2020

Solvency and Financial Condition Report
(SFCR)

Catalana Occidente
Insurance Group

For more information visit

wwww.grupocatalanaoccidente.com

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The Group's Solvency II ratio is 216.2%, with an excess of €2,442.0 million.

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

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

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

Executive summary

- Grupo Catalana Occidente has continued to grow profitably in 2020, with an attributable profit of €262.3 million and an increase in shareholder remuneration of 29.9%.
- The Group has shown profits and has maintained recurring dividends, including in years of economic crisis.
- The Solvency II ratio is maintained above 216.2%, even in adverse scenarios.
- Grupo Catalana Occidente is sufficiently capitalised, to assume the risks associated with its medium term business plans (included in the ORSA).
- The main risks are market risk (37.7%, with variable income risk being the largest) followed by Non-Life underwriting risk (29.8%).
- The Group carries out a quantitative valuation of the risks using the standard formula, except for the credit insurance underwriting risk, which uses a partial internal model approved in July 2017.
- The governance and risk management system works comprehensively, separating the management areas from the risk control areas.

Product portfolio

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

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.

Key financial figures

Turnover .
€4,559.5 M
+0.3%

Combined ratio
88.6%
Traditional business
94.1%
Credit insurance (gross)

Attributable profit
€262.3 M
-32.0%

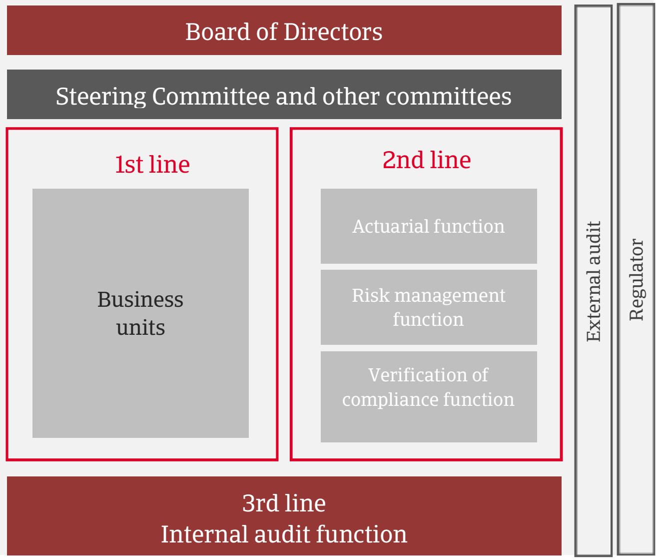
Managed funds
€14,758.9€ **+2.7%**

Permanent resources at market value
€€4,663.4 **+1.7%**

Employees
7,384

Intermediaries

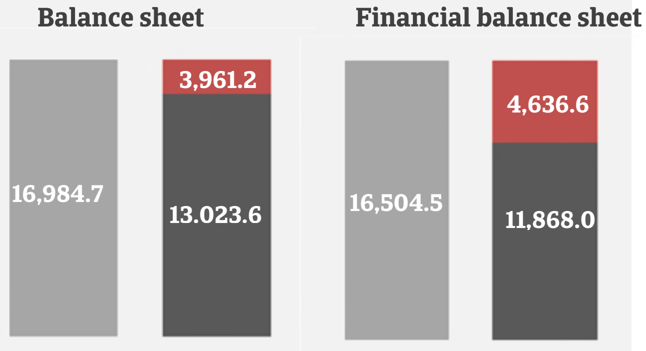
Governance system- 3 lines of defence



Risk profile

In thousands of euros	2019	2020	Chg %
Market SCR	1,416,413.8	1,450,693.7	2.4%
Counterparty SCR	227,855.4	178,665.2	-21.6%
Non-Life SCR	1,342,132.5	1,146,407.0	-14.6%
Life SCR	742,199.5	871,337.2	17.4%
Health SCR	57,175.5	58,587.2	2.5%
Diversification effect	-1,234,366.3	-1,223,268.4	-0.9%
Basic SCR (BSCR)	2,551,410.4	2,482,421.9	-2.7%
Operational SCR	143,586.0	140,952.4	-1.8%
Tax effect	-547,038.4	-527,623.9	-3.5%
Other Financial Sectors	4,166.2	6,175.3	48.2%
Solvency Capital Requirement (SCR)	**2,152,124.2**	**2,101,925.6**	**-2.3%**

