurer's share of technical provisions	14		**1.108.067**		**874.347**
9.	Property, plant and equipment and investment property			**1.138.895**		**1.095.491**
	a) Property, plant and equipment	9.a.	446.019		434.101	
	b) Investment property	9.b.	692.876		661.390	
10.	Intangible assets			**994.051**		**995.015**
	a) Goodwill	10.a.	801.972		804.975	
	b) Policy portfolio acquisition costs	10	319		349	
	c) Other intangible assets	10	191.760		189.691	
11.	Investments in entities accounted for using the equity method	8		**85.183**		**85.794**
12.	Tax assets			**356.292**		**331.429**
	a) Current tax assets	11.b.	84.347		105.165	
	b) Deferred tax assets	11.c.	271.945		226.264	
13.	Other assets	12		**510.267**		**578.745**
	TOTAL ASSETS			**17.367.736**		**16.677.949**

(*) Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the Consolidated Balance Sheet at 31 December 2020.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEETS AT 31 December 2020
AND 31 December 2019 (Notes 1 to 3)

(Figures in € Thousand)

	NET LIABILITIES AND EQUITY	Note	31.12.2020		31.12.2019 (*)	
	TOTAL LIABILITIES			**13.430.117**		**12.826.766**
3.	Debits and payables			**1.181.783**		**954.707**
	a) Subordinated liabilities	13.a.	200.704		200.545	
	b) Other payables	13.b.	981.079		754.162	
5.	Technical provisions	14		**10.982.462**		**10.652.097**
	a) For unearned premiums		1.323.100		1.354.729	
	b) For unexpired risks		2.659		4.098	
	c) For life insurance					
	- Provision for unearned premiums and unexpired risks		27.451		27.537	
	- Mathematical provision		5.851.522		5.839.867	
	- Provision for life insurance where the investment risk is borne by policyholders		618.746		575.144	
	d) For claims		3.014.609		2.729.261	
	e) For policyholder dividends and return premiums		40.688		31.783	
	f) Other technical provisions		103.687		89.678	
6.	Non-technical provisions	15		**234.599**		**210.513**
7.	Tax liabilities			**535.765**		**554.947**
	a) Current tax liabilities	11.b.	46.949		66.510	
	b) Deferred tax liabilities	11.c.	488.816		488.437	
8.	Other Liabilities			**495.508**		**454.502**
	TOTAL NET EQUITY			**3.937.619**		**3.851.183**
	Equity			**2.855.394**		**2.684.352**
1.	Capital	16.a.		36.000		36.000
2.	Share Premium Account	16.b.		1.533		1.533
3.	Reserves	16.b.		2.617.181		2.320.994
4.	*Less:* Shares and holdings in own equity	16.c.		23.539		22.000
7.	Profit or loss for the year attributable to the parent company			262.331		385.937
	a) Consolidated profit or loss		270.132		424.530	
	b) Profit or loss attributable to minority interests	17	7.801		38.593	
8.	*Less:* Interim Dividend	16.e.		38.112		38.112
	Other comprehensive income and accumulated in equity	16.g.		**723.508**		**792.792**
1.	Items that will not be re-classified to results			-		-
2.	Items that may later qualify for results-			723.508		792.792
	a) Available-for-sale financial assets		995.976		994.333	
	c) Exchange differences		(38.488)		(16.999)	
	d) Correction of accounting mismatches		(230.066)		(183.559)	
	e) Entities accounted for using the equity method		(3.914)		(983)	
	f) Other adjustments		-		-	
	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY			**3.578.902**		**3.477.144**
	MINORITY INTERESTS	17		**358.717**		**374.039**
1.	Other comprehensive income and accumulated in equity			(3.049)		2.592
2.	Other			361.766		371.447
	TOTAL NET EQUITY AND LIABILITIES			**17.367.736**		**16.677.949**

(*) Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the Consolidated Balance Sheet at 31 December 2020.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE FINANCIAL YEARS ENDED 31 December 2020 AND 2019 (notes 1 to 3)

(Figures in € Thousand)

	Note	Year 2020	Year 2019 (*)
1. Earned premiums for the year, net of reinsurance	18	2.650.712	2.868.311
2. Income from property,plant and equipment and investments	18	132.626	110.414
3. Other technical income	18	252.075	252.525
4. Claims incurred in the year, net of reinsurance	18	(1.586.246)	(1.583.792)
5. Change in other technical provisions, net of reinsurance	18	(13.962)	(13.110)
6. Provision for policyholder dividends and return premiums		(4.640)	(3.873)
7. Net operating expenses	18	(942.774)	(976.346)
8. Other technical expenses	18	(24.030)	(15.209)
9. Expenses arising from property, plant and equipment and investments	18	(125.673)	(96.019)
A) NON-LIFE RESULT		**338.088**	**542.901**
10. Earned premiums for the year, net of reinsurance	18	771.779	805.487
11. Income from property,plant and equipment and investments	18	206.728	214.202
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	18	43.745	62.245
13. Other technical income	18	6.087	5.663
14. Claims incurred in the year, net of reinsurance	18	(734.112)	(727.843)
15. Change in other technical provisions, net of reinsurance	18	(47.480)	(162.693)
16. Provision for policyholder dividends and return premiums	18	(26.677)	(19.918)
17. Net operating expenses	18	(72.261)	(73.912)
18. Other technical expenses	18	(2.815)	(5.022)
19. Expenses arising from property, plant and equipment and investments	18	(53.877)	(41.880)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	18	(53.202)	(13.059)
B) LIFE INSURANCE RESULT		**37.915**	**43.270**
C) RESULT ON TECHNICAL ACCOUNT		**376.003**	**586.171**
21. Income from property,plant and equipment and investments		(3.710)	(6.508)
22. Negative goodwill		-	-
23. Expenses arising from property, plant and equipment and investments		(5.811)	(5.283)
24. Other income	18	49.531	31.124
25. Other expenses	18	(51.439)	(49.305)
E) PROFIT BEFORE TAX		**364.574**	**556.199**
26. Income tax	11.d	(94.442)	(131.669)
F) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		**270.132**	**424.530**
27. Profit for the year from discontinued operations, net of taxes		-	-
G) CONSOLIDATED PROFIT FOR THE YEAR		**270.132**	**424.530**
a) Profit attributable to equity holders of the parent		262.331	385.937
b) Profit attributable to minority interests	17	7.801	38.593

(figures in Euros)

EARNINGS PER SHARE			
Basic	16.f	2,22	3,27
Diluted	16.f	2,22	3,27

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the Consolidated Income Statement for 2020.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR FINANCIAL YEARS ENDING 31 December 2020 AND 2019 (Notes 1 to 3)

(Figures in € Thousand)

	Note	Year 2020	Year 2019 (*)
A) CONSOLIDATED PROFIT FOR THE PERIOD		**270.132**	**424.530**
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED IN THE PROFIT		**(6.708)**	**(19.492)**
1. Actuarial Gains/(losses) on long term remuneration to personnel	15	**(12.511)**	**(24.777)**
2. Share in other comprehensive income recognised by investments in joint ventures and associates		**-**	**-**
3. Other income and expenses not reclassified in the profit for the period		**-**	**-**
4. Tax effect	11.d.	**5.803**	**5.285**
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT CAN BE RECLASSIFIED AFTER THE PROFIT		**(74.925)**	**366.873**
1. Available-for-sale financial assets		**(1.360)**	**607.196**
a) Valuation gains/(losses)	7.a.	(20.745)	587.170
b) Amounts transferred to the income statement		19.385	20.026
c) Other reclassifications		-	-
2. Cash flow hedges:		**-**	**-**
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Amounts transferred to the initial carrying amount of hedged items		-	-
c) Other reclassifications		-	-
3. Hedges of net investments in foreign operations:		**-**	**-**
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
4. Exchange differences:		**(25.934)**	**10.969**
a) Valuation gains/(losses)		(25.934)	10.969
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
5. Correction of accounting mismatches:		**(61.128)**	**(152.029)**
a) Valuation gains/(losses)		(61.128)	(152.029)
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
6. Assets held for sale:		**-**	**-**
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
7. Share in other comprehensive income recognised by investments in joint ventures and associates		**(3.408)**	**1.438**
a) Valuation gains/(losses)	8	(3.408)	1.438
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
8. Other income and expenses that can be reclassified after the profit for the period		**-**	**-**
9. Tax effect	11.d.	**16.905**	**(100.701)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A + B + C)		**188.499**	**771.911**
a) Attributable to equity holders of the parent		**187.350**	**722.895**
b) Attributable to minority interests		**1.149**	**49.016**

(*) Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the consolidated Statement of Recognised Income and Expenses for the year 2020.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONSOLIDATED CHANGES IN EQUITY STATEMENT FOR
THE FINANCIAL YEARS ENDED 31 December 2020 AND 2019 (notes 1 to 3)

(Figures in € Thousand)

		Equity attributable to equity holders of the parent company							
		Equity					Other comprehensive income and accumulated in equity	Minority interests	Total net equity
	Note	Capital or mutual fund	Share premium and Reserves	Treasury shares and participation units	Profit for the year attributable to the parent company	(Interim Dividends)			
Closing balance at 31 December 2018 (*)		**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
Adjustment for changes in accounting policies		-	-	-	-	-	-	-	-
Adjustment for errors		-	-	-	-	-	-	-	-
Opening balance adjusted to 01 January 2019 (*)		**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
I. Total recognised income/(expenses)		**-**	**(16.771)**	**-**	**385.937**	**-**	**353.729**	**49.016**	**771.911**
II. Transactions with members or shareholders		**-**	**-**	**259**	**-**	**(100.512)**	**-**	**(14.915)**	**(115.168)**
1. Capital increases/(decreases)		-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity		-	-	-	-	-	-	-	-
3. Dividend distribution		-	-	-	-	(100.512)	-	(14.915)	(115.427)
4. Transactions with treasury shares or holdings (net)	16.c.	-	-	259	-	-	-	-	259
5. Increases (decreases) due to business combinations		-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders		-	-	-	-	-	-	-	-
III. Other changes in equity		**-**	**244.181**	**-**	**(352.160)**	**98.688**	**-**	**(405)**	**(9.696)**
1. Share-based payments		-	-	-	-	-	-	-	-
2. Transfers between equity components		-	253.472	-	(352.160)	98.688	-	-	-
3. Other changes		-	(9.291)	-	-	-	-	(405)	(9.696)
Closing balance at 31 December 2019 (*)		**36.000**	**2.322.527**	**(22.000)**	**385.937**	**(38.112)**	**792.792**	**374.039**	**3.851.183**
Adjustment for changes in accounting policies		-	-	-	-	-	-	-	-
Adjustment for errors		-	-	-	-	-	-	-	-
Opening balance adjusted to 01 January 2020		**36.000**	**2.322.527**	**(22.000)**	**385.937**	**(38.112)**	**792.792**	**374.039**	**3.851.183**
I. Total recognised income/(expenses)		**-**	**(5.697)**	**-**	**262.331**	**-**	**(69.284)**	**1.149**	**188.499**
II. Transactions with members or shareholders		**-**	**-**	**(1.539)**	**-**	**(81.510)**	**-**	**(16.476)**	**(99.525)**
1. Capital increases/(decreases)		-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity		-	-	-	-	-	-	-	-
3. Dividend distribution	16.e.	-	-	-	-	(81.510)	-	(16.476)	(97.986)
4. Transactions with treasury shares or holdings (net)	16.c.	-	-	(1.539)	-	-	-	-	(1.539)
5. Increases (decreases) due to business combinations		-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders		-	-	-	-	-	-	-	-
III. Other changes in equity		**-**	**301.884**	**-**	**(385.937)**	**81.510**	**-**	**5**	**(2.538)**
1. Share-based payments		-	-	-	-	-	-	-	-
2. Transfers between equity components	16.d.	-	304.427	-	(385.937)	81.510	-	-	-
3. Other changes		-	(2.543)	-	-	-	-	5	(2.538)
Closing balance at 31 December 2020		**36.000**	**2.618.714**	**(23.539)**	**262.331**	**(38.112)**	**723.508**	**358.717**	**3.937.619**

(*) Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the Consolidated Statement of Changes in Equity at 31 December 2020.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 December 2020 AND 2019 (DIRECT METHOD) (Notes 1 to 3)

(Figures in € Thousand)

	Note	Year 2020	Year 2019 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)		**498.134**	**513.462**
1. Insurance activities:		**933.674**	**905.091**
(+) Cash received from insurance activities		5.599.857	5.428.597
(-) Cash paid in insurance activities		(4.666.183)	(4.523.506)
2. Other operating activities:		**(340.410)**	**(233.635)**
(+) Cash received from other operating activities		499.619	586.890
(-) Cash paid in other operating activities		(840.029)	(820.525)
3. Income tax refunded/(paid)		**(95.130)**	**(157.994)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)		**(237.774)**	**(177.499)**
1. Cash received from investing activities:		**2.442.159**	**3.079.468**
(+) Property, plant and equipment		2.695	555
(+) Investment property		2.520	12.279
(+) Intangible assets		-	-
(+) Financial instruments		2.054.943	2.596.692
(+) Investments in equity instruments		-	-
(+) Subsidiaries and other business units		-	-
(+) Interest received		177.480	188.929
(+) Dividends received		44.133	53.037
(+) Other cash received in relation to investing activities		160.388	227.976
2. Payments from investment activities:		**(2.679.933)**	**(3.256.967)**
(-) Property, plant and equipment	9.a.	(38.123)	(26.964)
(-) Investment property	9.b.	(48.290)	(110.433)
(-) Intangible assets	10	(48.912)	(52.504)
(-) Financial instruments		(2.455.132)	(2.622.802)
(-) Investments in equity instruments		-	-
(-) Subsidiaries and other business units	8	-	(159.554)
(-) Other cash paid in relation to investing activities		(89.476)	(284.710)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)		**(128.857)**	**(144.415)**
1. Cash received from financing activities:		**638**	**259**
(+) Subordinated liabilities		-	-
(+) Cash received from issue of equity instruments and capital increase		-	-
(+) Assessments received and contributions from members or mutual members		-	-
(+) Disposal of treasury shares	16.c.	638	259
(+) Other cash received in relation to financing activities		-	-
2. Cash paid in investing activities:		**(129.495)**	**(144.674)**
(-) Dividends to shareholders	16.e.	(81.510)	(100.512)
(-) Interest paid		(14.108)	(14.526)
(-) Subordinated liabilities		-	-
(-) Cash paid for return of contributions to shareholders		-	-
(-) Assessments paid and return of contributions to members or mutual members		-	-
(-) Purchase of own securities	16.c.	(2.177)	-
(-) Other cash paid in relation to financing activities		(31.700)	(29.636)
D) EFFECT OF CHANGES IN EXCHANGE RATES		**(8.268)**	**(339)**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**123.235**	**191.209**
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD		**1.354.740**	**1.163.531**
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)		**1.477.975**	**1.354.740**

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**Year 2020**	**Year 2019 (*)**
(+) Cash	1.447.960	1.154.843
(+) Other financial assets	30.015	199.897
(-) *Less : Bank overdrafts repayable on demand*	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1.477.975**	**1.354.740**

(*) Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 22 and Appendices I and II are an integral part of the consolidated Cash Flow Statement for the year 2020.

Grupo Catalana Occidente, S.A. and Subsidiaries (Grupo Catalana Occidente)

Notes to the Consolidated Financial Statements
For the Financial Year Ended
on 31 December 2020

In accordance with current legislation on the content of consolidated financial statements, these Notes complete, elaborate on and provide a commentary on the consolidated balance sheet, profit and loss account, statement of recognised income and expense, statement of changes in equity and cash flow statement (hereinafter the "consolidated financial statements"). Together with the financial statements, they form a whole, whose purpose is to provide a true and fair view of the consolidated assets and consolidated financial position of Grupo Catalana Occidente at 31 December 2020 and of the result of its activities, the changes in its equity and the cash flows registered in the year then ended.

1. General information on the parent company and its activities

1.a) Incorporation, term and domicile

Grupo Catalana Occidente, Sociedad Anónima ("the parent company") was incorporated for an indefinite period on 18 July 1864, in Spain and initially under the name "La Catalana, Sociedad de Seguros contra Incendios a Prima Fija". In 1988 it changed its name to Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros, and again in 2001 to Grupo Catalana Occidente, Sociedad Anónima, to reflect the change in its corporate activities following the transfer of all its insurance and reinsurance business to the subsidiary Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros ("Seguros Catalana Occidente") through a non-cash contribution consisting of the entire business line, including all the assets and liabilities allocated to it and all its staff.

The registered office of the parent company is at Paseo de la Castellana 4, Madrid (Spain).

1.b) Corporate purpose, legal framework and lines of business in which the Company operates

The Company's corporate purpose is to purchase, underwrite, hold, administer, swap and sell all manner of domestic and foreign securities and shares, for its own account and without engaging in brokerage activities, for the purpose of directing, administering and managing such securities and shares.

In carrying out these activities, especially as regards the securities of insurance undertakings and other companies whose activities are subject to the private insurance regulations in Spain, the parent company ensures that applicable legal requirements are met. The parent company is not directly involved in insurance activity, this is performed by subsidiary companies of the Group which have the corresponding legal authority. The Directorate General of Insurance and Pension Funds (hereinafter "DGSFP") performs the functions assigned under current legislation by the Spanish Ministry of Economy and Finance in relation to private insurance and reinsurance, insurance agency and brokerage services, capitalisation and pension funds.

The parent company directs and manages its capital investment in the other companies by organising human and material resources.

The insurance companies belonging to Grupo Catalana Occidente, S.A. operate in the following business lines: Life, Credit, Surety, Accident, Sickness, Health, Motor, Marine, Lake and River Transport (hull), Aircraft, Freight, Fire and Natural Disasters, Other damage to property (combined

Agricultural Insurance, Theft and other), Liability (in vehicles, aircraft, marine, inland transport, arising from nuclear or other risks), various monetary Losses, Legal Defence, Assistance and Funeral. The Group considers all of the branches it operates in to be traditional business except for the branches of Credit and Surety, which is included within the credit insurance business.

In addition, the subsidiary GCO Gestora de Pensiones, E.G.F.P, S.A. ('GCO Gestora de Pensiones') manages the pension funds "GCO Pensiones Renta Fija, Fondo de Pensiones", "GCO Pensiones Mixto Fijo, Fondo de Pensiones", "GCO Pensiones Renta Variable, Fondo de Pensiones", "GCO Pensiones Mixto Variable, Fondo de Pensiones", "GCO Pensiones Empleados, Fondo de Pensiones", "GCO Pensiones Colectivo, Fondo de Pensiones" and "Cat Previsió, Fondo de Pensiones". In addition, Seguros Catalana Occidente y Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. ('Seguros Bilbao') are promoting partners "GCO Previsión, EPSV Individual". The total amount of assets of managed funds and EPSV amounted to €599,802 thousand at 31 December 2020 (€563,822 thousand at 31 December 2019). The gross income earned from management fees of the various funds amounted to €5,008 thousand in 2019 (€4,608 thousand in 2019) and was recognised, net of the related marketing expenses, under "Other Technical Income" in the consolidated life insurance profit and loss account.

Also, the subsidiary company Grupo Catalana Occidente Gestión de Activos, S.G.I.I.C. ("GCO Gestión de Activos) manages mutual funds "GCO Mixto, FI", "GCO Acciones, FI", "GCO Eurobolsa, FI", "GCO Renta Fija, FI", "GCO Global 50, FI", "GCO Internacional, FI" and "GCO Ahorro, FI" (see Note 7.a.2). The total amount of assets of managed mutual funds amounted to €329,935 thousand at 31 December 2020 (€315,789 thousand at 31 December 2019).

In view of the business activity carried out by the parent and its subsidiaries, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position or results. Therefore, no specific disclosures are included in these notes to the consolidated financial statements with respect to information regarding environmental issues.

The non-financial information to be included in accordance with Act 11/2018, of 28 December, which modifies the Code of Commerce, Consolidated Text of the Spanish Corporation Act and the Account Auditing Act regarding non-financial information and diversity, which is included in the consolidated management report for Grupo Catalana Occidente.

1.c) Group structure and distribution systems

The subsidiary companies Seguros Catalana Occidente, Seguros Bilbao, Plus Ultra, Nortehispana, de Seguros y Reaseguros S. A. ('Nortehispana') and Atradius N.V., have their own independent structure and organisational network.

From an organisational standpoint, the companies comprising Grupo Catalana Occidente ("the Group") have a structure involving centralised corporate functions and decentralised operations, with the following service centres: claim centres with staff distributed between Sant Cugat, Valencia, Madrid, Malaga and Santander, and call centres with staff distributed between Sant Cugat and Madrid.

The Group has a territorial structure comprising 1,509 offices spread across Spain and 82 offices abroad.

To deliver personal and high-quality advice to customers, the Group distributes its products in Spain through an extensive sales network, consisting mainly of exclusive, full-time insurance agents. The Group also uses insurance brokers, part-time agents and other specialist distribution networks. On 31 December 2020 the Group worked with a total of 17,042 agents throughout Spain (17,327 at 31 December 2019).

The Group operates in more than 50 countries through the subsidiary Atradius N.V., which at 31 December 2020 had 2,464 intermediaries (2,539 at 31 December 2019).

With regards to the brokerage channels, according to Act 26/2006 de Mediación de Seguros y Reaseguros Privados (Act 26/2006 on private insurance and reinsurance brokerage), and by virtue of the application of its stipulations in its second additional provision, all current agency agreements are deemed to be exclusive insurance agency agreements. In this way, the following subsidiary companies act as exclusive agency companies:

- Tecniseguros, Sociedad de Agencia de Seguros, S.A. as an agency of Seguros Catalana Occidente.
- S. Órbita, Sociedad Agencia de Seguros, S.A. as an insurance agency in Bilbao.
- Previsora Bilbaína Agencia de Seguros, S.A. and Nortehispana Mediación Agencia de Seguros, S.A. as Nortehispana agencies.

1.d) Other information

All of the parent company's shares are listed on the Spanish Stock Exchange Interconnection System (Continuous Market). At 31 December 2020, the shares traded at €29.15 per share (€31.15 per share at 31 December 2019).

2. Basis of presentation for consolidated accounts

2.a) Regulatory framework of financial reporting applicable to the Group

These consolidated financial statements have been produced by the Board Members of the parent company in accordance with the financial reporting regulatory framework applicable to the Group, which is established by:

a) The Spanish Code of Commerce and other commercial legislation.

b) The International Financial Reporting Standards (hereinafter, "IFRS") as adopted by the European Union through EU Regulations, pursuant to Regulation (EU) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and subsequent amendments thereto.

c) Royal Decree 1060/2015 of 20 November on the Regulation, Supervision and Solvency of Insurance and Reinsurance Entities (hereinafter, "ROSSEAR"), as well as the current articles of Royal Decree 2486/1998 of 20 November, approving the Regulation on Insurance Regulation and Supervision (hereinafter, "ROSSP"), and the regulatory provisions established by the Directorate General of Insurance and Pension Funds, including the Framework Document in relation to the accounting regime for insurance entities relating to IFRS 4 *Insurance Contracts* published on 22 December 2004, as well as the criteria and regulations established by the local regulators in the different countries of the Group's foreign subsidiaries.

d) Act 20/2015, of 14 July, on Organisation, Supervision and Solvency of Insurance and Reinsurance Entities (hereinafter, "LOSSEAR").

2.b) True and Fair View

The Group's consolidated financial statements have been obtained from the accounting records of the parent Company and its subsidiaries and are presented in accordance with the financial reporting regulatory framework applicable and in particular the accounting principles and criteria it contains. Therefore they present a true reflection of the equity, financial position, results of the Group and cash flows for the year concerned. These consolidated financial statements were prepared by the Board of Directors of Grupo Catalana Occidente, S.A. at their meeting on 25 February 2021, and shall be subject, as well as those from investee companies, to the approval by the respective Annual General Meeting of Shareholders. The 2019 consolidated annual financial statements were approved by the Annual General Meeting of Shareholders of the Grupo Catalana Occidente, S.A. which was held on 30 April 2020.

The Group's consolidated financial statements have been prepared from accounting records maintained by the parent and the other companies of the Group and include certain adjustments and reclassifications to standardise the principles and criteria used by the various companies integrated into Grupo Catalana Occidente.

As recommended by IAS 1, assets and liabilities are generally classified in the balance sheet according to their liquidity, but not by classifying assets and liabilities as current or non-current, which is more relevant for the purposes of insurance groups. As with other insurance groups, expenses in the profit and loss account are classified and presented according to their nature.

2.c) Responsibility for information and matters subject to judgement and uncertainty

The information in these financial statements is the responsibility of the Board Members of the parent Company, who have taken due care to ensure the effective operation of the various controls put in place to guarantee the quality of financial and accounting information, both for the parent and the companies of the Group.

In preparing the financial statements, judgements and estimates were occasionally made by the management of the Parent company and of the consolidated companies, which were subsequently ratified by the directors, and these judgements and estimates relate, inter alia, to:

- The fair value and impairment losses of certain unlisted financial assets (Notes 3-b.3 and 3-b.4)
- The assumptions and hypotheses included in the calculation of the technical lifetime provisions (Note 3.j.2).
- The assumptions and hypotheses included in the calculation and model used for the valuation of non-life technical provisions determined by statistical methods (Note 3.j.2).
- The assumptions and hypotheses included in the calculation of technical provisions and recoveries in the credit line (Note 3.j.2 and Note 4.b.B).
- The useful life of the property, plant and equipment and investment property (Notes 3-c and 3-d) and intangible assets (Note 3.e)
- The determination of the recoverable amount of goodwill on consolidation and other intangible assets with a definite and indefinite useful life (see Note 3-e)
- The actuarial assumptions used to calculate the pension liabilities and obligations (Note 3.k.1).
- The assumptions and hypotheses used in the calculation of the liability adequacy test (Note 3.j.2)
- The assumptions included in the calculation of the provisional premiums estimated at closure derived from the credit and surety business (Note 3.m.1).
- The determination of the discount rate used in the calculation of the financial liability arising from leases subject to IFRS 16 (Note 3-c.2)

The aforementioned judgements and estimates have been made taking into account the current risk environment described in Note 4.

These estimates affect both the amounts recorded in the balance sheet and profit and loss account and those appearing in the statement of recognised income and expenses. Although they were prepared using the best information available, future events may make it necessary to revise these estimates (upwards or downwards) in coming years. Any such revisions would be applied prospectively, recognising the effects of the changed estimates in the consolidated financial statements.

2.d) New and revised standards

2.d.1) Standards, amendments and interpretations adopted in 2020

New accounting standards and amendments have come into force in 2020 which have naturally been taken into account in preparing the attached consolidated financial statements.

- Amendment to IFRS 3 Business definition Clarifications to the definition of a business that shall help determine whether it is an acquisition of a business or a group of assets. The amended definition emphasises that the product of a business is to provide goods and services to customers, whereas the previous definition focused on providing profitability in the form of dividends, lower costs or other economic benefits to investors and others. In addition to modifying the wording of the definition, additional guidance has been provided. To be considered a business, an acquisition would have to include an input and a process that together contribute significantly to the ability to create products. The new guide provides a framework for assessing when both elements are present (even for early-stage companies that have not generated products). In order to be a business without results, it will now be necessary to have an organised workforce.

  These amendments shall apply to business combinations whose acquisition date is from the beginning of the first annual reporting period beginning on 1 January 2020 and to acquisitions of assets occurring on or after the beginning of that reporting period.

- *Amendments to IFRS 9, IAS 39 and IFRS 7 Reform of Reference Interest Rates:* The amendments provide temporary and limited exceptions to the hedge accounting requirements of IAS 39 and IFRS 9 so that companies can continue to meet the requirements, based on the assumption that existing reference interest rates are not altered by the reform of the interbank offer rate. The amendments apply to annual periods beginning on or after 1 January 2020.

- Amendments to IAS 1 and IAS 8 Definition of "Materiality" Amendments to align the definition of "materiality" with that contained in the conceptual framework. These amendments clarify the definition of "material" by introducing, in addition to omitted or inaccurate items that may influence users' decisions, the concept of "obscure" information. Such amendments make IFRSs more consistent, but are not expected to have a significant impact on the preparation of financial statements.

- Amendment to IFRS16 Leases: Change due to the COVID-19 pandemic, which allows lessees to post certain rent improvements as variable (negative) payments, rather than as amendments. In other words, it the total impact to be recorded directly as a lower expense.

  This amendment is effective for annual financial years beginning on or after 1 June 2020, although earlier application is permitted, as approved by the European Union on 9 October 2020. The impact on the amounts recorded in the consolidated financial statements arising from this amendment is not significant.

- *Amendments to the references to the Conceptual Framework in IFRS:* The IASB has issued a revised conceptual framework to be used in the development of accounting standards. Although no changes are made to any of the existing accounting standards, entities that rely on the conceptual framework to determine their accounting policies for transactions, events or conditions that are not under the scope of the issued accounting standards will be required to apply the revised conceptual framework from 1 January 2020.

Any accounting policy or valuation principle which can have a material effect on the 2020 consolidated financial statements has been applied in its preparation.

2.d.2) Current standards, amendments and interpretations not adopted

IFRS 9 Financial Instruments: Classification and Measurement

The effective date of IFRS 9 was 1 January 2018. The Group, however, has taken into account the application of the Deferral Approach provided for the insurance sector to postpone the application of IFRS 9 until the date of effective entry of IFRS 17, (see Note 2.d.3). The Group can apply the temporary exemption of IFRS 9 provided that its activities are predominantly connected to insurance, as described in paragraph 20D of the IFRS 4, on the date of annual presentation which is immediately prior to 1 April 2016 (i.e. Upon close of 31 December 2015).

The Group complies with said requirement in virtue of the fact that the amount of the liabilities that arise from contracts within the scope of IFRS 4 is significant in comparison with the total amount of all liabilities. The percentage of the total amount of the liabilities connected to insurance (with regards to the total amount of all liabilities) is greater than 80% and the Group is not involved in significant activity that is not connected to insurance.

Breakdowns required by the deferral approach of IFRS 9

Below is the detail of the fair value of the financial assets based on the SPPI criteria on 31 December 2020 and 2019, as well as the change in fair value during the exercise. The assets are classified in two categories:

- SPPI: financial assets where the cash flows represent only payments of principal and interest over the amount of the principal pending, excluding any asset classified as held for trading under IFRS 9, or that is managed and where the performance is evaluated on the basis of the fair value.

- Others: all financial assets not included in the SPPI category:

    i. Where the contractual terms do not lead to cash flow on certain dates that are only payments of principal and interests over the amount of principal pending.

    ii. Classified as maintained to negotiate under IFRS 9 or that are managed and the performance is evaluated based on the fair value.

€ Thousand

Investments classified by nature	31.12.2020	31.12.2019	Change of fair value during the year
Equity Instruments	**1,834,502**	**1,795,413**	**39,089**
SPPI	-	-	-
Others	1,834,502	1,795,413	39,089
Debt securities	**7,554,910**	**7,338,225**	**216,685**
SPPI	7,373,778	7,226,736	145,639
Others	181,132	111,489	71,047
Investments held for the benefit of policyholders who bear the investment risk	**618,381**	**575,116**	**43,265**
SPPI	133,168	132,059	1,109
Others	485,213	443,057	42,156
Loans	**195,034**	**165,405**	**29,629**
SPPI	195,034	165,405	29,629
Others	-	-	-
Other financial assets (*)	**10,143**	**8,335**	**1,808**
SPPI	10,143	8,335	1,808
Others	-	-	-
Deposits with credit institutions	**573,425**	**608,628**	**(35,203)**
SPPI	100,347	128,639	(28,292)
Others	473,078	479,989	(6,911)
Deposits for accepted reinsurance	**24,007**	**25,391**	**(1,384)**
SPPI	24,007	25,391	(1,384)
Others	-	-	-
Credits receivable	**886,604**	**845,875**	**40,729**
SPPI	886,604	845,875	40,729
Others	-	-	-
TOTAL (**)	**11,697,006**	**11,362,388**	**334,618**

(*) The market value indicated corresponds to the book value, which is considered the best estimate of the fair value.

(**) The total investments by nature classified by the section of the consolidated statement can be seen in Note 7.

From the analysis undertaken of the fixed income portfolio, assets have been identified that, having been through the SPPI test and having a non-low credit risk upon close of the year (credit rating lower than Investment Grade), have suffered a significant increase in credit risk since their initial recognition. Said assets imply a percentage of 0.01% over the total asset portfolio. The credit ratings of the financial assets that pass the SPPI test are included in the rating details of Note 4.c).

It is expected that the new requirements of IFRS 9 and IFRS 17 (which is developed in the next section) may have a significant impact on the amounts registered in the financial statements of the Group when they enter into force and the Administrators are currently quantifying said potential impact.

2.d.3) Standards, amendments and interpretations issued not in force

At the date these consolidated financial statements were authorised for release, the most significant standards and interpretations that had been published by the IASB but had not yet come into force, either because their effective date was after the date of the consolidated financial statements, or because they have not yet been adopted by the European Union (in the latter, only the most significant are included):

New standards, amendments and interpretations		Mandatory application for periods beginning as from
Not approved for use in the European Union:		
New rules		
IFRS 17 Insurance Contracts	It replaces IFRS 4 and sets out the principles for recording, measuring, presenting and disclosing insurance contracts in order for an entity to provide relevant and reliable information to enable users of the information to determine the effect of contracts on financial statements.	1 January 2023 (*)
Amendments and/or interpretations		
Amendment to IAS 1: Presentation of financial statements - Classification of liabilities as current or non-current	Presentation of financial statements - Classification of liabilities as current or non-current	1 January 2022 (**)
Amendment to IFRS 3: Reference to Conceptual Framework 2018.	This determines what constitutes an asset or a liability in a business combination. In addition, a new exception has been added in IFRS 3 for liabilities and contingent liabilities.	1 January 2022
Amendment to IAS 16: Tangible fixed assets - Income obtained before intended use.	It is prohibited to deduct from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use.	1 January 2022
Amendment to IAS 37: Onerous contracts - Cost of fulfilling a contract.	It explains that the direct cost of performing a contract comprises the incremental costs of performing that contract and an allocation of other costs that relate directly to the performance of contracts. It clarifies that before making a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the contract, rather than on the assets dedicated to that contract.	1 January 2022
Annual improvements to IFRS: 2018 - 2020 cycle	The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022
Amendment to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its affiliate or joint venture	Clarify the accounting treatment of the sale or contribution of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor recognises the full gain or loss when the non-monetary assets constitute a 'business'. If the assets do not meet the definition of business, the investor recognises the gain or loss to the extent of the interests of other investors. The amendments apply only when an investor sells or contributes assets to its associate or joint venture.	(***)

(*) ISAB decided on 17 April 2020 to postpone the effective date of the Standard by one year, from 1 January 2022 to 1 January 2023
(**) ISAB has proposed that it be deferred to 1 January 2023 (Draft amendment of 3 June 2020).
(***) Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB took the decision to postpone the effective date of these amendments (without setting a new specific date), as a broader review is being planned that could result in simplifying the accounting for these transactions and other aspects of accounting for associates and joint ventures.

The Group has not made plans for the anticipated application of the aforementioned standards and interpretations and in any case their application will be subject to consideration by the Group upon approval, if applicable, by the European Union.

IFRS 17 Insurance Contracts

This standard replaces IFRS 4, a standard that permits continued use of the local accounting practices and that has led to insurance contracts being accounted for in a different manner among jurisdictions. This standard establishes the principles for registration, presentation and breakdown of the insurance contracts with the objective of the entity providing relevant and reliable information that allows the users of the financial information to determine the effect that these contracts have on the entity's financial statements.

The implementation of IFRS 17 will imply undertaking consistent accounting for all insurance contracts based on an evaluation model that will use calculation hypotheses updated at each close date (such as the type of discount, actuarial hypotheses, and regarding other financial variables).

The effects of the changes on the previous hypotheses can be recognised both in the income statement and the equity, depending on their nature and on whether said changes are associated to the provision of a service that has already taken place or not, or imply reclassification among the components of the liability of registered insurance. The income or expenses can be fully registered in the income statement or in the equity.

For all contracts that are not onerous, the entities will recognise a profit margin in the profit and loss account (called "contractual service margin") throughout the period during which the entity provides the service. However, if at the time of initial recognition or during the period when the entity provides the service, the contract is onerous, the entity must recognise the loss in the profit and loss account immediately.

On 26 June 2019, the IASB published a Draft Proposal for Amendments to IFRS 17 for public consultation. The objective of the amendments is to continue to support their implementation, alleviating the concerns and challenges raised about the implementation of the standard by the actors affected by it. In this sense, one of the amendments included in this Draft refers to the deferral of the date of entry into force of the standard. IFRS 17 will be applicable in annual periods that begin on 01 January 2023 (date of first application), although the presentation of comparative information is obligatory (transition date of 01 January 2022).

The proposed amendments are only designed to minimize the risk of disruption to the implementation currently under way. On 25 June 2020, the IASB published the Final Amendments to IFRS 17.

With regard to the implementation of the standard, the Group has continued the project to adapt to the new regulatory framework for IFRS 17 insurance contracts initiated in September 2017, working this year on the complete analysis of impacts, which seeks to obtain modelisation of the balance and income statement under IFRS 17, with the objective of establishing, in a preliminary manner, the set of policies and principles for assessment of implementation of the standard, as well as the adaptation of the IT infrastructure to respond to the new regulatory requirements. The principal objective is the performance of the preparatory work necessary for implementation of IRFS 17, in order to guarantee compliance on the date of first application and to evaluate the potential qualitative and quantitative impacts, with sufficient anticipation of the effects to adapt the management and to align the requirements of said standard with those derived from IFRS 9.

2.e) Comparison of information

The consolidated financial statements for 2020 are presented comparatively with the previous year, pursuant to the requirements of *IAS 1 - Presentation of Financial Statements.*

2.f) Consolidation principles

The Group's scope of consolidation was defined according to the provisions of IFRS 10 – Consolidated and Separate Financial Statements and IAS 28 – Investments in Associates (see Annex I and II).

These consolidated financial statements for 2020 include all the companies of the Group, using the consolidation methods applicable in each case, in accordance with Article 42 of the Código de Comercio (Spanish Commercial Code). The parent is not required to prepare consolidated financial statements with a scope greater than that of these consolidated financial statements, as it is itself part of a group headed by CO Sociedad de Gestión y Participación, S.A. which prepares its consolidated annual financial statements separately.

2.f.1) Subsidiaries

Subsidiaries are considered to be those entities in which the Group has control, i.e. when it is exposed to or has variable rights of return on the entity and has the capacity to influence such returns.

Annex I to these Consolidated Notes contains significant information on these companies and Note 5 provides information about the most significant changes during 2020 and between the balance sheet date and the date these financial statements were authorised for release.

The annual financial statements of subsidiaries are fully consolidated with the Group financial statements by aggregating assets, liabilities, net equity and income and expenses of a similar nature, which are recognised in the individual financial statements after harmonisation and restatement to comply with IFRS. The book value of direct and indirect interests in the equity of subsidiaries is offset against the portion of the net assets of the subsidiaries that each represents. All other material balances and transactions between consolidated companies are eliminated on consolidation. In addition, third-party ownership interests in the Group's equity and in profit for the year are presented under the headings "Minority interests" in the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated profit statement, respectively.

The individual financial statements of the parent and subsidiaries used in preparing the consolidated financial statements are prepared with the same reporting date.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. In the case of subsidiaries that cease to be subsidiaries, the results are included up to the date on which they cease to be a Group subsidiary, and the assets and liabilities of the subsidiary and any minority interest or component of the equity.

In cases where the Group increases its share of a subsidiaries' voting rights, any difference between the cost of the new acquisition and the additional portion of net assets acquired is calculated on the value at which they were accounted for in the consolidated accounting records.

Regarding stakes in mutual funds managed by companies of the Group where the participation of the same is above 20%, the Group opts not to consolidate, taking into consideration the provisions of IAS 8 Accounting policies, changes in accounting estimates and errors, section 8, which indicates that the accounting policies do not need to be applied when the effect of the use is not significant. The stakes in said funds are classified in the section "Financial investments - stakes in mutual funds".

The effect of consolidating on 31 December 2020, the funds which the Group has control over (i.e. GCO Acciones, FI; GCO Eurobolsa, FI and GCO Internacional, FI; see Note 7.a.2), would imply an increase in the assets and liabilities of the financial situation statement of €20,512 thousand, which is 0.1% of the total assets (€20,708 thousand 0.1% of the total at 31 December 2019)

In application of IAS 8, the Group will proceed to consolidate its stake in said funds in the case of evaluating the effect of consolidation as significant in later years.

2.f.2) Associates

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.

However, the entity CLAL Crédit Insurance Ltd., where the Group holds less than 20% of voting rights, is considered an associate company because the Group is able to exercise significant influence over the same.

Annex II provides relevant information about associates.

Associates are integrated in the consolidated annual financial statements using the equity method, whereby the investment is initially recognised at cost and subsequently adjusted to reflect any changes in the Group's share of net assets of the investee. The Group's results for the year include its share of the profit or loss of investees, less any treasury shares held by each investee, after deduction of dividends and other appropriations.

The Group's share in discontinued operations is recognised separately in the consolidated income statement, while its share in the changes that associates have recognised directly in equity are also recognised directly in the Group's net equity, with the details being recorded in the statement of recognised income and expense.

In applying the equity method, the most recent available financial statements of each associate are used.

If an associate uses accounting policies other than those used by the Group, the appropriate adjustments are made to make the associate's accounting policies consistent with those of the Group.

If there is any indication of an impairment loss in the investment in the associate, the impairment loss is deducted in the first place from any remaining goodwill in the investment.

Notes 5 and 8 to the consolidated financial statements give details of the significant new acquisitions in 2020 in associates, any increases in the Group's stakes in the capital of companies already classified as associates at the start of the year, as well as information on the sale and loss through impairment of shares, if any.

2.g) Offsetting

Asset and liability balances are offset and therefore recorded in the consolidated financial statements on a net basis if, and only if, they arise from transactions in which offsetting is contractually or legally permitted and which the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

2.h) Financial information by segment

IFRS 8 – Segment Reporting confirms the principles governing the preparation of financial information by business lines and geographical area.