Valuation for Solvency purposes



Assets
Liabilities
Surplus

Management of capital

In thousands of euros	2019	2020	Chg %
Eligible Equity SCR	4,582,790.7	4,543,915.6	-0.8%
Eligible Equity MCR	4,526,312.7	4,481,081.0	-1.0%
SCR	2,152,124.2	2,101,925.6	-2.3%
MCR	783,689.4	770,168.5	-1.7%
Coverage ratio SCR (%)	212.9%	216.2%	1.5%
Coverage ratio MCR (%)	577.6%	581.8%	0.7%

About this report

Grupo Catalana Occidente presents its consolidated solvency financial condition report (SFCR). The report is prepared in accordance with the Solvency II legal framework, developed through Law 20/2015 of 14 July, on the organisation, supervision and solvency of insurance and reinsurance undertakings, articles 80 to 82, and specifically has been based on the Delegated Acts issued by EIOPA "Guidelines on reporting and public disclosure".

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

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

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

The report was approved by the Board of Directors at its meeting on 29 April 2020, having been reported on favourably by the audit committee and validated by the Steering Committee. The report has been reviewed by PricewaterhouseCoopers S.L. (Paseo de la Castellana, 259 B, Torre PWC -Madrid, Spain) by a team made up of the Group's actuaries and auditors in accordance with DGSFP circular 1/2018 of 17 April.

In accordance with the disclosure policy approved by the Board of Directors, Grupo Catalana Occidente publishes this document on the Group's website (www.grupocatalanaoccidente.com) in the "Shareholders and Investors" section in the "Reports and Results" section.

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

In the event that you should require further information contact:

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About Grupo Catalana Occidente

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

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

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

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

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

A

Activity and results

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

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

A.0 Introduction to Grupo Catalana Occidente

A.0.1. Business model

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

Growth

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

Profitability

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

Solvency

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

Grupo Catalana Occidente in figures

Market capitalisation €3,498 M

Turnover €4,559.5 M

Consolidated result €270.1 M

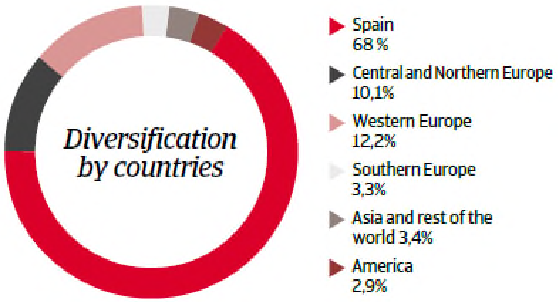
Funds managed €14,758.9M

4th Largest insurance group in Spain

2Ndlargest largest credit insurance group in the world

50+ countries

1,600 offices



Insurance specialist

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

Solid financial structure

Listed on the stock exchange
"A" (excellent) rating of its main operating Entities
Solvency ratio II 216.2%
Stable, committed shareholders.

Closeness – global presence

Distribution of intermediaries
Over 17,000 intermediaries
1,591 offices
7,384 employees
50 countries.

Technical rigour

Non-Life combined ratio 88.6%
Strict cost control
Investment portfolio diversified and prudent

Business segments of Grupo Catalana Occidente

Traditional business

The traditional business, with a wide range of insurance products, mainly aimed at households and SMEs, is managed through a dedicated network of professional agents and close to 1,500 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.