Segment information is presented according to the control, monitoring and internal management of the Group’s insurance activities and results and is prepared for all the insurance lines and sub-lines which the Group operates, taking the Group’s structure and organisation into account. The Board of Directors of Grupo Catalana Occidente is the highest body in terms of making operational decisions to define the operating segments.

The Group has defined as the main segments those corresponding to the 'Traditional business' and the 'Credit insurance business' (see Note 1.b).

The 'traditional business' includes life and non-life insurance, which are subject to risks and returns inherent in the insurance business. Life insurance groups together all those insurance contracts that guarantee hedging of a risk that may affect the existence, physical integrity or health of the insured party; and Non-life insurance groups together insurance contracts other than life insurance, which may be broken down into the branches of Motor, Multi-risk and Other various types of insurance.

In addition, the 'Traditional business' includes 'Other activities' to group together all those operating operations that are different from, or not related to, actual insurance activity. The income and expenses included in this category include the results of the Group's subsidiaries that do not engage directly in insurance business and other income and expenses, as detailed in Note 18.

The 'Credit Insurance Business' includes the Credit and Surety branches and is mainly made up of the insurance business of the subsidiary subgroup Atradius N.V., which operates both in Spain and abroad.

Each of the insurance companies directly or indirectly controlled by the Group may be classified as a single-line or multi-line company, based on the definition of insurance lines provided by the DGSFP. Note 1.b gives details of the specific lines in which the Group is authorised to operate.

The accounting policies applied by each of the segments are the same as those used for preparing and presenting the Group’s consolidated financial statements, including all the accounting policies relating specifically to financial information of the segments.

Both the assets and liabilities of the segments as well as the income and expenses were set before the elimination of the balances and intra-group transactions carried out in the consolidation process, except when those balances and transactions were undertaken between companies within one segment. This is the prevailing scenario in the Group, with all intra-group transactions being carried out at current market prices.

The rules for allocating assets and liabilities and income and expenses to the Group’s segments are as follows:

Allocation of assets and liabilities to the segments

Segment assets are assets relating to the Group’s insurance and complementary operations that are used by a segment to provide its services, including assets that are directly attributable to the segment or that can reasonably be allocated to it.

Segment assets include investments accounted for by the equity method, based on the allocation of these investments in the “Investment Book” of each subsidiary. The profit or loss from such investments is included in the ordinary profit of the segment in question.

Segment liabilities include the Group’s share of the liabilities arising from the segment’s activities that are directly attributable to the segment or can reasonably be allocated to it. If the segment result includes interest expense, the related interest-bearing liabilities are included in segment liabilities.

Allocation of income and expenses to the segments

Technical income and expenses arising from insurance operations are allocated directly to the traditional business segment and the credit insurance business segment, respectively, and in the case of the former, to its various activities, depending on the nature of the transaction from which they arise.

Financial income and expenses are allocated to the segments according to the prior allocation of the assets that generated the income or expense in question, as shown in the each company's "Investment Book". The same financial instrument may be allocated to more than one segment. The Group's share of the results of associates, which is shown separately in the income statement, has been allocated to the different segments on the basis of the percentage of the investment that each segment represents within each investment portfolio.

The aforesaid financial income and expenses is allocated between the various Non-life insurance mainly on the basis of the technical provisions established for each of the lines in question. Likewise, the income and expenses deriving from equity securities and other financial instruments not directly related to the insurance business are assigned to 'Other Activities'

All other non-technical and non-financial income and expense directly or indirectly related to the different segments has been assigned to the corresponding segments directly, according to the segment that generated it or on some other fair basis. In the latter case, a cost allocation method based on functional activities has been used. This involves identifying the activities and tasks performed in each business process and allocating to each activity the resources it uses or generates. Thus, in the attached income statement, part of the general and administrative expenses is presented under the headings "Claims incurred in the year, net of reinsurance", "Other technical costs" and "Expenses arising from tangible fixed assets and investments", while the rest is presented as "Net operating expenses".

The appendices to the Group's consolidated financial statements and Note 18 provide consolidated segment financial information, including breakdowns of ordinary income and expense and segment assets and liabilities, as well as any assets and liabilities which have been excluded or have not been allocated. This information is provided independently of the obligation under Spanish GAAP, applicable to the Spanish insurance companies included in the consolidated group, to disclose accounting and statistical information to the DGSFP.

The Group has aligned the segment reporting note consistently with the information used internally for management reporting and with that presented in other public documents.

2.i) Cash flow statement

In the cash flow statement the following expressions are used:

- Cash flows: inflows and outflows of cash and cash equivalents. Cash equivalents are highly liquid short-term investments, with a maturity of less than three months which are readily convertible into specific cash amounts and are subject to negligible risk of changes in value.
- Operating activities: activities typical of insurance companies and other activities that cannot be classified as investment or finance activities.
- Investing activities: those of acquisition, sale or other disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and of the liabilities that are not part of operating activities. Transactions with own shares are considered financing activities. Dividends paid by the parent to its shareholders are also included in this category.

3. Significant accounting principles and policies and measurement bases used in the consolidated accounts

The main accounting principles required by legislation, as well as accounting policies and measurement bases used in preparing the Group's consolidated financial statements are as follows:

3.a) Cash and other cash equivalents

This balance sheet item consists of liquid assets, including cash, sight deposits, and cash equivalents.

Cash equivalents are highly liquid short-term investments, with a maturity of less than three months which are readily convertible into specific cash amounts and are subject to negligible risk of changes in value.

3.b) Financial assets

3.b.1) Recognition

Financial assets are generally recognised on the date of settlement. In Accordance with *IAS 39 - Financial Instruments: Recognition and Measurement*, the Group classifies its financial instruments at initial recognition in the following categories: at fair value through profit or loss, available for sale and loans and receivables.

3.b.2) Classification of financial assets

Note 7 to the consolidated financial statements shows the book value of financial assets at 31 December 2020 and 2019, together with the specific nature of these assets, classified as follows:

— Financial assets at fair value through profit or loss:

  Within this category, two types of financial asset are distinguished

  - Financial assets held for trading (HFT portfolio):

    These financial assets are classified as held for trading because they are acquired principally for the purpose of selling or repurchasing them in the short term, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or are derivatives not designated as hedging instruments.

  - Other financial assets at fair value through profit or loss (FVPL portfolio):

    These assets are classified into financial schemes or portfolios allocated to insurance transactions (insurance contracts for which the flows arising from the financial assets sufficiently match, in timing and quantity, the obligations stemming from a group of homogeneous policies).

    Also, the Group allocates to this portfolio, mostly, all financial instruments with an associated or embedded derivative and part of its investments in fixed income and variable income, whether or not the bonds are traded on an active market, part of its long-term deposits and all non-mortgage loans corresponding to financed premiums for outsourced pension plans.

    The fair value of financial instruments that are not quoted on an active market or for which no firm market value is available from the counterparty (or through a contributor) is determined by discounting the cash flows the assets in question are expected to generate, using the market yield curve (see following section).

— Loans and receivables (LR portfolio):

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

  The majority of the Group's mortgage loans, non-mortgage loans, advances against policies, other financial assets, quotations, bank deposits and receivables relating to the deposits required in the inward reinsurance business are included in this category.

  Other receivables such as receivables arising out of direct insurance, reinsurance and coinsurance operations and other receivables other than tax assets are also presented in this category, according to their nature. Some of these items are excluded from the scope of IAS 39 and are specifically dealt with by other IFRS standards.

— Available-for-sale financial assets (AFS portfolio):

  This category includes all financial assets that are not classified in the other portfolios.

  As a general rule, the Group includes in this category all equity instruments, the part of its portfolio of quoted and unquoted bonds that is not specifically set aside to cover commitments to insured customers, all its shares and units in mutual funds, part of its long-term deposits, and other financial assets with published price quotations.

  Also, the Group maintains various contracts for financial swap of interest rates, receiving from the other parties, generally, predetermined fixed amounts in the same currency. The value is fixed in the beginning and does not change during the anticipated life of the operation. The main purpose of these operations is to cover the cash flow necessary in order to cover the payments derived from commitments with insured parties.

Investments in associates are accounted for under the specific sub-heading of "Investments in entities accounted for using the equity method".

In 2020, and in the previous one, no financial instruments were classified as "Held-to-maturity investments".

3.b.3) Recognition and measurement of financial assets

The Group measures financial assets at initial recognition at fair value, adjusted (in the case of financial assets not recognised at fair value through profit or loss) for any transaction costs directly attributable to the purchase or issue thereof.

After initial recognition, the Group measures financial assets, including derivatives that are assets, at fair value, without any deduction for transaction costs incurred on sale, except for certain loans and receivables which are measured at amortised cost using the effective interest rate method.

The fair value of a financial instrument on a given date is taken to be the amount for which the asset could be exchanged between knowledgeable, willing parties who are properly informed and in a mutual independence condition. The most objective and common reference for the fair value of a financial instrument is the price that would be determined on the basis of the quoted prices published in the active market. When such reference exists, it is used to measure the financial asset. However, in certain cases the price quotations provided by the various counterparties who would be willing to exchange a certain financial asset or the prices indicated by the contributors are also considered.

In the absence of an active market for a financial instrument, the Group determines fair value using generally accepted techniques.

In addition, the Group has contracted the service of structured investment valuation with an independent expert from the Management, Serfiex, a specialist in the sector. This service enables the valuations provided by the contributors to be compared with internal valuation methods. For those structured investments where liquidity is not guaranteed through the contributor being quoted on an active market, the Group recognises the market value calculated by Serfiex.

Financial instruments are therefore classified into to three levels, according to the inputs used to determine their fair value:

- Level 1: the valuation is performed directly using the quoted price of the financial instrument, which is observable and available from independent price sources and refers to active markets accessible to the entity at the valuation date.
- Level 2: for instruments for which there is no directly observable price, their fair value is estimated by applying commonly accepted valuation techniques, where the variables used are based on observable market data.

  These mainly include fiduciary deposits and fixed income assets associated with interest rate swaps, for which the Group has the separate valuation of the bond and the swap. The valuations of these assets, in most cases, are obtained using the Current Value Method (discounted future cash flows) obtained directly from the counterparty or calculated internally. This measurement technique uses the future cash flows of each instrument, which are established in the various contracts signed with the counterparty, discounted using the market curve plus a credit spread, both of which are observable.

- Level 3: instruments are measured using valuation techniques that use specific and significant variables that are not obtained from observable market data.

  These mainly include equity assets, where the realisable value is generally estimated on the basis of the individual characteristics of the asset. In these cases, the valuation is usually carried out by asking a third party for a reference valuation. The main valuation technique used is the Net Asset Value or Theoretical Book Value of the unit and, additionally, for units in investment funds, the net asset values not published by management companies. Net Asset Value represents the most recent available net total value of the company's assets less liabilities, applying the percentage of ownership interest in the company.

The valuation models used are selected and validated by the Group's management.

Instruments measured at amortised cost are measured taking into account the effective interest rate method. Amortised cost is taken to be the amount at which the financial instrument was initially measured, minus principal repayments, plus or minus, as appropriate, the cumulative gradual amortisation or allocation, using the effective interest rate method, of any difference between that initial amount and the redemption value upon maturity, minus any reduction for impairment or non-collectability.

All financial assets except for those recognised at fair value through profit or loss are subject to impairment testing.

Financial investments shall be derecognised when the rights to receive cash flows have expired or when practically all the risks and rewards of ownership of the financial asset have been transferred. If there are transfers of assets in which control is maintained, the accounting asset continues to be recognised.

3.b.4) Impairment of financial assets.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired, taking into account events that either individually or in conjunction with others provide such evidence.

As a general rule, a prolonged and significant decline in the market value of equity and debt securities, taken individually, below their cost or amortised cost is considered evidence of impairment. Cases where the unrealised loss on a given security is irreversible are also considered evidence of impairment.

Where there is evidence of impairment, based on the aforesaid criteria, the Group analyses the situation to determine the extent of the loss to be recognised. The following methods are used to determine the amount of the impairment:

— Financial assets carried at amortised cost:

The amount of the loss is measured as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The book value of the asset is reduced through use of an allowance account, while the amount of the loss is recognised in profit or loss.

If in subsequent periods the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the income statement.

This type of asset includes the amounts receivable by the Group from certain insured customers and/or policyholders for uncollected or unbilled premiums. In this case, impairment is determined on the basis of the last three (3) years' cancellation experience, and taking into account the number of months elapsed between the theoretical collection date and each reporting date, as well as the line of insurance in question.

Receivables on the recovery of claims are capitalised when realisation is sufficiently guaranteed.

— Available-for-sale financial assets

When the fair value of an available-for-sale financial asset declines significantly, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss account, even though the financial asset has not been derecognised.

Impairment losses recognised in profit or loss for investments in equity instruments classified as available for sale (equity securities) are not reversed through profit or loss. However, reversals associated with debt instruments are recognised in the profit or loss account.

The Group's impairment criteria and policies for establishing if there is evidence of impairment losses on available-for-sale financial assets:

- Listed or unlisted debt instruments are considered to have suffered an impairment if there is objective evidence of such as a result of one or more events occurring after the initial recognition of the asset and this event or events have an impact on the future estimated cash flows associated with the financial asset or group of financial assets that can be reliably estimated. The downgrading of an entity's credit rating is not in itself evidence of a loss of value, although it may indicate an impairment when taken together with other available information. A decline in the fair value of an asset to below its cost is also not prima facie evidence of an impairment loss. These events are evaluated together with other situations that may indicate a loss (e.g. if the issuer is in serious financial difficulties, if contractual clauses have been breached, if a bidding event or financial reorganisation is likely, or if the active market for the instrument disappears.
- The Group determines if there is evidence of impairment losses on listed equity instruments primarily on the basis of establishing time or percentage criteria for comparing the average cost of the instrument with its quoted price. Specifically, according to the time or percentage ranges established in the Group's accounting policies, objective evidence of impairment shall be deemed to exist when there is a 40% decrease in the share price relative to the average cost of acquisition or in a situation of continued loss for a period exceeding 18 months.

The Group also considers situations where the issuer is declared, or is likely to be declared, insolvent, or has significant financial difficulties to be objective evidence of impairment losses.

- For unlisted equity instruments, the criteria applied to determine impairment losses are based on comparing the average acquisition cost of the instrument with its fair value calculated using best estimates according to the information available.

— Investment in entities accounted for using the equity method:

- For equity instruments without a price listed in the section "Investment in entities accounted for using the equity method", the Group undertakes deterioration tests according to the methodology described in Note 3.e.1).

3.b.5) Recognition of changes in the fair value of financial assets and liabilities

A gain or loss arising from a change in the fair value of a financial asset that is not part of a hedging transaction is recognised as follows:

- Any profit or loss on a financial asset at fair value through profit or loss is recognised in the profit and loss account for the year under the heading "Losses on investments" or "Gains on the sale of investments" in the Life insurance line income statement.

- Any profit or loss on an available-for-sale asset is recognised directly in equity, in the "Valuation adjustments" line, until the financial asset is derecognised, except for impairment losses and exchange gains or losses. In the case of variable income financial assets classified as "Available-for-Sale financial assets", the differences by exchange rate are recognised in the net equity under the line of "Valuation adjustment". Upon reversal of the asset, the profit or loss previously recognised in equity is recognised in the profit and loss account for the year.

  However, interest calculated using the effective interest rate method is recognised in the income statement for the year (see point 1 of this Note). Dividends on an equity instrument classified as available for sale are recognised in the profit and loss account for the year when the Group's right to receive payment has been established.

When a financial asset recognised at amortised cost is derecognised or impaired, or the effective interest rate method is applied to it, the resulting income and expenses are recognised through the profit and loss account.

3.b.6) Investments held for the benefit of policyholders who bear the investment risk.

Investments held for the benefit of insurance policyholders who bear the investment risk are measured at cost upon subscription or purchase thereof. This cost price is subsequently adjusted on the basis of the assets' realisable value. Any revaluation or impairment of these assets is credited or charged to the Life insurance income statement under the headings "Income from investments assigned to insurance policies where policyholders bear the investment risk" and "Expenses of investments assigned to insurance policies where policyholders bear the investment risk".

All equity, fixed-income and other instruments are priced officially linked to insurance where the policyholder assumes the risk of the investment and are designated and classified as "at fair value with changes in profit and loss". Only financial assets without published price quotations (short-term bank deposits and current accounts) and other assets allocated to the business are assigned to the Loans and receivables portfolio.

For presentation purposes, all investments and balances assigned to the business are classified by portfolio under the balance sheet headings "Other financial assets at fair value through profit or loss" and "Loans and receivables'", while the liabilities assigned to these contracts are classified as "Technical provisions – for life insurance policies".

3.c) Tangible fixed assets

3.c.1) Buildings, improvements in own buildings, transport elements, data processing equipment and other tangible fixed assets

The Group records under this balance sheet item all owner-occupied property, properties occupied by companies of the Group and properties under construction or development for future use as investment property, all of which property is held in fee simple. Properties under construction or development are reclassified as investment property on completion.

"Property, plant and equipment" also includes transport equipment, furniture and fixtures, and computer hardware.

Property, plant and equipment assets are stated at acquisition or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses, but never at less than their residual value. The cost of additions and improvements that expand the capacity or floor area, increase the returns or extend the useful life of property held by the Group subsequent to initial recognition are capitalised and recorded under "Other tangible fixed assets". Conversely, upkeep and maintenance costs are expensed to the profit and loss account in the year incurred.

When payments on acquisition of a property are deferred, their cost is the cash price equivalent. The difference between the cash price equivalent and the total payment is recognised as interest expense over the deferred period.

In general, the Group applies the straight-line systematic depreciation method to the acquisition cost, excluding the residual value, over the following estimated useful lives:

Tangible fixed asset items	Estimated useful life
Property (excluding land)	Between 33 and 77 years
Improvements to owned property	10 years
Transport equipment	Between 5 and 7 years
Data processing hardware	Between 3 and 5 years
Other property, plant and equipment	Between 3 and 10 years

Property under construction is depreciated from the moment it is in a usable condition.

The values and the residual lives of these assets are reviewed at each balance sheet date and adjusted as appropriate. The recognised book value of an asset is immediately reduced in line with its recoverable amount if the book value is greater than the estimated recoverable value. Profits and losses on disposal are calculated by comparing the net sale proceeds with the recognised book values.

The market value of owner-occupied property indicated in Note 9.a) to the consolidated financial statements has been obtained from appraisals carried out by independent experts. The generally used valuation methods correspond to the methodology established in the Order ECO/805/2003, of March 27, partially modified by Order EHA 3011/2007, of 4 October: the method of comparison, the method of cost, the residual abbreviated method and the method of income update, depending on the characteristics of the asset to be valued.

These valuations correspond to Level 2 and Level 3 of the hierarchy of fair value established by *IFRS 13 Valuation of the fair value* (see Note 3.b.3), depending on whether said value is determined depending on variables observed in the market or on estimates where a significant variable is not based on observable market data, respectively.

Regarding the main inputs used in the mentioned valuation techniques, it should be highlighted that:

- The method of comparison (based on the principle of substitution) values the property by comparison with other property values on the market and, based on specific information on real transactions and firm offers, current cash purchase prices are obtained for said properties in accordance with standardisation coefficients (Level 2);

- The method of cost calculates the replacement or substitution value based on the elements necessary in order to achieve a property of the same characteristics (value of the land, cost of construction and the expenses necessary in current prices). This is mostly applicable to the valuation of all types of buildings and elements of buildings, in design, in construction or rehabilitation or finished) (Level 2);

- The residual abbreviated method is based on the fact that the value of each of the components (generally the value of the land or the building) is the difference between the total value of each asset and the values attributable to the costs of building in order to finish the property from its current status, residually obtaining the value of the land. Fundamentally applied to urban land or land that can be developed (Level 2);

- The method of income update updates the anticipated future utility (cash flow anticipated from rent or from associated economic activity) and uses unobservable inputs such as the probability of future occupation and/or current or anticipated payment defaults (Level 3).

3.c.2) Operating Leases

At the beginning of a contract, the Group assesses whether it is a lease. A contract is a lease if it gives the customer the right to exercise control over the use of the identified asset for a period of time in return for a consideration, i.e. the Group is entitled to obtain substantially all of the economic benefits from the use of an identified asset and has the right to direct the use of that asset.

As Lessee

At the commencement of the lease, the Group recognises an asset for right of use and a liability for lease. The right-of-use asset is initially measured at cost, which includes the amount of the lease liability, any lease payments made before or at the inception of the lease, and any initial direct costs incurred less any incentives received. The lease liability is initially measured at the current value of the lease payments to be made, discounted using the interest rate implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate of the lessee. The Group normally uses its incremental interest rate as a discount rate. This rate has been calculated for the different portfolios defined by the Group based on the economic environment, the durations of the contracts, the debt position of the Group and the quality of the underlying assets.

The right-to-use asset is subsequently depreciated using a straight-line method based on the shorter of the asset's useful life and the duration of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method. The depreciation expense for the right of use and the interest expense for the lease liability are recorded separately in the income statement.

The Group presents its assets by right of use under the heading 'Property, plant and equipment' in the balance sheet and the liabilities for leasing under the heading 'Debts and payables - Other debts'.

As Lessor

The Group classifies all leases in which it is the lessor as operating leases. Lease payments under operating leases are recognised as income on a straight-line basis in the income statement.

3.d) Investment property

Property that is held for capital appreciation or to generate rental income over the long term and that is not occupied by Group companies is classified as investment property.

Also included under this heading is land held for a currently undetermined future use and buildings that are currently vacant.

Some properties are partly held to earn rentals and partly owner-occupied. If the two parts can be sold separately, the Group accounts for the parts separately. Otherwise, dual-use property is classified as investment property only if the owner-occupied part is insignificant.

"Investment property" includes land and buildings held by the Group in full ownership. It is recognised at acquisition or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses, but never at less than its residual value. Acquisition cost consists of the purchase price and any expenditure directly attributable to the acquisition (associated transaction costs). The acquisition cost of self-constructed investment property is the property's cost at the date when construction or development is complete.

The accounting treatment of the costs of any addition, modernisation or improvement and the impairment tests, depreciation methods and useful lives established for investment property are similar to those used for owner-occupied property (see Note 3.c).

The market value of the investment property indicated in Note 9.b) to the consolidated financial statements has been obtained in accordance with the valuation methods described in the previous section on owner-occupied property. In addition, the market value of investment property for non-insurance companies has been obtained from valuations under RICS standards, based on the rental update method and comparable market methods, described in the previous point

3.e) Intangible 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.

The Group measures intangible assets initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses, and the accumulated amount of losses from value impairment, if any. To determine whether intangible assets are impaired, the Group applies IAS 36 – Impairment of Assets and subsequent interpretations.

Intangible assets may have an indefinite useful life - when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the consolidated entities - or a finite useful life, in all other cases, in which case the duration is assessed.

3.e.1) Goodwill on Consolidation

"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 over 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.

In accordance with the provisions of the IFRS 3, a maximum evaluation period of one year from the date of acquisition is specified, during which the acquiring company can retroactively adjust the provision amounts recognised at the acquisition date, when additional information not known at the time of assignment is available.

Goodwill acquired through a business combination is not amortised, but is tested annually for impairment, or more frequently if there are signs of deterioration.

The Group defines a Cash Generating Unit (CGU) as each of the companies in which it holds an interest, either directly or indirectly.

In accordance with the requirements established in *IAS 36 Impairment of Assets*, there is impairment when the book value of the CGU assigned to the goodwill is higher than the recoverable value of the same. For determination of the value or amount recoverable, the value is use is estimated. The value in use of the CGUs corresponding to the insurance business is obtained through subtracting the distributable dividends, a technique that refers to the current value of the potential distributable dividends once the solvency requirements have been attended to. Regarding the CGUs that do not correspond to the insurance business itself, the technique of subtracting available cash flow is used.

The estimate of these values is performed by taking into account different parameters or variables such as the macroeconomic environment, the type of business, historic behaviour, etc. All parameters used in the calculation maintain internal coherence between them, as well as the hypotheses of the Group strategy, in general, and for each business individually.

The key assumptions on which the Group's management has based its projections of results to determine the present value of future cashflows from investments relative to companies pertaining to the insurance business, according to the periods covered by the most recent budgets or forecasts, are as follows:

- Premium income: an annual increase is projected based on the business forecasts for each company for the coming years.

- Claims: the claim over premium ratio is projected based on the business forecasts for each company for the coming years.

- Operating expenses: maintenance of current ratios over premiums.

- Financial result: according to company forecasts for the coming years and related to its existing asset portfolio and reinvestment expectations.

- Available capital: in the projections to obtain the cash flow and therefore the distributable amount, the withholding of cash flow necessary to obtain excess capital available over the Capital Required by Solvency II has been taken into consideration.

On the other hand, regarding the key hypotheses associated to investments relative to companies pertaining to the non-insurance business, the Group Management has taken the following decisions:

- Income from operation and investment in capital: an annual increase is projected based on the business forecasts for each company for the coming years.

- EBITDA margin level: there is a forecast depending on the evolution estimate for the business of each company.

- Investment in circulating capital in accordance with the collections period and the payment period in line with the historic averages in each company.

In all cases, the approach used to determine the values assigned to key assumptions reflect past experience and are consistent with external information sources available when they are prepared.

The Group continuously evaluates whether there are any signs that the value of the consolidation goodwill could have been impaired, based on internal and external factors that imply an adverse incidence in the same.

In the event of an impairment loss on goodwill, the loss is recognised in the income statement for the year in which the loss occurs and cannot be reversed either at the end of that year or in subsequent years. Furthermore, to this effect, the Group periodically carries out an exercise to update the projected cash flow in order to incorporate possible deviations to the recoverable value estimate and also evaluating the next year that the projections used in the test of the previous year did not significantly deviate from reality. On 31 December 2020, it was shown that the differences between the projections used in the previous test and the reality did not affect the conclusions of the previous analysis.

Goodwill attached to associates is included, purely for presentation purposes, in the book value of the CGU. In order to determine a possible loss in value, this is verified for the entirety of the book value of the investment, using IAS 36, and will be calculated using the comparison of the recoverable amount (the highest between the value of use of the fair value, minus the sales costs) with the book value, provided that the application of IAS 36 shows that the CGU value may have been impaired. In order to determine the value of use of the CGU, the Group:

- Calculates the present value of the portion of the future cash flows the subsidiary is expected to generate that is attributable to the Group, taking into account all future cash flows projected to derive from the subsidiary's ordinary operations, plus any amounts expected ultimately to be realised on the sale, or disposal by other means, of the investment or asset in question; or

- Updates the projected future cash flows it expects to receive by way of dividends and on the ultimate sale or other disposal of the investment.

Furthermore, as with the consolidation goodwill, the Group continuously evaluates whether there are any signs that the value of the consolidation goodwill related to associated companies could have been impaired, based on internal and external factors that imply an adverse incidence in the same. To this effect, the Group periodically carries out an exercise to update the projected cash flow in order to incorporate possible deviations to the recoverable value estimate and also evaluating the next year that the projections used in the test of the previous year did not significantly deviate from reality. On 31 December 2020, it was shown that the differences between the projections used in the previous test and the reality did not affect the conclusions of the previous analysis.

3.e.2) Policy portfolio acquisition expenses

The amount of this balance sheet item corresponds basically to the difference between the price paid for an insurance business transfer and the related book value. This item also includes amounts paid upon acquisition of a group of policies from various intermediaries.

These assets are systematically amortised in the period of time when economic performance is anticipated, considering a maximum useful life of three to five years.

3.e.3) Other intangible assets

The specific accounting policies applied to the main assets included in Other intangible assets are described below:

Computer software

This balance sheet line consists primarily of deferred charges associated with the development of IT systems and electronic communication channels.

Acquired software licences are valued on the basis of acquisition costs and right of use of the specific software, provided they are expected to be used for several years, and are recorded as computer software acquired entirely from third parties. Also included in this line are the costs of third parties involved in developing software for the Group.

Where software is developed internally, the Group capitalises the expenses directly associated with the production of exclusive, identifiable computer software controlled by the Group, that is, the labour costs of the software development teams and the corresponding portion of associated indirect costs. The rest of the costs associated with the development or maintenance of internal projects are expensed as incurred.

Subsequent costs are capitalised only if they increase the future benefits of the related intangible assets. Recurring costs incurred as a result of modifications or updates of computer software or systems and system overhaul and maintenance costs are recognised in profit or loss as incurred.

Computer software is amortised systematically over its useful life, which is estimated to be a maximum of three to five years for software acquired from third parties and a maximum of ten years for software developed internally.

The Group assesses, at each balance sheet date, whether there is any indication of impairment of any asset. If any such indication exists, the Group will take into account the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired in value, the Group will consider the following factors at least:

(i) Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, worse than expected.

(ii) During the year, significant changes have taken place or are expected to take place in the near future in the extent or manner in which the asset is used or is expected to be used, which will adversely affect the Group.

(iii) Evidence is available of the obsolescence or physical damage of an asset.

Intangible assets from business combinations

In the case of the acquisition of control of new companies, the Group identifies intangible assets at the time of purchase and estimates them when they are considered significant and can be measured reliably. The identifiable assets acquired were brands, distribution networks and policies in portfolio, which are valued at their fair value on the date of acquisition and the costs related as incurred by the purchaser are registered as expenses in the year they are produced.

The distribution networks and policies in the portfolio have a finite useful life and are therefore depreciated accordingly (between ten and twenty years). In the case of trademarks, the valuation process determines whether their useful life is finite or infinite, and only those with a finite useful life are depreciated on the basis of their duration.

In addition, impairment tests are carried out at least annually regardless of the useful life of these assets.

3.f) Non-current assets held for sale and associated liabilities

Assets held for sale are generally recognised at the lower of their book value and fair value, less estimated costs to sell, the latter being understood to mean all marginal costs directly attributable to their disposal, excluding any finance costs and corporation tax.

Non-current assets classified as held for sale are not amortised.

Impairment losses of their book value are recognised in the profit and loss account. Should the loss be reversed, the reversal is recognised in the profit and loss account for an amount equal to the impairment loss previously recognised.

3.g) Transactions in foreign currency

3.g.1) Functional currency

The functional currency of the parent company and of the subsidiaries that have their registered office in the European Monetary Union is the Euro. Certain subsidiaries of Atradius N.V. present their financial statements in the currency of the main economic environment in which they operate, so their functional currency is other than the euro.

The consolidated financial statements are presented in euros, the Group's presentation currency.

3.g.2) Rules for translation of foreign currency balances

Foreign currency balances are translated into euros in two steps:

- The foreign currency is translated into the functional currency (the currency of the main economic environment in which the subsidiary operates or into the euro in the case of companies domiciled in the Monetary Union), and

- The balances held in the functional currencies of subsidiaries whose functional currency is not the euro are translated into euros.

Translation of foreign currency into the functional currency:

Foreign currency transactions carried out by consolidated entities (or entities accounted for by the equity method) that are not domiciled in EMU countries are recognised initially at their equivalent value in the entities' functional currency, using the exchange rates prevailing at the transaction dates. Monetary items in foreign currency are subsequently translated to the companies' functional currencies using the closing rate. Similarly:

- Non-monetary items measured at historical cost are translated into the functional currency at the exchange rate at the date of acquisition,

- Non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value was determined,

- Income and expenses are translated at the average exchange rates for the period for all the transactions performed during the year,

- The balances arising from non-hedging forward foreign currency/foreign currency and foreign currency/euro purchase and sale transactions are translated at the closing rates prevailing in the forward foreign currency market for the related maturity.

The Group follows the same rules when converting the foreign currency items and transactions of subsidiaries domiciled in the Monetary Union into euros.

Translation of functional currencies into euros:

The balances reported by consolidated entities (or entities accounted for by the equity method) whose functional currency is not the euro are translated into euros as follows:

- Assets and liabilities, at the closing rate.

- Income and expenses, using the average monthly exchange rates (unless the average is not a fair approximation to the cumulative effect of the rates in force at the transaction dates, in which case the rates prevailing on the transaction dates are used), and

- Equity, at the historical exchange rates.

3.g.3) Recording of exchange differences

Exchange differences arising on translation of foreign currency balances into the functional currency are generally recognised in the income statement at their net amount. However:

– Exchange differences arising on non-monetary items whose fair value is adjusted against equity are recognised in equity under “Other comprehensive income and accumulated in equity - Items that can be reclassified to profits - Available-for-sale financial assets”.

– Exchange differences arising on non-monetary items whose gains and losses are recognised in profit or loss for the year are also recognised in profit or loss, without differentiating them from other changes in fair value.

– Exchange differences arising on translation of the financial information of subsidiaries denominated in functional currencies other than the euro are recorded in consolidated equity under the heading “Exchange differences” until the subsidiary or associate concerned is removed from the balance sheet, at which time they are recognised in profit or loss.

3.g.4) Exchange rates used

The functional currencies of the most important subsidiaries and associates of Atradius N.V. and the currencies of the Group's other foreign currency balances are listed, showing their year-end and average exchange rate for the years ended 31 December 2020 and 2019:

Currency	Year-end rate		Average annual rate	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
U.S. Dollar	0.815	0.890	0.835	0.911
Pound sterling	1.112	1.175	1.113	1.173
Japanese Yen	0.008	0.008	0.008	0.008
Swiss Franc	0.926	0.921	0.934	0.897
Swedish Krona	0.100	0.096	0.095	0.095
Norwegian Krone	0.096	0.101	0.093	0.102
Danish Krone	0.134	0.134	0.134	0.134
Mexican peso	0.041	0.047	0.041	0.046
Australian Dollar	0.629	0.625	0.66	0.616

3.h) Company income tax

The corporation tax charge for the year is computed on the basis of accounting profit before taxes, determined in accordance with generally accepted accounting principles in Spain and the other countries in which the subsidiaries of Atradius N.V. operate, adjusted for any permanent differences, these being differences between taxable profit (resulting from the application of the applicable legislation) and accounting profit before tax that do not reverse in subsequent periods and differences arising from application of the new IFRS in respect of which, likewise, no reversal will take place. When the differences in value are recognised in equity, the related income tax is likewise charged to equity.

Both temporary differences arising from differences between the book value and the tax base of an asset or liability and, where assets are capitalised, tax assets arising from tax credits and rebates and tax losses give rise to deferred tax assets or liabilities. Such deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The Group recognises deferred tax liabilities for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is considered highly probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised.

The assets and liabilities for deferred taxes are determined in application of the regulations and the tax rates approved or on the verge of being approved on the date of the balance sheet and which are anticipated to be applied when the corresponding deferred tax assets take place or the deferred tax liabilities are liquidated.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, using the statutory tax rates enacted or substantively enacted by the balance sheet date. Accordingly, the Group has calculated the corporate income tax at 31 December 2020 applying the tax regulations in force in companies registered in Spain and taking the various tax regimes for foreign companies into account (subsidiaries of Atradius N.V.).

As indicated in July 2014 by the IFRS Interpretations Committee, the Group recognizes tax assets arising from payments required by the tax administration under inspection procedures in accordance with the provisions of IAS 12.

In accordance with IFRIC 23, the Group recognises under current and deferred tax assets and liabilities the amounts that the entity estimates to reflect the contingencies arising from litigation with the tax authorities in relation to corporate income tax.

3.i) Financial liabilities

A financial liability is a contractual obligation requiring the Group to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity on terms that are potentially unfavourable. Financial liabilities include those debits and payables that the Group has and that have arisen from the purchase of goods and services in the ordinary course of the company's business.

No securities have been issued that are convertible into shares of the parent or that grant privileges or rights which may, under certain circumstances, make the securities convertible into shares. The Group's most significant financial liabilities relate to the subordinated debt issued by Atradius N.V. (see Note 13.a).

After initial recognition at fair value, in general the Group measures all its financial liabilities at amortised cost using the effective interest rate method.

When a financial liability recognised at amortised cost is derecognised or the effective interest rate method is applied to it, the resulting income and expenses are recognised in the income statement.

At 31 December 2020, neither the parent nor any other Group company has guaranteed any other debt securities issued by associates or third parties unrelated to the Group.

3.I.1) Debits and payables

This category includes trade and non-trade payables, including creditors and other accounts payable.

Payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. This effective interest is the discount rate which equates the instrument's book value and expected future payment flows until maturity of the liability.

Nonetheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

3. j) Insurance and reinsurance assets and liabilities

The Group applies the requirements established in IFRS 4 – Insurance Contracts to all the insurance assets and liabilities recognised in its consolidated financial statements that derive from insurance contracts, as defined in this standard

3.j.1) Classification of the portfolio of contracts

The Group assesses and classifies its portfolio of direct Life and Non-life business (including inward reinsurance) and of outward reinsurance taking into account the Implementation Guidance accompanying IFRS 4 and the guidelines issued, other than for statutory purposes, by the DGSFP on 22 December 2004, through the Framework Document on the Accounting System for Insurance Companies in relation to IFRS 4. All contracts are classified as "insurance contracts", including the financial guarantee contracts issued by the Group in the form of insurance contracts, in accordance with the exception provided for in the amendment published on 27 January 2006.

The Group does not unbundle any deposit components associated with insurance contracts, since such unbundling is voluntary in nature. Also, it is considered that the surrender options issued to the insurance policyholders either have a fair value of zero or, alternatively, that their value forms part of the insurance liability.

3.j.2) Valuation of insurance and reinsurance assets and liabilities

IFRS 4 imposes restrictions on permitted changes to accounting policies relating to insurance contracts. Pursuant to this standard, the Group has maintained the valuation rules for insurance contract assets and liabilities applicable under the accounting principles and valuation rules established in Spain and the other countries in which the Group operates, which are mandatory for all insurance providers:

The Group applies the liability adequacy test provided for in IFRS 4, with a view to ensuring the adequacy of contractual liabilities.

- Life insurance compares the book value of technical provisions, less any deferred acquisition costs or any intangible assets related to the insurance contracts under assessment, against the amount determined as a result of considering current estimates of all future cash flows derived from insurance contracts, taking into account the temporary value of money and using realistic hypotheses (economic, biometric, etc.) according to the experience of each company. In accordance with Spanish regulations, in the above calculation the Group offsets deficits against surpluses, considering the various types of insurance included in the life insurance line as a single level of aggregation.

- In the non-life insurance and the credit insurance business, in addition to comparing the carrying amount of technical provisions with the value resulting from considering the most current estimates of future flows, the Group compares the non-life benefit provisions of the previous year with the resulting payments and provisions at the end of the period, resulting in a positive balance (positive run-off).

  For a small group of the foreign subsidiaries of Atradius N.V. these calculations are made locally and are subject to external actuarial review and/or centralised assessment by the Group.

The Group considers that the adequacy of these liabilities has been effectively proven. As the liabilities were adequate according to the calculations made at 31 December 2020 and 2019, it was not necessary to increase the amount of insurance liabilities recognised as of those dates.

For the purpose of partially avoiding the mismatches caused by the use of different valuation bases for financial assets, which are classified mainly under the available-for-sale portfolio, and insurance liabilities, the Group reassigns the portion of the unrealised gains arising from the above assets which are expected to be allocated to the insured in the future as they materialise or by applying an assumed interest rate higher than the maximum rate permitted by DGSFP. The reassignment is done by decreasing the “other comprehensive income” to equity through the “Corrections of accounting mismatches” sub-heading and recording an increase in liabilities through the “Other liabilities” sub-heading.

The main accounting policies applied by the Group in connection with the technical provisions are summarised below:

Unearned premiums and unexpired risks reserves

The unearned premiums provision is the proportion of premiums earned in the year to be allocated to the period from each year-end to the expiry of the policy period. The insurance companies that operate in the traditional business, calculate this provision by reference to the premium rates for each line of insurance on a policy-by-policy basis, net, where appropriate, of the loading for contingencies (i.e., commissions and other acquisition costs are not deducted).

For the credit insurance business, the Group does not make a provision for unearned premiums since the premium is fully consumed at the time the underlying business transaction takes place. This provision is only made if there are premiums invoiced prior to the start of the risk. For the credit insurance business in Spain and Portugal, a provision is made for unearned premiums, which is the fraction of the premiums earned in the year that must be allocated to the period between the end of each year and the due date for payment of the covered invoices.

The unexpired risks provision is intended to complement the provision for unearned premiums to the extent that the amount of this provision is not sufficient to reflect the measurement of all risks and expenses to be covered in relation to the coverage period not closed at year-end. It is calculated and established, as needed, for the Spanish companies in the Group, in accordance with the calculation stipulated in Article 31 of the Private Insurance Regulations (ROSSP), amended by Royal Decree 239/2007 of 16 February, considering the technical result by year of occurrence for the closing year jointly with the previous year or the four previous years, depending on the business line in question.

The above calculation is made for each line or product sold, understood as the specific guarantee or group of related guarantees with respect to the risks arising from the same type of insured object.

Life insurance reserves

This reserve comprises the unearned premiums reserve for insurance policies with a coverage period equal to or shorter than a year and, mainly for other lines of insurance, the mathematical provision. Mathematical provisions, which represent the excess of the current actuarial value of the future obligations of insurance subsidiaries over the value of the premiums payable by policyholders, are calculated on a policy-by-policy basis using an individual capitalisation method, by reference to the valuation premium earned in the year, in accordance with the Technical Bases of each line of insurance, adjusted, as appropriate, for the mortality tables accepted under current Spanish legislation.

The Group also values the options for the insured when they can choose the maturity of the policy, primarily in endowment insurance and retirement for which there is currently no new business, including a capital or an annuity whose interest rate is fixed from the moment of contracting the policy.

Regarding the interest rates applied for calculation of the technical provisions in Spain for accounting purposes for life insurance for the contracts that are subject to sections 33.1.a).1 and 33.1.b).1 of the ROSSP, resulting from the entry into force of Royal Decree 1060/2015, of 20 November, on Organisation, Supervision and Solvency of Insurance and Reinsurance Entities, the Group decided to accept the adaptation of the temporary structure of interest rates without risk as included in article 54 of said royal decree. The adaptation will take place in a linear manner over 10 years, to be counted from 1 January 2016. The effective annual rate calculated for the year 2020 has been -0.04% and the annual effective rate applied in 2020 has been 0.76%. On 31 December 2020, there are 5 years of adaptation remaining.

In 2020, the Group recognised a provision of €10,221 thousand (€10,120 thousand in 2019) for the application of the above-mentioned transitional measure, the total impact of the adjustment according to the November 2020 risk-free interest rate term structure being €49,777 thousand.

Provisions for life insurance policies where risk is borne by policyholders

For presentation purposes the technical provisions relating to insurance policies in which policyholders bear the investment risk are included in liabilities under “Technical provisions – Life insurance provision”. The related technical provisions are determined based on the indices or assets established as a reference for determining the economic value of the policyholders’ rights (see Note 14).

Claims provision

This provision includes the total amount of obligations outstanding as a result of claims, declared or not, incurred at year-end. The Group calculates this provision as the difference between the total estimated or certain cost of claims incurred but not reported, settled or paid and the aggregate amounts of such claims already paid on account.

Claims not yet settled or paid and claims not yet reported.

Statistical methods

The subsidiary Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
General third-party liability	29 January 2007	8 January 2008	31 December 2007
Motor third party liability Other motor insurance Multi-risk: - Family Home	17 December 2007	8 January 2008	31 December 2007
Multi-risk: - Retail - Blocks of Flats - Industrial (SME) - Others (Offices) Accident Transport	30 May 2008	10 July 2008	31 December 2008

The subsidiary Bilbao Compañía Anómina de Seguros y Reaseguros also uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Motor third party liability Other motor insurance General third-party liability Multi-risk: - Family Home - Retail - Blocks of Flats - Industrial (SME) Accident Transport - merchandise	22 June 2010	24 September 2010	31 December 2010

The subsidiary company Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, since 2006 when it received authorisation from the DGSFP, also uses global statistical methods to calculate the technical provisions of the services as regulated in article 43 of the ROSSP:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Motor Body Motor Material Civil liability Multi-risk: - Family Home - Retail - Blocks of Flats - SMEs Accident Combined Industrial and Fire Transport Machinery Breakdown Electrical equipment All construction risk Health	28 April 2006	28 July 2006	31 December 2006

For these lines, the provision for outstanding or unpaid claims and unreported losses is calculated globally, without separating the two components. For the abovementioned lines, the provision has been calculated in accordance with the best estimate provided by internal actuarial calculations, using generally accepted deterministic and stochastic models. Details of the methods and the main assumptions used in calculating these provisions at 31 December 2020, are given below:

- The Group has chosen the (deterministic) Chain Ladder method for calculating claims paid and incurred, complemented by the (stochastic) Bootstrap technique.

- Outlier claims, defined as claims whose estimated cost exceeds a certain amount, depending on the line, are excluded from these methods, despite of being assessed at an individual level.

- Estimated payments are net of recoveries.

- No effect of inflation or financial discount over time has been considered.

These subsidiaries undertake an annual suitability check of the calculations made in accordance with the requirements of the Regulations.

For the purpose of the fiscal deductibility of the statistically calculated claims provision, the minimum amount of the provision has been calculated in accordance with the requirements of the Sixth Additional Provision of ROSSEAR. Differences between the provisions made and those considered a tax-deductible expense have been recorded as temporary differences.

The subsidiary Atradius NV, with the exception of the business in Spain and Portugal, uses statistical methods for the calculation of the provision for benefits from the direct credit insurance business, excluding claims with a higher volume, for which individual valuations are made. Expected losses are estimated using historical claims data, which are compared with claims estimates and other known trends and developments. Claims estimates are based on trends in reported claims, the time elapsed between each claim event and the reporting of the claim, the average costs of claims, the proportion of expenses, and recoveries.

Estimates of future guarantee payments are established on the basis of the required amount of guarantee minus the amount to be taken into account for estimated recoveries, calculated on the basis of specific historical information for each case.

Individual assessments

For all other outstanding and unpaid claims of the remaining companies and/or lines, including the credit insurance business in Spain and Portugal, the amount of the provision is calculated on a case-by-case basis, using the best information available at year-end.

Unreported claims

Except for the lines in which statistical methods are used, the provision for unreported losses is calculated based on the insurance companies' experience, taking into account the average costs and unreported losses of the last five (5) years.

For credit insurance business, the provision for outstanding claims is the estimate for future claims payments that will result from risks assumed, but for which no notification of loss has been received. For the credit insurance business in Spain and Portugal, this provision is the estimate for future claims payments that will result from risks assumed, but for which no notification of loss has been received and for which the underlying invoices are past due at the end of the reporting period.

Internal claims settlement expenses

The claims provision includes an estimated amount for internal management and claims handling expenses. This is to meet any expenses the company may incur in finally settling claims that have to be included in the claims provision for direct insurance and inward reinsurance. This estimate is calculated in accordance with Article 42 of the ROSSP, taking into account the ratio between claims-related internal expenses and claims paid, adjusted for the change in the claims provision in each line. This percentage is applied to the claims provision for each line, taking into account the expense allocation system and the systems for calculating the claims provision explained previously.

Independently of the valuation method used and pursuant to current law, the Group does not discount the claims provision.

Provisions for policyholder dividends and returns

These provisions include the earnings accrued to insured customers or beneficiaries that are not yet allocated at year-end. They do not reflect the effect of allocating part of the unrealised capital gains on the investment portfolio to policyholders, which is included in the “Other liabilities” sub-heading.

Other technical provisions – Provision for funeral insurance

The funeral provision is calculated using individual capitalisation methods, i.e., it is calculated insured party by insured party, unlike the current actuarial value of the company’s future obligations and those of the insured party.

For policies issued prior to the entry into force of the eleventh transitional provision of the ROSSP approved by Royal Decree 2486/1998, the provision has been made in accordance with the aforementioned transitional provision. Said provision states that the insurance companies that, on 31 December 2014, still had policies where the technical bases and provisions were not in conformance with the provisions of articles 79 and 46, would have a maximum period of 20 years, counted from 1 January 2015, to register in their balance sheet the provision resulting from carrying out the corresponding adaptation, which must take into consideration the characteristics of the different types of contract, specifically, the date of first insurance and the premiums that the policyholder is obliged to pay from that time to the insurance entity. Based on this, it is calculated for each of the years of the transitory period, the difference between the amount of the provision that must be constituted in conformance with the actuarial approach of the operation and that constituted, increasing the provision each year in conformance with the systematic plan presented to the DGSFP, in virtue of which the provision has been provided for 31 December 2020, 2019 and previous years.

Lastly, details of the rest of the main accounting policies, other than the technical provisions, used by the Group in relation to other assets and liabilities related to insurance contracts are given below:

Commissions and deferred acquisition expenses

It should be noted that the “Other assets” heading on the asset side of the balance sheet consists essentially of commissions and other acquisition costs relating to premiums written that are to be allocated in the period between each year-end and the end of the contract term, the costs recognised in income being those actually incurred in the period, subject to the limit established in the Technical Basis.

Likewise, the “Other liabilities” heading on the liabilities side of the balance sheet includes commissions and other acquisition costs relating to outward reinsurance that are to be allocated in subsequent periods in line with the cover period of the ceded policies.

Commissions and acquisition costs directly related to new premiums written are never capitalised, but are recognised in income in the year in which they are incurred.

Amount for estimated recoveries

According to the establishments of article 14 of Order EHA/339/2007, of 16 February, which develops certain precepts of the regulatory standards for private insurance, with regards to the establishments of the second paragraph of section 1. Recognition of the registry standard and valuation 8, “Financial instruments”, of the Accounting plan for insurance entities, approved by

Royal Decree 1317/2008, of 24 July, recoveries can be activated by the entities that operate in credit and bond insurance, using statistical methods that comply with the requirements that, for the provision of services, are established in sections 1 and 3 of article 43 of the Regulation on Organisation and Supervision of Private Insurance.

The international regulations applicable to insurance contracts, IFRS 4, permits continuing with the accounting practices used in the valuation of insurance contracts that must be applied in a consistent manner over time.

In this regard, in general, the recoveries of claim credits are counted only when their performance is sufficiently secured. The entirety of these recoveries come from the subsidiary Atradius N.V.

In the estimated recoveries from claims, the Group uses actuarial techniques that are broadly accepted on the market and that include from deterministic “Chain Ladder” techniques to individualised calculated by debtor in large claims, using historic information of the claim behaviour for the different products of credit and bond insurance.

Annually, there are internal comparison procedures for the calculations made with said actuarial techniques in order to guarantee adequacy of the estimates made.

Estimated recoveries, net of reinsurance, are recorded in the “Receivables – Other receivables” sub-heading in the consolidated balance sheet.

Agreements between insurers

The subsidiaries Seguros Catalana Occidente, Seguros Bilbao and Plus Ultra are members of the CICOS system for the settlement of certain motor claims (in application of the CIDE-ASCIDE agreements). Claims against insurers arising under such claims settlement agreements are recorded under the heading “Receivable under motor agreements” on the asset side of the Group balance sheet, together with the other items included under the “Other receivables” sub-heading in “Loans and receivables”.

Amounts payable to insurers under claim settlement agreements are included under the heading “Payable under agreements with insurers”, which is included along with the rest of the provisions under “Non-technical provisions” in the accompanying consolidated balance sheet. In any case, where the insurance companies have insured the liable party, any amounts payable to other insurers under these agreements are included in the claims provision.

Reinsurance

The reinsurance contracts entered into by the Group's insurance subsidiaries with other insurance entities transfer, in all cases, a significant proportion of the insurance risk to the reinsurers.

In some cases, the above contracts provide for commission payment agreements (profit-sharing) with their reinsurance companies, which are based on the claims ratio per underwriting year. The Group entities record these fees taking into account detailed assessments of expected loss ratios. In the case of Atradius NV, the scale fees (an additional income or expense on top of the provisional fee) are based on an estimate by the management of the institution of the final loss ratio for a subscription year.

Any profits or losses arising, at the time of entering into reinsurance contracts, from the use of different measurement bases for pricing the contract and measuring the insurance liabilities covered are recognised directly in the profit and loss account.

3.k) Non-technical provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the related obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements.

Provisions, which are quantified on the basis of the best information available regarding the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific risks for which they were originally recognised. Provisions are fully or partially reversed when such risks cease to exist or are reduced.

3.k.1) Provisions for pensions and similar obligations

Post-retirement benefits

The main companies of the Group with pension commitments and other similar obligations are Seguros Catalana Occidente, Seguros Bilbao and Atradius

These companies have 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.

For defined contribution plans, Group companies make pre-determined contributions to a separate entity or to a Group entity, with no legal or effective obligation to make additional contributions if the separate entity is unable to pay employee benefits related to services rendered in the current and prior periods.

In defined-benefit plans the amount of the benefits will depend on one or several factors, such as age, length of service and salary. The Group makes the necessary contributions to a separate entity (or the Group, as applicable). In contrast with the case of defined-contribution plans, however, it does have a legal or effective obligation to make further contributions if the separate entity is unable to pay benefits due to employees in relation to services rendered in the current or previous years.

In accordance with IAS 19 - Employee Benefits, the liability recognised in the Group's balance sheet for defined-benefit plans is the present value of the defined-benefit obligation at the balance sheet date less the fair value of the plan assets (if any) out of which the obligations are to be settled directly.

The plan assets covering the defined benefit obligations of Atradius are represented by instruments, vehicles or insurance companies that are not part of the Group.

The Group has opted to recognise actuarial gains and losses on all post-employment defined-benefit plans in full outside the income statement, under the heading “Actuarial gains/(losses) on long-term employee benefits” in the statement of recognised income and expense. “Actuarial gains and losses” are considered to be those which result from changes in the actuarial assumptions used for quantification of our obligations, the difference between assumptions and experience, as well as the income of assets over net interest.

The annual calculation of the obligations under the defined benefit plans is carried out by independent experts, using the so-called "projected calculation unit" method and using unbiased and mutually compatible assumptions. The discount rate used to determine the present value of the obligations is the interest rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liabilities. The estimated retirement age is the earliest age at which each employee is entitled to retire under current Social Security regulations.

The reversal of assets can occur when the plan assets are higher than the projected benefit obligation and the Group cannot recover any surplus through refunds from the pension’s vehicle due to solvency or control requirements. These reversals are presented in the statement of recognised income and expense.

Contributions made to defined contribution pension plans are accounted as expenses on the profit and loss account of the year of occurrence in each company of the Group.

The cost of services in the current year, understanding the increase in actuarial value of bonds stemming from services rendered during the year by employees, are expensed in the profit and loss account in the year in which they are incurred in each of the Group companies.

3.k.2) Other non-technical provisions

Other non-technical provisions basically cover debts arising from payments the Group must make under agreements entered into with insurance companies and estimated amounts payable to meet potential or actual liabilities such as litigation in progress, compensation, redundancy pay or other obligations.

3.l) Treasury shares

The negative balance of the “Equity – Treasury shares and participation units” account in the consolidated balance sheet relates to shares of the Group held exclusively by the subsidiary Sociedad Gestión Catalana Occidente, S.A. These shares are held at acquisition cost. The related adjustments and the profits and losses arising from disposal of treasury shares are credited or charged, as appropriate, to the equity heading ”Other reserves for changes in accounting policies – Gains/(losses) on transactions in own shares”.

A summary of the transactions carries out with the Group’s own shares during the year is provided in Note 16.c) to the consolidated financial statements.

3.m) Income and expenses

The Group recognises income and expenses on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The main principles used by the Group to recognise income and expenses are summarised below:

3.m.1) Income from Written Premiums

Premiums written during the year, less cancellations and return premiums, are recorded as period income, corrected by the change in the premiums accrued and not issued, which are derived from contracts created or extended during the year, in relation to which the right of the insured party to collect from the same arises during said period.

In the traditional business segment, premiums for Non-Life insurance and renewable annual Life contracts in the direct business are recognised as income over the term of the contracts, based on the time elapsed. These premiums are accrued via the establishment of provisions for unearned premiums. Life insurance premiums are long-term contracts, whether single or regular premium policies, and are recognised when the insurer's collection right comes into effect.

In the credit insurance business segment, premium income is recorded on the dates when receipts are issued for the estimated provisional premium (credit area) or final premium (surety area). This provisional premium is regularised in accordance with the actual sales insured, and is recorded under the heading 'Other assets - Accruals and deferrals - Unearned and unissued premium'.

The assumptions used for the estimates of earned and unearned premiums are based on the most recent trends in the insured business, customer-specific information, information on outstanding claims and, where relevant, macroeconomic information. It is this changing macroeconomic information, in the context of an unprecedented pandemic, which requires a quantification of additional uncertainty about the business-as-usual process that is followed in the estimates of earned and unearned premium to ensure that potential future developments do not adversely affect the financial statements in future years. The positive historical evolution of this process shows that any potential deviation in unknown shipments under this pandemic would be covered without significant impacts on insurance premiums.

The Group's income through fees for instalment payments of premiums is recognised as an increase in finance income and is accrued over the collection period of the bills generating these surcharges.

Premiums for outward reinsurance are recognised on the basis of reinsurance contracts written and in accordance with the same criteria used for direct insurance.

3.m.2) Income from information services and other technical income

This income comes mainly from Atradius and includes fees for information services, collections and short-term credit management services and income from activities carried out as an agent of the Dutch state. This income is recognised when the service is provided, in line with IFRS 15.

3.m.3) Income from funeral services and other non-technical income

The income from Other activities mostly includes the income originating from the funeral services provided by Grupo Asistea. This income is recognised in accordance with IFRS 15 at the fair value of the consideration received or receivable arising from the consideration, with income being recognised when, or as, the entity meets its performance obligation to its customers.

In addition, this section includes the income from management commissions for investment funds and pension funds.

3.m.4) Interest income and expense and similar items

In general, these items are recognised using the effective interest method, irrespective of the monetary or financial flow deriving from the financial assets. Dividends are recognised as income as the consolidated companies' right to receive them arises.

3.m.5) Claims incurred and changes in provisions

Claims incurred comprise benefits paid during the year, related changes in technical provisions and the portion of general expenses allocated to the claims function.

3.m.6) Commissions

Commission income and expense is recognised in income over the period in which the associated service is provided, except for commissions associated with a specific, individual act, which are recognised at the time they arise.

3.n) Business combinations

The business combinations are accounted for by applying the acquisition method which determines the date of acquisition and calculates the cost of the combination, registering the identifiable assets acquired and the liabilities assumed at their fair value referring to said date. In the case of liabilities from insurance contracts, these are registered in conformance with IRFS 4.

The cost of the combination is determined by aggregation of the price paid plus the amount of all minority interests plus the fair value of the prior shares from the business acquired, where applicable.

The goodwill represents the excess cost, including deferred payments, whether true or contingent, over the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed.

In the exceptional case of there being a negative difference in the combination, this is attributed to the profit and loss account as income.

If on the close date of the year when the combination occurs the valuation processes necessary to apply the method of acquisition described above cannot be concluded, this accounting will be considered provision, and said provisional values can be adjusted in the period necessary in order to obtain the information required which under no circumstances will be more than one year. The effects of the adjustments made in this period are accounted for retrospectively, modifying the comparative information if necessary.

The later changes to the fair value of the contingent payment are adjusted in comparison to the results, except where said payment has been classified as equity, in which case the later changes to the fair value are not recognised.

4. Risk and capital management

Grupo Catalana Occidente understands that solvency is ensure by gaining a strong capital position by achieving long-term results and a responsible and sustainable shareholder remuneration policy.

All Group entities must maintain the necessary financial strength to develop the business strategy, taking prudently risks and meeting the required solvency needs.

Risk management is one of the basic aspects of the insurance business.

4.a) Capital management

Grupo Catalana Occidente seeks to maintain a strong capital position.

Capital management is governed by the following principles:

- Ensure that Group companies have sufficient capitalisation to meet their financial obligations, even as they face of extraordinary events.

- Managing the adaptation of capital of the Group and its entities in consideration of the economic and accounting perspective and the capital requirements and objectives established in the risk appetite.

- Optimise the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.

Grupo Catalana Occidente 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 the Group level and at the level of each of the insurance and reinsurance entities, using different models for monitoring: ORSA, rating agencies, economic and regulatory models.

Since 1 January 2016 the Group's capital has been quantified on the basis of the standard formula set out in the Solvency II regulations, except in the credit and surety business for which, in order to take account of the specific features of the business, a model has been developed for calculating its underwriting risks, approved by the Board of Supervisors in July 2017. Thus, the Group's solvency ratio and that of each of its entities is the result of comparing the equity of the entity at market value (economic capital) to the mandatory solvency capital requirement (SCR). The mandatory solvency capital requirement includes all of the risks to which the entity is exposed, particularly the following: market risk, subscription risk, counterparty default risk and operational risk.

Secondly, the capital is quantified according to the requirements of rating agencies. In particular, the Group assesses its credit quality through the agencies A.M. Best y Moody’s. In December 2020, A.M. Best confirmed the financial strength rating of A (excellent) with a stable outlook for the Group's main operating entities, both in traditional business and credit insurance business. This rating reflects the solid balance sheet strength, excellent operating results and appropriate capitalization of the Group's main operating entities. Furthermore, it considers that exposure to natural disasters is limited, thanks to the existence of a national coverage system (Consorcio de Compensación de Seguros).

Moody's affirmed the 'A2' rating of the operating entities in the credit insurance business under the Atradius brand, upgrading the outlook back to stable in February 2021. The confirmation of this rating reflects Moody's confidence in the strength of the Atradius brand, even in situations of economic uncertainty such as that generated by COVID-19. This is due to Atradius' dynamic risk exposure management, its strong economic capitalisation and its solid positioning as the second largest global credit insurance player.

Grupo Catalana Occidente and all of its individual entities have the objective of maintaining a solvency ratio that allows them to favour growth and to undertake prudent and stable remuneration of shareholders.

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

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 regulators mentioned above are responsible for regulating the calculation of the solvency margin in their respective countries.

The Group has a robust, solvent asset position which is not expected to be materially impacted by further economic downturns caused by the COVID-19 pandemic.

4.b) Risk management

The Group's risk management system works holistically, consolidating this management by business, activity, subsidiary and support area at the corporate level.

The principal elements that form part of the Risk Management System are:

- **i.** Risk government: Organisational structure of the Risk Management System. The Risk Government is regulated by policies, other regulations and a clear attribution of roles and responsibilities.
- **ii.** Risk management process: Establishes the process that the Group and its entities use to identify, accept, evaluate, monitor, mitigate and inform the risks. Furthermore, the process defines the Risk Strategy and insures that the integration of the same with the Business Strategy permits compliance with the risk appetite and tolerance defined by the Board of Directors.
- **iii.** Business Strategy: The Business Strategy is defined in the Strategic Plan. As mentioned in section ii above, the Business Strategy is in line with the Risk Strategy. The process of self-assessment of risks and solvency (ORSA) contributes towards guaranteeing this alignment.

These elements promote a common risk culture within the Group and ensure efficiency of the Risk management system.

The government of the Risk management system is based on the principle of the "three lines of defence". The principle of the three lines of defence establishes the levels of activity, roles and responsibilities that govern the Risk management system in such a manner that the first line of defence consists of the business units which are responsible for the risk and which assume the management of the same. The second line of defence consists of the actuarial function, the risk management control function and the compliance verification function. The third line of defence is the function of internal audit.

On the other hand, 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 Management 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 government of the Risk Management system, the Group and its entities have 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 Group and its entities identify, measure, control, manage and inform of the risks that are present or may be present. Specifically, the Group and its entities identify and determine, among others: (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 of the group also aims to develop processes and systems of capital allocation in light of the risks assumed by each area.

Based on this process, the Group 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 Group undertakes the internal assessment of future risks (ORSA; Own Risk and Solvency Assessment) according to the criteria defined in its ORSA Policy. The ORSA process is performed both for the Consolidated Group and the different companies of the traditional insurance business and credit insurance business. 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 of each insurance entity, 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) for each entity, approving the ORSA report for the Group by the Board of Directors of the Company.

The main risks that may affect the achievement of the Group's objectives are as follows:

- Traditional Technical Business Risks
- Credit insurance and Bonding risk
- Financial Market Risks
- Operational Risks
- Other non-operational risks such as reputational risk and strategic risk.

In 2020, the most significant risk management implications are related to the global effects of the COVID-19 pandemic crisis. The risks arising from this crisis were initially mitigated by activating the contingency and continuity protocol. 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 maintaining the service to our customers. 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 addition, the impact of COVID-19 on results and solvency has been analysed, not only in the light of current information but also by incorporating adverse scenarios, which take into account an increase in the claims ratio in the credit business and a fall in the financial markets. In all these cases, the Group's capital adequacy ratio would be well above the minimum risk appetite threshold approved by the Group.

A. Traditional Technical Business Risks

With regard to non-life insurance, underwriting risk is divided into those of insufficient premiums, insufficient technical provisions, portfolio fall and catastrophe risk. These risks are managed differently depending on the business line.

With regards to the life insurance, biometric risks are contemplated (including the risks of mortality, longevity, morbidity/disability) as well as non-biometric (falling portfolio, expenses and catastrophes).

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 cease of risk through reinsurance contracts.

The Group measures the subscription risk through the standard formula, except for the credit insurance business where the Group uses its internal model.

Measures taken to monitor and control these risks include:

- On-going development of Technical Standards, establishing automatic and preventive mechanisms to ensure that policy underwriting meets the standards.
- Product analysis, aimed at determining the adequacy of premiums and technical provisions.
- Business diversification in both general and life insurance.
- Quantification of European Embedded Value in the Life business line.
- Implementation of Appraisal Value methodology in Non-Life.
- Use of reinsurance to cover deviations from the expected claims rate, allowing the Group to retain as much business as possible, in so far as its scale of operations and solvency allow. For outward reinsurance, the Group uses only market-leading reinsurers, with ratings that guarantee the necessary solvency, financial and management capacity, and business and service continuity.
- On-going analysis of policy returns and results, taking whatever measures are needed to prevent high claims rates.
- Traceability mechanisms in Internal Control.

Also, the Group carries out continuous monitoring of the level of risk concentration. In traditional business, it has a very diversified range of products. The distribution by business of the portfolio based on the premiums attributed to direct business and reinsurance accepted on 31 December 2020 is as follows: Life 28.8%; Motor 24.1%; Multi-risk 25.0% and Others 22.1% (see Note 18).

In the business of GCO Reaseguros, S.A., it consists of portfolios granted from companies with Grupo Catalana Occidente. For this, it maintains reinsurance contracts under the modality of excess loss, surplus and quota share. When channelling reinsurance, the traditional business companies in the Group also maintain a very diversified business.

The panel of reinsurers is:

- Solvent, in terms of credit rating: all reinsurers external to GCO have an A rating or higher on the S&P scale. 75% of the premiums go back to reinsurers with a rating of AA or higher.
- Diversified, in the shares assigned to reinsurers. The panel of external reinsurers consists of 10 reinsurers, where the 5 main companies in the panel hold 78% of the premiums.
- Stable, there is stability in the panel of reinsurers, thus comply with the principle of continuity for the business. There are no significant changes in the shares assigned to the reinsurers, nor in the inputs and outputs to the reinsurers panel.

Finally, when completing the risk management, the Group identifies the sources of uncertainty and undertakes the sensitivity analysis for the risks it is exposed to:

- 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 the quantity of the same, the number and size of serious claims and the estimate of recoverable percentages.

  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 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.

- With regards to the main sensitivities performed by the Group in traditional business, we can highlight:

  - Interest rates: in the year 2020, the sensitivity analysis for increase or decrease of 100 basic points in the type of discount represented -/+ 5.1% with regards to the solvency provisions of the Group.

  - Increase in claims: in the year 2020, the sensitivity analysis carried out, according to an increase in sensitivity of 5% in the segment of Motors third party liability and 10% in other guarantees and multi-risks, represented an increase of 1.6% with regards to the solvency provisions of the Group.

The COVID-19 crisis has not significantly impacted traditional business risks. In the motor sector, the premium risk has been reduced as a result of the reduction in the accident rate. However, this circumstance has been mitigated through a prudent provisioning policy. In view of the above, no additional sensitivity scenarios have been carried out in the traditional business since the results for the year have remained at the usual pre-crisis levels and no disruptive impact is expected.

B. Technical Risks of the credit insurance business

Credit insurance is subdivided into three categories: traditional credit risk, instalment credit protection and special products. Each category has particular risk characteristics and the Group manages the risk of each product in the way it deems most appropriate.

- Traditional credit risk

The Group insures its customers against the risk of non-payment for commercial purposes. The causes of loss covered differ depending on the policy and usually include all forms of legal insolvency. Without intending to give an exhaustive list, policies can also cover so-called political causes of loss, which among others include the risk of non-payment due to cancellation of import-export licences, transfer problems and contract cancellation.

Each policy has defined credit limits that the policyholder can offer to its buyers without prior approval from the Group. Policies are issued for a fixed period, usually not longer than three years. In addition, customers are obliged to retain part of the risk (self-retention), using different formulas.

Customers are covered for the credit risk on a given buyer only if the Group has established a credit limit (rating) for that buyer. Credit limits are an important risk control and mitigation instrument because they allow the Group to limit its exposure to any given customer. Ratings may also be withdrawn in cases where the desired aggregate exposure on a certain customer thresholds is exceeded.

For traditional credit insurance there are two underwriting processes: policy underwriting and buyer underwriting. In the first of these, the Group decides on the appropriateness of the potential policyholder in addition to the guarantee terms and conditions to be included. Buyer underwriting is the process by which the Group manages the risk on the portfolio of existing policies related to a single buyer.

One of the most effective instruments for controlling exposure to risk is the Group's capacity to impose, or remove, conditions for certain forms of cover at country level.

- The risk of Credit Protection insurance

The instalment credit protection unit insures policyholders against the risk of non-payment by customers under instalment credit agreements. Here the Group typically insures portfolio loans. This product does not cover losses as a result of fraud by the customer.

Exposure is usually divided into corporate (companies covered by leasing or by bank loans), and *retail* (consumer credits of financial entities)

- Special Products Risk

The Group also offers a range of tailor-made policies, for example policies where only one commercial transaction is guaranteed.

- Bonding Risk

Bonding insurance is offered in Italy, Spain, France and the Scandinavian countries. The bond types issued vary by location, owing to differing legal environments, but typically include bid bonds, performance bonds and maintenance bonds. The Group manages risk by underwriting the obligations to be covered by the bond, the financial strength of customers and their ability to perform, and also by working with customers and beneficiaries of bonds to resolve any conflicts.

- Reinsurance assumed

Atradius Reinsurance DAC is the reinsurer of the Group for Credit Insurance products. It has a diversified portfolio in about 70 countries. Most programmes are entered into quota-share.

Specific controls in the credit insurance business.

Fully defined risk authorisation systems and processes are in place. Sales staff has limited authority. As the credit limit increases, decisions need authorisation from one or more co-signatories of increasing seniority. Even senior levels have authority only up to certain thresholds.

Credit committees have been established at local level for the entire credit business. Local credit committees may sign off on amounts up to certain thresholds, beyond which only the Credit Committee can decide. The Group Credit Committee also authorises exposures to large customers and customers with the largest overall exposure.

The Group monitors exposures by counterparty, sector and country through a single database (Symphony) that contains details of the majority of credit insurance policies and credit limits and all customers with whom the Group has exposure to default risk. This database is used as a source of management information. Because of the inclusion process of the Spanish business through Atradius Crédito y Caución, S.A. De Seguros y Reaseguros in Atradius, the database, despite being independent, is accessible to the global database.

Most policies, both new business and renewals, are priced according to a structured system based on the risks, costs and outlook assigned by the Group according to country, sector and buyer credit ratings.

Exposure from the instalment credit protection business is monitored separately, as the risk is assumed by consumers not companies. Premiums for these policies are calculated on the basis of the probability of default, expected losses, volume and maturity of loans.

All customers with whom the Group has significant exposure are reviewed annually, although on a continuous basis information concerning defaults, both from companies and from individuals, is received.

The Group is exposed to the concentration risk by purchaser and by country and sector of the purchaser. Concentration risk is controlled and monitored through what is known as Total Potential Exposure (TPE). The TPE is a higher credit limit approximate to the real exposure with individual purchasers.

On a portfolio level, the real exposure tends to be in the range of 10% to 30% of the TPE, without taking into account that the customers also have their own withholdings. Each policy stipulates the maximum discretional limit permitted and, for the majority of policies, this is not more than €20 thousand per buyer. This illustrates that the TPE is an absolute measure of exposure and that, in aggregate, the actual exposure will be much lower.

To manage the concentration risks of our portfolio during the COVID-19 pandemic, we first prioritized our underwriting strategy in countries and sectors, and then reviewed the most significant and severe risks with respect to the credit limit and exposure of our policyholders, considering the impacts caused by the contagions. Several actions were taken based on credit reviews, the information available at the time and the foreseeable reduction in business traffic in the near future. During 2020, a significant number of limits were removed and reduced in all markets, targeting the most vulnerable segments. As a result of these decisions, our portfolio has been reduced by improving its quality and concentration risk has decreased.

Following there is a detail of TPE by country, sector and buyer group:

Buyer's country	Of which	TPE 2020 Millions of euro	TPE 2019 Millions of euro
Denmark, Finland, Norway, Netherlands, Sweden, Baltic Countries	The Netherlands	29,875	30,392
	Others	30,779	31,748
Austria, Czech Republic, Germany, Greece, Hungary, Poland, Slovakia, Switzerland	Germany	93,568	93,024
	Others	64,630	68,595
UK, North America, Australia, Asia and Others	United Kingdom	42,033	46,219
	Ireland	4,306	4,800
	USA and Canada	54,188	60,602
	Mexico and Central America	9,030	11,107
	Brazil	8,546	9,560
	Asia and Australia	84,153	95,595
	Others	10,011	12,627
Southern Europe	France	45,239	48,407
	Italy	42,001	43,661
	Spain and Portugal	79,231	98,739
	Belgium and Luxembourg	16,959	17,444
Total		**614,549**	**672,520**

Industrial sector	TPE 2020 Millions of euro	TPE 2019 Millions of euro
Durable consumer goods	69,071	73,144
Metals	61,597	72,285
Electronics	73,189	82,858
Construction	47,073	51,494
Chemicals	82,804	87,466
Transport	53,098	61,128
Machinery	39,635	41,225
Food	63,860	64,587
Construction Materials	29,345	29,389
Services	23,346	27,109
Textiles	15,404	19,660
Finance	13,131	13,156
Agriculture	29,845	33,954
Paper	13,151	15,065
Total	**614,549**	**672,520**

Grouping by number of buyers	TPE 2020 Millions of euro	TPE 2019 Millions of euro
0 – 20	322,137	357,231
20 – 100	103,940	116,550
100 – 250	69,176	68,958
250 – 500	50,378	53,359
500 – 1,000	34,522	39,402
Over 1,000	34,396	37,020
Total	**614,549**	**672,520**

Exposures to bonds and instalment credit protection have very different characteristics and are not, therefore, included in the tables above. The exposure to bonds at 31 December 2020 is €24,100 million and instalment credit protection totals €3,000 million.

Under normal circumstances, the most important assumption used in the methodology for calculating technical provisions for traditional credit insurance in order to set the estimate of the final number of claims during the most recent months of sales would be that the claims inflow at the beginning of 2021 will be around 20% higher compared to the level at the end of 2020. The main methodologies for estimating traditional credit insurance claims provisions underpin 81% (2019: 83%) of traditional credit insurance claims provisions.

However, in light of increased uncertainty as a result of current circumstances, we have taken a different approach to the 2020 close. During the second half of 2020, the number of reported claims decreased significantly compared to the first half of the year. This relates partly to a fall in insured business as a result of closures in the early 2020s and partly due to government support for the economy. Provisions have been established based on the assumption that this drop is temporary and implies a sharp increase in the number of claims received in early 2021 of 10% - 40%, depending on the country, above the level of the first half of 2020.

An indication of the sensitivity to the expected ultimate number of claims would be as follows: if the estimated ultimate number of claims during the most recent six months of risk were to change by 10%, the claims provisions would change by €35 million, gross of reinsurance (2019): €29 million). As the provisions for the most recent months are set as the estimated number times the estimated cost of claims, it also applies to the sensitivity to the cost of claims for accepted reinsurance. The sensitivity is approximately linear. Unless otherwise stated, the same applies to other sensitivities mentioned in this section.

By their nature, it is not easy to quantify an estimate of the inflow of large claims. The order of magnitude of this sensitivity would, in Management's opinion, be similar to the sensitivity of the estimated number of claims during the most recent months, although, as is inevitable with severity risk, this has a greater range. Historical data shows that the correlation between aggregate ultimate losses from large losses per underwriting year and normal losses is over 80%. Considering the above, the approach based on historical experience determines a final loss from large losses as a proportion of the total losses of the last two risk years. In the event that this ratio were 10% higher, provisions for traditional credit insurance claims would increase by €71 million (2019): €38 million).

Atradius is regularly reviewing how Brexit could affect defaults in the UK buyers' portfolio. As a result of the significant impairment in the UK economy, the impact of which was fully reflected in the provisions resulting from the normal UK methodology, combined with the prudence included therein, Atradius has concluded that the specific and additional provision for a severe Brexit scenario (2019: €29 million) is no longer necessary. As such, the provision has been applied during 2020.

Recoveries undertaken may deviate from expected recoveries. Expected recoveries amount to €490 million (2019: €481 million). The two largest components of expected recoveries are traditional credit insurance recoveries of €218 million (2019: €245 million) and for instalment payment protection €154 million (2019: €149 million).

Given that recovery rates differ by country and product, and also that the evolution depends on the age of the underwriting year, it is difficult to provide insight into sensitivity by measuring the impact of a simple change in parameters. In the case of traditional credit insurance, ultimate recoveries are first estimated through commonly used projection methods. The estimates are then adjusted to take into account a margin of uncertainty such that a favourable development of the estimates is by far the most likely outcome. However, the impact of reducing these estimates by 10% is €22 million (2019: €25 million). With respect to term credit protection, for which similar uncertainty margins are included, the impact of reducing estimates by 10% is €15 million (2019: €15 million).

The greatest impact of COVID-19 will be on the credit business, both as a result of the increase in claims due to the increase in insolvencies and impacts at a global level as a result of the decrease in insured sales due to the economic recession resulting from the pandemic.

The Group has taken various actions to mitigate these risks: restrictive underwriting measures, risk mitigation actions taken selectively for the protection of our customers, and through the agreements established by the various European governments.

These arrangements are part of a comprehensive package of measures aimed at ensuring that the necessary liquidity is available in the market, to counter the damage inflicted on companies due to the pandemic and to preserve the continuity of economic activity during and after the pandemic. In particular, they want to ensure that credit insurance services continue to be available to all types of businesses. All contracts apply to direct business.

The Group has signed agreements with Germany, Denmark, Norway, Belgium, France, Luxembourg, the Netherlands, the United Kingdom, Italy and Spain. The Group has signed agreements with Germany, Denmark, Norway, Belgium, France, Luxembourg, the Netherlands, the United Kingdom, Italy and Spain. In Europe, all agreements were previously approved by the European Commission. These agreements apply before the private reinsurance already in place, with the exception of Spain whose agreement provides for an additional assignment (running in parallel with the assignment to private operators). All ceding agreements are based on the assumption of risk and the ceding rates for premiums and claims depend on each country.

The combined impact of these measures on these consolidated financial statements is as follows:

- Balance sheet: increase in debts (net of credits) for reinsurance operations by €195,371 thousand and increase in the reinsurance share of technical provisions by €224,233 thousand.

- Income statement: loss of €44,856 thousand composed of €412,662 thousand as earned premiums of the ceded reinsurance, €266,688 thousand as claims of the ceded reinsurance and €101,118 thousand as commissions of the ceded reinsurance.

As a consequence of the uncertainty of the near future, the Group has extended until 30 June 2021 the governance arrangements in Germany, Denmark, Norway, Belgium, Luxembourg, the Netherlands, the United Kingdom and Spain.

C. Financial market risks

The Group's investment policy approved by the Board of Directors takes into account the ratio of assets to liabilities, risk tolerance and liquidity of positions in different scenarios. It also expressly considers the prerequisites for the use of derivative instruments and structured financial products.

At present, the Group differentiates between four types of portfolios: Life portfolios, Non-life portfolios, Credit Insurance portfolios and portfolios in which the risk is borne by the customer.

The aim in the case of Life portfolios is to optimise asset and liability matching using asset liability management (ALM) frameworks, while verifying compliance with legal and internal requirements. The aim in the case of Non-life portfolios is to maximise long-term return 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.

- Credit risk. The credit risk is the risk that the issuer or other party in a financial operation does not comply with their contractual obligations. The Group's policy on credit risk is based on two basic principles:

  - Prudence: the minimum rating for fixed-income investments is A-. Any investment below this threshold requires express senior management approval and must be reported to the Board of Directors. If Spain's sovereign rating were to drop below A-, investment in government bonds issued or guaranteed by the State shall not require authorisation as long as the investment level is maintained. In this sense, in the selection or credit risks, priority is given to those with the highest credit rating.

  - Diversification: high diversification across industries and issuers, with maximum risk limits per issuer.

- Liquidity risk The Group's policy with respect to liquidity risk is to maintain sufficient cash balances to meet any contingencies arising from obligations to customers. Said liquidity risk is managed by adapting the investments to the characteristics of the liabilities in the various businesses where the Group operates. In this sense, there is a periodic ALM analysis for all portfolios that permit mitigation of this risk. On the other hand, almost all the investments are in securities traded in organised markets that permit flexibility, so the Group will be able to take measures if there is any liquidity pressure.

- Exchange rate risks. The Group has the objective of minimising the risks derived from the exchange rate. Thus, in the portfolios of companies with traditional insurance business, basically located in Spain, it only maintains positions in currencies other than the euro derived from its investment in international variable income, with the exposure considered to be reduced. On the other hand, in the specific case of the credit business, in cases where the local legislation in each country of operation requires, investment is maintained in the corresponding currency. In these cases, the objective is for there to be natural coverage between the positions and the local business.

- Market risk. Market risk is the risk of loss in the fair value of the assets as a consequence of the movements in the market variables that incide in the valuation of the same. The Group regularly analyses the sensitivity of its portfolios to market risk, due mainly to changes in interest rates and stock prices. In this sense, there is a monthly control of the modified durations of the fixed income portfolios and, with a period nature, there is a study of the asset-liability suitability on a product level of analyse and verify the structural correspondence between the same, as well as different stress scenarios.

  One of the standard measurements for market risk is the Value at Risk (VaR), which is based on a methodology of variance-covariance that uses the historic volatility of the prices in stock indexes, the exchange rates and the rate curves, and the correlation between them, as principal inputs. This risk measurement measures the maximum potential loss of the financial instruments due to adverse movements in the prices of the shares, the exchange rates and the interest rates within a fixed period of time and with a specific level of reliability (probability). Although the Group does not manage its investments based on the VaR level of the same, it uses this indicator as additional reference information together with the other periodic risk controls that it carries out on the investment portfolios. The risk of using the variance-covariance methodology or any other methodology based on historic data is that it underestimates the risk of the financial instruments. This is because these methods assume that the historic volatility and the correlation between the financial instruments will be repeated in the future. Therefore, the objective is not to represent future prices, but to use this as a guide only for information and comparison purposes for historic behaviour. In the specific case of the calculation carried out by the Group, there is a level of reliability of 99.5% and a period of 12 months, which implies that there is a probability of 0.5% of underestimating the maximum potential loss for the next 12 months.

The Group's investment policy approved by the Board of Directors has not changed substantially due to the impact of COVID-19.

The economic situation generated by the pandemic has had a very significant impact on financial markets, especially on equity markets which have suffered significant falls. The Group has monitored its exposure to the various risks. Specifically:

- The evolution of the positions held in liquidity has been monitored, although the levels of cash held minimise any impact in this regard.

- Credit exposure to certain sectors that could be particularly affected by the impact of the pandemic (tourism, restaurants, airlines, among others) has been monitored. It is important to note that there is no material investments in any of them. Additionally, the portfolio diversification controls in place would mitigate any risk in this regard.