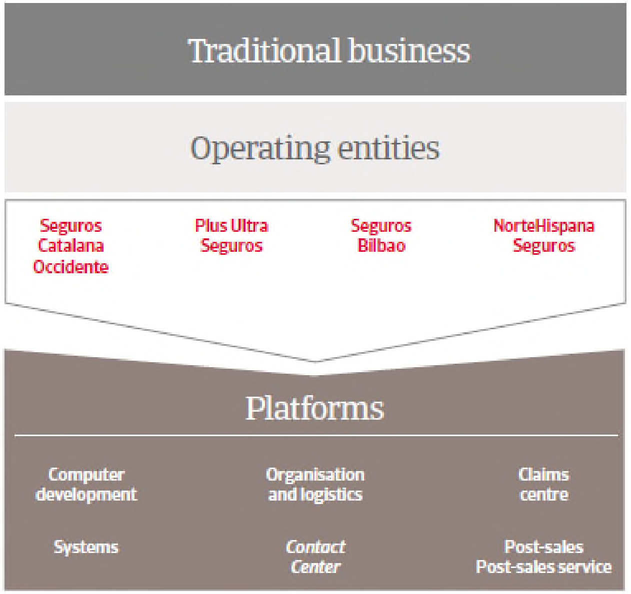
Motor
Coverage for vehicles or transport fleets

The brands of the Group in the traditional business are:

Catalana Occidente Seguros
PlusUltra Seguros
Seguros Bilbao
NorteHispana Seguros

Operating platforms of the Group:

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



Focus on the service:

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

Credit insurance business

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

The business lines offered are:

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

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

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

The brands of the Group for credit insurance are:

Atradius
Crédito y Caución Atradius
Atradius Reinsurance

A.0.2. Share structure

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

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

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 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	2017	2018	2019	2020	TACC* 02-20
GCO (%)	-7.21	18.74	-11.75	-4.45	-6.42	12.24%
IBEX 35 (%)	-28.11	7.40	-14.97	11.82	-15.45	1.63%
EUROSTOXX Insurance (%)	-51.23	6.93	-10.05	24.44	-19.04	2.86%

* Compound Annual Growth Rate

A.0.3. Corporate structure

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

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

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

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

Traditional business
Credit insurance business

For further information, see Annex A.1 and A.2 and QRT S.32.01.22.

A.0.4. Regulatory environment

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

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

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

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

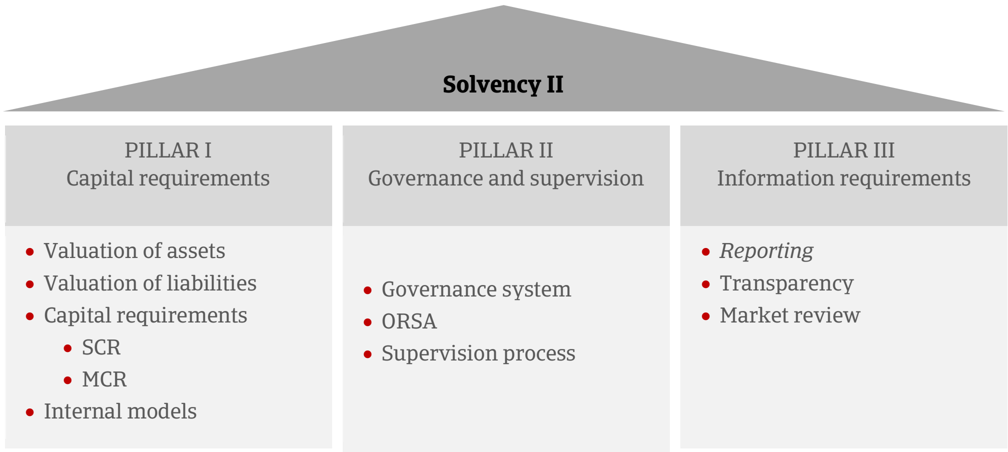
On 1 January 2016, the regulations deriving from the European Directive known as Solvency II came into force. The main objective of Solvency II is to improve the control and calibration of the risks to which this insurance activity is exposed to (underwriting risk, market risk, counterparty risk (also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

The elements of Solvency II are arranged in three pillars:

- Pillar I: quantitative. Risk weightings assigned to the different types of risk assets. Includes operational risks The objective is to determine the "economic balance" focused on risk and valued at market value.