- In relation to investments in variable income, as in the case of fixed-income investments, the exposure to certain securities that might be particularly affected in the future by the impact of the economic crisis arising from COVID-19 has been analysed in detail. It is important to note that no significant exposure is maintained in sectors such as airlines, tourism or catering.

With regards to the main sensitivities performed by the Group for the financial market risks, we can highlight:

- Fixed Income: An increase in the curve of 100bps represents +8.2% solvency ratio whereas a decrease in the curve of 100 bps represents -9% in solvency ratio.

- Variable Income: An decrease in the variable income of the stock market of -10% represents +2.9% solvency ratio whereas a decrease in the variable income of -25% represents +1.5% in solvency ratio.

- Properties: A decrease in value of 5% of the property value implies -1.7% of the solvency ratio.

- A combined decrease of 10% in the variable income value and of 5% in the properties implies an increase of +1.1% of the Group's solvency ratio.

D. Operational risks

Defines operational risk is understood as the risk of loss of inadequate or poorly functioning internal processes, staff or systems, or as a result of external events. In order to meet the operational risk, the Group has for both the traditional insurance business and the credit insurance business various IT tools that permit monitoring and quantification. In particular, the risks associated to the various processes have been categorized with the aim of standardizing this classification across all Group companies, which allows obtaining the necessary information that enhances operational risk management, in each Group company individually and in the Group as a whole.

This system allows fair undertaking of an appropriate operational risk management.

The Group likewise ensures compliance with the various regulations applicable to entities comprising the Group through audits carried out by various Departments. Amongst which we should highlight :

- Legal and General Secretariat Department: Its objectives include to ensure, through the units of regulatory compliance, within the organization of the various Group companies, proper compliance with legal regulations, and that these are applied consistently. In order to do so, this Department and the legal departments of the main Group companies maintain fluid coordination through the Compliance Verification Committee. For regulations that are particularly sensitive with regards to the sector in which the Group operates, such as those aimed at preventing money laundering, terrorist financing and data protection, the Departments in question are typically involved in all internal committees established to ensure compliance with the same.

- Department of Management and Planning Control: The unit, belonging to the Company's Financial Management, among other objectives, aims to arrange and implement adequate control of the Group's financial information and its budgets, and to ensure that it complies with domestic and international accounting standards.

- Corporate Internal Audit Department: This department, under the Audit Committee, is responsible for seeing that the above bodies have successfully implemented the control and self-control measures stipulated by the Group, with regard to both operational and regulatory compliance risk.

E. Other non-operational risks such as reputational risk and strategic risk.

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.

The 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. For management of 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 the same.

F. Monitoring risks

Through mechanisms deployed to identify, analyse and address the associated risks in different areas, the Group recognizes and addresses the risks it faces. To do so it boasts:

- Stringent strategic planning

- A process of internal self-evaluation of risks and solvency.

- Prudent management of operational risk

The Group's main committees are responsible for control and monitoring of the various risks.

Monitoring of the risk strategy is performed by the business units through early alert indicators that are the basis both for monitoring the risks and for compliance with the risk appetite approved by the Board of Directors. Also, the internal control area and the function of risk management control perform due monitoring.

G. Risk mitigation measures

The Group assesses and reviews risk mitigation measures. These include the following:

- Underwriting risk: The main mitigation mechanism is the reinsurance program and the underwriting techniques.

- Market risk: a detailed analysis of asset-liability matching (ALM) is carried out periodically, including VaR analysis of investment portfolios and sensitivity analysis of future scenarios.

- Counterparty default risk: The credit rating of major financial counterparties and reinsurers is monitored. Exposure from commercial credit risk with intermediaries and the age of the debt is also monitored.

- Operational Risk: thought internal control system its monitoring via its integrated tool and the reporting, as described below.

Additionally, there are plans in place to ensure business continuity. These establish processes to minimize the impact on business functions in the event of a disaster, and thus reduce downtime of information and systems.

4.c) Internal Control

Grupo Catalana Occidente boasts an internal control system which ensures the objectives of effectiveness and efficiency of operations, reliability of financial reporting, asset protection and compliance with applicable laws and regulations, and which also permits availing of adequate mechanisms with regards to solvency in order to identify and measure all of the significant risks existing and to cover them suitably with own permitted funds.

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

- The **control environment** is an essential element of internal control, since all other components are based on it, and it boosts employees' awareness of its importance.

  In order to ensure that the Group has an environment of adequate control, the Board of Directors applies the principles of Good Governance with transparency and rigour, availing of a human resources policy geared to motivate and retain talent and also has a Code of Ethics and Internal Behaviour Regulation that formalizes the commitment of employees, Management and the Board of Directors to behave under the principles of good faith and integrity.

- **Risk assessment**. The Group knows and approaches all of the risks it faces, establishing mechanisms to identify, analyse and process the corresponding risks in the various areas and has a framework policy for the entire risk management system with specific policies for each specific risk, in conformance with the establishments of the insurance regulations.

- The **control activity**. The Group has a number of policies and procedures, with appropriate authorization levels, and adequate segregation of duties, that help ensure that management and Board of Directors directives are carried out and risks associated with the achievement of objectives are properly managed.

The control activities of the Group take place under a framework of: (I) suitable segregation of tasks and responsibilities both between the personnel and between the functions carried out, (ii) suitable structure of powers and capacities for the performance of operations linked to critical processes, establishing a system of limits adjusted to the same, (iii) authorisations prior to the assumption of risks, global guidelines for information security, understanding this to be the preservation of confidentiality, integrity and availability of the information and of the systems that process it from any threat, risk or damage that may be suffered in accordance with their importance to the Group and (iv) existence of the mechanisms necessary to guarantee the continuity of the business. The existence of these mechanisms has allowed the Group to continue operating in the current COVID-19 situation without incurring significant operational losses beyond the IT-related costs incurred, without calling into question the going concern principle.

- **Information and communication**. The Group has adequate systems of internal and external communication.

  Regarding internal communication, the Group avails of a structure of committees and different processes that guarantee transparency and correct supply of information.

  In reference to communication with external stakeholders, it should be noted that, in compliance with the recommendations of the CNMV regarding the Internal Control System of Financial Reporting (SCIIF), in 2020 and through the Internal Control Unit and its mission, the Group has made progress in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenisation of criteria and the reflection on efficiency improvements. The result has been noticeable improvement in the traceability of this information.

- **Supervision**. The internal control system is subject to a monitoring process that verifies proper operation over time. This is achieved through continuous supervision activities and periodic supervision.

  The continued supervision occurs over the course of the operations and includes both normal activities of management and supervision as well as other activities carried out by personnel during the performance of their roles. The scope and frequency of the periodic evaluations will essentially depend on an evaluation of the risks and the efficacy of the continued supervision processes.

  In addition, the Group has independent supervisors who check that adequate operation of the internal control system is maintained over time. Specifically, there are three fundamental functions: risk management control function, actuarial function and compliance verification function, which act as the second line of defence, and an internal audit function which acts as the third line of defence, undertaking integral supervision of the internal control system.

Internal Control in the area of Financial Investments

The investment control systems constitute a useful early warning system given the current situation of financial markets.

In this sense, the concentration and dispersal of fixed income and equity, the average rating of the portfolio, exposures by rating and how they have changed, changes in the optionality of assets due to changes in interest rates, and the performance of underlying assets are monitored at monthly intervals.

Furthermore, based on the regulations derived from solvency II, the Group has continued to examine the capital charge that might result from the credit risk associated with investments.

The financial investments are valued at their fair value, which corresponds to the price that would be received for the sale of a financial asset through a transaction organised between the participants in the market on the date of valuation, except:

- Financial investments included in the "Maturity portfolio", which is valued for its amortised cost using the method of the effective interest rate.

- The financial assets which are capital instruments where the fair value cannot be estimated in a reliable manner, and are valued at cost.

The fair value valuations of the financial investments included in the portfolio available for sale and in the negotiation portfolio are classified according to the levels of variables used in the valuation (see Note 3.b.3).

The breakdown of financial assets at 31 December 2020 according to the inputs used is as follows (in € thousand):

	Level 1	Level 2	Level 3	Total at 31/12/2020
Financial assets held for trading	**-**	**-**	**-**	**-**
Derivatives	-	-	-	-
Other financial assets at fair value through profit or loss	**585,341**	**-**	**-**	**585,341**
Financial Investments in Equity	-	-	-	-
Stakes in mutual funds	49	-	-	49
Debt securities	-			-
Investments held for the benefit of policyholders who bear the investment risk	585,292	-	-	585,292
Available-for-Sale financial assets	**9,225,213**	**507,502**	**129,726**	**9,862,441**
Financial Investments in Equity	1,283,901	-	18,042	**1,301,943**
Stakes in mutual funds	420,826	-	111,684	**532,510**
Debt securities	7,520,486	34,424	-	**7,554,910**
Loans	-	-	-	**-**
Deposits with credit institutions	-	473,078	-	**473,078**
Total at 31 December 2020	**9,810,554**	**507,502**	**129,726**	**10,447,782**

At 31 December 2020, financial instruments at fair value classified as Level 3 represented 1.11% of financial assets.

The same information reported at the end of the year 2019 is as follows (in € thousand):

	Level 1	Level 2	Level 3	Total at 31/12/2019
Financial assets held for trading	**-**	**-**	**-**	**-**
Derivatives	-	-	-	**-**
Other financial assets at fair value through profit or loss	**579,019**	**-**	**-**	**579,019**
Financial Investments in Equity	26,009	-	-	**26,009**
Stakes in mutual funds	250	-	-	**250**
Debt securities	1,026			**1,026**
Investments held for the benefit of policyholders who bear the investment risk	551,734	-	-	**551,734**
Available-for-Sale financial assets	**9,205,535**	**380,807**	**-**	**9,586,342**
Financial Investments in Equity	1,274,185	18,282	-	**1,292,467**
Stakes in mutual funds	476,687	-	-	**476,687**
Debt securities	7,278,300	58,899	-	**7,337,199**
Loans	-	-	-	**-**
Deposits with credit institutions	176,363	303,626	-	**479,989**
Total at 31 December 2019	**9,784,554**	**380,807**	**-**	**10,165,361**

The Group carries out a periodic review of the existing portfolio in order to analyse whether it is necessary to change the classification of any of the existing assets. As a result of this review, a number of financial instruments were reclassified between valuation levels in 2020:

Of	Level 1	
A	Level 2	Level 3
Available-for-Sale financial assets		
Financial Investments in Equity	-	20,605
Stakes in mutual funds	-	48,315
Debt securities	-	-
Deposits with credit institutions	176,363	-
Total at 31 December 2020	**176,363**	**68,920**

The amount of financial instruments that have been transferred between the different valuation levels during the 2020 financial year is not significant with respect to the total financial investment portfolio, and they do not reflect changes in the measurement method of these instruments with respect to the previous financial year.

In addition, below is a breakdown of the movement in financial assets classified in Level 3 (in € thousand):

	Available-for-Sale financial assets (AFS)		Total
	Financial Investments in Equity	Stakes in mutual funds	
Net book value on 1 January 2019	**-**	**-**	**-**
Purchases	-	-	-
Sales and amortisations	-	-	-
Reclassifications and transfers	-	-	-
Changes in value against reserves	-	-	-
Changes in value against results	-	-	-
Effect of changes on the exchange rates	-	-	-
Changes in loss due to value impairment	-	-	-
Net book value on 31 December 2019	**-**	**-**	**-**
Purchases	20	88,654	**88,674**
Sales and amortisations	(695)	(25,810)	**(26,505)**
Reclassifications and transfers	20,605	48,315	**68,920**
Changes in value against reserves	(1,888)	525	**(1,363)**
Changes in value against results	-	-	**-**
Effect of changes on the exchange rates	-	-	**-**
Changes in loss due to value impairment	-	-	**-**
Net book value on 31 December 2020	**18,042**	**111,684**	**129,726**

In order to obtain the fair value of the equity assets classified in Level 3, for whose measurement there are no directly observable market data, alternative techniques are used, based mainly on quotations provided by brokers or market contributors. The Group has assessed that small changes in the assumptions used in these valuation models would involve no substantial changes in the values obtained.

The credit rating of the fixed income and deposits issuers in credit entities on 31 December 2020 and 2019 is shown below (amounts in € thousand):

	31/12/2020						
Rating	**AAA**	**AA**	**A**	**BBB**	**Under investment grade**	**No rating**	**TOTAL**
Public Fixed Income	246,365	336,226	2,340,954	337,184	5,924	6,449	3,273,102
SPPI	245,639	334,084	2,321,328	337,184	5,924	6,449	3,250,608
Others	726	2,142	19,626	-	-	-	22,494
Private fixed income	34,042	193,737	1,006,715	2,938,005	102,777	6,532	4,281,808
SPPI	30,691	189,383	957,494	2,837,309	102,777	5,516	4,123,170
Others	3,351	4,354	49,221	100,696	-	1,016	158,638
Total fixed income	**280,407**	**529,963**	**3,347,669**	**3,275,189**	**108,701**	**12,981**	7,554,910
% Fixed-Income	**3.71%**	**7.01%**	**44.31%**	**43.35%**	**1.44%**	**0.17%**	**100.00%**
Deposits with credit institutions	**38,000**	**-4,000**	**44,347**	**22,000**	**-**	**473,078**	**573,425**
SPPI	38,000	-4,000	44,347	22,000	-	-	100,347
Others	-	-	-	-	-	473,078	473,078

Rating	31/12/2019						
	AAA	AA	A	BBB	Under investment grade	No rating	TOTAL
Public Fixed Income	266,704	331,190	2,449,255	328,998	8,153	22,099	3,406,399
SPPI	266,704	329,032	2,449,255	328,998	8,153	21,246	3,403,388
Others	-	2,158	-	-	-	853	3,011
Private fixed income	39,843	210,713	1,097,933	2,483,463	75,838	24,036	3,931,826
SPPI	35,993	206,410	1,037,343	2,444,512	75,838	23,002	3,823,098
Others	3,850	4,303	60,590	38,951	-	1,034	108,728
Total fixed income	**306,547**	**541,903**	**3,547,188**	**2,812,461**	**83,991**	**46,135**	**7,338,225**
% Fixed-Income	4.18%	7.38%	48.34%	38.33%	1.14%	0.63%	100.00%
Deposits with credit institutions	**39,000**	**14,000**	**40,639**	**35,000**	**-**	**479,989**	**608,628**
SPPI	39,000	14,000	40,639	35,000	-	-	128,639
Others	-	-	-	-	-	479,989	479,989

The investment criteria also include various measures of risk diversification by sector, country and currency (amounts in € Thousand):

Sector	31/12/2020				31/12/2019			
	Equity instruments	%	Representative debt values	%	Equity instruments	%	Representative debt values	%
Communications	124,609	6.79%	483,491	6.40%	98,277	5.47%	475,525	6.48%
Cyclical consumer goods	123,570	6.74%	670,486	8.87%	116,389	6.48%	663,297	9.04%
Non-cyclical consumer goods	216,785	11.82%	539,642	7.14%	190,351	10.60%	415,941	5.67%
Energy	12,564	0.68%	96,705	1.28%	60,597	3.38%	107,034	1.46%
Financial	343,682	18.73%	1,703,347	22.55%	353,023	19.66%	1,558,019	21.23%
Industrial	155,164	8.46%	344,586	4.56%	186,460	10.39%	321,044	4.37%
Technological	170,411	9.29%	89,521	1.18%	122,909	6.85%	59,140	0.80%
Public Services	165,082	9.00%	350,707	4.64%	126,715	7.06%	325,504	4.44%
Diversified	3,484	0.19%	1,937	0.03%	3,657	0.20%	1,361	0.02%
Commodities	18,785	1.02%	2,653	0.04%	13,989	0.78%	3,723	0.05%
Governance	-	-	3,271,835	43.31%	-	-	3,407,637	46.44%
Others (*)	500,366	27.28%	-	-	523,046	29.13%	-	-
Total	**1,834,502**	**100.00%**	**7,554,910**	**100.00%**	**1,795,413**	**100.00%**	**7,338,225**	**100.00%**

(*) Includes mutual funds.

Year 2020 **€ Thousand**

Country	Equity instruments	Public Fixed Income	Private fixed income	Deposits in banks	Cash and other equivalent assets
Spain	479,844	2,570,015	1,523,553	257,158	1,077,371
Greece	-	-	-	-	4,510
Portugal	-	5,138	-	-	2,076
Ireland (*)	290,687	17,276	17,656	-	64,489
Italy	31,457	68,846	7,177	309	1,905
Germany	180,780	83,384	337,534	16,918	5,043
France	222,175	200,829	671,504	-	13,020
United Kingdom	18,950	7,842	425,576	32,201	1,795
The Netherlands	64,344	33,088	554,647	810	154,059
Other Europe	195,510	96,816	181,048	187,579	23,334
U.S.	330,970	74,230	495,707	1,813	12,448
Rest OECD	8,799	84,980	64,270	53,284	66,204
Rest of the world	10,986	30,658	3,136	23,353	51,721
Total	**1,834,502**	**3,273,102**	**4,281,808**	**573,425**	**1,477,975**

(*) Ireland equity instruments are mutual funds.

Year 2019 **€ Thousand**

Country	Equity instruments	Public Fixed Income	Private fixed income	Deposits in banks	Cash and other equivalent assets
Spain	460,981	2,653,230	1,441,136	52,812	978,044
Greece	-	-	-	-	2,246
Portugal	-	5,406	-	-	186
Ireland (*)	275,248	14,612	22,319	-	105,570
Italy	29,492	65,388	12,769	315	1,021
Germany	141,133	101,044	306,247	31,289	7,668
France	233,747	248,982	598,499	67,694	19,634
United Kingdom	13,932	8,574	373,009	32,171	18,201
The Netherlands	63,441	35,013	574,619	67,123	114,333
Other Europe	249,709	89,874	109,352	263,526	28,105
U.S.	306,540	79,035	384,868	1,678	9,005
Rest OECD	7,476	83,782	100,182	66,679	62,277
Rest of the world	13,714	21,459	8,826	25,341	8,450
Total	**1,795,413**	**3,406,399**	**3,931,826**	**608,628**	**1,354,740**

(*) Ireland equity instruments are mutual funds.

Below are the financial investments broken down by currencies, along with the other assets and liabilities held by the Group as of 31 December 2020 and 2019:

Year 2020 — € Thousand

Currency	Equity Instruments	Debt securities	Deposits in banks	Cash and other equivalent assets	Other assets	Total Assets at 31/12/2020
Euro	1,282,892	7,229,056	504,728	982,629	5,064,555	15,063,860
GB pound	43,320	37,534	878	199,155	218,123	499,010
U.S. Dollar	340,709	192,277	25,127	147,301	247,946	953,360
Other	167,581	96,043	42,692	148,890	396,300	851,506
Total	**1,834,502**	**7,554,910**	**573,425**	**1,477,975**	**5,926,924**	**17,367,736**

Year 2019 — € Thousand

Currency	Equity Instruments	Debt securities	Deposits in banks	Cash and other equivalent assets	Other assets	Total Assets at 31/12/2019
Euro	1,266,465	7,040,388	522,778	1,187,627	4,806,064	14,823,322
GB pound	18,511	35,234	335	14,309	150,206	218,595
U.S. Dollar	310,952	185,004	24,756	39,355	226,508	786,575
Other	199,485	77,599	60,759	113,449	398,165	849,457
Total	**1,795,413**	**7,338,225**	**608,628**	**1,354,740**	**5,580,943**	**16,677,949**

Year 2020 — € Thousand

Currency	Subordinated liabilities	Technical provisions	Other Liabilities	Total Liabilities at 31/12/2020
Euro	200,704	10,181,926	1,859,629	12,242,259
GB pound	-	119,624	136,444	256,068
U.S. Dollar	-	288,667	80,624	369,291
Other	-	392,245	170,254	562,499
Total	**200,704**	**10,982,462**	**2,246,951**	**13,430,117**

Year 2019 — € Thousand

Currency	Subordinated liabilities	Technical provisions	Other Liabilities	Total Liabilities at 31/12/2019
Euro	200,545	9,947,959	1,679,730	11,828,234
GB pound	-	66,125	68,573	134,698
U.S. Dollar	-	248,546	64,311	312,857
Other	-	389,467	161,510	550,977
Total	**200,545**	**10,652,097**	**1,974,124**	**12,826,766**

The average spot exchange rates at year-end most often used in translating these types of foreign currency balances into euros coincide with the rates published by the European Central Bank and are detailed in Note 3.g.4 to the consolidated financial statements.

The Group's exposure to risk arising from credit derivatives is immaterial.

5. Principal operations and changes in the consolidation perimeter

5.a) Merger between Funeraria La Auxiliadora S.L.U. and Funeraria Bilbaína, S.A.

On 29 July 2020, the sole shareholder of Funeraria La Auxiliadora S.L.U. (hereinafter, FLAUX), and the General Meeting of Shareholders of Funeraria Bilbaína, S.A. (hereinafter, FB), agreed to merge the two companies, in which the Group holds a 100% stake, by means of the absorption of FB by FLAUX, which implied the extinction of the former and the en bloc transfer of its corporate assets to FLAUX, which acquired its rights and obligations by universal succession.

As a result of this operation, FLAUX has changed its corporate name to Funerarias Bilbaína y la Auxiliadora, S.L.

This transaction was not subject to any administrative authorisation and, after the execution of the merger deed, it was registered in the Bizkaia Mercantile Register on 30 September 2020.

5.b) Acquisition of 100% of Legion Empresarial, S.L.

On 2 November 2020, Grupo Catalana Occidente, through its investee Funerarias Bilbaína y La Auxiliadora, S.L., reached an agreement to acquire 100% of the shares of Aguirre y García de Andoin, S.L. for €1,770 thousand.

After having obtained the corresponding authorisation for the transfer and acquisition of the shares from the National Markets and Competition Commission on 27 January 2021, the execution of the sale and purchase agreement was formalised on 8 February 2021.

6. Cash and other cash equivalents

The breakdown of cash and cash equivalents at 31 December 2020 and 2019 are as follows:

	€ Thousand	
Cash and other cash equivalents	**31/12/2020**	**31/12/2019**
Cash in banks and in cash	1,447,960	1,154,843
Short-term bank deposits	30,015	199,897
Total	**1,477,975**	**1,354,740**

7. Financial assets

The breakdown of financial assets at 31 December 2020, without taking into account the shares in entities valued by equity accounting, is as follows (in € thousand):

€ Thousand

Investments classified by category of financial asset and by type	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total at 31.122020
FINANCIAL INVESTMENTS:	**-**	**585,341**	**9,862,441**	**362,620**	**10,810,402**
Equity Instruments					
- Financial Investments in Equity	-	-	1,301,943	-	1,301,943
- Stakes in mutual funds	-	49	532,510	-	532,559
Debt securities	-	-	7,554,910	-	7,554,910
Derivatives	-	-	-	-	-
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	585,292	-	33,089	618,381
Loans	-	-	-	195,034	195,034
Other financial assets	-	-	-	10,143	10,143
Deposits with credit institutions	-	-	473,078	100,347	573,425
Deposits for accepted reinsurance	-	-	-	24,007	24,007
RECEIVABLES:	**-**	**-**	**-**	**886,604**	**886,604**
Credits for direct insurance direct and coinsurance	-	-	-	358,952	358,952
Receivables arising from reinsurance operations	-	-	-	74,853	74,853
Other receivables	-	-	-	452,799	452,799
Total net	**-**	**585,341**	**9,862,441**	**1,249,224**	**11,697,006**

The same information reported at year-end, 31 December 2019 is as follows (in € thousand):

€ Thousand

Investments classified by category of financial asset and by type	**Financial Assets held for trading (HFT)**	**Other financial assets at fair value through profit or loss (RVPL)**	**Available-for-Sale financial assets (AFS)**	**Loans and receivables (LR):**	**Total at 31.12.2019**
FINANCIAL INVESTMENTS:	**-**	**579,019**	**9,586,342**	**351,152**	**10,516,513**
Equity Instruments					
- Financial Investments in Equity	-	26,009	1,292,467	-	1,318,476
- Stakes in mutual funds	-	250	476,687	-	476,937
Debt securities	-	1,026	7,337,199	-	7,338,225
Derivatives	-	-	-	-	-
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	551,734	-	23,382	575,116
Loans	-	-	-	165,405	165,405
Other financial assets	-	-	-	8,335	8,335
Deposits with credit institutions	-	-	479,989	128,639	608,628
Deposits for accepted reinsurance	-	-	-	25,391	25,391
RECEIVABLES:	**-**	**-**	**-**	**845,875**	**845,875**
Credits for direct insurance direct and coinsurance	-	-	-	359,612	359,612
Receivables arising from reinsurance operations	-	-	-	74,977	74,977
Other receivables	-	-	-	411,286	411,286
Total net	**-**	**579,019**	**9,586,342**	**1,197,027**	**11,362,388**

7.a) Financial investments

The movements in this section, broken down by portfolio, are shown below (in € thousand):

Financial assets held for trading

	Financial Assets held for trading (HFT)			€ Thousand
	Equity Instruments	Debt securities	Derivatives	Total HFT
Net book value on 1 January 2019	**-**	**-**	**29**	**29**
Additions to the perimeter - Business Combinations	26,940	1,053	-	**27,993**
Purchases	-	-	-	**-**
Sales and amortisations	-	-	(29)	**(29)**
Reclassifications and transfers	(26,940)	(1,053)	-	**(27,993)**
Change of implicit interest	-	-	-	**-**
Changes in value against results	-	-	-	**-**
Effect of changes on the exchange rates	-	-	-	**-**
Changes in loss due to value impairment	-	-	-	**-**
Net book value on 31 December 2019	**-**	**-**	**-**	**-**
Additions to the perimeter - Business Combinations	-	-	-	**-**
Purchases	-	-	-	**-**
Sales and amortisations	-	-	-	**-**
Reclassifications and transfers	-	-	-	**-**
Change of implicit interest	-	-	-	**-**
Changes in value against results	-	-	-	**-**
Effect of changes on the exchange rates	-	-	-	**-**
Changes in loss due to value impairment	-	-	-	**-**
Net book value on 31 December 2020	**-**	**-**	**-**	**-**

(*) Includes unmatured accrued interest on assets.

Financial assets at fair value with changes in profit and loss

					€ Thousand
	Other financial assets at fair value with changes in PL (RVPL)				Total RVPL
	Equity Instruments	Debt securities	Investments held for the benefit of policyholders who bear the investment risk (1)	Deposits with credit institutions	
Net book value on 1 January 2019	**96**	**-**	**340,718**	**-**	**340,814**
Additions to the perimeter - Business Combinations	423	-	141,951	-	**142,374**
Purchases	-	-	106,130	-	**106,130**
Sales and amortisations	(2,642)	-	(83,755)	-	**(86,397)**
Reclassifications and transfers	26,940	1,053	-	-	**27,993**
Change of implicit interest	-	(23)	35	-	**12**
Changes in value against results	1,442	(4)	46,655	-	**48,093**
Effect of changes on the exchange rates	-	-	-	-	**-**
Changes in loss due to value impairment	-	-	-	-	**-**
Net book value on 31 December 2019	**26,259**	**1,026**	**551,734**	**-**	**579,019**
Additions to the perimeter - Business Combinations	-	-	-	-	**-**
Purchases	-	-	158,963	-	**158,963**
Sales and amortisations	(24,421)	(1,067)	(112,347)	-	**(137,835)**
Reclassifications and transfers	435	-	(435)	-	**-**
Change of implicit interest	-	41	902	-	**943**
Changes in value against results	(2,224)	-	(13,525)	-	**(15,749)**
Effect of changes on the exchange rates	-	-	-	-	**-**
Changes in loss due to value impairment	-	-	-	-	**-**
Net book value on 31 December 2020	**49**	**-**	**585,292**	**-**	**585,341**

(1) At 31 December 2020, the unrealised gains and losses on investments held on behalf of policyholders who bear the investment risk amounted to €29,321 and (€42,814) thousand respectively (€46,398 and (€7,521) thousand at 31 December 2019, respectively).

Most of the revaluations credited to the profit and loss account, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available (see Note 4.c).

Available-for-Sale financial assets

	Available-for-Sale financial assets (AFS)					€ Thousand
	Financial Investments in Equity	Stakes in mutual funds	Fixed-income securities	Non-mortgage loans and advances on policies	Deposits with credit institutions	Total AFS
Net book value on 1 January 2019	**956,785**	**330,951**	**6,615,682**	**-**	**202,313**	**8,105,731**
Additions to the perimeter - Business Combinations	-	38,622	319,465	-	-	**358,087**
Purchases	209,189	56,890	1,872,358	-	24	**2,138,461**
Sales and amortisations	(110,356)	(15,655)	(1,702,652)	-	(32,440)	**(1,861,103)**
Reclassifications and transfers	-	-	2,299	-	295,348	**297,647**
Adjustments for changes in value	240,127	65,561	264,943	-	16,539	**587,170**
Change of implicit interest	-	-	(42,529)	-	(1,795)	**(44,324)**
Effect of changes on the exchange rates	-	318	7,633	-	-	**7,951**
Changes in loss due to value impairment	(3,278)	-	-	-	-	**(3,278)**
Net book value on 31 December 2019	**1,292,467**	**476,687**	**7,337,199**	**-**	**479,989**	**9,586,342**
Additions to the perimeter - Business Combinations	-	-	-	-	-	**-**
Purchases	283,615	198,496	1,558,417	-	-	**2,040,528**
Sales and amortisations	(210,566)	(110,992)	(1,332,078)	-	(23,366)	**(1,677,002)**
Reclassifications and transfers	-	-	-	-	-	**-**
Adjustments for changes in value	(56,162)	(30,372)	47,006	-	18,783	**(20,745)**
Change of implicit interest (**)	-	-	(29,409)	-	(2,328)	**(31,737)**
Effect of changes on the exchange rates	-	(1,309)	(26,225)	-	-	**(27,534)**
Changes in loss due to value impairment	(7,411)	-	-	-	-	**(7,411)**
Net book value on 31 December 2020	**1,301,943**	**532,510**	**7,554,910**	**-**	**473,078**	**9,862,441**

(*) Includes unmatured accrued interest on assets.

(**) Includes the variation for the year derived from implicit interest, both of what is above par and generates implicit interest, as well as the implicit interest that is derecognised with the sale and maturity of securities in the portfolio.

Most of the revaluations credited to the profit and loss account, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available.

During 2020, the Group derecognised from equity €19,385 thousand from the heading "Adjustments for changes in value" relating to net unrealised losses in the "Available-for-Sale" portfolio. This amount was recognised in the consolidated profit and loss account for the period following the assets' disposal. In 2019 for the same concept, net losses of €20,026 thousand were recognised in the profit and loss account.

Loans and items receivable

	Loans and receivables (LR)							€ Thousand
	Non-mortgage loans and advances on policies	**Investments held for the benefit of policyholders who bear the investment risk**	**Mortgage loans**	**Other financial assets**	**Deposits with credit institutions**	**Deposits constituted by accepted reinsurance**	**Debt securities**	**Total LR**
Net book value on 1 January 2019	**55,348**	**21,388**	**63,698**	**7,789**	**441,978**	**26,782**	**-**	**616,983**
Additions to the perimeter - Business Combinations	325	-	-	50	295,348	-	2,299	**298,022**
Purchases	63,775	6,880	8,054	828	253,330	45,343	-	**378,210**
Sales and amortisations	(19,509)	(4,886)	(6,515)	(332)	(571,120)	(46,831)	-	**(649,193)**
Reclassifications and transfers	-	-	-	-	(295,348)	-	(2,299)	**(297,647)**
Change of implicit interest	441	-	15	-	-	-	-	**456**
Effect of changes on the exchange rates	-	-	-	-	4,451	97	-	**4,548**
Changes in loss due to value impairment	-	-	(227)	-	-	-	-	**(227)**
Net book value on 31 December 2019	**100,380**	**23,382**	**65,025**	**8,335**	**128,639**	**25,391**	-	**351,152**
Additions to the perimeter - Business Combinations (*)	-	-	-	-	-	-	-	**-**
Purchases	32,000	20,698	6,120	1,808	113,727	81,313	-	**255,666**
Sales and amortisations	(2,872)	(10,991)	(5,942)	-	(137,969)	(82,736)	-	**(240,510)**
Reclassifications and transfers	-	-	-	-	-	-	-	**-**
Change of implicit interest	318	-	5	-	-	-	-	**323**
Effect of changes on the exchange rates	-	-	-	-	(4,050)	39	-	**(4,011)**
Changes in loss due to value impairment	-	-	-	-	-	-	-	**-**
Net book value on 31 December 2020	**129,826**	**33,089**	**65,208**	**10,143**	**100,347**	**24,007**	-	**362,620**

(*) Includes unmatured accrued interest on assets.

As of 31 December 2020, the fair value of financial assets classified in the “Loans and receivables” category does not differ significantly from their book value.

7.a.1) Equity investments

The breakdown of the balances of this sub-heading at 31 December 2020 and 2019, is as follows:

	€ Thousand			
	Other financial assets at fair value through profit or loss (RVPL)		Available-for-Sale financial assets (AFS)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Shares of listed companies	-	26,009	1,283,078	1,270,563
Shares of non-listed companies	-	-	18,865	21,904
Total	**-**	**26,009**	**1,301,943**	**1,292,467**

The fair value of the shares of unlisted companies has been determined using valuation methods that are generally accepted in the financial industry.

Dividends received by the Group in 2020 amounted to €44,133 thousand (€53,037 thousand in 2019).

7.a.2) Stakes in mutual funds

A breakdown of the investments classified under this sub-heading by type of investment is given below:

	€ thousand			
	Other financial assets at fair value through profit or loss (RVPL)		Available-for-Sale financial assets (AFS)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Fixed Income	-	123	49,138	21,601
Variable income	49	127	354,400	355,114
Money market	-	-	57,556	48,771
Other mutual funds	-	-	71,416	51,201
Total	**49**	**250**	**532,510**	**476,687**

The value of the mutual funds has been taken to be the net asset value published by the fund management companies.

Listed below is the equity of the investment funds managed by GCO Gestión de Activos, and that are not consolidated (see Note 2.f.1), as well as the participation available to the Group of each one of them on 31 December 2020 and 2019 (excluding the participation corresponding to investments on behalf of policyholders, see Note 7.a.4):

	31/12/2020			31/12/2019		
	Equity managed by GCO Gestión de Activos at 31.12.2020 (€ Thousand)	Share percentage (%)	Equity (€ thousand).	Equity managed by GCO Gestión de Activos at 31.12.2019 (€ Thousand)	Share percentage (%)	Equity (€ thousand).
GCO Mixto, FI	12,055	-	-	9,026	-	-
GCO Shares, FI	141,180	63%	89,355	162,292	65%	104,889
GCO Eurobolsa, FI	28,745	55%	15,766	27,899	59%	16,521
GCO Fixed income, FI	29,144	-	-	25,520	-	-
GCO Global 50, FI	36,200	10%	3,696	20,505	17%	3,583
GCO International FI	37,630	43%	16,327	28,803	54%	15,590
GCO Savings, FI	44,981	-	-	41,744	-	-
Total	**329,935**		**125,144**	**315,789**		**140,583**

7.a.3) Fixed-income securities

The breakdown of the balances included under this sub-heading is as follows:

	€ Thousand			
	31/12/2020		31/12/2019	
	CVRPyG	AFS	CVRPyG	AFS
Public debt, obligations and public bonds	-	3,273,102	-	3,406,399
Issued by financial institutions and other private entities	-	4,281,808	1,026	3,930,800
Total	**-**	**7,554,910**	**1,026**	**7,337,199**

The yield of the portfolio at 31 December 2020 was 2.05% (2.25% at 31 December 2019), with an estimated average maturity of approximately 4.45 years (4.66 years at 31 December 2019)

Any income earned on these fixed-income securities other than changes in their fair value, consisting mainly of interest and net earned premiums for the year, is recognised in the income statement under “Income from property, plant and equipment and investments”. In 2020 this income amounted to €160,266 thousand (€172,817 thousand in 2019).

The maturities of the securities included under this sub-heading, classified by the portfolio to which they were assigned at 31 December 2020 and 2019 and taking their fair value into account, are as follows:

Residual maturity	€ Thousand			
	31/12/2020		31/12/2019	
	CVRPyG	AFS	CVRPyG	AFS
Less than 1 year	-	967,679	1,026	836,299
1 to 3 years	-	2,026,041	-	1,840,217
3 to 5 years	-	1,801,714	-	1,883,949
5 to 10 years	-	1,935,259	-	2,065,625
10 to 15 years	-	265,852	-	263,222
15 to 20 years	-	87,708	-	68,817
20 to 25 years	-	232,076	-	210,139
Over 25 years	-	238,581	-	168,931
Total	**-**	**7,554,910**	**1,026**	**7,337,199**

7.a.4) Investments held for the benefit of insurance policyholders who bear the investment risk

The breakdown by nature of the investment at 31 December 2020 and 2019 is as follows (in € thousand):

	31/12/2020		31/12/2019	
	RVPL Portfolio	LR	RVPL Portfolio	LR
Variable Income	154,642	-	142,750	-
Stakes in mutual funds	330,571	-	300,307	-
Fixed-Income	100,079	-	108,677	-
Other Balances affected				
- Banks (current accounts and short-term deposits)	-	32,955	-	22,597
- Other debts by management fees	-	-	-	-
- Others	-	134	-	785
Total	**585,292**	**33,089**	**551,734**	**23,382**

The balance of “Other balances affected” is included in “Loans and receivables”, as it is the policyholders who bear the investment risk in each year.

The market value of investments held for the benefit of insurance policyholders who bear the investment risk is determined by the same method as the market value of the Group’s own investments of the same type.

A breakdown of the above fixed-income securities and other assigned balances by maturity year is given below:

Residual maturity	€ Thousand			
	31/12/2020		31/12/2019	
	Fixed Income	Other Balances affected	Fixed Income	Other Balances affected
Less than 1 year	23,329	33,089	15,153	23,382
1 to 3 years	43,813	-	48,695	-
3 to 5 years	32,937	-	41,865	-
5 to 10 years	-	-	2,964	-
Over 10 years	-	-	-	-
Rest of investments without maturity	-	-	-	-
Total	**100,079**	**33,089**	**108,677**	**23,382**

The mathematical provisions at 31 December 2020 and 2019, of insurance contracts where the investment risk is borne by policyholders are as follows:

Policyholder investment	€ Thousand	
	Mathematical provision	
	31/12/2020	31/12/2019
SEGUROS CATALANA OCCIDENTE		
Equity Fund	135,767	144,346
Universal Investment + Variable Multi-savings	49,372	53,889
Universal PIAS Variable	47,319	47,939
Universal Investment Fund	22,650	23,378
Choice Fund	97,098	57,268
SEGUROS BILBAO		
Flexilife	53,898	40,087
PIAS	9,303	10,436
Orbita Link	20,432	23,239
Insurance Savings account + Single Account	12,802	10,213
Others	736	852
PLUS ULTRA		
Life Fund	6,228	3,522
Management Social Welfare Plan	162,776	159,947
Total	**618,381**	**575,116**

At 31 December 2020 and 2019 the balance of stakes in mutual funds is classified in the portfolio valued at fair value with changes in the profit or loss account and corresponds to mutual funds managed by GCO Gestión de Activos according to the following breakdown:

Type of Asset	Description (name)	€ Thousand	
		31/12/2020	31/12/2019
FI	GCO Savings	39,643	37,237
FI	GCO Mixed	9,006	5,413
FI	GCO Shares	40,736	44,122
FI	GCO Eurobolsa	9,244	7,649
FI	GCO Fixed Income	25,001	21,445
FI	GCO Global 50	26,004	12,710
FI	GCO International	15,784	9,019
		165,418	**137,595**

On 31 December 2020 and 2019, the Group's share in the investment funds managed by GCO Gestión de Activos, corresponding to policyholder investments, is as follows:

	Share percentage (%)	
	31/12/2020	31/12/2019
GCO Mixto, FI	75%	61%
GCO Shares, FI	29%	28%
GCO Eurobolsa, FI	32%	28%
GCO Fixed income, FI	86%	85%
GCO Global 50, FI	72%	52%
GCO International FI	42%	30%
GCO Savings, FI	88%	90%

7.a.5) Loans and other financial assets

The breakdown of the balances making up this sub-heading at 31 December 2020 and 2019 is as follows:

	€ Thousand			
	31/12/2020		31/12/2019	
	AFS	LR	AFS	LR
Non-mortgage loans and advances on policies:				
· Advances on policies	-	19,809	-	22,124
· Loans to brokers	-	16	-	16
· Other loans	-	110,001	-	78,241
Mortgage loans	-	65,208	-	65,024
Other financial assets	-	10,143	-	8,335
Total	**-**	**205,177**	**-**	**173,740**

The maturities of mortgage loans and other loans held by the Group at amortised cost are as follows:

	€ Thousand			
	31/12/2020		31/12/2019	
Year of maturity	AFS	LR	AFS	LR
Mature and up to three months	-	4,094	-	3,658
Between 3 months and up to 1 year	-	3,026	-	1,898
Between one year and five years	-	60,301	-	51,375
Over five years	-	107,788	-	86,334
Total	**-**	**175,209**	**-**	**143,265**

There are some group of mortgage loans ("reverse mortgages"), totalling €33,316 thousand, at a fixed interest rate of between 6.00% and 7.50%. The remaining mortgage loans bear annual interest rates of between 0.00% and 1.92% (between 0.00% and 2.64% in 2019). The interest rate is fixed in the first year and variable from the second year. The reference rate used is the one-year interbank rate (EURIBOR).

7.a.6) Deposits with credit institutions

The long-term deposits relate mainly to euro deposits, trust deposits, structured deposits and asset swaps held with credit institutions. The maturity of these deposits is as follows:

	€ Thousand					
Residual maturity	31/12/2020			31/12/2019		
	AFS	LR	Total	AFS	LR	Total
From 3 months to 1 year	(14,292)	98,766	84,474	2,864	128,639	131,503
From 1 year to 3 years	10,692	1,581	12,273	(6,882)	-	(6,882)
From 3 years to 5 years	(4,576)	-	(4,576)	4,742	-	4,742
From 5 years to 10 years	151,362	-	151,362	161,139	-	161,139
From 10 years to 15 years	(16,027)	-	(16,027)	(16,960)	-	(16,960)
From 15 years to 20 years	107,010	-	107,010	119,387	-	119,387
From 20 years to 25 years	13,008	-	13,008	14,240	-	14,240
Over 25 years	225,901	-	225,901	201,459	-	201,459
	473,078	**100,347**	**573,425**	**479,989**	**128,639**	**608,628**

7.a.7) Impairment losses

During 2020 impairment losses for value impairment stood at €7,411 thousand (€3,505 thousand in 2019).

7.b) Receivables

A breakdown of the receivables from insurance, reinsurance and coinsurance contracts at 31 December 2020 and 2019, together with other receivables, is given below:

	€ Thousand	
	LR	
	31/12/2020	31/12/2019
Receivables arising from direct insurance operations:		
- Policyholders - outstanding invoices:		
. Direct business and coinsurance	236,624	237,805
. Credits for invoices pending issue	107,399	107,796
. (Provision for premiums pending collection)	(18,228)	(17,458)
- Intermediaries:		
. Outstanding balances with intermediaries	34,924	33,159
. (Provision for impairment of balance with intermediaries)	(1,767)	(1,690)
Receivables arising from reinsurance operations:		
. Outstanding balance with reinsurers	75,157	75,067
. (Provision for impairment of balance with reinsurance)	(304)	(90)
Other credits:		
. Credits with Public Administrations	12,916	20,167
. Rest of credits	442,781	394,733
. (Provision for impairment of rest of credits)	(2,898)	(3,614)
Total	**886,604**	**845,875**

As of 31 December 2020 we estimate that the fair value of loans does not differ significantly from the net book value.

The changes in and detail of the impairment losses recognised in 2020 and 2019 are shown in the following table, with the various changes under "Earned premiums, net of reinsurance" and "Net operating expenses" being recognised in the income statement.

(Figures in € Thousand)	Provision for premiums pending	Provision for impairment of balance with intermediaries	Provision for impairment of balance with reinsurance	Provision for impairment of rest of credits
Balances at 1 January 2019	**18,214**	**1,633**	**121**	**4,179**
Additions into the scope of consolidation	154	-	-	-
Provisions charged against profit	-	57	-	-
Amounts released with a credit to profit	(910)	-	(31)	(565)
Balances at 31 December 2019	**17,458**	**1,690**	**90**	**3,614**
Additions into the scope of consolidation	-	-	-	-
Provisions charged against profit	770	77	214	-
Amounts released with a credit to profit	-	-	-	(716)
Balances at 31 December 2020	**18,228**	**1,767**	**304**	**2,898**

A breakdown of other credits in the consolidated balance sheet on 31 December 2020 and 2019 is given below:

	€ Thousand	
Other credits:	**31/12/2020**	**31/12/2019**
Credits with Public Administrations	**12,916**	**20,167**
Rest of credits	**442,781**	**394,733**
Outstanding and estimated recoveries (Note 3.b)	281,482	278,334
Debtors for motor agreements (Note 3.j)	10,065	6,964
Balances of brokers with dubious collection and other dubious balances	1,283	1,151
Commissions to collect for Credit Insurance information services	33,838	38,453
Personnel	1,349	1,480
Debtors by leases	3,929	2,510
Sundry debtors	110,835	65,841
Provision for impairment of rest of credits	**(2,898)**	**(3,614)**
Total	**452,799**	**411,286**

On 25 September 2018, GCO Activos Inmobiliarios reached an agreement to acquire 100% of Peñalvento, S.LU., Inmobiliaria Colonial, Socimi, S.A., with the ultimate aim of obtaining property of the construction of a future office building in Méndez Alvaro Norte I (Arganzuela district- Madrid) for an estimated total price of €94,281 thousand. This building will become part of the Group's property assets once the conditions precedent provided for in the aforementioned agreement are met, which include, inter alia, completion of construction and delivery of the building to GCO Activos Inmobiliarios once the delivery window has been completed, which extends from 1 May 2022 to 28 February 2023, inclusive.

Within the sub-heading "Various debtors" there is an amount of €28,287 thousand, corresponding to the three first payments made by GCO Activos Inmobiliarios for the acquisition of Peñalvento S.L.U.

As indicated in Note 3.b.3), the Group assesses the financial assets at their fair values, with the exception of certain loans and receivables that are valued at amortised cost. For the latter, its book value is a fair approximation of its fair value.

8. Investments in entities accounted for using the equity method (associates accounted for using the equity method)

The composition and movements during 2020 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Society	€ Thousand					
	Balances at 31/12/2019	Consolidation perimeter inputs and outputs	Increases due to non-distributed profit for the year	Other valuation changes	Impairment Losses	Balances at 31/12/2020
Asitur Asistencia, S.A.	7,090	-	846	(684)	-	7,252
Calboquer, S.L.	102	-	30	(13)	-	119
Gesiuris, S.A. S.G.I.I.C. (1)	4,000	-	70	(94)	-	3,976
MB Corredors d'Assegurances, S.A.	28	-	7	-	-	35
Inversiones Credere, S.A.	-	-	-	-	-	-
CLAL Credit Insurance Ltd. (2) (4)	15,538	-	759	(328)	-	15,969
Compañía de Seguros de Crédito Continental S.A. (3) (4)	41,419	-	1,924	(863)	-	42,480
The Lebanese Credit Insurer S.A.L. (4)	-	-	22	(22)	-	-
Credit Guarantee Insurance Corporation of Africa Limited (4)	17,617	-	(67)	(2,198)	-	15,352
TOTAL	**85,794**	**-**	**3,591**	**(4,202)**	**-**	**85,183**

(1) Includes goodwill totalling €1,836 thousand.
(2) CLAL includes goodwill totalling €2,127 thousand.
(3) CSC Continental includes goodwill totalling €11,366 thousand.
(4) Participated through the company Atradius N.V.

These investments are accounted for using the equity method, using the best estimate available at the time of preparing the financial statements. Annex II details the data on total assets, capital, reserves, profit or loss, dividends from this financial result, and the year's earned premiums net of reinsurance or otherwise standard earned Incomes.

As shown in Note 3.b.4, the Group has conducted the test for impairment on the companies included in the heading "holdings in entities valued by the equity method", considering the projections of future business of the companies and financial market parameters.

The flows of dividends and cash flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the projections of the first 1-3 years are based on quotes and/or financial forecasts. The remaining years are estimated using growth rates and ratios, which are considered the relevant figures for each of the estimated lines, which converge toward their normalised terminal value.

The discount rate used varies depending on the location and the associated company, using custom risk-free rates, Betas of the market and country risk premiums. The terminal value is calculated on the basis of the flow of dividends/free cash flows in the normalised period through a perpetuity that applies a growth rate of 3% and the specific discount rate. For those associated to the use of the valuation of discounted dividends, it is assumed that the profits, if available after complying with the capital requirements, are distributable dividends. The capital requirements are calculated on the basis of local targets for regulation and management.

The discount rates, before taxes, and the perpetual growth rates used in 2020 and 2019 have been as follows:

	Discount rate	
Insurance entity CGU	**31/12/2020**	**31/12/2019**
CLAL - Israel	3.90%	4.40%
CSC Continental - Chile	6.30%	6.70%

	Perpetual growth rate	
Insurance entity CGU	**31/12/2020**	**31/12/2019**
CLAL - Israel	3.00%	3.00%
CSC Continental - Chile	3.00%	3.00%

In parallel to this central valuation scenario, possible changes have been calculated in the main assumptions of the model and the CGU has been subject to a sensitivity analysis. The impacts regarding the value in use derived from this analysis are the following:

	Discount rate		Perpetual growth rate		Combined ratio		Solvency Ratio	
Insurance entity CGU	**+ 50 bp**	**- 50 bp**	**+ 50 bp**	**- 50 bp**	**+ 50 bp**	**- 50 bp**	**+ 1,000 bp**	**- 1,000 bp**
CLAL	-32.2%	110.8%	102.3%	-29.6%	-10.0%	10.0%	0.0%	0.0%
CSC Continental	-11.3%	15.4%	11.4%	-8.4%	-8.5%	8.5%	-4.5%	4.5%

At 31 December 2020, based on the results of the impairment tests, the Group has not recognised any impairment in the consolidated income statement.

2019 movements are shown below:

Society	€ Thousand					
	Balances at 31/12/2018	**Consolidation perimeter inputs and outputs**	**Increases due to non-distributed profit for the year**	**Other valuation changes**	**Impairment Losses**	**Balances at 31/12/2019**
Asitur Asistencia, S.A.	6,026	-	294	770	-	7,090
Calboquer, S.L.	90	-	6	6	-	102
Gesiuris, S.A. S.G.I.I.C. (1)	3,762	-	166	72	-	4,000
MB Corredors d'Assegurances, S.A.	243	-	(17)	(198)	-	28
Inversiones Credere, S.A.	-	-	-	-	-	-
CLAL Credit Insurance Ltd. (2) (4)	13,472	-	701	1,365	-	15,538
Compañía de Seguros de Crédito Continental S.A. (3) (4)	38,322	-	3,764	(667)	-	41,419
The Lebanese Credit Insurer S.A.L. (4)	1,659	-	80	31	(1,770)	-
Credit Guarantee Insurance Corporation of Africa Limited (4)	21,917	-	1,950	677	(6,927)	17,617
TOTAL	**85,491**	**-**	**6,944**	**2,056**	**(8,697)**	**85,794**

(1) Includes goodwill totalling €1,836 thousand.
(2) CLAL includes goodwill totalling €2,127 thousand.
(3) CSC Continental includes goodwill totalling €11,366 thousand.
(4) Participated through the company Atradius N.V.

As at 31 December 2019, using the results of the impairment tests, the Group recognised impairment of €1,770 thousand and €6,927 thousand in the consolidated income statement in respect of the value of its holdings in The Lebanese Credit Insurer S.A.L and Credit Guarantee Insurance Corporation of Africa Limited, respectively .

9. Property, plant and equipment and investment property

9.a) Tangible fixed assets

The breakdown by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on 31 December 2020 is as follows (in € thousand):

	Owner-Occupied Property	Furniture and installations	Transport equipment	Data processing hardware	Improvements to owned property	Rights of use	Other tangible fixed asset	Total
Cost on 1 January 2020	**302,788**	**130,677**	**7,448**	**95,588**	**71,361**	**158,880**	**11,237**	**777,979**
Accumulated Depreciation on 1 January 2020	**(81,813)**	**(97,390)**	**(4,240)**	**(78,548)**	**(42,663)**	**(30,449)**	**(1,516)**	**(336,619)**
Impairment Losses	**(7,259)**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,259)**
Net book value on 1 January 2020	**213,716**	**33,287**	**3,208**	**17,040**	**28,698**	**128,431**	**9,721**	**434,101**
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-	**-**
Investments or Additions	499	9,057	1,047	12,865	14,359	32,349	296	**70,472**
Advances in progress	-	-	-	-	-	-	7,945	**7,945**
Reclassifications and transfers (Note 9.b)	(6,044)	-	-	-	-	-	-	**(6,044)**
Sales and Withdrawals	(2,694)	(2,901)	(1,514)	(5,719)	(905)	(3,781)	-	**(17,514)**
Effect of changes on the exchange rates	(211)	(992)	-	(1,452)	-	(2,330)	-	**(4,985)**
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-	**-**
Depreciation for the year	(3,155)	(7,177)	(756)	(8,612)	(4,901)	(31,351)	(78)	(56,030)
Reclassifications and transfers of the amortisation (Note 9.b)	5,233	-	-	-	-	-	-	**5,233**
Withdrawals from amortisation	367	2,760	1,003	2,690	535	3,350	-	**10,705**
Effect of changes on the exchange rates	36	813	-	1,074	-	616	-	**2,539**
Impairment Losses	(93)	-	-	-	-	(310)	-	**(403)**
Net book value on 31 December 2020	**207,654**	**34,847**	**2,988**	**17,886**	**37,786**	**126,974**	**17,884**	**446,019**

Breakdown of the net book value on 31 December 2020 (in € thousand):

	Owner-Occupied Property	Furniture and installations	Transport equipment	Data processing hardware	Improvements to owned property	Rights of use	Other tangible fixed asset	Total
Cost on 31 December 2020	**294,338**	**135,841**	**6,981**	**101,282**	**84,815**	**185,118**	**19,478**	**827,853**
Accumulated Depreciation on 31 December 2020	**(79,332)**	**(100,994)**	**(3,993)**	**(83,396)**	**(47,029)**	**(57,834)**	**(1,594)**	**(374,172)**
Impairment Losses	**(7,352)**	**-**	**-**	**-**	**-**	**(310)**	**-**	**(7,662)**

The movement and detail for the year 2019 are as follows (in € thousand):

	Owner-Occupied Property	Furniture and installations	Transport equipment	Data processing hardware	Improvements to owned property	Rights of use	Other tangible fixed asset	Total
Cost on 1 January 2019	**312,165**	**128,982**	**7,434**	**90,959**	**66,744**	**-**	**4,076**	**610,360**
Accumulated Depreciation on 1 January 2019	**(83,873)**	**(96,355)**	**(4,132)**	**(71,129)**	**(40,130)**	**-**	**(1,413)**	**(297,032)**
Impairment Losses	**(7,319)**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,319)**
Net book value on 1 January 2019	**220,973**	**32,627**	**3,302**	**19,830**	**26,614**	**-**	**2,663**	**306,009**
First application of IFRS	-	-	-	-	-	149,941	-	**149,941**
Additions to the perimeter - Business Combinations	-	494	-	1,325	-	-	8	**1,827**
Investments or Additions	7,134	7,819	768	4,215	6,790	8,603	237	**35,566**
Advances in progress	-	-	-	-	-	-	8,417	**8,417**
Reclassifications and transfers (Note 9.b)	(16,052)	-	-	-	-	-	-	**(16,052)**
Sales and Withdrawals	(546)	(7,296)	(754)	(1,914)	(2,173)	(815)	(1,501)	**(14,999)**
Effect of changes on the exchange rates	87	678	-	1,003	-	1,151	-	**2,919**
Additions to the perimeter - Business Combinations	-	(494)	-	(1,214)	-	-	(8)	**(1,716)**
Depreciation for the year	(4,553)	(7,235)	(800)	(7,295)	(4,544)	(30,623)	(110)	**(55,160)**
Reclassifications and transfers of the amortisation (Note 9.b)	6,543	-	-	-	-	-	-	**6,543**
Withdrawals from amortisation	84	7,232	692	1,789	2,011	288	15	**12,111**
Effect of changes on the exchange rates	(14)	(538)	-	(699)	-	(114)	-	**(1,365)**
Impairment Losses	60	-	-	-	-	-	-	**60**
Net book value on 31 December 2019	**213,716**	**33,287**	**3,208**	**17,040**	**28,698**	**128,431**	**9,721**	**434,101**

Breakdown of the net book value on 31 December 2019 (in € thousand):

	Owner-Occupied Property	Furniture and installations	Transport equipment	Data processing hardware	Improvements to owned property	Rights of use	Other tangible fixed asset	Total
Cost on 31 December 2019	**302,788**	**130,677**	**7,448**	**95,588**	**71,361**	**158,880**	**11,237**	**777,979**
Accumulated Depreciation on 31 December 2019	**(81,813)**	**(97,390)**	**(4,240)**	**(78,548)**	**(42,663)**	**(30,449)**	**(1,516)**	**(336,619)**
Impairment Losses	**(7,259)**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,259)**

At 31 December 2020 and 2019, the Group holds own use in full own-use and there were no liens of any type over any of them.

On 31 July 2019, GCO Activos Inmobiliarios (buyer) entered into an agreement with Inmobiliaria de Edificios Industriales, S.L. (seller), by which it will acquire a plot of land located in the industrial sector of the partial plan "Mas Duran - Can Feu" in San Quirze del Vallés, in order to build an industrial building there. This agreement is subject to a condition precedent until the seller complies with the conditions for the acquisition of the land and the granting of a building permit. Under this contract GCO Activos Inmobiliarios disbursed €1,920 thousand which were recorded as advances on other tangible fixed assets. During 2020 an additional €3,614 thousand were disbursed as advances as a result of meeting the milestones established in the contract. The purchase contract for this property was signed on 20 January 2021.

On 8 November 2019, Seguros Bilbao signed a private purchase agreement with Metrovacesa Promoción y Arrendamiento, S.A. for the future construction of a building on calle Foresta 8 (Madrid), subject to a condition precedent. Under this contract, Seguros Bilbao paid €6,497 thousand relating to 15% of the purchase price, which was recognised as an advance on other property, plant and equipment. In addition, in 2020, €4,331 thousand were paid, corresponding to 10% of the purchase price. As of 31 December 2020, the building permit was obtained and construction started in January 2021.

In addition to these contracts, the Group has no other significant commitments to acquire new property.

At year-end 2020, all the Group's tangible assets were used directly in operations.

There were no significant impairment losses on tangible fixed assets during the year.

The net value of own-use properties located abroad was €20,244 thousand at 31 December 2020 (€20,694 thousand at 31 December 2019).

During 2020, profits were obtained from own-use property amounting to €128 thousand.

The market value at 31 December 2020 of the Group's own-use properties was as follows (in € thousand):

	Market value on 31/12/2020				
	Traditional Business Segment			Segment Credit insurance business	Total
	Non-Life	Life	Other activities		
Owner-Occupied Property	144,828	82,469	22,887	103,537	**353,721**

At the end of the previous year, the market value of property used by the Group assigned to the traditional business segment categories, i.e. non-life, life and other activities, was €151,667 thousand, €83,867 thousand and €22,671 thousand, respectively, and €115,507 thousand for the credit insurance business segment.

The gains associated with the property for own use amounted to €146,067 thousand in the year 2020 (€159,996 thousand in the year 2019).

The market value of the own-use property has been obtained according to the methodology described in Note 3.c).

Leases: Rights of use assets

Right-of-use assets relate 94% to buildings (94% in 2019) and 6% to cars (6% in 2019) under a number of operating leases.

The leases at 31 December 2020 and 2019 for which the Group is the lessee are (in € Thousand):

	Year 2020	Year 2019
Lease liabilities (see Note 13-b)	130,055	129,483
Amounts recognised in the consolidated income statement:		
Cost of amortization of rights of use	31,214	30,623
Interest expense on lease liabilities	3,696	4,091
(minus) Rent expense (*)	(35,396)	(33,727)
Gross profit impact	**(486)**	**987**
Fiscal impact	128	(247)
Net profit impact	**(358)**	**740**

(*) Cash outflows for the year

The Group has excluded those contracts with a term of 12 months or less from the general treatment of leases, as well as those contracts where the value of the leased item is €5,000 or less. Lease expenses for these exclusions have been recognised in the Group's income statement and amounted to € 3,583 thousand in 2020 (2019: €876 thousand).

9.b) Investment property

The breakdown by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on 31 December 2020 is as follows (in € thousand):

	Property investments, third party use
Cost on 1 January 2020	**791,789**
Accumulated Depreciation on 1 January 2020	**(129,096)**
Impairment Losses	**(1,303)**
Net book value on 1 January 2020	**661,390**
Additions to the perimeter - Business Combinations	-
Investments or Additions	48,290
Advances in progress	-
Reclassifications and transfers (Note 9.a)	6,044
Sales and Withdrawals	(2,520)
Effect of changes on the exchange rates	(82)
Additions to the perimeter - Business Combinations	-
Depreciation for the year	(12,306)
Reclassifications and transfers of the amortisation (Note 9.a)	(5,233)
Withdrawals from amortisation	1,126
Effect of changes on the exchange rates	9
Impairment Losses	(3,842)
Net book value on 31 December 2020	**692,876**

Breakdown of the net book value on 31 December 2020 (in € thousand):

	Property investments, third party use
Cost on 31 December 2020	**843,521**
Accumulated Depreciation on 31 December 2020	**(145,500)**
Impairment Losses	**(5,145)**

Likewise, the heading and the detail for 2019 are as follows (in € thousand):

	Property investments, third party use
Cost on 1 January 2019	**676,913**
Accumulated Depreciation on 1 January 2019	**(113,352)**
Impairment Losses	**(2,480)**
Net book value on 1 January 2019	**561,081**
Additions to the perimeter - Business Combinations	-
Investments or Additions	110,433
Advances in progress	-
Reclassifications and transfers (Note 9.a)	16,052
Sales and Withdrawals	(11,645)
Effect of changes on the exchange rates	36
Additions to the perimeter - Business Combinations	-
Depreciation for the year	(11,313)
Reclassifications and transfers of the amortisation (Note 9.a)	(6,543)
Withdrawals from amortisation	2,116
Effect of changes on the exchange rates	(4)
Impairment Losses	1,177
Net book value on 31 December 2019	**661,390**

Breakdown of the net book value on 31 December 2019 (in € thousand):

	Property investments, third party use
Cost on 31 December 2019	**791,789**
Accumulated Depreciation on 31 December 2019	**(129,096)**
Impairment Losses	**(1,303)**

With regard to the most significant acquisitions in 2020, the Group has signed several earnest money contracts for the purchase of six industrial warehouses belonging to various companies of the holding company CONSTRALSA, through the subsidiary GCO Activos Inmobiliarios. The operation also includes three photovoltaic panel facilities located on the roofs of these buildings. The total amount of the transaction is €35,624 thousand, plus the corresponding VAT, of which €1,811 thousand has been advanced. The breakdown of these acquisitions is as follows:

- On 30 September 2020 a contract was signed for the purchase and sale of three warehouses for a combined amount of €22,684 thousand. In addition, on the same date photovoltaic facilities were acquired for these properties for an amount of €2,830 thousand.

- On 1 October 2020, a purchase and sale agreement was signed for two warehouses located in Perpignan, France, for a combined value of €8,110 thousand.

- On 9 October 2020, a purchase and sale agreement for a warehouse in Hungary was signed for € 2,000 thousand.

In addition, on 22 December 2020, the Group acquired a property in San Sebastián, Spain, for €1,157 thousand, through the subsidiary Seguros Catalana Occidente.

Impairment losses of € 3,842 thousand were recognised in 2020.

The Group has full title to its investment property and has no commitments in addition to those recorded in its consolidated financial statements for the acquisition of new property, plant and equipment.

The most significant investments under this heading of the consolidated balance sheet relate to commercial property, mainly office buildings, which the Group operates on a lease basis.

At year-end 2020 there were no restrictions of any kind on the execution of further property investments, on the collection of income from investment property or in relation to the proceeds of disposals.

During FY 2020, profits were obtained from property investment amounting to €3,081 thousand.

The market value of the Group's investment property at 31 December 2020 was as follows (in € thousand):

	Market value on 31/12/2020				
	Traditional Business Segment			Segment Credit insurance business	Total
	Non-Life	Life	Other activities		
Property investments, third party use	336,185	424,045	288,419	23,282	**1,071,931**

At the end of the previous year, the market value of property used by the Group assigned to the traditional business segment categories, i.e. non-life, life and other activities, was €350,226 thousand, €403,985 thousand and €265,375 thousand respectively, and €14,882 thousand for the credit insurance business segment.

The unrealised capital gains associated with property investments amounted to €379,055 thousand in the year 2020 (€373,078 thousand in the year 2019).

The market value of the third-party property has been obtained according to the methodology described in Note 3.d).

The income from investment property rentals that generated income from rentals and the direct operating expenses related to property investments (under operating leases or otherwise) recorded in the consolidated profit and loss account for the year 2020 and 2019 are listed below:

€ Thousand	Granted in operative lease		Investments investments	
	Year 2020	Year 2019	Year 2020	Year 2019
Rental income	41,535	39,847	-	336
Direct operating expenses	15,169	15,241	1,043	864

In line with the above and taking into account the current situation of the COVID-19 health crisis, the Group has considered it appropriate to carry out certain renegotiations and lease extensions in order to keep tenants in the properties.

As of 31 December, the minimum future Incomes for the last two years of non-cancellable operating leases are as follows:

Future operating lease receipts	€ Thousand	
	31/12/2020	31/12/2019
Less than 1 year	39,031	42,111
Over one year but less than five	107,397	122,580
Over five years	117,583	138,610
Total	**264,011**	**303,301**

The Group has not taken into account Income from contingent charges for the years 2020 and 2019.

Most leases have a duration of between 5 and 10 years and are renewable.

10. Intangible assets

Activity of this balance sheet item in 2020 and 2019 was as follows (in € thousand):

		Policy portfolio	Other intangible assets						
	Consolidation	Policy portfolio acquisition costs	Internally generated IT applications	IT Applications acquired	Brand	Distribution network	Portfolio policies	Other intangible assets not generated internally	Total other intangible assets
Cost on 1 January 2019	**792,951**	**344**	**201,445**	**139,311**	**19,450**	**16,140**	**21,340**	**526**	**398,212**
Accumulated Depreciation on 1 January 2019	**-**	**-**	**(90,592)**	**(106,628)**	**(5,800)**	**(2,825)**	**(21,340)**	**(299)**	**(227,484)**
Impairment loss on 01 January 2019	**-**	**-**	**(27,911)**	**-**	**-**	**-**	**-**	**-**	**(27,911)**
Net book value on 1 January 2019	**792,951**	**344**	**82,942**	**32,683**	**13,650**	**13,315**	**-**	**227**	**142,817**
Additions to the perimeter - Business Combinations	21,890	-	-	6,172	-	-	33,000	92	39,264
Additions	146	15	41,171	11,333	-	-	-	-	52,504
Reclassifications and transfers	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	(4,938)	(4,743)	(5,800)	-	(21,340)	(266)	(37,087)
Effect of changes on the exchange rates	(12)	-	4,005	1,109	-	-	-	-	5,114
Additions to the perimeter - Business Combinations	-	-	-	(5,294)	-	-	-	(1)	(5,295)
Depreciation for the year	-	(10)	(21,186)	(6,380)	-	(807)	(3,025)	(52)	(31,450)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-
Withdrawals in amortisation	-	-	6,210	1,487	5,800	-	21,340	-	34,837
Effect of changes on the exchange rates	-	-	(2,487)	(1,064)	-	-	-	-	(3,551)
Impairment Losses	(10,000)	-	(7,079)	(383)	-	-	-	-	(7,462)
Cost on 31 December 2019	**814,975**	**359**	**241,683**	**153,182**	**13,650**	**16,140**	**33,000**	**352**	**458,007**
Accumulated Depreciation on 31 December 2019	**-**	**(10)**	**(108,055)**	**(117,879)**	**-**	**(3,632)**	**(3,025)**	**(352)**	**(232,943)**
Impairment loss on 31 December 2019	**(10,000)**	**-**	**(34,990)**	**(383)**	**-**	**-**	**-**	**-**	**(35,373)**
Net book value on 31 December 2019	**804,975**	**349**	**98,638**	**34,920**	**13,650**	**12,508**	**29,975**	**-**	**189,691**
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-	-	-
Additions	-	-	32,649	16,263	-	-	-	100	49,012
Reclassifications and transfers	-	-	(1,492)	1,492	-	-	-	-	-
Withdrawals	-	(20)	(933)	(6,360)	-	-	-	-	(7,293)
Effect of changes on the exchange rates	(3)	-	(4,707)	(1,291)	-	-	-	-	(5,998)
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(10)	(8,563)	(13,547)	-	(807)	(3,300)	(17)	(26,234)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-
Withdrawals in amortisation	-	-	294	4,786	-	-	-	-	5,080
Effect of changes on the exchange rates	-	-	3,100	1,232	-	-	-	-	4,332
Impairment Losses	(3,000)	-	(16,447)	(383)	-	-	-	-	(16,830)
Cost on 31 December 2020	**814,972**	**339**	**267,200**	**163,286**	**13,650**	**16,140**	**33,000**	**452**	**493,728**
Accumulated Depreciation on 31 December 2020	**-**	**(20)**	**(113,224)**	**(125,408)**	**-**	**(4,439)**	**(6,325)**	**(369)**	**(249,765)**
Impairment loss on 31 December 2020	**(13,000)**	**-**	**(51,437)**	**(766)**	**-**	**-**	**-**	**-**	**(52,203)**
Net book value on 31 December 2020	**801,972**	**319**	**102,539**	**37,112**	**13,650**	**11,701**	**26,675**	**83**	**191,760**

Key information relating to these intangible assets is given below.

10.a) Goodwill

The breakdown of the "Goodwill" account in the consolidated balance sheet, according to the cashgenerating units (CGUs) from which it arose, is as follows:

	€ Thousand	
CGU	**31/12/2020**	**31/12/2019**
Fully consolidated companies:		
Atradius N.V.	461,634	461,637
Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros	123,002	123,002
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Nortehispana de Seguros y Reaseguros, S.A.	38,396	38,396
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros	23,086	23,086
Asistea Servicios Integrales S.L.U.	40,041	40,041
Graydon Holding N.V.	17,920	20,920
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	3,255	3,255
Others	240	240
Gross Total	**801,972**	**804,975**
Less: Impairment Losses	-	-
Net book value	**801,972**	**804,975**

The Group, as defined by IAS 36, considers that Asistea is defined as a CGU given that it is the smallest identifiable group of assets that generates cash input independent of other cash flows arising from other assets or groups of assets. In this sense, Management controls the operations of the funeral business in a unified manner and takes the decisions to continue, sell or otherwise avail of the assets and operations of the entity. All of the information relevant to the management of the entity is generated jointly for the entire funeral business. Management approves the estimates of flows and the medium-term plans jointly without traceability for a smaller group of assets.

As indicated in Note 3.e.1, at year-end we evaluate whether any goodwill show impairment losses based on the calculation of value in use of the related CGU.

The financial projections used in the assessment exercises cover a period of 3 years and are based on business plans previously approved by the Group's directors. From the fourth year, growth is expected in accordance with the perpetual rate.

In the case of goodwill for Atradius N.V., the projection of cash flows has been made for a period of 10 years so as to allow the model to reflect a full business cycle. This extended period is necessary to increase the reliability of projections, given the close relationship between the economic cycle phase and changes in the cash flows from the credit insurance business. The first three years are based on financial budgets and/or forecasts that have been adjusted to adapt them to the new business situation brought about by COVID-19. The remaining years are estimated using normalized ratios and growth rates.

The discount rates, before taxes, used in the financial year 2020 for updating the cash flow projections obtained from the projection of income and expenditure carried out according to the criteria mentioned above, have been as follows:

CGU	Discount rate	
	31/12/2020	31/12/2019
Atradius N.V.	8.20%	7.50%
Plus Ultra	8.40%	8.40%
Seguros Bilbao	8.40%	8.40%
NorteHispana	8.40%	8.40%
Seguros Catalana Occidente	8.40%	8.40%
Asistea Servicios Integrales S.L.U.	6.70%	6.70%
Graydon Holding N.V.	6.80%	6.40%

The inputs used in the calculation of the discount rate have been the risk-free rate, the risk premium of the country or countries where the CGU develops its activity, the market risk premium and leveraged beta, in accordance with each of the CGUs being valued.

With regard to the perpetual growth rates used beyond the period covered in the financial projections, the following are the details of the CGUs:

CGU	Perpetual growth rate	
	31/12/2020	31/12/2019
Atradius N.V.	1.00%	1.00%
Plus Ultra	1.00%	1.00%
Seguros Bilbao	1.00%	1.00%
NorteHispana	1.00%	1.00%
Seguros Catalana Occidente	1.00%	1.00%
Asistea Servicios Integrales S.L.U.	2.40%	2.40%
Graydon Holding N.V.	1.50%	1.50%

The rate of growth has been substantiated, generally, in the analysis of real GDP growth in the country in which each CGU develops its business, considering both the history and the forecast estimated, except for the CGU of Asistea where, due to the specificities of the business, obtaining this rate has been based on the evolution of the CPI and the anticipated national growth in deaths. To obtain both rates, wherever possible, the discount and perpetual growth rates used in the valuation of comparable companies in business, dimension and geographic location have been compared, so that the values obtained are close on average to those used in similar companies.

To estimate the terminal value, two different methodologies have been used, depending on the business typology the CGU: for non-insurance business the terminal value has been estimated based on the formula of Gordon Saphiro, while in the case of insurance business, the methodology has been based on the formula of perpetual income of distibutable dividend, having compared this calculation methodology with other similar and generally accepted methodologies such as Gordon-Shapiro and resulting in insignificant differences.

As for the calculation of the perpetual income of the normalized distributable dividend, it is assumed that the dividend of the last year of projection increases according to the growth rate in perpetuity ("g"). With regards to the Gordon Saphiro model, the normalised flow has been calculated by adjusting the free flow of the last year projected by Management, assuming an increase of income in accordance with the perpetual growth rate and a normalised EBITDA margin in accordance with the evolution of the CGU in question.

The excess capital available over the capital required by Solvency II is positioned at 175% for Atradius N.V., and at 150% for the units located in Spain.

In parallel to this central valuation scenario, possible changes have been calculated in the main assumptions of the model and the CGU has been subject to a sensitivity analysis. The impacts regarding the value in use derived from this analysis are the following:

	Discount rate		Perpetual growth rate		Combined ratio		Solvency Ratio	
Insurance entity CGU	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 1,000 bp	- 1,000 bp
Atradius N.V.	-5.5%	6.3%	0.4%	-0.3%	-2.0%	2.0%	-5.3%	5.3%
Plus Ultra	-5.9%	6.7%	5.9%	-5.2%	-6.3%	6.3%	-4.9%	4.9%
Seguros Bilbao	-5.5%	6.3%	5.5%	-4.8%	-4.5%	4.5%	-5.1%	5.1%
NorteHispana	-5.1%	5.8%	5.1%	-4.5%	-1.8%	1.8%	-7.6%	7.6%
Seguros Catalana Occidente	-6.3%	6.9%	6.3%	-5.5%	-2.0%	2.0%	0.0%	0.0%

	Discount rate		Perpetual growth rate		EBIDTA	
Non-insurance CGUs	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Asistea Servicios Integrales S.L.U.	-8.6%	10.9%	9.9%	-7.8%	2.3%	-2.3%
Graydon Holding N.V.	-10.8%	13.1%	13.7%	-11.3%	11.3%	-11.3%

At 31 December 2020, based on the updated assumptions of Graydon's short-term business plan and in accordance with the result of the test, the Group proceeded to record an impairment of €3,000 thousand corresponding to Graydon's goodwill (€10,000 thousand in the 2019 financial year).

For the rest of the CGU’s, based on the estimates, projections and independent experts' reports available to the parent company’s Board Members and management, the projected income and cash flows attributable to the Group from these companies, considered as cash generating units, support the book value of the net assets recognised.

Likewise, no sensitivity analysis mentioned above would imply that the book value of the units would exceed the recoverable amount, with the exception of Atradius N.V. €44 million in the most pessimistic scenario) and Graydon.

10.b) Other intangible assets

10.b.1) IT applications

These intangible assets have a defined useful life, in accordance with their nature, and their amortisation as set criteria have been in the accounting policies (see Note 3.e.3).

The book value of investments in intangible assets consisting of rights exercisable outside Spain or related to investments outside Spain amount to €325,205 thousand, with accumulated amortisation of €210,328 thousand.

In the last financial year, the Group recorded impairment losses on internally generated software, from Atradius N.V., amounting to €16,447 thousand. This software had been developed by the Group and have deteriorated, following the criteria mentioned under applicable rules (see Note 3.e.3).

10.b.2) Brand

On 19 June 2015, and derived from the acquisition of Plus Ultra, the Group incorporated the value of the brand "Plus Ultra" in the balance sheet at fair value. The fair value was determined through the “royalty” method, with the method of internal profitability rate for a hypothetical licensee, determining the "royalty” fee from comparables belonging to the insurance industry, and with a cash-flow attributable to the brand for a period of 5 years and a terminal value of the same. In the process of valuation, an indefinite useful life was established for the brand Plus Ultra.

The "Plus Ultra” brand, in the same way as the other intangible assets with an indefinite useful life, is not amortised on a systematic basis, according to the applicable accounting regulations, and instead is submitted, at least once a year, to an impairment test and, where appropriate, to register the corresponding valuation correction.

The financial projections used in the assessment exercises cover a period of 3 years and are based on business plans previously approved by Management. For determination of the terminal value, the Gordon Shapiro approach was used, which estimates the terminal value as the current value of a perpetual growing income. A perpetual growth rate of 1% has been considered, based on reports by financial analysts who follow both GCO and comparable companies.

The discount rate applied in the valuation of the brand was 8.4% (8.4% in the previous year) corresponding to the cost of equity. As it is an intangible asset, and therefore has greater uncertainty than the business as a whole, a premium of intangibility has been used for the cost of own resources of 1%.

Possible changes have been calculated in the main assumptions of the model and said brand has been subject to a sensitivity analysis. The impacts regarding the value in use derived from this analysis are the following:

	Discount rate		**Perpetual growth rate**	
	+ 50 bp	**- 50 bp**	**+ 50 bp**	**- 50 bp**
Plus Ultra Brand	-5.8%	6.6%	4.9%	-4.4%

On 31 December 2020, no sensitivity analysis mentioned above would imply that the book value of the units would exceeds the recoverable amount.

10.b.3) Distribution network

As part of the process of allocating the acquisition cost of Plus Ultra, the Group incorporated an intangible asset to its balance sheet during the year 2015, at fair value, corresponding to the network of intermediaries of "Plus Ultra". Said fair value was determined based on the "Method of Multi-period excess profits" based on the excess profit from the contributory assets required for the operation of the business.

The estimated useful lives for the intermediaries' network was established as between fifteen and twenty years according to the typology of intermediaries and according to their experience over time. This is the rate which is used to proceed with linear amortisation of this asset.

10.b.4) Portfolio policies

In the business combination of Seguros de Vida y Pensiones Antares, S.A. (merged with Plus Ultra), the Group included an intangible asset amounting to €33,000 thousand for the fair value of the collaboration agreement with Telefónica. This fair value determined using the Multi-period Excess Earnings Method, with the support of an independent expert, assigning a useful life of ten years, as established in the acquisition contract.

The Group has no further commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At 2020 year end, all intangible assets of the Group are directly affected by the operation.

11. Tax position

11.a) Tax consolidation regime

From the year 2002, part of the companies included in the trade consolidation perimeter with corporate address in Spain pay taxes, for the purposes of corporation tax, in accordance with the special regime of tax consolidation anticipated by Chapter VI of Title VII of the Act 27/2014, of 27 November, on Corporation Tax (hereinafter "LIS") applicable in common territory.

In 2020, the tax consolidation group number 173/01 consists of the company Grupo Catalana Occidente, S.A. (as parent company) and the following subsidiaries: (i) Atradius Collections, S.L.; (ii) Atradius Crédito y Caución S.A. de Seguros y Reaseguros; (iii) Atradius Information Services BV Sucursal en España; (iv) Atradius Participations Holding, S.L., Sociedad Unipersonal; (v) Catalana Occidente Capital, Agencia de Valores, S.A.; (vi) Cosalud Servicios, S.A.; (vii) Funeraria Merino Díez, S.L.; (viii) Funeraria Nuestra Señora de los Remedios, S.L.; (ix) GCO Gestora de Pensiones, EGFP, S.A.; (x) GCO Reaseguros, S.A.; (xi) Grupo Catalana Occidente Activos Inmobiliarios, S.L.U.; (xii) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (xiii) Iberinform Internacional, S.A.; (xiv) Iberinmobiliaria, S.A.; (xv) Invercyca, S.A.; (xvi) Nortehispana, de Seguros y Reaseguros, S.A.; (xvii) Nortehispana Mediación Agencia de Seguros, S.A.U.; (xviii) Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros; (xix) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros; (xx); Sociedad Gestión Catalana Occidente, S.A. and (xxi) Tecniseguros, Sociedad de Agencia de Seguros, S.A.

From 2016, the tax base that, according to the tax legislation, has been obtained by this tax consolidation group is subject to a tax rate of 25% (28% in 2015 and 30% in the other years that have not expired).

On the other hand, the company Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. Is the representative of the tax consolidation group number 0497B which is subject to the tax regulations in the territory of Vizcaya and whose subsidiaries in 2020 are: (i) Asistea Servicios Integrales S.L.U. (Formerly called Arroita 1878, S.L.); (ii) Bilbao Hipotecaria, S.A., E.F.C.; (iii) Bilbao Telemark, S.L.; (iv) Bilbao Vida y Gestores Financieros, S.A.; (v) Funerarias Bilbaína y La Auxiliadora, S.L.U.; (vi) Mediagen, S.L.U.; (vii) Previsora Bilbaína, Agencia de Seguros, S.A. ("Previsora Agencia"); y (viii) S. Órbita Sociedad Agencia de Seguros, S.A.The tax base which, in accordance with local tax legislation, has been obtained by this tax consolidation group is subject to a tax rate of 24% (26% in 2018 and 28% from the other years subject to time-barred limitations).

The other companies with tax domicile in Spain that form part of the trade consolidation perimeter are subject to the general tax rates established in the regulations applicable in common territory or local territory, as appropriate. As an exception, Catoc, SICAV S.A. and Hercasol, S.A. SICAV are subject to a tax rate of 1% as they are investment companies with variable capital that comply with the requirements of Chapter V of Title VII of the LIS.

Atradius N.V., its subsidiaries and branches that are located outside Spanish territory apply the various tax regimes in force in the various countries in which they reside or are established, with the effective tax rate being 43.38% for the year 2020.

From the year 2014, part of the companies included in the trade consolidation perimeter with tax address in common territory pay taxes, for the purposes of Value Added Tax, in conformance with the Special Regime for the Group of Entities anticipated by Chapter IX of the Title IX of Act 37/1992 on Value Added Tax.

In 2020, the group of entities VAT number 002/14 (hereinafter, VAT Tax Group) is formed by Grupo Catalana Occidente, S.A. (as parent company) and subsidiaries: (i) Catalana Occidente Capital, Agencia de Valores, S.A.; (ii) Cosalud Servicios, S.A.; (iii) GCO Reaseguros, S.A.; (iv) Grupo Catalana Occidente Contact Center, A.I.E.; (v) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (vi) Grupo Catalana Occidente Tecnología y Servicios, A.I.E.; (vii) Nortehispana, de Seguros y Reaseguros, S.A.; (viii) Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros; (ix) Prepersa de Peritación de Seguros y Prevención, A.I.E.; and (x) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros.