- Pillar II: qualitative and governance system. Routine monitoring by the regulatory bodies.

- Pillar III: Market discipline through greater transparency and a trend towards international accounting.



A.0.5. 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.

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. 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.

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 the 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 ASG.
- 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

A.0.6. Outlook and challenges for 2021

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 forecasts did not foresee the effect of the COVID-19 health crisis, causing a substantial downturn in the economy in 2020 and some recovery is expected in 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 the 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 its 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.

Milestone 2020	2021 Guidelines
Growth	
- Turnover: €4,559.5 million - Increased positioning in the health sector thanks to the incorporation of the Antares business. - Increase of the insured offer.	• 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.
Profitability	
- The consolidated result amounted to €270.1 million. - Excellent combined ratio of the traditional business 88.6% (does not include Health and Funeral).	• 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.
Solvency	
- 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.	• HR Management: people, talent and productivity. • Analysis of flexible work models and teleworking. • Boost in the field of Sustainability. • Adaptation to IFRS 17.

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.

A.1. Results in underwriting matters

A.1.1. Main trends of the business

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

Macroeconomic environment

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%.

South 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

Eurozone GDP -7.2% 2020 (1.3%)

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

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%

United Kingdom GDP -10.0% 2020 (1.5%)

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

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 2021. Percentage variation of estimated GDP to 2020 compared to variation of actual GDP of the previous year 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
United States	0.1	0.3	0.5	0.9

Source: Bloomberg. End 2020

Variable income

- Fall in the main European stock market indices.

	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

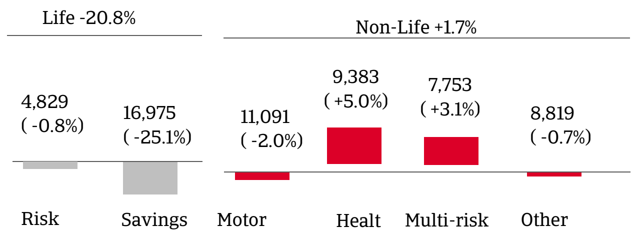
	End 2020	%Chg
Oil ($/barrel)	49.2	-25.5%
Gold	1,525.5	+0.1%
€/$	1.22	+8.9%
€/£	0.90	+5.9%

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



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.

Stability in the sector's results

ROE
14.9%

Combined ratio
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.

A.1.2. Results for the year

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.

figures in € million

Income statement total	**2019**	**2020**	**% chg. 19-20**
Written premiums	4,411.20	4,411.2	4,426.4
Income from information	136.5	136.5	133.1
Net income from insurance	4,603.10	4,547.7	4,559.5
Technical cost	2,739.5	2,920.7	
% on total net income	*59.50%*	*59.5%*	*63.9%*
Commissions	561.1	560.6	
% on total net income	*12.20%*	*12.2%*	*12.3%*
Expenses	764.3	749.5	
% on total net income	*16.60%*	*16.6%*	*16.4%*
Technical result after expenses	538.2	538.2	339.8
% on total net income	*11.70%*	*11.7%*	*7.4%*
Financial result	37.9	37.9	32.5
% on total net income	*0.80%*	*0.8%*	*0.7%*
Result of non-technical non-financial account	-25.9	-25.9	-14.1
% on total net income	*-0.60%*	*-0.6%*	*-0.3%*
Result of compl. activities credit and funeral insurance	5.9	5.9	6.4
% on total net income	0.10%	0.1%	0.1%
Profit before tax	556.2	556.2	364.6
% on total net income	*12.10%*	*12.1%*	*8.0%*
Taxes	131.7	94.5	
% taxes	*23.7%*	*25.9%*	
Consolidated result	424.5	270.1	-36.4%
Minority interests	38.6	7.8	-79.8%
Attributed result	385.9	262.3	-32.0%
% on total net income	*8.40%*	*5.7%*	
Recurring result	450.3	289.0	-35.8%
Non-recurring result	-25.8	-18.9	

For further information, see Annex A and QRT S.05.01.02 and S. 05.02.01.