11.b) Current Assets and Liabilities

Current tax assets and liabilities at 31 December 2020 and 2019 include the following items:

	€ Thousand	
	31/12/2020	31/12/2019
Current tax assets:		
Public Treasury debtor for:		
• Debtor balance Liquidation Consolidated tax group parent company	12,576	30,007
• Other debtor balances of other tax groups or individual companies	71,771	75,158
Total current tax assets	**84,347**	**105,165**
Current tax liabilities:		
Public Treasury creditor for:		
• Corporate tax litigation	1,627	10,216
• Other creditor balances of other tax groups or individual companies	45,322	56,294
Total current tax liabilities	**46,949**	**66,510**

Current tax assets and liabilities consist of tax assets and liabilities that are expected to be offset against the Group's corporation tax liability when the tax return is filed.

At 31 December 2020, in application of the provisions of IFRIC 23, €1,627 thousand has been recognised under current tax liabilities to reflect contingencies arising from litigation with the tax authorities in relation to corporate income tax (31 December 2019: €10,216 thousand).

11.c) Deferred tax assets and liabilities

In addition, at 31 December 2020 the Group had anticipated and deferred tax assets totalling €271,945 thousand and €488,816 thousand respectively, recognised under "Deferred tax assets" and "Deferred tax liabilities".

At 31 December 2019 the deferred tax assets and liabilities amounted to € 226,264 thousand and € 488,437 thousand, respectively.

The origins of the deferred tax assets and liabilities available to the Group at 31 December 2020 and 2019, are as follows:

Deferred taxes debtors with origin in:	€ Thousand 31/12/2020	31/12/2019
Tax losses passed on	9,267	10,059
Tax adjustments in technical provisions	101,755	89,517
Tax goodwill	2,149	3,234
Provisions for insolvencies	3,591	4,068
Expense from outsourcing of pensions	36,672	41,223
Accelerated depreciation balance sheet update	119	101
Provision for invoices pending collection	1,971	2,095
Adjustments for valuation of financial investments	143,040	107,632
Other deferred tax debtors	50,228	26,119
TOTAL	348,792	284,048
Balance compensation (*)	(76,847)	(57,784)
TOTAL	**271,945**	**226,264**

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

Deferred taxes creditors with origin in:	€ Thousand 31/12/2020	31/12/2019
Adjustments for valuation of financial investments	386,616	366,322
Stabilisation reserve	131,015	114,859
Tax adjustments in technical provisions	-	-
Corporate tax litigation	-	3,720
Other deferred tax creditors	48,032	61,320
TOTAL	565,663	546,221
Balance compensation (*)	(76,847)	(57,784)
TOTAL	**488,816**	**488,437**

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

At 31 December 2020, in accordance with IFRIC 23, no contingencies arising from corporate income tax litigation with the tax authorities have been recognised under deferred tax liabilities. At 31 December 2019, € 3,720 thousand were recognised for this same item.

The Group does not have, on 31 December 2020, losses or tax credits of a significant amount for which deferred tax assets have been recognised on the balance sheet.

11.d) Reconciliation of accounting result and tax base

The reconciliation between the accounting result and tax base for Corporate Tax is as follows:

	Year 2020 in € thousand				
	Profit and loss account		Income and expenses directly attributed to net equity		Total
Balance of income and expenditure for the year	270,132		(81,633)		188,499
Company income tax	94,442		(22,708)		71,734
	A	D	A	D	
Permanent differences	23,778	(98,451)	-	-	**(74,673)**
Temporary differences	172,528	(195,634)	73,639	30,702	**81,235**
Compensation for negative tax bases from previous years	-		-		-
Tax base	**266,795**		**-**		**266,795**

	Year 2019 in € thousand				
	Profit and loss account		Income and expenses directly attributed to net equity		Total
Balance of income and expenditure for the year	424,530		347,381		771,911
Company income tax	131,669		95,416		227,085
	A	D	A	D	
Permanent differences	15,938	(400,649)	-	-	**(384,711)**
Temporary differences	39,098	(30,580)	176,806	(619,603)	**(434,279)**
Compensation for negative tax bases from previous years	-		-		-
Tax base	**180,006**		**-**		**180,006**

11.e) Reconciliation of accounting result and corporate income tax expense

The reconciliation between the income tax expense resulting from applying the general tax rate in force in each country to the accounting profit obtained by the various companies forming part of the Group and the income tax expense recorded for 2020 and 2019 is presented below:

	€ Thousand	
	Year 2020	Year 2019
Result before tax	**364,574**	**556,199**
Non-tax consolidation adjustments	63,969	384,501
Adjustments for permanent differences	(74,673)	(383,462)
Integrated tax base	353,870	557,238
25% of adjusted pre-tax profit	88,468	139,310
Tax effect by tax rates other than 25%	6,112	(6,631)
Market share resulting from applying the tax rate of each country	94,580	132,679
Deductions from the quota	(3,842)	1,498
Compensation for negative tax bases	-	-
Current tax expense with origin in previous years	3,704	(2,508)
Expense of corporate income tax registered with offsetting in the income statement	**94,442**	**131,669**

The possible impacts of Act 11/2020, of 30 December, on the General State Budget for 2021, which approved certain amendments to corporate income tax with effect for tax periods beginning on or after 1 January 2021, have been assessed, concluding that there is no impact on the year-end 31 December 2020.

Double taxation deductions have not been considered in the previous table as they are mostly from dividends charged from subsidiaries eliminated in the consolidation process.

11.f) Years open for review by the tax authorities

According to current legislation in Spain, tax returns cannot be deemed definitive until they have been inspected by the tax authorities or, as the case may be, the statute of limitations period has elapsed (currently, and in general, four years from the day after the end of the regulatory deadline established for filing the corresponding declaration or self-assessment).

The Tax consolidation group, whose parent company is Grupo Catalana Occidente, S.A., has open to inspection the Corporation Tax from the year 2012 because, adopting criteria of maximum prudence, the Group proceeded to submit a supplementary declaration with regards to the years not expired in July 2017 (i.e., the years 2012 to 2015), considering that, on the basis of the judgement of the Supreme Court dated 4 April 2017, the provision of outstanding benefits or gross payment of reinsurance is subject to the tax limit established in Additional Provision 6 of the ROSSEAR.

The foregoing shall be interpreted without prejudice to Article 66.bis of Act 58/2003, of 17 December, General Tax, which establishes the right in favour of the Administration to start the procedure for checking: (i) the bases or fees offset or pending offset or deductions applied or pending application, will expire after 10 years from the day after the end of the regulatory deadline established for filing the declaration or self-assessment corresponding to the tax year or period in which the right to offset said bases or quotas or to implement said deductions was generated; and (ii) to investigate the facts, acts, elements, activities, operations, businesses, values and other determining factors of the tax obligation in order to verify correct compliance with the applicable regulations.

On 31 December 2020, Grupo Catalana Occidente and the tax consolidation group have the following years open for inspection:

Taxes	**Years**
Corporate tax	2012-2019 (*)
Value Added Tax	December 2016-November 2020 (**)
Withholdings from Income Tax and Corporation Tax	December 2016-November 2020 (**)
Tax on insurance premiums	December 2016-November 2020 (**)
Others	2017-2020
Local Taxes	2017-2020

(*) The Corporate Income Tax for the year 2020 is pending presentation, with the maximum date for submission being 26 July 2021.
(**) In accordance with a judgement by the Supreme Court, which defends a thesis which is in principle already overcome, the year 2016 expires on 30 January 2021, after the completion of the deadline for submission of annual summaries for that financial year.

In general, the rest of the group companies have the years determined by applicable tax law open for review by the tax inspection authorities for the main applicable taxes.

On 2 January 2019, Plus Ultra and Grupo Catalana Occidente received communication of the start of proceedings for audit and investigation of a partial character. In particular, the inspection is designed to check the tax deductible financial goodwill regarding the Corporate Tax of Plus Ultra (years 2014 and 2015) and the individual corporation tax of the same, (years 2016 and 2017).

In this sense, in the past, the Tax Authority already inspected this same concept and, at the opening of 2019, Plus Ultra has opened a number of contentious-administrative proceedings against the records of inspection: (i) in relation to the goodwill deducted in 2005 to 2010, the Company had filed a contentious-administrative appeal with the Spanish National Appellate Court ("AN") against the decision of the Central Economic Administrative Tribunal ("TEAC") of 13 January 2016, amounting to €4,021 thousand; and (ii) in relation to the goodwill deducted in 2011 to 2013, the Company is awaiting a ruling from the TEAC, which amounts to €2,022 thousand.

On 19 December 2019, the AN issued a judgement, the content of which was made known to Plus Ultra on 27 January 2020. In that judgement, the National Assembly upheld the Company's claims, confirming that the total amount of goodwill for accounting purposes is tax deductible for the purposes of determining the taxable income for income tax purposes for 2007, 2008, 2009 and 2010. On 2 June 2020, the AN declares the previous sentence to be final and the Administration is notified for its execution and compliance.

As a result of the foregoing, the Group has recognised a provision of €11,419 thousand under "Tax Liabilities" in the consolidated balance sheet, relating to the risk associated with this contingency from 2007 to the present day. During the first half of 2020, the Group has recognised the aforementioned amount as income under the heading 'Other non-technical income' in the income statement for the period, thereby cancelling this provision.

In addition, on 20 November 2020, the tax authorities notified Grupo Catalana Occidente, S.A., in its capacity as the parent company of the consolidated tax group, of the commencement of partial tax audits limited to the verification of the tax credit for international double taxation applied in 2016, 2017 and 2018 by Seguros Catalana Occidente, S.A. de Seguros y Reaseguros. Consequently, the statute of limitations period for the aforementioned years of the consolidated group has been interrupted once again.

On the other hand, as a result of possible varying interpretations of applicable tax legislation for the years subject to inspection, contingent tax liabilities might result, which cannot be objectively quantified. However, the Directors of the parent company believe that the applicable tax debt, if any, would not have a significant effect on the financial statements.

In compliance with the provisions of Article 86 of the LIS and Article 110 of Vizcaya Regulation 11/2013, of 5 December, on corporate income tax ("NFIS"), the following is stated:

- In 1996, and as a result of the process of total spin-off of Depsa, S.A. de Seguros y Reaseguros, the Company received a 100% stake in the company formed after the aforementioned spin-off process, which the same insuring activity and the same company name as the earlier company. The book value for which the Company recorded the shares received from the new company is the same that it held for its participation in the spin-off company, i.e., €296 thousand.

- On 2 October 2001 the Company made a contribution in kind of a line of business, receiving in exchange 298,515 shares of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros of €60.101210 par value each, resulting in a total accounting value of €17,941 thousand. The list of assets, rights and obligations transferred to the transferee company, along with their corresponding accounting figures, appears in the detailed inventory of assets and liabilities included in the portfolio transfer and capital reduction/extension of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, executed before the Notary of Barcelona, Mr. Miguel Tarragona Coromina on 2 October 2001, No. 4,311 of his protocol.

- On 22 March 2007 the shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A. (i.e., Crédito y Caución) formed a new company called Grupo Compañía Española de Crédito y Caución, Sociedad Limitada, through the contribution of all the shares they had from the first, and by cash contribution of the remaining amount to reach the established share capital and share premium. According to the above, the Company subscribed for 7,772 shares of the new company, which accounts for a 43.18% stake of its share capital, the same as it had at that time at Crédito y Caución.

- On 21 May 2015, the sole shareholder of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, Single Shareholder Company (the "Acquiring Company"), the sole shareholder of Catoc Vida, S.A. Single Shareholder Company and Cosalud, S.A. de Seguros, Single Shareholder

Company (the "Acquired Companies") approved the merger by absorption of the Acquired Companies by the Acquiring Company through the block transmission of the equity being acquired, by universal succession, for all assets, liabilities, rights and obligations and relationships of all types of the Acquired Companies and dissolution without liquidation, a circumstance that will lead to the extinction of the same. The operations of the Acquired Companies are considered complete, for accounting purposes, by the Acquiring Company, from the date of 1 January 2015, the date of beginning of the year when the merger is approved. The merger operation is taxed under the special regime regulated in Chapter VII of Title VII of the LIS.

— On 2 February 2016, the sole shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U. (the "Acquiring Company") and Atradius Credit Insurance NV (the "Acquired Company") approved the merger by absorption of the Acquired Company by the Acquiring Company through the block transmission of the equity being acquired, by universal succession, for all assets, liabilities, rights and obligations and relationships of all types of the Acquired Companies and dissolution without liquidation, a circumstance that will lead to their extinction. The operations of the Acquired Companies are considered complete, for accounting purposes, by the Acquiring Company, from the date of 01 January 2016, the date of beginning of the year when the merger is approved. The merger operation is taxed under the special regime regulated in Chapter VII of Title VII of the LIS.

— On 13 September 2017, Salerno 94, S.A.U. (the "acquiring company") absorbed Sociedad Gestión Catalana Occidente, S.A.U. (the "acquired company") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. On the other hand, the acquiring company took over the corporate name of acquired company (Sociedad Gestión Catalana Occidente, S.A.U.). Said merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the LIS, for which purpose, and in accordance with said Act, the mandatory communication to the Tax Administration was made. In compliance with the reporting obligations set out in article 86 of the Act on Corporation Tax, Sociedad Gestión Catalana Occidente, S.A.U. noted in the individual Annual Accounts Report corresponding to financial year 2017 that: (i) it did not include any asset in its accounting books for a value other than that stated in those of the Acquired Company prior to the transaction; and (ii) the acquired company did not transfer any tax benefit.

— On 30 November 2018, Grupo Catalana Occidente Activos Inmobiliarios, S.L. (hereinafter, the "acquiring company") acquired Legion Empresarial, S.L.U. (Hereinafter, the "acquired company") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. The operations of the Acquired Company were considered to be completed, for accounting purposes, by the acquiring company, from the date of 25 July 2018, the date on which the acquiring company acquired control of the acquired company, under the deed of sale of 100% of the shares of the absorbed company, granted on that date. Said merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the LIS, for which purpose, and in accordance with said Act, the mandatory communication to the Tax Administration was made. Grupo Catalana Occidente Activos Inmobiliarios, S.L. recorded, in their individual Annual Accounts report corresponding to the financial year 2018, the elements which are obligatory under article 86 of the LIS.

— On 7 December 2018, Nortehispana, de Seguros y Reaseguros, S.A. (Hereinafter, the "Acquiring Company") acquired PB Cemer 2002, S.L.U., Previsora Bilbaína Seguros, S.A.U. and Previsora Bilbaína Vida Seguros, S.A.U. (Hereinafter, the "Acquired Companies") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. The aforementioned merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the LIS and Chapter VII of Title VI of the NFIS, for which, and in accordance with said regulations, the mandatory notification to the competent Tax Administrations was made. Nortehispana de Seguros y Reaseguros, S.A. recorded, in their individual Annual Accounts report corresponding to the financial year 2018, the elements which are obligatory under article 86 of the LIS and in article 110 of the NFIS.

- On 29 July 2019, the merger deed was granted, by virtue of which Previsora Bilbaína, Agencia de Seguros, S.A. (the "Acquiring Company") absorbed the company Previsora Inversiones, S.A.U. (hereinafter the "Acquiring Company") in order to eliminate or at least reduce the administrative and management costs involved in keeping companies engaged in activities ancillary to insurance in the same province. The abovementioned merger operation was carried out under the tax neutrality regime laid down in Chapter VII of Title VI of the NFIS, for which purpose the mandatory notification to the Provincial Council of Biscay was made in accordance with those rules. Previsora Bilbaína, Agencia de Seguros, S.A. disclosed in the notes to its individual financial statements for 2019 the disclosures required by Article 110 of the NFIS.

- On 25 September 2019, Funeraria Nuestra Señora de los Remedios, S.L. (the "Acquiring Company") absorbed Mantenimiento Valdegovia, S.L.U., Servicios Funerarios Cisneros, S.L.U. and Tanatorio Norte Madrid, S.L.U. (Hereinafter, the “acquired companies") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. Said merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the LIS, for which purpose, and in accordance with said Act, the mandatory communication to the Tax Administration was made. Funeraria Nuestra Señora de los Remedios, S.L. included in the Notes to the individual financial statements corresponding to the 2019 financial year the mentions provided for in article 86 of the LIS.

- On 12 December 2019, Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros ("the Acquiring Company") absorbed Seguros de Vida y Pensiones Antares, S.A. ("the Acquired Company") in order to eliminate, or at least reduce, the administrative and management costs of maintaining companies engaged in the same activity in the Group. Said merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the LIS, for which purpose, and in accordance with said Act, the mandatory communication to the Tax Administration was made. Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros included in the Notes to its individual financial statements for 2019 the disclosures required by article 86 of the LIS.

- On 15 September 2020, Funeraria La Auxiliadora S.L.U. (hereinafter, the "Absorbing Company") absorbed Funeraria Bilbaína, S.A. (hereinafter, the "Absorbed Company"). (hereinafter, the "Absorbed Company"), and the company resulting from the merger was renamed Funerarias Bilbaína y La Auxiliadora, S.L.U. This merger was carried out in order to eliminate, or at least reduce, the administrative and management costs of keeping companies engaged in the same activity within the Group. Said merger operation was subject to the tax neutrality regime established in Chapter VII of Title VI of the NFIS, for which purpose, and in accordance with said Act, the mandatory communication to the Tax Administration was made. Funeraria La Auxiliadora, S.L.U. included the information required by the NFIS in the Notes its individual Financial Statements for the financial year 2020.

12. Other assets

The details of financial liabilities at 31 December 2020 and 2019 broken down by nature, are as follows (in € thousand):

	€ Thousand	
Other assets	**31/12/2020**	**31/12/2019**
Assets Derived from pension liabilities (see Note 15)	**53,667**	**53,393**
Accruals	**456,172**	**525,016**
Premiums accrued and not emitted, net of commissions and assignments	179,165	247,435
Other acquisition costs and commissions	236,612	239,141
Prepayment	17,285	16,590
Other accruals	23,110	21,850
Other assets	**428**	**336**
TOTAL	**510,267**	**578,745**

The assets arising from pension commitments correspond to the surplus of pension plans from the subsidiaries of Atradius NV.

Unwritten earned premiums correspond to the estimated provisional premiums at year-end, mainly derived from the credit insurance business.

13. Debits and payables

The details of financial liabilities at 31 December 2020 and 2019 broken down by nature, are as follows (in € thousand):

	Debits and payables	
	€ Thousand	
Financial liabilities	**31/12/2020**	**31/12/2019**
Subordinated liabilities	**200,704**	**200,545**
Other debts	**981,079**	**754,162**
Liabilities from insurance and coinsurance operations	116,160	111,872
Deposits received on buying reinsurance	58,277	52,906
Liabilities from reinsurance operations	274,830	83,197
Other debts	531,812	506,187
TOTAL	**1,181,783**	**954,707**

13.a) Subordinated liabilities

The subordinated liabilities include the subordinate emissions made by Atradius Finance B.V. and Atradius Reinsurance DAC, subsidiaries of Atradius N.V.

On 23 September 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of €250,000 thousand with a maturity of 30 years, which may be re-purchased beginning on the tenth year, on a quarterly basis. The bonds are irrevocably, unconditionally and subordinately guaranteed by Atradius N.V., a Group company. During the first 10 years, bonds have a fixed nominal annual interest rate of 5.250%, payable in annual instalments and, from that date, they will have a nominal variable interest rate of Euribor 3 months plus 5.031%, payable quarterly in arrears. The bonds are listed on the Luxembourg Stock Exchange.

On the date of issue, Plus Ultra issued €40,000 thousand for the aforementioned subordinated bonds. Subsequently, during the year 2016, Seguros Catalana Occidente and Seguros Bilbao issued €11,291 thousand and €2,000 thousand of nominal value, respectively. In addition, during the year 2017, Seguros Catalana Occidente and Seguros Bilbao issued €2,000 thousand and €1,000 thousand of nominal value, respectively. These operations have been eliminated in the consolidation process.

On 20 April 2016, Atradius Reinsurance DAC received a subordinated loan, mainly from the subsidiaries of the Group, for the nominal amount of €75,000 thousand with a maturity of 10 years, which would be repurchased from the fifth year, on an annual basis. The loan has a fixed interest rate of 5.0% payable annually by instalments until the maturity date.

The lenders in the group are Seguros Bilbao, Seguros Catalana Occidente and Nortehispana, having granted €40,000 thousand, €23,000 thousand and €6,000 thousand, respectively, for the above-mentioned subordinated loan, which have been eliminated in consolidation.

On 31 December 2020, the Group estimates the fair value of 100% of the subordinated liabilities at €354,202 thousand, based on binding quotations from independent experts, which correspond to Level 2 in the hierarchy of fair value established in *IFRS 13 Assessment of the fair value*. During the year 2020, interests of subordinated liabilities have been paid for an amount of €16,875 thousand.

13.b) Other payables

A breakdown of the payables arising out of insurance, reinsurance and coinsurance contracts, together with other payables, at 31 December 2020 and 2019, is given below:

	€ Thousand	
	31/12/2020	31/12/2019
Liabilities from direct insurance and coinsurance operations	**116,160**	**111,872**
• With insured parties and co-insurers	44,591	37,830
• With intermediaries	44,506	46,207
• Conditional debts	27,063	27,835
Deposits received on buying reinsurance	**58,277**	**52,906**
Liabilities from reinsurance operations	**274,830**	**83,197**
Rest of other debts	**531,812**	**506,187**
TOTAL	**981,079**	**754,162**

“Rest of Other payables” includes the following items at 31 December 2020 and 2019:

Other liabilities:	€ Thousand 31/12/2020	31/12/2019
Tax and social debts	**60,362**	**53,782**
Public Treasury creditor for other concepts (withholdings, VAT…)	17,724	25,354
Surcharges on insurance premiums	28,727	16,131
Social security agencies	13,911	12,297
Rest of debts	**471,450**	**452,405**
Collections pending assignment	23,468	23,417
Bonds received	7,372	6,979
Research and Development project loan	3,283	3,269
Leasehold liabilities	130,055	129,483
Accrued Expenses	206,374	210,374
Invoices pending payment	23,780	20,828
Sundry creditors	77,118	58,055
TOTAL	**531,812**	**506,187**

The breakdown by maturity of the 'Rental liabilities' recorded at year-end is as follows:

Leasehold liabilities	€ Thousand 31/12/2020	31/12/2019
Less than 1 year	29,113	27,443
Over one year but less than five	75,884	66,055
Over five years	41,726	44,142
Total (*)	**146,723**	**137,640**

(*) Does not include the effect of the financial discount.

The following items are included under the section 'accrued expenses by item' at 31 December 2020 and 2019:

Accrued expenses by concept	€ Thousand 31/12/2020	31/12/2019
Personnel expenses	69,389	72,693
Production expenses	38,823	30,921
External services and supplies	12,795	15,338
Other items	85,367	91,422
Total	**206,374**	**210,374**

14. Technical provisions

14. a) Change in technical provisions

A breakdown of the provisions established at 31 December 2020 and the change with respect to 31 December 2019, together with reinsurers' share of these provisions, is given below (in € thousand):

Provision	Balance on 1 January 2020	Additions to the scope of consolidation	Change in profit and loss account (*)	Change in exchange rate	Consolidation adjustments	Balances on 31 December 2020
Technical Provisions:						
Unearned premiums	1,354,729	-	(11,520)	(20,428)	319	1,323,100
Provision for unexpired risks	4,098	-	(1,435)	-	(4)	2,659
Life insurance:						
- Provision for unearned premiums.	27,537	-	(114)	-	28	27,451
- Mathematical provision	5,839,867	-	3,967	-	7,688	5,851,522
- For life insurance where the risk is borne by policyholders	575,144	-	43,513	-	89	618,746
Provisions	2,729,261	-	357,578	(53,885)	(**) (18,345)	3,014,609
Provision for policyholder dividends and return premiums	31,783	-	8,772	-	133	40,688
Other technical provisions	89,678	-	13,962	-	47	103,687
	10,652,097	**-**	**414,723**	**(74,313)**	**(10,045)**	**10,982,462**
Reinsurer's share of technical provisions (transferred):						
Provision for unearned premiums.	200,229	-	37,156	(8,347)	317	229,355
Life insurance provision:						
- Provision for unearned premiums.	1,783	-	(360)	-	28	1,451
- Mathematical provision	-	-	-	-	-	-
Claims provision	671,981	-	242,206	(16,030)	(21,428)	876,729
Other technical provisions	354	-	-	-	178	532
	874,347	**-**	**279,002**	**(24,377)**	**(20,905)**	**1,108,067**

(*) See change in profit and loss account in Note 18.

(**) The most relevant adjustment corresponds to the activation of collections in the credit business. In the calculation of the impact on the profit and loss account, these collections are counted within the change of the technical provision of benefits. For the purposes of inclusion on the balance sheet, collections are presented separately from the technical provision of benefits.

The movements in these provisions in 2019 were as follows (in € thousand):

Provision	Balance on 1 January 2019	Additions to the scope of consolidation (***)	Change in profit and loss account (*)	Change in exchange rate	Consolidation adjustments	Balances on 31 December 2019
Technical Provisions:						
Unearned premiums	1,296,520	74,875	(21,420)	4,819	(65)	1,354,729
Provision for unexpired risks	6,022	-	(1,926)	-	2	4,098
Life insurance:						
- Provision for unearned premiums.	26,031	35,094	(33,588)	-	-	27,537
- Mathematical provision	5,181,207	562,006	91,606	-	5,048	5,839,867
- For life insurance where the risk is borne by policyholders	362,106	141,951	71,087	-	-	575,144
Provisions	2,633,399	24,905	57,170	10,018	(**) 3,769	2,729,261
Provision for policyholder dividends and return premiums	5,179	28,171	(5,995)	-	4,428	31,783
Other technical provisions	57,236	18,997	13,110	-	335	89,678
	9,567,700	**885,999**	**170,044**	**14,837**	**13,517**	**10,652,097**
Reinsurer's share of technical provisions (transferred):						
Provision for unearned premiums.	190,300	587	8,829	(578)	1,091	200,229
Life insurance provision:						
- Provision for unearned premiums.	1,983	5,861	(6,061)	-	-	1,783
- Mathematical provision	-	-	-	-	-	-
Claims provision	645,093	2,866	17,700	(2,574)	8,896	671,981
Other technical provisions	-	373	-	-	(19)	354
	837,376	**9,687**	**20,468**	**(3,152)**	**9,968**	**874,347**

(*) See change in profit and loss account in Note 18.

(**) The most relevant adjustment corresponds to the activation of collections in the credit business. In the calculation of the impact on the profit and loss account, these collections are counted within the change of the technical provision of benefits. For the purposes of inclusion on the balance sheet, collections are presented separately from the technical provision of benefits.

(***) Antares Integration

On 17 December 2020, the DGSFP published a Resolution on the mortality and survival tables to be used by insurance and reinsurance companies, declaring the admissibility of the PER2020 tables for survival insurance and granting a transitional period of 4 years to adapt to these tables. In the event that the entities avail themselves of the transitional period, they must have at least 25% of the total amount pending provisioning at 31 December 2021.

For this purpose, at the end of the 2019 financial year, the Group had already opted to apply the first-order biometric tables published by the DGSFP in their entirety, entailing the recognition during the 2019 financial year of an additional mathematical provision amounting to €13,325 thousand, the amount of which was recorded under the heading 'Variation in other technical provisions, net of reinsurance' in the consolidated income statement. For this purpose, the technical surcharges applied are those published by the DGSFP in the first order tables.

On 31 December 2020, the Group updated the aforementioned amounts, entailing an additional provision of €2,909 thousand in Seguros Catalana Occidente, recorded under the heading 'Variation in other technical provisions, net of reinsurance' in the consolidated income statement.

Exceptionally, as regards the Group's specific collective called Institución Telefónica de Previsión (ITP), at 31 December 2020 the Group continues to use its own experience tables, also applying the technical surcharges published by the DGSFP. In this regard, the Group has opted to avail itself of the transitional period permitted by the Resolution of 17 December 2020. At 31 December 2020, the Group brought forward the provision that it would be required to make at 31 December 2021, providing €5,500 thousand, representing 25% of the total amount pending provision. As a result of the foregoing, the total amount to be recognised for this item between 31 December 2021 and 31 December 2024 would amount to €16,700 thousand.

The non-life technical provisions, by their very nature and calculation methodology, are not impacted by the discount rate. In addition, during the year there have been no changes in the calculation methodology for these technical provisions.

The interest rate used for the financial-actuarial discount of the provisions of the life business is credited daily to the liabilities of the insurance entities. In this regard, in 2020 and 2019, for the entire life business of the Group, the amount of interest applied to the liabilities amounted to 127,030 and 191,780 thousand euros respectively (see Note 18.c for breakdown and distribution of the rates applied). In addition, the discount rate applied for the calculation of technical provisions for the life business has not changed with regards to the previous annuity, except in a portfolio of policies of little significance.

In some forms of life insurance sold by Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, mainly mixed and retirement insurance, the insured can choose when the policy expires between a capital or monthly income at an interest rate determined upon taking out the policy. The life insurance provision recorded at 31 December 2020 includes €560 thousand to reflect the value of these maturity options, calculated on the basis of each subsidiary's past experience and the estimated increased cost involved in the annuity option. This provision as of 31 December 2019 amounts to €613 thousand.

In addition, for certain commitments acquired prior to 1 January 1999, at 31 December 2020 the Group maintains a provision of €50,999 thousand, both in order to be able to pay the guaranteed interest rate and also in order to pay future administrative expenses of these policies.

On 3 October 2000 the Directorate General of Insurance and Pension Funds published a Resolution in relation to mortality and survival tables to be used by insurance companies, and the PERM/F-2000P tables which became applicable for new production to be carried out after the entry into force of the Resolution was published (15 October 2000). For policies already in force at that date, companies were authorised to use the PERM/F-2000C tables. The Group maintains life insurance provisions that fully account for the impact of applying the abovementioned tables. In 2007, the Group started to use the PERM/F-2000P tables for policies already in force at the date of the abovementioned Resolution. The total provision as a result of the application of these tables in 2020 was €84,092 thousand.

A breakdown of the technical provisions for direct insurance and inward reinsurance at 31 December 2020 depending on the different segments is given below:

Provision on 31 December 2020	€ Thousand					
	Traditional Business Segment				Credit Insurance Business Segment	Total
	Motor	Multi-risk	Other miscellaneous insurance	Life		
Technical Provisions:						
Unearned premiums and unexpired risks reserves	317,426	329,314	148,481	27,451	530,538	**1,353,210**
Mathematics	-	-	-	5,851,522	-	**5,851,522**
Where risk is borne by policyholders	-	-	-	618,746	-	**618,746**
Provisions	537,086	214,948	316,010	166,390	1,780,175	**3,014,609**
Provision for policyholder dividends and return premiums	2,853	173	6,258	31,404	-	**40,688**
Other technical provisions	-	-	103,687	-	-	**103,687**
	857,365	**544,435**	**574,436**	**6,695,513**	**2,310,713**	**10,982,462**

Technical provisions for the direct and reinsurance business accepted for the year 2019 are detailed as follows:

Provision on 31 December 2019	€ Thousand					
	Traditional Business Segment				Credit Insurance Business Segment	Total
	Motor	Multi-risk	Other miscellaneous insurance	Life		
Technical Provisions:						
Unearned premiums and unexpired risks reserves	319,853	319,357	147,053	27,537	572,564	**1,386,364**
Mathematics	-	-	-	5,839,867	-	**5,839,867**
Where risk is borne by policyholders	-	-	-	575,144	-	**575,144**
Provisions	504,178	218,316	298,238	148,408	1,560,121	**2,729,261**
Provision for policyholder dividends and return premiums	-	-	5,617	26,166	-	**31,783**
Other technical provisions	-	-	89,546	132	-	**89,678**
	824,031	**537,673**	**540,454**	**6,617,254**	**2,132,685**	**10,652,097**

The amount of unrealised gains on financial assets classified as available-for-sale and at fair value through profit or loss attributable to the insured at the reporting date has been added to "Other liabilities". These deferred capital gains amount to € 359,853 thousand as at 31 December 2020 (31 December 2019: € 301,393 thousand).

The amount of the provision for deferred policyholder dividends at 31 December 2020 represents an overall allocation of 38.5% (32.9% on 31 December 2019) of the total unrealised gains on investments linked to life insurance contracts with policyholder participation rights.

The effect of reinsurance granted in the profit and loss account for years 2020 and 2019 has been as follows:

	€ Thousand	
	Year 2020	Year 2019
Premiums attributed to transferred reinsurance		
– Ceded premiums	1,057,111	801,250
– Change provision for unearned premiums	(36,796)	(2,768)
Commissions (*)	(344,122)	(338,827)
Cost of the transfer	**676,193**	**459,655**
Reinsurance claims (*)	(634,874)	(437,745)
Total cost of reinsurance	**41,319**	**21,910**

(*) Reinsurance commissions and claims are presented in the profit and loss account netting the "Net operating expenses" and "Year claims net of reinsurance" sublines.

14. b) Changes in claims provisions

Below is the performance in the lines of Motor, Multirisk and Other Non-Life and Miscellaneous Multi-Peril of the technical provision for claims established at the different dates for direct business, based on the occurrence of claims, according to the benefits paid and the reserves available for the same after the coverage end.

The Credit and Bond segment uses methods for calculating technical provisions are other than those used in other lines of the Group (see note 3.j.2), so it must be noted that the following information has been prepared including the reinsurance assumed and net of claim recoveries and recognising as concurrence year the year in which the risk incurred.

	MOTOR					MULTI-RISK				
	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2018	Claims occurred in the year 2019	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2018	Claims occurred in the year 2019
Claims provision Originally estimated (*)	190,581	222,400	217,643	228,070	222,543	108,372	80,896	72,894	79,670	84,785
Estimated claims assessment:										
One year later	176,217	213,280	204,679	213,902	217,839	104,647	84,532	73,695	83,367	89,530
Two years later	168,974	197,823	192,072	207,367		104,138	82,102	73,142	82,698	
Three years later	165,481	189,971	187,178			99,116	79,816	72,732		
Four years later	162,417	188,434				98,860	78,936			
Five years later	161,636					97,840				
Cumulative amounts paid:	149,801	160,701	146,407	138,066	107,359	91,830	71,971	62,418	68,338	68,467

	CREDIT AND SURETY					VARIOUS				
	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2018	Claims occurred in the year 2019	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2018	Claims occurred in the year 2019
Claims provision Originally estimated (*)	850,660	772,486	783,975	844,384	890,208	67,025	72,027	69,101	72,929	84,020
Estimated claims assessment:										
One year later	807,490	692,418	767,362	926,764	914,868	66,219	70,484	70,475	81,199	83,983
Two years later	776,042	671,418	716,578	873,482		67,840	68,761	72,105	86,600	
Three years later	753,181	664,741	715,070			66,943	71,419	71,968		
Four years later	745,671	660,458				64,364	71,921			
Five years later	747,443					65,400				
Cumulative amounts paid:	725,528	673,599	692,235	815,477	692,897	56,618	59,634	54,490	56,758	47,248

(*) Not including the technical provision for claims settlement expenses.

15. Non-technical provisions

The breakdown as of 31 December 2020 and 2019 is as follows:

	€ Thousand	
	31/12/2020	31/12/2019
Provisions for pensions and similar obligations	189,379	174,062
Temporary Income - indemnities for termination	1,755	2,801
Other commitments with the personnel	12,334	7,822
Debts for agreements with insurers	12,775	9,271
Provisions for liabilities	2,303	2,525
Provisions for restructuring	1,822	4,130
Litigation/Legal	13,260	9,491
Other provisions	971	411
Total	**234,599**	**210,513**

Besides the stipulations noted in Note 11 and those that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the claims provisions, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the consolidated financial statements as well as contingent liabilities that could involve the Group in law suits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity.

On 31 December 2020 and 2019, the commitments are reflected in the provision for pensions, and similar obligations are detailed as follows:

	2020 (€ Thousand)			2019 (€ Thousand)		
	Provision defined	Contributed defined	Total Commitments	Provision defined	Contribute d defined	Total Commitments
Commitments for pensions						
Accrued by active personnel	501,290	23,420	524,710	459,980	21,206	481,186
Caused by passive personnel	551,762	-	551,762	535,717	-	535,717
Total Obligations	**1,053,052**	**23,420**	**1,076,472**	**995,697**	**21,206**	**1,016,903**
Assets affected by the plan						
Atradius affected assets	885,338	-	885,338	840,040	-	840,040
Assets not recognised Atradius Dutch plan	-	-	-	-	-	-
Total assets	**885,338**	**-**	**885,338**	**840,040**	**-**	**840,040**
Provisions for pensions and similar obligations	**167,714**	**23,420**	**191,134**	**155,657**	**21,206**	**176,863**

Assets and liabilities for pension obligations relate to assets and liabilities for defined benefit plans. The main defined benefit plans are in the UK, Germany, the Netherlands and Spain, accounting for 92% (2019: 92%) of the defined benefit obligations. The other plans involve subsidiaries of Atradius N.V. in Mexico, Norway, Belgium, Sweden, Italy, Switzerland and France. The recognition of assets and liabilities is stipulated independently for each plan.

The following table summarises the conciliation, the funding status and the amounts recognized in the consolidated balance sheet as of 31 December 2020 for defined benefit obligations (in € thousand):

	Obligations of defined provision		Fair value of assets affected		Impact of the minimum requirement / limit of the asset		(Asset)/Net liability of the provision defined	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance on 1 January	**995,697**	**871,781**	**840,040**	**742,741**	**-**	**-**	**155,657**	**129,040**
Reclassification of plans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Included in profit and loss								
Cost of services for the current financial year	15,382	12,858	-	-	-	-	15,382	12,858
Cost for past services	279	35	-	-	-	-	279	35
Cost (Income) of the interest	12,189	17,670	12,001	17,055	-	-	188	615
Administration costs	630	580	-	-	-	-	630	580
Effects of the exchange rate	2,319	(1,176)	(367)	882	-	-	2,686	(2,058)
Total included in profit and loss	**30,799**	**29,967**	**11,634**	**17,937**	**-**	**-**	**19,165**	**12,030**
Included in OCI:								
Revaluation loss (gain):								
Actuarial loss (gain) by:								
- Demographic hypothesis	(8,141)	(11,421)	-	-	-	-	(8,141)	(11,421)
- Financial hypothesis	87,500	118,529	-	-	-	-	87,500	118,529
- Experience adjustments	(8,126)	(159)	-	-	-	-	(8,126)	(159)
- adjustments for defined benefit restrictions on net assets	-	-	-	-	-	-	-	-
Input of assets affected by the plan, excluding income of interest	-	-	58,821	83,032	-	-	(58,821)	(83,032)
Changes in unrecoverable surplus other than interest	-	-	-	-	-	-	-	-
Effects of the exchange rate	(19,263)	16,056	(19,362)	15,196	-	-	99	860
Total included in OCI	**51,970**	**123,005**	**39,459**	**98,228**	**-**	**-**	**12,511**	**24,777**
Others:								
Contributions paid by the employer	(3,658)	(3,817)	11,426	16,128	-	-	(15,084)	(19,945)
Contributions from the participants	2,039	2,023	2,039	2,023	-	-	-	-
Benefits paid	(22,684)	(25,720)	(21,178)	(24,192)	-	-	(1,506)	(1,528)
Excess asset reclassifications	-	-	(274)	(14,953)			274	14,953
Additional profits/losses	(1,111)	(1,542)	2,192	2,128	-	-	(3,303)	(3,670)
Total Other	**(25,414)**	**(29,056)**	**(5,795)**	**(18,866)**	**-**	**-**	**(19,619)**	**(10,190)**
Balance on 31 December	**1,053,052**	**995,697**	**885,338**	**840,040**	**-**	**-**	**167,714**	**155,657**

Financial instruments not qualified as plan assets

The Group has pension-related assets which under IAS 19 cannot be recognised as plan assets (more details on plans below).

In Germany, for one of the plans, assets totalling €16,900 thousand (€16,300 thousand in 2019) are recognised as part of financial investments because in a bankruptcy situation, these assets are not fully insured for members of pension schemes. In the United Kingdom, there are financial investments amounting to €38,200 thousand (€35,300 thousand in 2019) in a deposit escrow account to support the pension fund for this country. In case of insolvency, the trustee of the pension fund has rights over these investments, provided that certain conditions are met.

Actuarial profit and loss

In 2020, actuarial profits have been recognised in the amount of €12,511 thousand (€24,777 thousand of actuarial profits in the year 2019).

Characteristics of the main defined benefit plans

The following table highlights the main characteristics of defined benefit plans:

Characteristic	United Kingdom	Germany	The Netherlands	Spain
Commitment	Right to pension based on a percentage of the final salary (closed to new employees).	Right to pension based on a percentage of the average salary for the past 10 years.	Right to pension based on percentage of average wage (maximum of €0.1 million - closed to new employees).	Post employment:: Retirement awards, post-retirement life insurance, annuities, amount EX GAN, Christmas hamper, holiday insurance. Long-term: tenure awards.
Census	114 active (2019: 130 active members). 530 inactive (2019: 520 inactive members).	484 active (2019: 496 active members). 466 inactive (2019: 456 inactive members).	275 active (2019: 289 active members). 1,364 inactive (2019: 1,361 inactive members).	3,093 active (2019: 3,113 active members). 951 inactive (2019: 1,001 inactive members).
Obligations of defined provision	€297 million (2019: €287 million).	€156 million (2019: €149 million).	€452 million (2019: €407 million).	€47.7 million (2019: €56.7 million).
Plan assets	€351 million (2019: €341 million).	€84 million (2019: €83 million). Assets of €16.9 million (2019: €16.3 million) are recognised as part of financial investments.	€420 million (2019: €382 million).	Plan 0 assets. Reimbursement rights €13.8 million (2019: €14.6 million).
Revaluation profits (losses) in OCI	€3.3 million - profit (2019: €6 million - profit).	€7.0 million - loss (2019: €10.5 million - loss).	€7.4 million - loss (2019: €8.6 million - loss).	€1.7 million - profit (2019: €6.6 million - profit).
Instruments	The basis of the financing agreement for both commitments is borne by the Trust Deed and Rules. The Pension Fund performs actuarial valuations every three years in order to determine the contributions to be made by the employer.	A contractual agreement is established as a funding vehicle to cover part of the pension liability. There is no specific financing agreement although the assets must not exceed €39.2 million financed initially.	The employer contributes a base annual premium as a percentage of the total eligible wages of all active participants which can not be lower than the regulatory requirements.	The commitments are externalized through linked insurance policies and with the company itself.
Contributions paid by the employee	In 2020, the contributions amounted to 7.1% (2019: 7.1%) of the pensionable salary.	None.	Employees contribute 7.5% (2019: 7.5%) of their pensionable salary.	None.

Characteristic	United Kingdom	Germany	The Netherlands	Spain
ALM Strategy	Every three years, an ALM study is performed to review the investment policy. The policy consists of maintaining government and corporate bonds with respect to the pensioners to match liabilities and maintain assets that are expected to provide a return with respect to non-pensioners.	The investment objectives and policies are developed on the basis of an ALM study. The investment policy limits the interest rate risk by restricting the investment in bonds to fixed interest bonds. The risk of variable income is controlled in accordance with the Dow Jones Euro Stoxx 50 index.	At least once every three years, an ALM study is carried out which analyses the impact of the strategic investment policy. The interest rate risk is partially covered through the use of debt instruments in combination with Liability Driven Investment funds.	N/A.
Regulatory Framework	The UK pension scheme is subject to UK pension legislation and guidelines issued by the Pensions Regulator in the UK.	The German pension plan is subject to German pension legislation and guidelines issued by the German Pension Regulator.	The Dutch pension plan is subject to Dutch pension legislation and guidelines issued by the Dutch Pension Regulator.	The Spanish pension plan is subject to Spanish pension legislation and guidelines issued by the Spanish Pension Regulator.

Fair value of assets affected

The fair value of plan assets at year end is analysed in the following table (in thousands of euro):

Plan assets	2020	2019
Cash and other cash equivalents	16,497	14,768
Variable income	182,426	184,744
Fixed Income	333,436	320,651
Investment funds	274,316	239,477
Insurance contracts	65,888	66,527
Real estate assets	12,775	13,873
Total	**885,338**	**840,040**

All equities and government bonds are traded in active markets. The plan assets do not include any instrument of the Group's own equity nor any property occupied or other assets used by the Group.

The current yield on plan assets in 2020 was €71,700 thousand profit (€98,300 thousand profit in 2019).

The main assumptions used in financial years 2020 and 2019 for the major defined benefit plans are as follows:

Principal actuarial hypotheses	United Kingdom 2020	2019	Germany 2020	2019	The Netherlands 2020	2019	Spain 2020	2019
Discount rate	1.50%	2.00%	0.75%	1.00%	1.00%	1.00%	0.24%	0.48%
Inflation rate	2.75%	3.00%	1.75%	1.75%	1.75%	1.75%	1.50%	1.90%
Expected Increase of future wages	2.50%	2.25%	2.30%	2.30%	1.75%	1.75%	1.50%	1.50%
Expected increase in levels of future profits	2.67%	2.85%	1.50%	1.50%	1.50%	0.88%	N/A	N/A
Mortality table	CMI 2019 (1.5% LTR)	CMI 2018 (1.5% LTR)	Heubeck Richttafeln	Heubeck Richttafeln	Prognoseta fel AG2020	Prognoseta fel AG2018	PERM/F - 2000P PASEM - 2010	PERM/F - 2000P PASEM - 2010
Modified	20	20	16	17	21	21	11	11

Discount rate breakdowns were obtained by hypothetical yield curves developed from information provided by the yield of corporate bonds in the reference market. According to international standards defined under IAS 19, the definition of these curves is based on the performance of AA credit quality corporate bonds.

Possible reasonable changes at year-end in one of the main assumptions, holding other assumptions constant, would have the following effect on the value of obligations (in € thousand):

Obligations of defined provision	2020 Increase	2020 Decrease	2019 Increase	2019 Decrease
Discount rate (1% movement)	(165,634)	222,326	(151,496)	202,141
Wage growth rate (1% movement)	21,137	(20,145)	20,232	(19,275)
Inflation rate (1% movement)	94,114	(70,009)	128,264	(109,091)
Expected increase in levels of future profits (1% movement)	175,108	(138,026)	159,985	(126,183)
Future mortality (+ 1 year)	39,221	-	34,651	-

The aforementioned sensitivity analysis has been obtained using the "Projected Unit Credit" calculation method, and we have proceeded to replicate the calculation of obligations by changing a variable and leaving all other actuarial assumptions constant. A limitation of this method is that some of the variables may be correlated. There has been no change in the methods and assumptions used in preparing the sensitivity analysis for previous years.

16. Equity attributed to parent company shareholders

As part of the consolidated financial statements, the Group presents a statement of changes in consolidated equity which shows, among other things:

- The year's results derived from the profit and loss account
- Each of the year's income and expense items which, according to IFRS has been reflected directly in the net equity
- The total of the year's income and expenses (result of adding the two previous sections), showing separately the total amount attributed to shareholders of the parent company and minority shareholders
- The effects of changes in accounting policies and the correction of errors in each of the net equity components, if any
- The amounts of transactions that holders of net equity instruments have undertaken as, for example, capital contributions, the repurchase of own shares held in treasury and dividend distributions, showing these distributions separately, and
- The balance of retained earnings at the beginning of the year and the balance sheet date, and changes during the year.

The Group also separately details all income and expenses that have been recognised during the year, either through the profit or loss account or directly to equity. This statement is called "Recognised income and expenses statement" and is supplementary to the information provided in the net equity change status.

In the year 2020 the Group's parent company has not undertaken significant changes in its accounting policies.

16.a) Capital

The parent's registered share capital stands at €36,000 thousand consisting of 120,000,000 fully subscribed and paid in book entry shares of €0.30 par value each represented in book-entry form. All shares have the same rights, and the parent company may issue shares without voting rights.

The shareholders owning 10% or more of the parent company's share capital on 31 December 2020 were as follows:

	Percentage of stake
Corporación Catalana Occidente, S.A.	29.40%
La Previsión 96, S.A.	25.00%

The company Inoc, S.A., which holds 100% of Corporación Catalana Occidente, S.A. and 72.25% of La Previsión 96, S.A., directly and indirectly holds 55.01% of the parent company on 31 December 2020 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

16.b) Share premium and Reserves

The statement of changes in equity attached to these financial statements details the balances of the share premium and retained earnings at the beginning of 2020 and at 31 December 2020, and the movements during the year.

The breakdown of the share premium and each type of reserve as of 31 December 2020 and 2019 is as follows:

	€ Thousand	
	Balances on 31/12/2020	Balances on 31/12/2019
Share issuing premium	**1,533**	**1,533**
Differences from adjustment of capital to euros	61	61
Legal Reserve.	7,212	7,212
Voluntary reserves of the parent company	1,038,064	903,330
Reserves in companies for global integration	1,543,876	1,387,608
Reserves at consolidated companies by the shareholding Method (equity method)	27,968	22,783
Reserves	**2,617,181**	**2,320,994**
Total share premium and Reserves	**2,618,714**	**2,322,527**

16.b.1) Share issuing premium

The balance of the type of reserves, according to the revised text of the Capital Companies Act can be used to expand capital. Not restriction whatsoever is established for its availability.

16.b.2) Differences from adjustment of capital to euros

The balance of this reserve comes from the capital reduction carried out in FY 2001 as a result of changing corporate capital to euros. Availability is subject to the same requirements as the legal reserve.

16.b.3) Legal reserve

Under the Consolidated Text of the Capital Companies Act 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase share capital, providing that the remaining balance is no less than 10% of the increased share capital. Only to this end and as long as it does not exceed 20% of the corporate capital, this reserve con only be used to compensate losses, as long as there are no other sufficient reserves available to this end. At the various dates presented, the amount of this reserve accounted for 20% of corporate capital.

16.b.4) Voluntary reserves of the parent company

Breakdown as of 31 December 2020 and 2019 is as follows (in € thousand):

	31/12/2020	31/12/2019
Voluntary reserves	1,027,960	893,226
Merger reserve	9,799	9,799
Other reserves	305	305
Total	**1,038,064**	**903,330**

The balances of these reserves are freely available. The merger reserve stems from the merger with Occidente, Cía. de Seguros y Reaseguros in the year 1988.

16.b.5) Reserves and Other global result accumulated in consolidated companies

A breakdown by entities of amounts in this consolidated balance sheet account at 31 December 2020 and 2019, taking into account the adjustments for consolidation, is given below:

	€ Thousand					
	31/12/2020			31/12/2019		
	Reserves	Other comprehensive income and accumulated in equity	Total	Reserves	Other comprehensive income and accumulated in equity	Total
Fully consolidated companies:						
Grupo Catalana Occidente, S.A.	498,224	-	**498,224**	211,551	-	**211,551**
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros	21,286	383,199	**404,485**	215,372	404,851	**620,223**
Grupo Catalana Occidente Tecnología y Servicios, A.I.E.	(103)	-	**(103)**	(2,615)	-	**(2,615)**
Nortehispana, S.A. Cía de Seguros y Reaseguros	67,269	29,022	**96,291**	51,967	29,070	**81,037**
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. and subsidiaries	(29,936)	164,260	**134,324**	(282)	178,767	**178,485**
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	2,710	56,021	**58,731**	29,238	61,893	**9,1131**
Cosalud Servicios, S.A.	9,205	68	**9,273**	9,201	92	**9,293**
Grupo Compañía Española de Crédito y Caución, S.L. / Atradius N.V.	811,728	30,529	**842,257**	716,379	58,722	**775,101**
Tecniseguros, Sociedad de Agencia de Seguros, S.A.	(97)	-	**(97)**	(67)	-	**(67)**
Previsora Bilbaína Agencia de Seguros, S.A.	(624)	69	**(555)**	50	65	**115**
Prepersa, de Peritación de Seguros y Prevención, A.I.E.	882	-	**882**	884	-	**884**
Sociedad Gestión Catalana Occidente, S.A.	37,760	-	**37,760**	34,051	-	**34,051**
Hercasol, S.A. SICAV	25,215	10,104	**35,319**	22,757	9,576	**32,333**
Catoc, SICAV, S.A.	79,935	49,426	**129,361**	79,289	49,535	**128,824**
C.O. Capital Ag. Valores	1,935	14	**1,949**	3,943	16	**3,959**
Grupo Catalana Occidente Contact Center, A.I.E.	(14)	-	**(14)**	(10)	-	**(10)**
Inversions Catalana Occident, S.A.	182	-	**182**	215	-	**215**
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C.	(49)	64	**15**	166	57	**223**
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	3,293	585	**3,878**	969	(41)	**928**
GCO Reaseguros, S.A.	10,124	89	**10,213**	10,978	44	**11,022**
GCO Gestora de Pensiones, E.G.F.P., S.A.	305	28	**333**	55	20	**75**
Nortehispana Mediacion, Agencia De Seguros S.A.	-	-	**-**	(2)	-	**(2)**
Grupo Asistea	4,646	-	**4,646**	3,519	-	**3,519**
	1,543,876	**723,478**	**2,267,354**	**1,387,608**	**792,667**	**2,180,275**
Accounted for using the equity method:						
Calboquer, S.L.	78	-	**78**	77	-	**77**
Asitur Asistencia, S.A.	4,581	-	**4,581**	5,180	-	**5,180**
Gesiuris, S.A. S.G.I.I.C.	1,077	30	**1,107**	910	125	**1,035**
MB Corredors d'Assegurances, S.A.	(73)	-	**(73)**	(70)	-	**(70)**
Inversiones Credere, S.A.	(517)	-	**(517)**	(517)	-	**(517)**
Atradius – Associated entities	22,822	-	**22,822**	17,203	-	**17,203**
	27,968	**30**	**27,998**	22,783	**125**	**22,908**
TOTAL	**1,571,844**	**723,508**	**2,295,352**	**1,410,391**	**792,792**	**2,203,183**

16.c) Stocks and Treasury Shares

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on 31 December 2020, and 2019, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the subsidiary Sociedad Gestión Catalana Occidente, S.A.

On 31 December 2020, the total of Group shares owned by the subsidiary Sociedad Gestión Catalana Occidente, S.A. represents 1.70% of the capital issued as of that date (1.75% as of 31 December 2019). During the year 2020, the percentage of shares outstanding held by the above company has remained at 1.72% calculated on a daily basis. The average price of the portfolio as of 31 December 2020 was €11.52 per share (€10.50 per share on 31 December 2019). These shares are available-for-sale in order to safeguard liquidity. There are no more Grupo Catalana Occidente S.A. shares held by other Group companies or third parties that operate on their behalf. Additionally, on 31 December 2020, neither the parent company, nor the companies of the Group held obligations based on the payment of shares of the parent company.

The development of acquisitions and sales carried out during the years 2020 and 2019 has been as follows:

	€ Thousand		Number of shares
	Cost of acquisition	Nominal value	
Balances on 01 January 2019	**22,259**	**636**	**2,119,698**
Additions	-	-	-
Withdrawals (*)	(259)	(7)	(24,681)
Balances on 31 December 2019	**22,000**	**629**	**2,095,017**
Additions	2,177	6	19,238
Withdrawals (*)	(638)	(22)	(71,731)
Balances on 31 December 2020	**23,539**	**613**	**2,042,524**

(*) Purchases and sales made by Sociedad Gestión Catalana Occidente, S.A.

16.d) Distribution of results

The Board members will propose to the shareholders at the Annual General Meeting that the 2020 profit of Grupo Catalana Occidente, Sociedad Anónima would be distributed as follows:

Distribution	Year 2020 € Thousand
To Dividends	105,852
To voluntary reserves	397,339
Net profit for the year	**503,191**

On 22 April 2020 and pursuant to Articles 40.6.a and 41.3 of Royal Decree Act 8/2020, of 17 March, on urgent extraordinary measures to deal with the economic and social impact of COVID-19, and within the framework of the recommendations of the European Insurance and Occupational Pensions Authority and the DGSFP, in their respective notes of 2 and 8 April 2020, in relation to the distribution generated by COVID-19, the Board of Directors of the parent company agreed to withdraw the proposal for the distribution of profits included in the consolidated annual accounts for 2019, taking into account both the recommendations of the supervisors and the principle of prudence and business discretion that should govern the actions of the Board of Directors, especially in the face of an unprecedented health crisis.

At the same Board meeting, it was agreed to distribute a fourth interim dividend out of 2019 profits of €0.2029 per share, which was paid on 13 May 2020.

Previously, at meetings held on 27 June 2019, 26 September 2019 and 30 January 2020, the parent company's Board of Directors had approved the distribution of a total interim dividend of €57,168 thousand out of 2013 profit. Payment was effected in instalments, on 10 July 2019, 9 October 2019 and 12 February 2020.

The consolidated net benefit of the year 2019 is detailed in the statement of changes in equity.

16.e) Dividends

The various amounts paid by shareholders in the year 2020 as dividends is as follows:

Government Body:	Date of Agreement:	Date of Payment:	Type of Dividend:	Per share in euros	Total in € thousand
Board of Directors	30 January 2020	12 February 2020	3rd Interim dividend 2019	0.1588	19,056
General Shareholders' Meeting	22 April 2020	13 May 2020	4°. Interim dividend 2019	0.2029	24,342
Board of Directors	23 June 2020	01 July 2020	1st Interim dividend 2020	0.1588	19,056
Board of Directors	23 September 2020	07 October 2020	2nd Interim dividend 2020	0.1588	19,056
					81,510

The interim dividends for the year 2020 are calculated by reference to the balance sheet of the parent company at the following dates and with the following breakdown:

	€ Thousand	
	23 June 2020	**23 September 2020**
Sum of available and realisable assets	133,292	124,696
Amount of payable liabilities (*)	52,346	58,441
Estimated surplus liquidity	80,946	66,255
Interim dividend	19,056	19,056

(*) Includes the proposed interim dividend

The completed dividend payouts during FY 2020 comply with the requirements and limitations established by the current legal framework and the Articles of Association in the parent company.

Additionally, the Board of Directors of the Company, at its 28 January 2021 meeting, resolved to distribute a third interim dividend based on 2020's results amounting to €19,056 thousand, which was paid on 10 February 2021. This dividend has been calculated taking the balance of the Company on 28 January 2021 as a reference, and with the following breakdown:

	€ Thousand 28 January 2021
Amount of available and realisable assets	418,932
Amount of callable liabilities (*)	37,295
Estimated surplus liquidity	381,637
Interim dividend	19,056

(*) Includes the proposed interim dividend

The Board of Directors plans to propose to the General Shareholders' Meeting the distribution of a total dividend of €105,852 thousand charged to the results of the 2020 financial year, corresponding to

€0.8821 per share. The final dividend totalling €48,684 thousand, i.e. €0.4057 per share, will be paid in May 2021.

16.f) Earnings per share

The earnings per share are determined by dividing the net result attributable to the Group by the weighted average of ordinary shares outstanding during the period, excluding the average number of treasury shares held over that time.

This calculation is illustrated as follows:

	2020	2019
From continued and discontinued operations:		
Net profit attributable to equity holders of the parent company (€ thousand)	262,331	385,937
Average weighted number of shares issued (thousands of shares)	120,000	120,000
Less: Weighted treasury shares (thousands of shares) (*)	(2,069)	(2,103)
Weighted average number of shares outstanding (thousands of shares)	117,931	117,897
Earnings per share (Euros)	**2.22**	**3.27**
From discontinued operations:		
Net profit attributable to equity holders of the parent from discontinued operations (€ thousand)	-	-
Earnings per share (Euros)	**2.22**	**3.27**

(*) Refers to treasury shares held in treasury stock for 2020 and 2019.

As there are no stock options, warrants or other equivalent instruments that might cause a potential dilutive effect, the earnings per share figure is the same as the diluted earnings per share in the different periods presented.

16.g) Other comprehensive income and accumulated in equity

The comprehensive income accumulated outside of the profit and loss account includes the amounts relative to income and expenses charged directly to equity, broken down between items that were not reclassified to results and those that can be subsequently reclassified to results.

Among the main items that may be subsequently reclassified to results are: those corresponding to changes in the valuation of assets that remain classified in the portfolio of 'available-for-sale financial assets', including the corrections of accounting asymmetries generated by the allocation decision-makers latent net capital gains on investments as well as those associated with exchange differences by conversion of balances held in foreign currency of the portfolio and of foreign associates of Atradius, N.V.

Other comprehensive income and accumulated - items that may be subsequently reclassified to results by:

	€ Thousand	
	Balances on 31/12/2020	Balances on 31/12/2019
Available-for-Sale financial assets	995,976	994,333
Exchange Differences	(38,488)	(16,999)
Correction of accounting mismatches	(230,066)	(183,559)
Entities accounted for using the equity method	(3,914)	(983)
Other adjustments	-	-
Other comprehensive income and accumulated in equity	**723,508**	**792,792**

Available-for-Sale financial assets

This heading basically encompasses the net amount of the changes in the fair value of available-for-sale financial assets, which, as stated in Note 3.b.5, are classified as part of the Group's consolidated equity. These changes are recorded in the consolidated profit and loss statement when the sale of source assets occurs.

Conversion differences

This reserve encompasses mainly exchange gains and losses on non-monetary items recognised in equity.

Corrections of accounting mismatches

This item includes the changes in unrealised gains arising on financial assets classified in the available-for-sale portfolios at fair value through profit or loss that are attributable to life policyholders.

Entities accounted for using the equity method

Includes income and expenses charged directly to net equity derived from holdings in entities valued using the equity method.

Other comprehensive income and accumulated - items that cannot be reclassified to results by:

Actuarial profit and loss

Includes the actuarial changes that arise when calculating the obligations for pensions and the fair value of the assets of the defined benefit plans of the Group, to be recognised in the period in which they occur, different from the reserves constituted by the net amount of income and expenses directly and definitively recognised in the equity. It also includes any reversal of assets that may occur when a plan's assets are greater than the expected benefit obligation and the Group cannot recover any surplus through redemptions of the pension vehicle, due to capital adequacy and control requirements.

The Group reclassified the accumulated balance of this item to Reserves. The gross amount reclassified for the year 2020, as shown in the table of defined benefit commitments in Note 15, amounts to €12,511 thousand loss (€6,708 thousand net of tax effect).

17. Minority interests

A breakdown of “Minority interests” and “Profit or loss attributable to minority interests” at 31 December 2020 and 2019, by consolidated company, is given below:

	€ Thousand			
	31/12/2020		31/12/2019	
	Minority Interests	P&L attributable to external partners	Minority interests	P&L attributable to external partners
Nortehispana, S.A. de Seguros y Reaseguros	-	-	-	23
Grupo Compañía Española de Crédito y Caución, S.L./ Atradius N.V.	350,523	7,397	366,212	38,129
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A.	834	127	939	109
Catoc SICAV, S.A	229	9	220	1
Grupo Catalana Occidente Servicios Tecnológicos, A.I.E.	53	-	54	2
Grupo Catalana Occidente Contact Center, A.I.E.	-	-	-	-
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	1	-	1	1
Hercasol S.A. SICAV	7,130	245	6,666	305
Grupo Asistea	(53)	23	(53)	23
Total	**358,717**	**7,801**	**374,039**	**38,593**

The movements in “Minority interests” in 2020 and 2019 are shown in the statement of recognised income and expense and the statement of changes in equity.

18. Financial information by segment

The breakdown of the financial information according to the segments defined by the Group is as follows:

ASSET	31 December 2020			31 December 2019		
	Traditional business	Credit insurance business	TOTAL	Traditional business	Credit insurance business	TOTAL
Cash and other cash equivalents	1,053,234	424,741	**1,477,975**	2,176,505	(821,765)	**1,354,740**
Other financial assets at fair value through profit or loss	585,341	-	**585,341**	579,019	-	**579,019**
Available-for-Sale financial assets	7,292,170	2,570,271	**9,862,441**	7,132,609	2,453,733	**9,586,342**
Loans and items receivable	1,832,199	(582,975)	**1,249,224**	522,615	674,412	**1,197,027**
Reinsurer's share of technical provisions	132,426	975,641	**1,108,067**	116,010	758,337	**874,347**
Property, plant and equipment and investment property	949,289	189,606	**1,138,895**	924,208	171,283	**1,095,491**
Intangible assets	395,592	598,459	**994,051**	398,847	596,168	**995,015**
Shareholdings in group companies and associates	10,827	74,356	**85,183**	7,666	78,128	**85,794**
Tax assets	268,438	87,854	**356,292**	254,925	76,504	**331,429**
Other assets	15,7117	353,150	**510,267**	151,922	426,823	**578,745**
TOTAL ASSETS	**12,676,633**	**4,691,103**	**17,367,736**	**12,264,326**	**4,413,623**	**16,677,949**

LIABILITIES AND EQUITY	31 December 2020			31 December 2019		
	Traditional business	Credit insurance business	TOTAL	Traditional business	Credit insurance business	TOTAL
Debits and payables	319,427	862,356	**1,181,783**	294,588	660,119	**954,707**
Technical provisions	8,673,186	2,309,276	**10,982,462**	8,520,802	2,131,295	**10,652,097**
Non-technical provisions	89,228	145,371	**234,599**	84,009	126,504	**210,513**
Tax liabilities	417,145	118,620	**535,765**	428,807	126,140	**554,947**
Other Liabilities	366,406	129,102	**495,508**	307,145	147,357	**454,502**
Net equity	2,811,241	1,126,378	**3,937,619**	2,628,975	1,222,208	**3,851,183**
TOTAL LIABILITIES AND EQUITY	**12,676,633**	**4,691,103**	**17,367,736**	**12,264,326**	**4,413,623**	**16,677,949**

Total premiums from direct insurance and reinsurance accepted during 2020 and 2019 totalled €4,430,683 thousand and €4,414,455 thousand, respectively. The Group's revenues do not depend on any one large customer.

In addition, the Group has managed payments to pension plans and investment funds not reflected in the consolidated profit and loss account, amounting to €71,795 thousand during the year 2020 and €70,982 thousand during the year 2019.

The breakdown of earned premiums in 2020 and 2019, and all other income and expense items, grouped according to the main business segments is as follows:

	Year 2020 (€ thousand)					
	Traditional business				Credit insurance business	Total
	Motor	Multi-risk	Various others	Life		
Premiums attributed direct business and accepted reinsurance	**655,490**	**676,929**	**598,993**	**781,572**	**1,729,822**	**4,442,806**
Premiums accrued from direct insurance	653,791	686,929	596,188	781,406	1,485,673	4,203,987
Premiums accrued from accepted reinsurance	-	(115)	4,318	-	222,493	226,696
Change of the provision for premiums pending collection	(728)	(248)	(71)	52	49	(946)
Change in the provision for unearned premiums from direct insurance	2,427	(10,409)	(2,321)	114	20,099	9,910
Change of the provision for risks in progress of direct insurance	-	785	650	-	-	1,435
Change in the provision for unearned premiums of accepted reinsurance	-	(13)	229	-	1,508	1,724
Premiums attributed to transferred reinsurance	**(21,756)**	**(42,044)**	**(45,404)**	**(9,793)**	**(901,318)**	**(1,020,315)**
Premiums accrued from transferred reinsurance	(20,870)	(44,281)	(50,016)	(9,433)	(932,511)	(1,057,111)
Change in the provision for unearned premiums from transferred reinsurance	(886)	2,237	4,612	(360)	31,193	36,796
Income from property,plant and equipment and investments	**35,559**	**30,194**	**23,228**	**206,728**	**43,645**	**339,354**
Income from property investments	8,584	6,096	4,892	21,207	548	41,327
Income from financial investments	13,745	10,855	11,165	180,003	27,100	242,868
Holdings in company profits under the equity method	318	298	176	-	3,010	3,802
Applications of value adjustments for impairment of property, plant and equipment and property investments	419	204	192	89	-	904
Applications of value adjustments for impairment of financial investments	-	-	-	-	-	-
Profits from intangible fixed assets and real estate investments	65	65	31	2,785	252	3,198
Profits from performance of financial investments	12,428	12,676	6,772	2,644	12,735	47,255
Income from investments assigned to insurance policies in which policyholders bear the investment risk	**-**	**-**	**-**	**43,745**	**-**	**43,745**
Other technical income	**18**	**14**	**45**	**6,087**	**251,998**	**258,162**
Claims incurred in the year, net of reinsurance	**(422,355)**	**(347,915)**	**(280,852)**	**(734,112)**	**(535,124)**	**(2,320,358)**
Provisions paid for direct insurance	(364,923)	(365,670)	(269,740)	(717,745)	(667,776)	(2,385,854)
Provisions paid for accepted reinsurance	(6)	(26)	(449)	(3)	(86,779)	(87,263)
Provisions paid for transferred reinsurance	8,864	43,213	16,935	2,940	320,716	392,668
Change of the provision for direct insurance	(32,549)	3,406	(17,968)	(17,608)	(198,155)	(262,874)
Change in the provision for accepted reinsurance	(359)	(39)	492	(439)	(94,359)	(94,704)
Change in the provision for transferred reinsurance	2,864	(91)	6,021	1,317	232,095	242,206
Expenses attributable to provisions	(36,246)	(28,708)	(16,143)	(2,574)	(40,866)	(124,537)
Change in other technical provisions, net of reinsurance	**-**	**-**	**(13,962)**	**(47,480)**	**-**	**(61,442)**
Provisions for life insurance from direct insurance	-	-	-	(3,967)	-	(3,967)
Provisions for life insurance from accepted reinsurance	-	-	-	-	-	-
Provisions for life insurance from transferred reinsurance	-	-	-	-	-	-
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	(43,513)	-	(43,513)
Other technical provisions	-	-	(13,962)	-	-	(13,962)
Provision for policyholder dividends and return premiums	**(2,853)**	**(173)**	**(1,614)**	**(26,677)**	**-**	**(31,317)**
Provisions and expenses for holdings in profits and rebates	-	-	(973)	(21,572)	-	(22,545)
Change of the provision for dividends and returns	(2,853)	(173)	(641)	(5,105)	-	(8,772)
Net operating expenses	**(144,059)**	**(209,243)**	**(165,593)**	**(72,261)**	**(423,879)**	**(1,015,035)**
Acquisition expenses (fees and other expenses)	(124,047)	(190,258)	(141,025)	(64,731)	(310,728)	(830,789)
Administration costs	(22,325)	(26,145)	(34,840)	(12,500)	(432,558)	(528,368)
Commissions and stakes in the transferred reinsurance	2,313	7,160	10,272	4,970	319,407	344,122
Other technical expenses	**(70)**	**(1,850)**	**(2,322)**	**(2,815)**	**(19,788)**	**(26,845)**
Change of impairment due to insolvencies	(14)	(26)	(8)	(240)	43	(245)
Other technical expenses	(56)	(1,824)	(2,314)	(2,575)	(19,831)	(26,600)
Expenses arising from property, plant and equipment and investments	**(24,272)**	**(21,617)**	**(14,657)**	**(53,877)**	**(65,127)**	**(179,550)**
Management expenses arising from property, plant and equipment and real estate investments	(3,069)	(2,346)	(1,771)	(7,890)	(11)	(15,087)
Management of expenses for investments and financial accounts	(2,897)	(2,427)	(1,950)	(22,173)	(25,732)	(55,179)
Amortisation of property, plant and equipment and real estate investments	(3,962)	(2,970)	(2,418)	(7,659)	(23,802)	(40,811)
Impairment from property, plant and equipment and real estate investments	(730)	(605)	(484)	(3,061)	(270)	(5,150)
Impairment of the financial investments.	(68)	(32)	(24)	-	(7,411)	(7,535)
Loss originating from property, plant and equipment and real estate investments	(44)	(45)	(32)	(399)	11	(509)
Loss originating from financial investments	(13,502)	(13,192)	(7,978)	(12,695)	(7,912)	(55,279)
Expenses from investments assigned to insurance policies in which policyholders bear the investment risk	**-**	**-**	**-**	**(53,202)**	**-**	**(53,202)**
Technical-financial result	**75,702**	**84,295**	**97,862**	**37,915**	**80,229**	**376,003**

	Year 2019 (€ thousand)					
	Traditional business				Credit insurance business	Total
	Motor	Multi-risk	Various others	Life		
Premiums attributed direct business and accepted reinsurance	**655,220**	**655,815**	**583,595**	**815,713**	**1,761,937**	**4,472,280**
Premiums accrued from direct insurance	657,278	661,599	508,823	782014	1,582,594	4,192,308
Premiums accrued from accepted reinsurance	-	283	3,024	(21)	218,861	222,147
Change of the provision for premiums pending collection	196	252	1,057	132	(746)	891
Change in the provision for unearned premiums from direct insurance	(2,254)	(8,524)	70,998	33,560	(32,587)	61,193
Change of the provision for risks in progress of direct insurance	-	1,886	40	-	-	1,926
Change in the provision for unearned premiums of accepted reinsurance	-	319	(347)	28	(6,185)	(6,185)
Premiums attributed to transferred reinsurance	**(23,365)**	**(38,659)**	**(39,229)**	**(10,226)**	**(687,003)**	**(798,482)**
Premiums accrued from transferred reinsurance	(23,229)	(38,806)	(39,004)	(4,165)	(696,046)	(801,250)
Change in the provision for unearned premiums from transferred reinsurance	(136)	147	(225)	(6,061)	9,043	2,768
Income from property,plant and equipment and investments	**30,736**	**23,973**	**19,720**	**214,202**	**35,985**	**324,616**
Income from property investments	8,222	5,670	4,960	20,215	638	39,705
Income from financial investments	16,516	11,807	11,120	188,993	25,194	253,630
Holdings in company profits under the equity method	167	151	94	-	7,127	7,539
Applications of value adjustments for impairment of property, plant and equipment and property investments	525	278	350	219	-	1,372
Applications of value adjustments for impairment of financial investments	-	-	-	-	-	-
Profits from intangible fixed assets and real estate investments	71	35	39	287	204	636
Profits from performance of financial investments	5,235	6,032	3,157	4,488	2,822	21,734
Income from investments assigned to insurance policies in which policyholders bear the investment risk	**-**	**-**	**-**	**62,245**	**-**	**62,245**
Other technical income	**6**	**5**	**17**	**5,663**	**252,497**	**258,188**
Claims incurred in the year, net of reinsurance	**(445,211)**	**(340,540)**	**(275,865)**	**(727,843)**	**(522,176)**	**(2,311,635)**
Provisions paid for direct insurance	(414,485)	(334,480)	(282,669)	(727,618)	(702,261)	(2,461,513)
Provisions paid for accepted reinsurance	7	(1)	(503)	(259)	(116,669)	(117,425)
Provisions paid for transferred reinsurance	11,152	16,979	19,623	4,082	368,209	420,045
Change of the provision for direct insurance	(11,948)	(5,677)	738	2031	(44,955)	(59,811)
Change in the provision for accepted reinsurance	2,446	(11,865)	447	(207)	11,820	2,641
Change in the provision for transferred reinsurance	(5,459)	21,896	1,885	(2,705)	2,083	17,700
Expenses attributable to provisions	(26,924)	(27,392)	(15,386)	(3,167)	(40,403)	(113,272)
Change in other technical provisions, net of reinsurance	**-**	**-**	**(13,110)**	**(162,693)**	**-**	**(175,803)**
Provisions for life insurance from direct insurance	-	-	-	(91,606)	-	(91,606)
Provisions for life insurance from accepted reinsurance	-	-	-	-	-	-
Provisions for life insurance from transferred reinsurance	-	-	-	-	-	-
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	(71,087)	-	(71,087)
Other technical provisions	-	-	(13,110)	-	-	(13,110)
Provision for policyholder dividends and return premiums	**-**	**-**	**(3,873)**	**(19,918)**	**-**	**(23,791)**
Provisions and expenses for holdings in profits and rebates	-	-	(6,003)	(23,783)	-	(29,786)
Change of the provision for dividends and returns	-	-	2,130	3,865	-	5,995
Net operating expenses	**(143,479)**	**(205,582)**	**(170,641)**	**(73,912)**	**(456,644)**	**(1,050,258)**
Acquisition expenses (fees and other expenses)	(124,243)	(188,888)	(144,639)	(66,349)	(322,769)	(846,888)
Administration costs	(21,639)	(23,027)	(34,343)	(12,348)	(450,840)	(542,197)
Commissions and stakes in the transferred reinsurance	2,403	6,333	8,341	4,785	316,965	338,827
Other technical expenses	**(3,152)**	**(2,173)**	**(2,338)**	**(5,022)**	**(7,546)**	**(20,231)**
Change of impairment due to insolvencies	(26)	(30)	15	(31)	740	668
Other technical expenses	(3,126)	(2,143)	(2,353)	(4,991)	(8,286)	(20,899)
Expenses arising from property, plant and equipment and investments	**(13,902)**	**(11,335)**	**(8,771)**	**(41,880)**	**(62,011)**	**(137,899)**
Management expenses arising from property, plant and equipment and real estate investments	(2,930)	(2,201)	(1,696)	(7,454)	(18)	(14,299)
Management of expenses for investments and financial accounts	(2,612)	(2,133)	(1,856)	(22,353)	(25,916)	(54,870)
Amortisation of property, plant and equipment and real estate investments	(3,126)	(2,289)	(1,920)	(5,350)	(23,689)	(36,374)
Impairment from property, plant and equipment and real estate investments	(45)	(69)	(28)	-	110	(32)
Impairment of the financial investments.	(63)	(33)	(26)	(345)	(11,031)	(11,498)
Loss originating from property, plant and equipment and real estate investments	(1)	(2)	(46)	(40)	(14)	(103)
Loss originating from financial investments	(5,125)	(4,608)	(3,199)	(6,338)	(1,453)	(20,723)
Expenses from investments assigned to insurance policies in which policyholders bear the investment risk	**-**	**-**	**-**	**(13,059)**	**-**	**(13,059)**
Technical-financial result	**56,853**	**81,504**	**89,505**	**43,270**	**315,039**	**586,171**

In the income statement of the Credit Insurance Business segment for 2020 and 2019, 'Other Technical Income' includes service income from Atradius N.V. as detailed below:

		€ Thousand
	Year 2020	Year 2019
Collection and recovery services	54,791	52,549
Information services and commissions	133,071	136,501
Other income for services	64,136	63,447
Total "Other technical income" - Credit insurance	**251,998**	**252,497**

In the non-technical income statement, the following items are included under the subheadings of 'Other income' and 'Other expenses':

Other income - Year 2020	€ Thousand Other activities	Other expenses - Year 2020	€ Thousand Other activities
Collection awards	2,922	Personnel expenses	22,538
Funeral business income	27,806	Other administration costs	12,034
Income from the sale of property	-	Funeral business expenses	11,942
Application of provision for tax contingencies (Note 11-f)	11,419	Intangible amortisation Plus Ultra	-
Other income	7,384	Other expenses	4,925
Total	**49,531**	**Total**	**51,439**

Other income - Year 2019	€ Thousand Other activities	Other expenses - Year 2019	€ Thousand Other activities
Collection awards	3,052	Personnel expenses	20,655
Funeral business income	24,304	Other administration costs	15,295
Income from the sale of property	-	Funeral business expenses	10,115
Other income	3,768	Intangible amortisation Plus Ultra	-
		Other expenses	3,240
Total	**31,124**	**Total**	**49,305**

The losses due to asset value impairment, broken down by the nature of these assets, registered in the accompanying consolidated profit and loss statement are as follows:

Year 2020 — € Thousand

Impairment Losses	Traditional Business			Credit insurance business	Total
	Non-Life	Life	Other activities		
Available-for-sale financial assets (Note 7.a.)	-	-	-	7,411	**7,411**
Loans and items receivable	124	-	249	-	**373**
Material assets (Note 9)	1,003	2,972	-	270	**4,245**
Intangible assets (Note 10)	-	-	-	19,830	**19,830**
Investment in entities accounted for using the equity method (Note 8)	-	-	-	-	**-**
Total	**1,127**	**2,972**	**249**	**27,511**	**31,859**

Year 2019 — € Thousand

Impairment Losses	Traditional Business			Credit insurance business	Total
	Non-Life	Life	Other activities		
Available-for-sale financial assets (Note 7.a.)	121	345	-	2,812	**3,278**
Loans and receivables (Note 7.a.)	-	-	227	-	**227**
Material assets (Note 9)	(1,013)	(220)	107	(111)	**(1,237)**
Intangible assets (Note 10)	-	-	-	17,462	**17,462**
Investment in entities accounted for using the equity method (Note 8)	-	-	478	8,219	**8,697**
Total	**(892)**	**125**	**812**	**28,382**	**28,427**

18.a) Composition of life business by volume of premiums

The breakdown of the life business (direct insurance) in 2020 and 2019, by premium volume, is as follows:

Life insurance premiums (direct)	Year 2020 (€ Thousand)	Year 2019 (€ Thousand)
Premiums for individual contracts	688,884	717,190
Premiums for collective insurance contracts	92,522	64,824
	781,406	**782,014**
Periodic premiums	534,698	539,022
Single premiums	246,708	242,992
	781,406	**782,014**
Premiums for contracts without participation in profits	358,670	349,853
Premiums for contracts with participation in profits (1)	290,080	326,932
Premiums for contracts where risk is assumed by the customer	132,656	105,229
	781,406	**782,014**

(1) Includes insurance contracts with a spread between the guaranteed interest rate and the interest rate per the technical bases.