Traditional business

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 and increased 19.7%, reflecting a 1.8 p.p. improvement in the combined ratio (excluding health and death) to 88.6%. It highlights the lower technical cost of motor and multi-risk. In turn, the life business increased its technical result by €15.8 million to €74.2 million, incorporating the result of Antares in the health line.

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 lines.

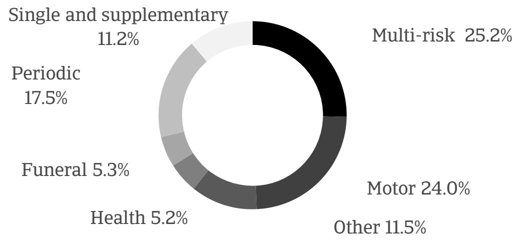
The financial result contributes €56.1 million, and the funeral business €4.6 million

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%.

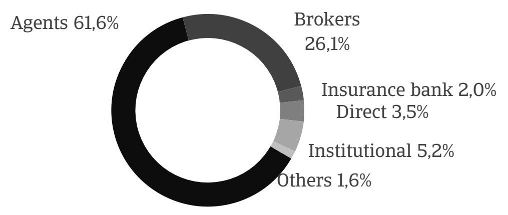
figures in € million

Traditional business	2019	2020	% chg. 19-20
Written premiums	**2,612.4**	**2,720.4**	**4.1%**
Recurring premiums	2,268.6	2,415.5	6.5%
Earned premiums	2,707.5	2,710.1	0.1%
Technical result	**214.6**	**261.1**	**21.7%**
% on earned premiums	*7.9%*	*9.6%*	
Financial result	**59.3**	**56.1**	**-5.4%**
% on earned premiums	*2.2%*	*2.1%*	
Non-technical result	-14.6	-16.3	
Complementary act. Funeral B.	2.7	4.6	
Company income tax	-50.0	-66.8	
Recurring result	**212.1**	**238.6**	**12.5%**
Non-recurring result	**-7.9**	**-10.3**	
Total result	**204.2**	**228.3**	**11.8%**

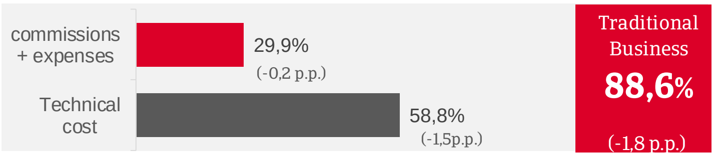
Distribution by business



Distribution channels



Non-Life combined ratio



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)

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)

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)

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%**

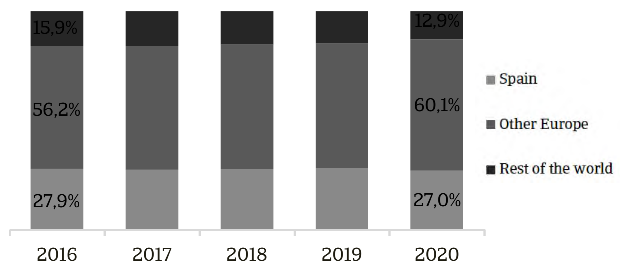
(figures in € million)

Credit insurance business

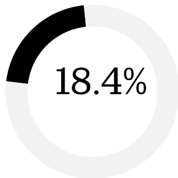
In the credit insurance business, the Group has reduced its net income (earned premiums and information services) by 1.9% reaching €1,860.5 million. In turn, earned premiums, of €1,727.4 million, have decreased by 1.8% and the income from information has reached €133.1 million, being 2.5% less than in 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.

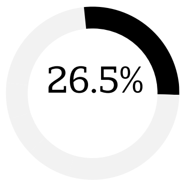
Evolution of cumulative risk (TPE)



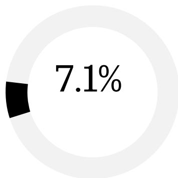
Reduction of 1.8% in earned premiums to €1,727.4 million



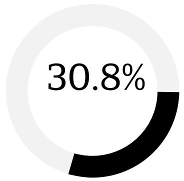
Spain and Portugal
Earned premiums: **€318.4 M**
Change: **-5.0%**



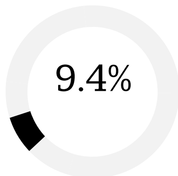
Central and Northern Europe
Earned premiums: **€457.3 M**
Change **-6.1%**



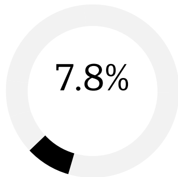
The Americas
Earned premiums: **€121.9 M**
Change **-3.5%**



Western Europe
Earned premiums: **€531.6 M**
Change **+2.1%**

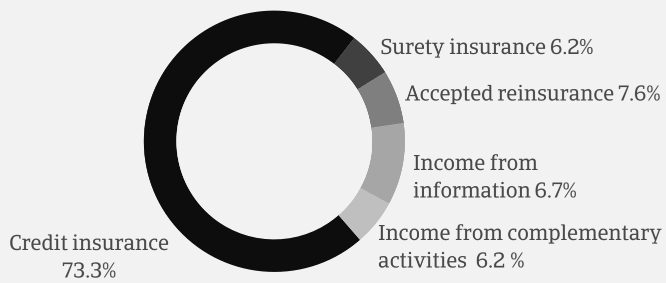


Asia and rest of the world
Earned premiums: **€163.0 M**
Change +**10.0%**

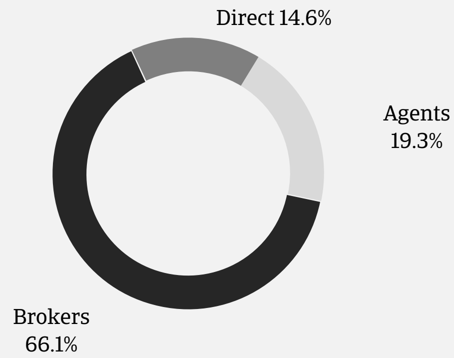


Southern Europe
Earned premiums: **€135.2 M**
Change **-4.6%**

Diversification of the business (earned premiums)



Distribution channels



The technical result after credit insurance expenses decreased by 73.0% year-on-year to €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 was lower than in the same period of the previous year due to maturities whose reinvestment was carried out at market interest rates, the reduction in dividends received and a lower contribution from the results of associates, partially offset by profits from exchange rate fluctuations. The result of the complementary activities is €1.8 million.

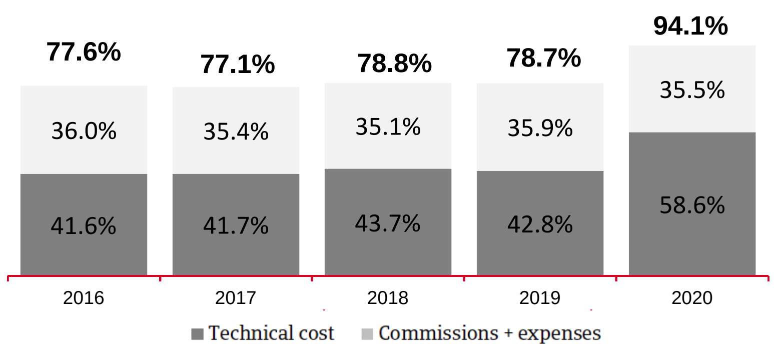
Consequently, the recurring result is positioned at €50.4 million, 78.8% less than the previous year. During the year there were non-recurring losses of €8.5 million.