18.b) Expenses by nature

A breakdown of staff costs for the years 2019 and 2020 and allocation to the profit and loss for each segment is shown below:

	€ Thousand	
	Year 2020	**Year 2019**
Wages and Salaries	437,149	445,391
Social Security	90,106	90,916
Contributions to external pension funds	36,165	33,094
Awards and Prizes	10,770	8,524
Other personnel costs	12,549	12,727
Total	**586,739**	**590,652**

Destination for personnel expenses - Year 2020	**Traditional Business**			**Credit insurance business**	**Total**
	Non-Life	**Life**	**Other activities**		
Claims incurred in the year, net of reinsurance	32,220	1,282	-	15,958	49,460
Expenses arising from property, plant and equipment and investments	1,031	2,512	-	-	3,543
Net operating expenses	140,290	27,322	-	291,304	458,916
Other expenses	3,136	874	24,029	46,781	74,820
Total net	**176,677**	**31,990**	**24,029**	**354,043**	**586,739**

Destination for personnel expenses - Year 2019	**Traditional Business**			**Credit insurance business**	**Total**
	Non-Life	**Life**	**Other activities**		
Claims incurred in the year, net of reinsurance	33,048	1,483	-	15,652	50,183
Expenses arising from property, plant and equipment and investments	1,402	2,498	-	-	3,900
Net operating expenses	138,859	27,474	-	299,633	465,966
Other expenses	4,015	1,168	20,716	44,704	70,603
Total net	**177,324**	**32,623**	**20,716**	**359,989**	**590,652**

18.c) Technical conditions for the main types of life insurance

The technical conditions for the main types of life insurance, which account for more than 5% of life insurance premiums or provisions, are as follows:

Modality and Type of Coverage	Technical interest	Biometric table (*)	€ Thousand 2020 Premiums	2020 Mathematical provision (*)	2020 Amount distributed shares in profits	2019 Premiums	2019 Mathematical provision (*)	2019 Amount distributed shares in profits
SEGUROS CATALANA OCCIDENTE								
Universal retirement Provision at the time of retirement in the form of capital or income	Indexed and 5%	GKM-80	10,025	280,431	2,191	11,814	283,825	2,287
Universal Life and Retirement Same as above, more capital for death if this is prior to retirement.	Indexed 3% and 5%	GKM-80	8,746	261,832	1,589	9,815	264,109	1,618
Universal Life and Pension Same as above	Indexed 3.5% and 5%	GKM-80	20,319	388,172	2,128	20,851	380,520	2,123
Universal PPA	Indexed	GKM-80; GKM/F-95/ PASEM2010	15,556	240,130	4,458	16,966	245,968	4,492
Universal PIAS	Indexed	GKM/F-95/ PASEM2010	36,401	232,098	4,160	41,804	229,100	3,993
Universal Future Saving	Indexed	GKM/F-95/ PASEM2010	27,775	216,975	4,153	30,462	212,721	4,209
Increasing savings	Indexed	PASEM2010	43,335	73,537	-	34,110	41,867	-
Golden Equity	Indexed 3.5%	GKM-80; GKM/F-95/ PASEM2010	-	417,629	2,133	-	457,914	2,458
Customer Account	Indexed	PASEM2010	23,721	127,779	504	28,908	116,804	748
Capital Life	Indexed	PASEM2010	21,364	80,066	-	32,722	69,387	-
Temporary individual renewable Temporary risk insurance annually renewable.	2%	GKM-80 adjusted GKM/F-95 PASEM2010	46,124	9,544 (**)	-	44,785	9,561 (**)	-
Collective Retirement Insurance with Participation in Profits Provision at the time of retirement in the form of capital or income	2.25, 3.5 and 5% and matched operations	GRM-70; GR/F-80-2; GRM/F-95 PERM/F2000P	18,210	559,990	54	25,726	54,4175	39
SEGUROS BILBAO								
Flexilife Seguros Bilbao	6.00%	GKM-70/ 80	3,236	92,421	-	3,571	98,594	-
Flexilife indexed Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	78,235	470,786	-	72,981	428,419	-
Seguros Bilbao Retirement Plan	4.26%	GRM-70 / 80 / 95	4,535	93,623	85	5,178	101,217	20
Seguros Bilbao Savings Account	Indexed	Unisex (PASEM/PASEF)	9,026	105,784	-	14,770	123,138	-
PPA Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	8,209	68,534	-	8,748	67,379	-
Cuenta Única Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	16,005	216,581	-	22,443	225,597	-
PIAS	Indexed	Unisex (PASEM/PASEF)	19,019	77,935	-	18,784	74,607	-

NORTEHISPANA								
Nortehispana Pensions Deferred capital with participation in profits	6, 4, 3, 2.4% and 2%	GRM – 95	13,860	97,655	1,075	13,840	96,372	1,114
Nortehispana Universal Contribution without participation in profits	Indexed	PASEM2010	4,304	89,639	-	4,493	87,602	-
PLUS ULTRA								
Temporary Annual Renewable Risk insurance	0% - 6%	PASEM2010	13,646	6,241 (**)	-	13,420	6,391 (**)	-
Savings Plans, periodic premium Deferred Insurance with Premium refunds	1.5% - 6%	GR95U	9,964	114,255	89	9,170	115,751	132
Savings Plans, single premium Deferred Insurance with Premium refunds	0.4% - 6%	GR95U	14,473	142,189	1	27,015	150,981	1
PPA Retirement insurance with cover for survival and death	0.4% - 2.5%	GR95U	13,861	119,438	525	14,859	104,974	632
PIAS Whole Life Insurance to constitute an annuity	Indexed (***)	PASEM2010	40,105	210,105	-	42,891	194,622	-
SIALP Individual Long-Term Savings Insurance	Indexed (***)	PASEM2010	13,113	36,898	-	10,854	30,405	-
Collective Risk Risk insurance, collective	4%	PASEM2010	36,921	5,277	-	36,372	4,783	-
Deferred Collective Capital Capital insurance by externalisation of pension commitments	2.8%	PERM/F2000P/C	4,378	237,289	-	6,438	237,936	-
Rents Capital insurance by externalisation of pension commitments	1.5% - 10.5%	PERM/F2000P	604	185,133	-	640	228,252	-
Unit Linked	Variable (****)	PASEM2010	16,295	162,776	-	15,842	159,985	-

(*) The biometric tables specified in the Technical Notes are shown, which subsidiaries depend on to calculate their life insurance provisions. Additional provisions are also recorded to comply with the PERM/F-2000, GRM/F - 95 and PER 2020 tables (see Notes 3.j) and 14.a) of the Report).

(**) Provision for unearned premiums.

(***) Periodically indexed interest rate. On 31 December 2020, equal to 1.3%

(****) Equities, policyholder risk

For all types of individual life insurance and certain group life insurance policies, policyholder dividends are allocated through increases in the life insurance provision in accordance with the term of the various policies. In the group life risk business, policyholder dividends are allocated to policyholders through premium reductions on policy renewal. Dividends accrued to the insured or beneficiaries but not yet allocated are recognised in the sub-heading "Technical provisions – Reserves for policyholder dividends and return premiums".

In accordance with the provisions of the current ROSSP, the assumed interest rate used to calculate the life insurance provision is as follows:

a) For obligations assumed since 1 January 1999, in respect of insurance policies with assigned (matched) investments, the subsidiaries have used the interest rate set forth in the technical bases (based on the internal rate of return of said investments). For policies without matched investments, the interest rate used is the rate set by the DGSFP for 2020 and 2019 (0.59% and 0.98% respectively) or for the year the policy came into effect, provided the duration of the collections specifically assigned to the policies, estimated at the market interest rate, is equal to or greater than the duration of the payments arising from the policies, based on their likelihood flows and estimated at the market interest rate.

b) For obligations assumed prior to 1 January 1999, the mathematical provisions continue to be calculated at the same assumed interest rate as is used to calculate the premium, up to the limit of the actual or expected return on the assets allocated to cover these provisions. Since the rate of return on the investments assigned for this purpose in 2020 and 2019 exceeded the established assumed interest rate, no additional provision was required, except for certain types of policies issued by the subsidiary Bilbao Compañía Anónima de Seguros y Reaseguros, S.A., where the actual rate of return was insufficient to meet future administrative expenses arising from the policies.

19. Information by geographical area

19. a) Earned premiums from direct insurance, inward reinsurance and other technical income

The geographic areas defined by the Group basically map the location of insured customers by management region, due to the integration of the Atradius N.V. business. A distinction is made between Spain and the following regions:

- Netherlands and Scandinavian countries: Denmark, Finland, Norway and Sweden.
- Central and Eastern Europe, Greece and Turkey: Austria, Czech Republic, Germany, Hungary, Poland, Slovakia, Switzerland.
- Southern Europe: Belgium, France, Italy, Luxembourg and Andorra
- United Kingdom and Ireland
- North America: Canada, Mexico, United States.
- Oceania, Asia and other emerging markets: Australia, China, Japan, New Zealand, Singapore.

The geographical distribution of the direct insurance business in 2020 and 2019 was as follows:

€ Thousand

Geographical Area	Distribution of earned premiums from direct insurance, inward reinsurance and other technical income, by geographical area					
	Year 2020			Year 2019		
	Segment Traditional business		Credit Insurance Business Segment	Segment Traditional business		Credit Insurance Business Segment
	Non-Life	Life		Non-Life	Life	
Domestic market	1,918,653	784,403	350,160	1,882,385	818,053	369,473
Export:						
- Netherlands and Scandinavian countries	-	-	272,311	-	-	282,222
- Central Europe, Eastern Europe, Greece and Turkey	-	-	354,984	-	-	378,748
- Southern Europe	12,836	3,256	381,465	12,274	3,323	386,126
- United Kingdom and Ireland	-	-	316,438	-	-	302,901
- North America	-	-	121,713	-	-	123,348
- Oceania, Asia and other emerging countries	-	-	184,749	-	-	171,616
Total	**1,931,489**	**787,659**	**1,981,820**	**1,894,659**	**821,376**	**2,014,434**

19.b) Assets by geographical area

The distribution of the Group's assets by geographical location, based on the location of the service centres where the Group's insurance and complementary businesses are managed, is as follows:

	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Assets at 31/12/2020	10,595,099	1,169,877	936,907	1,376,222	2,259,853	651,782	377,996	**17,367,736**
Assets at 31/12/2019	10,115,421	1,346,644	895,427	1,476,151	1,930,530	579,156	334,620	**16,677,949**

19.c) Acquisitions of tangible fixed assets and intangible assets

€ Thousand

Year 2020	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Acquisitions of tangible fixed assets	60,797	670	1,559	865	5,843	502	236	**70,472**
Acquisitions of investment property	38,180	-	2,000	8,110	-	-	-	**48,290**
Acquisitions of intangible assets	11,504	24,341	1,325	518	9,964	1,360	-	**49,012**

€ Thousand

Year 2019	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Acquisitions of tangible fixed assets	29,560	1,490	706	713	2,474	171	452	**35,566**
Acquisitions of investment property	110,433	-	-	-	-	-	-	**110,433**
Acquisitions of intangible assets	5,118	33,796	1,297	460	11,068	765	-	**52,504**

20. Related-party transactions

All related party transactions have been carried out in market conditions.

20.a) List of related parties

During 2020, there have been no relevant operations by the company with other companies in the same Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the company.

The detail of the most significant balances and transactions maintained by the Group with various related parties are shown below:

In € Thousand	Group companies	Associated companies	Administrators and Directors	Other related parties (majority shareholder)
ASSET				
Receivables	6,669	5,740	-	-
Total	**6,669**	**5,740**	**-**	**-**
LIABILITY				
Payables	7,486	1	-	-
Total	**7,486**	**1**	**-**	**-**
PROFIT AND LOSS				
Provision of services (payments)	-	(59,026)	-	-
Provision of services (charges)	2,684	16,673	-	-
Financial costs	(395)	-	-	-
Dividends received	519,029	-	-	-
Total	**521,318**	**(42,353)**	**-**	**-**
OTHER				
Dividends paid	-	-	2,404	50,388
Total	**-**	**-**	**2,404**	**50,388**

The reinsurance and coinsurance operations, as well as balances with reinsurers and assignors, deposits established and technical provisions for reinsurance transactions made between Group companies, eliminated in the consolidation process during the year 2020 are as follows:

In € Thousand	Companies of the group
ASSET/LIABILITY	
Deposits for reinsurance	25,059
Credits/debts for reinsurance/coinsurance transactions	30,756
Technical provisions reinsurance	75,946
Acquisition costs and commissions	5,419
Total	**137,180**
PROFIT AND LOSS	
Premiums of accepted/transferred reinsurance	109,933
Benefits paid for accepted/transferred reinsurance	57,742
Change in technical provisions	10,090
Accepted/assigned reinsurance commissions	35,984
Total	**213,749**

20.b) Board Members' and senior executives' remuneration and other benefits

The Board of Directors of the parent company is made up of 12 people, 11 men and 1 woman, and 4 corporate members, represented physically by 4 men.

In 2020 and 2019, the Board Members for the parent company and subsidiary companies received the following remuneration from the subsidiaries:

Board Members' remuneration

	€ Thousand	
Members of the Board of Directors	**Year 2020**	**Year 2019**
Concept		
Fixed remuneration	1,803	1,766
Variable remuneration	356	347
Allowances	623	561
Bylaws	3,598	3,526
Others	161	124
Total	**6,541**	**6,324**

In addition, deferred variable remuneration not consolidated amounts to €111 thousand.

Other provisions for members of the Board of Directors

Members of the Board of Directors	€ Thousand Year 2020	€ Thousand Year 2019
Other benefits	-	-
Advances	-	-
Loans granted	-	-
Pension schemes and funds: Contributions	-	-
Pension schemes and funds: Liabilities incurred	-	-
Life insurance premiums	416	396
Guarantees provided in favour of Board Members	-	-
Total	**416**	**396**

Remuneration of members of the senior management, excluding members of the Board of Directors

Senior Management is considered to be the members of the Steering Committee of the Group that are not in turn executive directors and the Director of Internal Audit.

In 2020 and 2019, the Senior Management members for the parent company and subsidiary companies received the following remuneration:

Senior Management	€ Thousand Year 2020	€ Thousand Year 2019
Total remuneration received by senior management	3,489	2,793

In addition, deferred variable remuneration not consolidated amounts to €353 thousand.

In preparing these consolidated financial statements, 7 people (men) have been classified as senior managers as of 31 December 2020 (6 people on 31 December 2019).

The Group has taken out a civil liability insurance contract where the policyholder is the parent company that encompasses, among other workers, the Executives and Board Members of the Group. This a policy has generated an insurance premium expense in the year 2020 of €71 thousand.

On 31 December 2020 and 2019 there have been no advances or loans granted by the Parent company to the members of the Board of Directors, nor have any liabilities been incurred by these members as security.

Under Article 229 of the Capital Companies Act, approved by Royal Decree 1/2010 of 2 July, Board members and people linked to them must notify the Board any conflict of interests that they may have with the company.

The members of the Board of Directors and persons related thereto, as defined in art. 231 of the revised text of the Capital Companies Act (TRLSC), have not been involved in conflicts of interest specified in art. 229 of that statute, since there has been no communication whatsoever in the sense indicated in paragraph 3 of this article to the Board of Directors or the rest of the Directors. Therefore, the financial statements do not include any breakdown in this regard.

21. Other Information

21.a) Employees

In compliance with Article 260 of the revised text of the Capital Companies Act, the Group provides the following breakdown of the average number of full-time employees (or equivalent) of the parent and its subsidiaries in 2020 and 2019 by job category and gender.

Professional category	Year 2020			Year 2019		
	Men	Women	Total	Men	Women	Total
Executives	155	46	**201**	180	33	**213**
Intermediate management	1,127	506	**1,633**	1,136	486	**1,622**
Qualified administrative and sales	2,479	2,496	**4,975**	2,455	2,542	**4,997**
Administrative support	137	438	**575**	172	436	**608**
Total	**3,898**	**3,486**	**7,384**	**3,943**	**3,497**	**7,440**

The total number of employees on 31 December 2020 is 7,587.

With regards to disability, the Group complies with the LISMI (Act on social integration of disabled people) in different ways, either complying with the requirement to integrate 2% of the staff with a disability, or opting for a mixed formula between this integration and economic support of Special Employment Centres.

21.b) Auditors' fees

The General Shareholders Meeting of Grupo Catalana Occidente held on 26 April 2018, agreed to appoint PricewaterhouseCoopers Auditores, S.L., in accordance with the provisions of article 264 of the Corporate Act, as auditors of the annual accounts and consolidated management report of the Group corresponding to the years ended on 31 December 2018, 2019 and 2020.

Next, the fees for audit services and other services provided by the auditor of the Group's consolidated financial statements, PricewaterhouseCoopers Auditores S.L., and companies within the PwC network and service fees charged by the auditors of annual accounts of the companies included in the scope of consolidation and entities related to them by control, joint ownership or management:

Year 2020

Description	€ Thousand	
	Services provided by the main auditor (*) (**)	**Services provided by other audit firms** (*)
Audit Services	3,256	127
Other verification services	1,179	-
Total Audit and related services	**4,435**	**127**
Tax Advisory Services	-	5
Other services	58	-
Total Professional Services	**58**	**5**

(*) Amounts without expenses or VAT.

(**) Amounts corresponding to PricewaterhouseCoopers Auditores, S.L.

Year 2019

Description	€ Thousand	
	Services provided by the main auditor (*) (**)	**Services provided by other audit firms** (*)
Audit Services	2,942	130
Other verification services	1,158	-
Total Audit and related services	**4,100**	**130**
Tax Advisory Services	-	38
Other services	40	498
Total Professional Services	**40**	**536**

(*) Amounts without expenses or VAT.

(**) Amounts corresponding to PricewaterhouseCoopers Auditores, S.L.

21.c) Information on deferrals for payments to suppliers: Information obligation under Act 15/2010 of 5 July

Below is the information required by the Third Additional Provision of Act 15/2010, of 5 July (modified through the second final provision of Act 31/2014, of 3 December) prepared pursuant to the resolution of the ICAC on 29 January 2016, on the information to be incorporated to the annual accounts in relation to the average period of payment to suppliers in commercial operations.

	Payments made and pending payment by year-end	
	Amount	
	2020	2019
Average payment period for suppliers (days)	18.91	17.39
Ratio of transactions paid (days)	17.46	17.09
Ratio of transactions pending payment (days)	46.82	23.19
Total payments made (€ thousand)	413,331	342,091
Total payments pending (€ thousand)	21,472	17,679

According to the resolution of the ICAC, for the calculation of the average period of payment to suppliers, the commercial operations corresponding to the delivery of goods or services payable from the date of entry into force of the Act 31/2014, of 3 December were taken into consideration.

Suppliers are considered, for the exclusive purpose of providing the information established in this Resolution, to be commercial creditors for debts with suppliers of goods or services, included in the item "other liabilities" of the current liabilities in the balance sheet.

The "average period of payment to suppliers" is considered to be the time from delivery of the goods or the provision of services by provider and material payment of the operation.

The legal maximum payment limit applicable to the Company in Spain, in the year 2020, under Act 3/2004 (modified by Act 11/2013, of 26 July), which stipulates measures to address late payment in commercial transactions, is 30 calendar days except where there is an agreement between the parties, without agreements exceeding 60 natural days being permitted under any circumstances.

On 31 December 2020, the Group does not have pending payments to suppliers beyond the legal term deferral balance.

22. Subsequent events

In addition to the interim dividend mentioned in Note 16, after the close of the year and until the date of preparation of these annual accounts, no events have taken place which affect them significantly, other than those explained in the above notes.

Annexes

Annex I: List of subsidiaries on 31 December 2020

Figures in € Thousand

Society		% 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
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	100%	-	100%	5,754,068	18,030	190,541	12,076 *(1)*	385,251	1,070,023	-
Grupo Compañía Española de Crédito y Caución, Sociedad Limitada Paseo de la Castellana, 4 Madrid	Holds shares	73.84%	-	73.84%	652,512	18,000	617,518	16,602 *(2)*	-	-	66,069
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%	5,380,249	79,122	1,789,103	44,167	902	828,051	251,998
Sociedad Gestión Catalana Occidente, S.A. Paseo de la Castellana, 4 Madrid	Financial investments	100%	-	100%	49,310	721	44,923	3,662	-	-	1,411
Cosalud Servicios, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Hire of industrial offices and others	100%	-	100%	9,928	3,005	6,458	157	68	-	418
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. Cedaceros, 9 – planta baja Madrid	Financial investments	100%	-	100%	6,469	391	5,051	95 *(3)*	64	-	7,512
GCO Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Reinsurance	100%	-	100%	138,053	9,050	11,806	188 *(4)*	89	8,349	-
GCO Gestora de Pensiones, EGFP, S.A. Paseo de la Castellana, 4 Madrid	Pension fund management	100%	-	100%	3,184	2,500	110	67	28	-	4,793
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance and reinsurance	-	99.73%	99.73%	2,021,834	28,009	77,679	3,401 *(5)*	167,241	462,158	-
Bilbao Hipotecaria, S.A., E.F.C. Paseo del Puerto, 20 Getxo (Vizcaya)	Mortgage Credit	-	99.73%	99.73%	68,102	5,000	660	957	-	-	2,141
S. Órbita, Sociedad Agencia de Seguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	2,881	1,100	293	14	-	-	4,251
Bilbao Telemark, S.L. Paseo del Puerto, 20 Getxo (Vizcaya)	Tele-marketing	-	99.73%	99.73%	349	37	54	11	-	-	1,545
Bilbao Vida y Gestores Financieros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	791	60	56	5	-	-	5,080
Nortehispana de Seguros y Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	-	100%	100%	482,975	20,670	73,791	10,367 *(6)*	29,022	198,326	-

Figures in € Thousand

Society		% 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%	2,979,658	97,619	211,723	28,623 *(8)*	84,368	863,814	-
Hercasol, S.A. SICAV Avenida Diagonal, 399 Barcelona	Financial investments	-	88.48% (*)	88.48% (*)	61,994	57,792	1,335	2,754	-	-	3,327
Catoc SICAV, S.A. Cedaceros, 9 – planta baja Madrid	Financial investments	0.01%	99.86% (*)	99.86% (*)	167,948	8,286	153,363	6,254	-	-	7,052
PREPERSA de Peritación de Seguros y Prevención, A.I.E. Jesús Serra Santamans, 1 Sant Cugat del Vallés (Barcelona)	Prevention and appraisal	-	100%	100%	4,675	60	947	15	-	-	5,981
Tecniseguros, Sociedad de Agencia de Seguros, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Insurance broker	-	100%	100%	1,051	60	(67)	65	-	-	6,826
Nortehispana Mediacion, Agencia De Seguros S.A. Paseo Castellana, 4 Madrid	Insurance broker	-	100%	100%	253	60	-	-	-	-	4,253
Previsora Bilbaina Agencia de Seguros, S.A. Alameda Mazarredo, 73 Bilbao	Insurance broker	-	100%	100%	10,055	60	7,530	31	76	-	11,194
Catalana Occidente Capital, Agencia de Valores, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Stock broker	-	100%	100%	2,914	300	2,335	32 *(7)*	14	-	1,437
Grupo Catalana Occidente Tecnología y Servicios, A.I.E. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Auxiliary insurance services	0.42%	99.51%	99.93%	54,259	35,826	(170)	34	-	-	89,976
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%	2,272	600	87	1	-	-	8,051
Grupo Catalana Occidente Activos Inmobiliarios S.L. Avenida Alcalde Barnils 63 Sant Cugat del Vallés (Barcelona)	Real Estate Development	-	99.95%	99.95%	337,715	116,801	202,285	(235)	585	-	11,535
Inversions Catalana Occident, S.A. Avinguda Carlemany, 65 Escaldes Engordany (Andorra)	Creation, management and operation of insurance entities	-	100%	100%	5,555	60	311	(9)	-	-	2,866
Grupo Asistea Henao, 19 Bilbao	Funeral business	-	100%	100%	44,182	2,003	35,808	3,688	-	-	27,784

(*) 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 €231,286 thousand and has posted an increase in the equalisation provision for the amount of €4,843 thousand.

(2) The Company paid an interim dividend of €48,600 thousand.

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

(4) The company has paid an interim dividend of €1,100 thousand and has posted an increase in the equalisation provision for the amount of €582 thousand.

(5) The company has paid an interim dividend of €42,212 thousand and has posted an increase in the equalisation provision for the amount of €1,956 thousand.

(6) The Company paid an interim dividend of €5,500 thousand.

(7) The Company paid an interim dividend of €400 thousand.

(8) The company has paid an interim dividend of €26,000 thousand and has posted an increase in the equalisation provision for the amount of €8,587 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 2020 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.

At 31 December 2020, the list of subsidiaries of Atradius N.V., which are wholly owned unless otherwise indicated, is as follows:

Sociedad	País
Accento Services S.A.	Bélgica
Atradius Collections B.V.	Holanda
Sucursal Bélgica	Bélgica
Sucursal República Checa	República Checa
Sucursal Dinamarca	Dinamarca
Sucursal Francia	Francia
Sucursal Dubai	EAU
Sucursal Alemania	Alemania
Sucursal Hungría	Hungría
Sucursal Irlanda	Irlanda
Sucursal Italia	Italia
Sucursial Polonia	Polonia
Sucursal Turquía	Turquía
Atradius Collections DMCC	EAU
Atradius Collections Holding B.V.	Holanda
Atradius Collections Limited	Canadá
Atradius Collections Limited	Hong Kong
Atradius Collections Limited	Reino Unido
Atradius Collections Pte. Limited	Singapur
Atradius Collections Pty. Limited	Australia
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brasil
Atradius Collections, S.A. de C.V.	México
Atradius Collections S.L.	España
Atradius Collections, Inc.	EEUU
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China
Atradius Credit Insurance Agency, Inc.	EEUU
Atradius Credit Management Services B.V.	Holanda
Atradius Credit Management Services (RUS) LLC	Rusia
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	España
Sucursal Australia	Australia
Sucursal Austria	Austria
Sucursal Bélgica	Bélgica
Sucursal Bulgaria	Bulgaria
Sucursal Canadá	Canadá
Sucursal República Checa	República Checa
Sucursal Dinamarca	Dinamarca
Sucursal Finlandia	Finlandia
Sucursal Francia	Francia
Sucursal Alemania	Alemania
Sucursal Grecia	Grecia
Sucursal Hong Kong	Hong Kong
Sucursal Hungría	Hungría
Sucursal Irlanda	Irlanda
Sucursal Italia	Italia
Sucursal Japón	Japón
Sucursal Luxemburgo	Luxemburgo
Sucursal Holanda	Holanda
Sucursal Nueva Zelanda	Nueva Zelanda
Sucursal Noruega	Noruega
Sucursal Polonia	Polonia
Sucursal Portugal	Portugal
Sucursal Rumanía	Rumanía
Sucursal Singapur	Singapur
Sucursal Eslovaquia	Eslovaquia
Sucursal Suecia	Suecia
Sucursal Suiza	Suiza
Sucursal Turquía	Turquía
Sucursal Reino Unido	Reino Unido

Sociedad	País
Atradius Crédito y Caución Seguradora S.A.	Brasil
Atradius Dutch State Business N.V.	Holanda
Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China
Atradius Finance B.V.	Holanda
Atradius Information Services B.V.	Holanda
Sucursal Bélgica	Bélgica
Sucursal Dinamarca	Dinamarca
Sucursal Francia	Francia
Sucursal Alemania	Alemania
Sucursal Irlanda	Irlanda
Sucursal Italia	Italia
Sucursal Japón	Japón
Sucursal Noruega	Noruega
Sucursal España	España
Sucursal Suecia	Suecia
Sucursal Suiza	Suiza
Sucursal Taiwán	Taiwán
Sucursal Tailandia	Tailandia
Sucursal Reino Unido	Reino Unido
Atradius Information Services Vietnam Company Limited	Vietnam
Atradius India Credit Management Services Private Ltd.	India
Atradius Insurance Holding N.V.	Holanda
Atradius Investments Limited	Irlanda
Atradius Italia Intermediazioni S.R.L.	Italia
Atradius Participations Holding S.L.U.	España
Atradius Pension Trustees Ltd.	Reino Unido
Atradius Reinsurance DAC	Irlanda
Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	Brasil
Atradius Rus Credit Insurance LLC	Rusia
Atradius Seguros de Crédito, S.A.	México
Atradius Trade Credit Insurance, Inc.	EEUU
Atradius Trade Insurance Brokerage Yuhan Hoesa	Corea del Sur
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Brasil
Gestifatura S.A.	Portugal
Giant-net B.V.	Holanda
Graydon Holding N.V.	Holanda
Graydon Nederland B.V	Holanda
Graydon Belgium N.V.	Bélgica
Graydon UK Ltd.	Reino Unido
Iberinform Internacional S.A.U.	España
Iberinmobiliaria, S.A.U.	España
Iberinform Portugal S.A.	Portugal
Informes Mexico, S.A. de C.V.	México
Invercyca, S.A.U.	España
OpenCompanies B.V.	Holanda
PT Atradius Information Services Indonesia	Indonesia
Starzyński i Wspólnicy Kancelaria Prawna spółka komandytowa (*)	Polonia

(*) The percentage of ownership is 99.99%

Annex II: List of associated entities on 31 December 2020

Figures in € Thousand

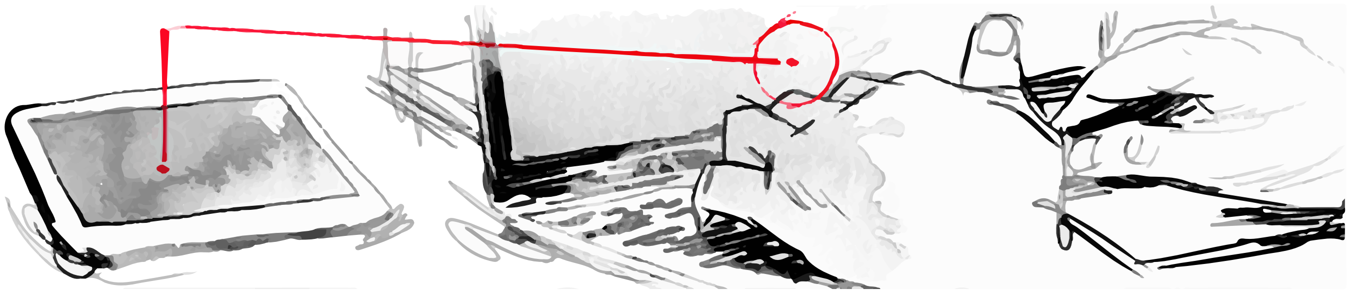
Society		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Inversiones Credere S.A. Santiago - Chile	Holds shares	50.00%	-	50.00%	-	-	-	-	-	-	-
Calboquer, S.L. Villarroel, 177-179 08936 Barcelona	Medical, social, psychological, and legal advice	-	20.00%	20.00%	1,373	60	387	150	-	-	3,614
Asitur Asistencia. S.A. Avenida Encuartes, 21 Tres Cantos (Madrid)	Guidance	-	42.82%	42.82%	34,712	2,945	10,333	3,707	-	-	263,206
Gesiuris Asset Management, S.G.I.I.C., S.A., Cedaceros, 9 Madrid	Investment company	-	26.12% (*)	26.12% (*)	10,058	301	7,966	266 *(1)*	115	-	6,824
MB Corredors d'Assegurances Calle Prat de la Creu, 59-65 Andorra la Vella (Andorra)	Insurance broker	-	25%	25%	333	60	49	29	-	-	372
CLAL Credit Insurance Tel Aviv - Israel	Credit and surety insurance	-	16.64%	16.64%	95,722	3,214	63,816	3,796	(1,639)	13,350	-
Compañía de Seguros de Crédito Continental S.A. Santiago - Chile	Credit and surety insurance	-	41.60%	41.60%	124,789	3,558	55,886	4,592	(762)	13,577	-
The Lebanese Credit Insurer S.A.L. Beirut - Lebanon	Credit and surety insurance	-	40.68%	40.68%	-	-	-	39	-	-	-
Credit Guarantee Insurance Corporation of Africa Limited Johannesburg-South Africa	Credit and surety insurance	-	20.80%	20.80%	128,417	144	70,331	(269)	(8,792)	38,097	-

(*) 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 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 2020 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 2020.

10 Auditor's opinion



Grupo Catalana Occidente, S.A. and its subsidiaries

Auditor's report
Consolidated annual accounts at December 31, 2020
Consolidated management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Grupo Catalana Occidente, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Grupo Catalana Occidente, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Key audit matter	How our audit addressed the key audit matter
Impairment of the consolidated Goodwill and intangible assets arising from business combinations	
The Group has recorded consolidation goodwill arising, mostly, from the positive consolidation differences resulting from the acquisition of stakes in the capital of its subsidiaries, which are mainly Atradius N.V. (€462 million) and Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros (€123 million). For the valuation of the impairment of these assets, the Group compares, at least on a yearly basis, the recoverable amount of its Cash-Generating Units (CGUs) with their respective carrying amounts. To perform this assessment, the Group uses internal estimates and valuations performed by experts. The above-mentioned estimates include a high degree of judgement, due to the fact that these are based on hypothesis and assumptions determined by Management and their experts, such as the cash flows considered, solvency ratios, discount rate and long-term growth rate used, which have a significant bearing and as such are considered a key audit matter. As of December 31, 2020, Management has considered in their evaluation and determination of the recoverable value of the above-mentioned goodwill, the current economic and commercial environment due to COVID-19, as well as the current market conditions and the existing economic uncertainty. See Notes 3.e and 10 of the 2020 consolidated annual accounts.	We have gained an understanding of the process and methodology implemented by the Group with respect to the valuation of intangible assets and goodwill, including related internal controls. In regards to the impairment tests of goodwill and intangible assets, we have performed the following procedures, which have taken into consideration the economic context due to COVID-19: • Evaluation of the valuation methods used for the recoverable amount calculation as well as its consistency with previous year. • Assessment of the mathematical accuracy of the discounted cash flows as well as of the correct implementation of the related flows and calculations performed. • Assessment of the assumptions used for the determination of the recoverable amount such as business plans, solvency ratios, discount rates and long-term growth rates. • Assessment, in collaboration with our experts, of the reasonableness of the above-mentioned assumptions used in the impairment tests. • Performed specific sensitivity analyses for each of the main assumptions used, taking different scenarios into account. • In addition, we have tested the adequacy of disclosures with respect to the information presented in the accompanying consolidated annual accounts in accordance with applicable regulatory requirements, including pronouncements made by regulators.

Key audit matter	How our audit addressed the key audit matter
	Regarding the valuation of goodwill made by Management's external experts, we have assessed their competence and capacity as well as the objectivity of their work. As a result of the procedures described above, we consider that the differences obtained in the estimates made regarding the recoverability of goodwill are not within an unreasonable range.
Valuation of technical provisions for life insurance contracts The Group provides life insurance solutions through its insurance subsidiaries, offering life insurance, savings insurance and unit-linked products. Regarding the savings insurance products, the Group records liabilities associated to insurance contracts in accordance with the applicable regulatory requirements. The calculation of these technical provisions, which are composed of a high number of individual calculations, as well as usage of a series of key data, in some cases requires certain level of judgment and estimates that are determined by Management. Regarding the savings insurance business, the calculation of the mathematical provision and its related sufficiency is a complex actuarial estimate significantly affected by the projection methods and assumptions used by Management, such as technical interest rates, expense ratios or biometrical tables. Therefore, we have deemed this valuation to be a key audit matter. See Notes 3.j.2 and 14 of the 2020 consolidated annual accounts.	We have gained an understanding of the reserving and bookkeeping process of life insurance technical provisions which included the assessment of internal controls implemented by the Group, such as system information related controls and those related to relevant assumptions. Regarding mathematical provisions, together with our actuarial experts, we have performed the following procedures: • Understanding of the methodology applied for the calculation of life insurance provisions in accordance with the nature of the products and the provision for claims as well as the consistency of its implementation with respect to the previous year. • Assessment of the complete and adequate bookkeeping of life insurance provisions, as well as of their variations during the period. • Test of details regarding the consistency of the information relating to technical reserves at year end and payments made during the period. • Assessment of the integrity, accuracy and reconciliation of the input data used for actuarial calculations to the systems and contractual information.

Key audit matter	How our audit addressed the key audit matter
	• Recalculation of the mathematical provision for a selection of policies in accordance with sampling procedures and verification of the technical basis and biometric assumptions in accordance with regulatory requirements. • Assessment of the sufficiency of mathematical provisions in accordance with IFRS-EU requirements. • Assessment of the adequacy of the information disclosed in the accompanying consolidated annual accounts in accordance with applicable regulatory requirements. As a result of the procedures described above, we consider that the calculations made by Management regarding life insurance provisions are not within an unreasonable range.
Valuation of liabilities for non-life insurance contracts The Group provides non-life insurance solutions, through its insurance subsidiaries, mainly offering motor insurance and multi risks insurance and other insurances. In turn, the Group also provides credit and suretyship insurance solutions (nationally and internationally) mostly through its subsidiary subgroup Atradius N.V. Regarding the main lines of the non-life business, the Group uses global statistical methods to calculate the provision for outstanding claims and incurred but not reported claims (IBNR), which represents the estimated cost of the claims occurred until the closing date. These actuarial estimates, mainly based on deterministic techniques as well as generally accepted stochastic methods, are complex and incorporate judgments and assumptions made by Management.	We have gained an understanding of the reserving and bookkeeping process of non-life insurance technical provisions which included the assessment of internal controls. Together with our actuarial experts, we have performed the following procedures: • Understanding of the methodology applied for the calculation of non-life insurance provisions for claims of the traditional business determined through statistical methods. • Understanding and validation of the methodology and key assumptions applied for the calculation of non-life insurance provisions for claims of the credit business determined through internal models as well statistical methods, with special focus on the impacts derived from COVID-19. • Assessment of the integrity, accuracy and reconciliation of the input data used for the calculation of claims reported provision and claims incurred but not reported provision.

Key audit matter	How our audit addressed the key audit matter
For the credit and suretyship business line, the Group uses internal models and statistical methods which are complex estimates and significantly affected by projection models and assumptions used by Management. In the current economic environment, the uncertainty and complexity component in the calculation of these estimations is higher and the selection of the key assumptions can significantly modify the consolidated annual accounts, therefore, we have deemed the valuation of these non-life technical provisions to be a key audit matter. See Notes 3.j.2 and 14 of the 2020 consolidated annual accounts.	• Test of details performed on a sample basis on the reasonableness of the valuation of individual claims performed based on available information. • Assessment of the adequate bookkeeping of the provision for claims, as well as of its variations during the period. • Test of details regarding the consistency of the information relating to the provision for claims at year end. • Assessment of the sufficiency of the provision for claims at the end of the prior annual period. • Assessment of the calculation, methodology, and assumptions applied by Management with respect to liability adequacy test (LAT) in accordance with IFRS-EU standards. • Assessment of the adequacy of the disclosures presented in the accompanying consolidated annual accounts in accordance with applicable regulatory requirements. As a result of the previously indicated procedures, we consider that calculations made by Management in relation to non-life technical provisions are not within an unreasonable range.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment of the non-quoted financial investment portfolio Due to the nature of the business activity carried on by the Group, the main assets recorded in the consolidated balance sheet are financial assets. Most of the Group's financial instruments are valued using observable prices in active markets. However, the Group's financial investments portfolio also includes certain financial assets (€637 million) that are valued through market generally accepted valuation techniques, for which the key variables can be based on observable and non-observable market data, due to the absence of an active market with liquid and accessible quoted prices. These financial instruments are valued through models and information which are not observable from a third party, as such these investments include a higher degree of judgment and estimation in the selection of the valuation method as well as the key assumptions included in the calculation of fair value. Therefore, we have deemed this valuation to be a key audit matter. See Notes 3.b and 7 of the 2020 consolidated annual accounts.	Regarding the fair value calculation of these financial instruments, we have gained an understanding of the procedures and criteria used by the Group, in order to assess their adequacy, which has included an assessment of the related internal controls. We have focused our work on the following procedures: • Assessment of the integrity of the information and bookkeeping of these financial instruments, as well as of their variations during the period. • Confirmation requests sent to custodian banks (as part of their oversight, custodian and administrative activities) in order to confirm the existence of all financial investments held by the Group as of December 31, 2020. • Assessment, in collaboration with our internal experts, of the valuation of a sample of complex financial instruments and reconciliation of those received by the counterparties. • Reconciliation of the underlying data used within the valuation models applied for non-quoted assets in an active market, as well as the assessment of potential impairments in the investment portfolio. • In addition, we have tested the adequacy of the disclosures with respect to the information presented in the accompanying consolidated annual accounts in accordance with applicable regulatory requirements. Any difference obtained as a result of our procedures regarding the valuation of financial investments is not within an unreasonable range.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2020 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information and certain information included in the Annual Corporate Governance Report, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated February 25, 2021.

Appointment period

The General Ordinary Shareholders' Meeting held on April 26, 2018 appointed us as auditors of the Group for a period of three years, as from the year ended December 31, 2018.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 21.b of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

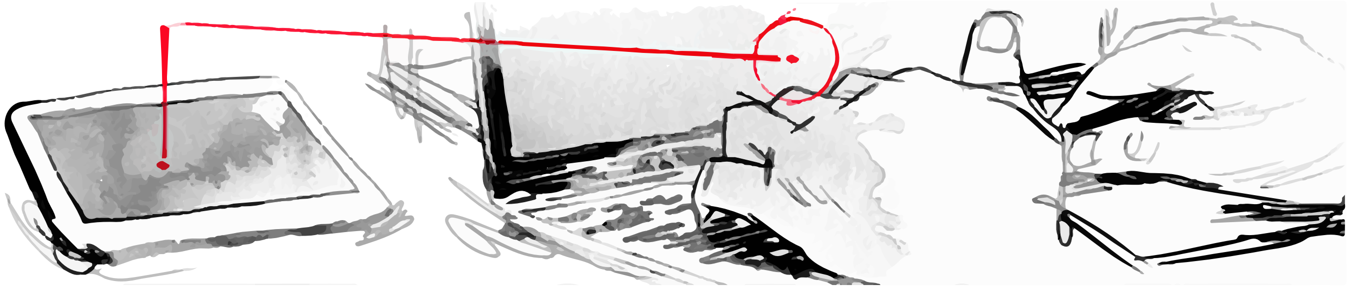
PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ana Isabel Peláez Morón (20499)

February 25, 2021

11

Independent Verification Report Consolidated Non-Financial Information Statement



Grupo Catalana Occidente, S.A.
and subsidiaries

Independent Verification Report
Consolidated Non-Financial Information Statement
as at 31st December 2020

A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Grupo Catalana Occidente, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-Financial Information Statement (NFIS) for the year ended 31st December 2020 of Grupo Catalana Occidente, S.A. (the Parent company) and subsidiaries (hereinafter 'Grupo Catalana Occidente') which forms part of Grupo Catalana Occidente's Consolidated Management Report.

The content of the Consolidated Management Report includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table 'Non-financial information statement" included in chapter 07 of the accompanying Consolidated Management Report.

Responsibility of the Board of Directors of the Parent Company

The preparation of the NFIS included in Grupo Catalana Occidente's Consolidated Management Report and the content thereof are the responsibility of the Board of Directors of Grupo Catalana Occidente, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) in line with the details provided for each matter in the table 'Non-financial information statement" included in chapter 07 of the aforementioned Consolidated Management Report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of Grupo Catalana Occidente, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent verification report with limited assurance based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on 'Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ('Instituto de Censores Jurados de Cuentas de España').

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to the management and several Grupo Catalana Occidente's units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Grupo Catalana Occidente personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.

- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2020, based on the materiality analysis carried by Grupo Catalana Occidente, and described in the "Materiality" section of the Consolidated Management Report, considering the provisions of the current mercantile legislation.

- Analysis of the procedures used to compile and validate the information presented in NFIS for 2020.

- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2020.

- Verification, through sample testing, of the information relating to the content of the NFIS for 2020 and its adequate compilation using data supplied by the sources of information.

- Obtainment of a management representation letter from the Directors and the Management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that Grupo Catalana Occidente's NFIS for the year ended 31st December 2020 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the selected GRI Standards in line with the details provided for each matter in the table 'Non-financial information statement" included in chapter 07 of the aforementioned Consolidated Management Report.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Juan Ignacio Marull Guasch

25th February 2021

Your opinion matters to us

The opinion of our stakeholders is important for Grupo Catalana Occidente, we therefore make the following questionnaire available to rate this report and propose suggestions for its improvement.

Rate this report

This link downloads a PDF form that you can open using Acrobat.

www.grupocatalanaoccidente.com
For further information please contact:
Email: analistas@catalanaoccidente.com
Phone: +34 93 582 05 18

Catalana Occidente
Insurance Group