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).

Credit insurance business	**2018**	**2019**	**2020**	**% chg. 19-20**
Earned premiums	1,648.5	1,759.5	1,727.4	-1.8%
Income from information	132.5	136.5	133.1	-2.5%
Net income	**1,781.0**	**1,896.0**	**1,860.5**	**-1.9%**
Technical result after expenses	377.6	404.8	109.3	-73.0%
% on income	*21.2%*	*21.4%*	*5.9%*	
Reinsurance result	-105.6	-82.6	-28.1	-66.0%
Reinsurance transfer ratio	*40.0%*	38.0%	37.0%	
Net technical result	271.9	322.2	81.2	-74.8%
% on income	*15.3%*	*17.0%*	*4.4%*	
Financial result	9.2	5.6	5.1	
% on income	*0.5%*	*0.3%*	*0.2%*	
Result from complementary activities	3.8	3.2	1.8	-43.8%
Company income tax	-76.6	-85.4	-34.8	
Adjustments	-7.4	-7.4	-2.9	
Recurring result	**200.9**	**238.2**	**50.4**	**-78.8%**
Non-recurring result	**-5.7**	**-17.9**	**-8.6**	
Total result	**195.2**	**220.3**	**41.8**	**-81.0%**

Performance of the gross combined ratio



A.1.3. General expenses and commissions

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

In particular, in traditional business the expenses have been reduced by 1.0%. In turn, the credit insurance business also 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.

figures in € million

Expenses and commissions	2019	2020	% chg. 19-20
Traditional business	315.2	312.0	-1.0%
Credit insurance business	449.0	433.7	-3.4%
Non-recurring expenses	0.0	3.8	
Total expenses	**764.3**	**749.5**	**-1.9%**
Commissions	**561.1**	**560.6**	**-0.1%**
Total expenses and commissions	**1,325.4**	**1,310.1**	**-1.2%**
% expenses and commissions without recurring premiums	**32.6%**	**31.7%**	

A.1.4. Reinsurance

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

In credit insurance, proportional transfers are made that bring greater stability to the results over the business cycle, as well as non proportional transfers to mitigate the potential impact of relevant claims. 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.

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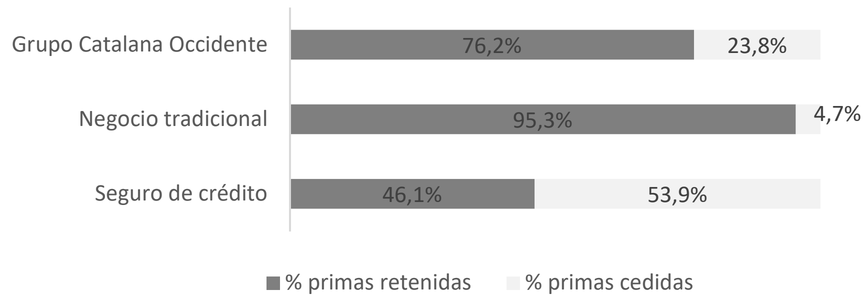
figures in € million

Reinsurance	2019	2020	% chg. 19-20	Traditional business	Credit insurance
Ceded premiums	-801.3	-1,057.1	31.9%	-126.4	-930.7
Net premiums ceded	-798.5	-1,020.3	27.8%	-121.0	-899.3
% on earned premiums	*-17.9%*	*-23.0%*		*-4.5%*	*-52.1%*
Commissions	338.8	344.1	1.6%	25.4	318.7
Claims	353.8	634.8	79.4%	82.3	552.5
Ceded reinsurance result	**-105.9**	**-41.4**	**-60.9%**	**-13.3**	**-28.1**

Reinsurance distribution between lines of business



COVID-19 Impact: The Group has entered into governmental reinsurance agreements that are explained on page 24 of the Group's 2020 annual report.

A.2. Investment performance

A.2.1. Total distribution of the investments

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

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

The Group invests mainly in fixed income, which represents 56.7% 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.

figures in € million

Investments and managed funds	**2019**	**2020**	**% chg. 19-20**	**% on inv. R. Co.**
Properties	1,678.5	1,735.4	3.4%	12.9%
Fixed income	7,361.2	7,604.1	3.3%	56.7%
Variable income	1,673.7	1,656.4	-1.0%	12.3%
Deposits with credit institutions	608.6	573.4	-5.8%	4.3%
Other investments	199.1	229.2	15.1%	1.7%
Cash and monetary assets	1,403.5	1,535.5	9.4%	11.4%
Investment in investee companies	85.8	85.2	-0.7%	0.6%
Total investments, risk to entity	**13,010.5**	**13,419.2**	**3.1%**	**100.0%**
Investments on behalf of policyholders	575.1	618.4	7.5%	
Pension plans and investment funds	791.7	721.3	-8.9%	
Total investments, risk to policy holders	**1,366.8**	**1,339.7**	**-2.0%**	
Investments and funds	**14,377.3**	**14,758.9**	**2.7%**	

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.

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

A.2.2. Financial result

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 made at market interest rates and by the decrease in 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.

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figures in € million

Financial result by type of asset	Income	Losses Impairment
Fixed income and similar items	160,266.0	1,958.0
Variable income	44,133.0	-25,574.6
Properties	41,481.0	-1,215.4
Total income and achievements	**245,880.0**	**-24,832.0**
Expenses	-55,193.6	
Interest applied to life	-135,878.2	
Exchange-rate differences	5,548.9	
Other		-3,000.0
Total expenses and other	**-185,522.9**	**-3,000.0**
Financial result	**60,357.0**	**-27,832.1**

figures in € million

Financial result	**2019**	**2020**	**% chg. 19-20**
Financial income net of expenses	215.7	190.2	-11.8%
Exchange-rate differences	0.0	0.0	
Subsidiary companies	1.1	1.8	
Interest applied to life	-157.6	-135.9	-13.8%
Recurring result from traditional business	**59.3**	**56.1**	**-5.4%**
% on earned premiums	*2.2%*	*2.1%*	
Financial income net of expenses	16.6	13.5	-18.7%
Exchange-rate differences	-1.3	5.5	
Subsidiary companies	7.1	2.9	-59.2%
Interest on the subordinated debt	-16.9	-16.9	
Recurring result from credit insurance	**5.6**	**5.1**	**-8.9%**
% on net income from insurance	*0.3%*	*0.3%*	
Intra-group interest adjustment	-3.5	-0.9	**-74.3%**
Adjusted recurring results from credit insurance	**2.1**	**4.2**	
Recurring result	**61.5**	**60.3**	**-2.0%**
% on net income from insurance	*1.3%*	*1.3%*	
Non-recurring result	**-23.5**	**-27.8**	
Financial result	**37.9**	**32.5**	**-14.2%**

For further information, see the Annual Report of Grupo Catalana Occidente available on the website and notes 4b and annexes I and II of the notes to the financial statements.

A.3. Results of other activities

A.3.1. Non-recurring result

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

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.

For further information, please consult the Annual Report of Grupo Catalana Occidente available on the website.

Non-recurring result (net of taxes)	**2019**	**2020**
Financial	-5.4	-22.1
Expenses and other non-recurring	-3.9	6.1
Taxes	1.4	5.7
Non-recurring from traditional business	**-7.9**	**-10.3**
Financial	-18.1	-5.7
Expenses and other non-recurring	0.0	-3.8
Taxes	0.2	0.9
Non-recurring from credit insurance	**-17.9**	**-8.6**
Non-recurring result	**-25.8**	**-18.9**

A.3.2 Result of complementary activities

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

Traditional business

Pension plans, mutual funds and the funeral business form part of the Group's complementary activities to its traditional business.

In 2019 the results of the complementary activities are €1.8 million.

figures in € million

Complementary activities	**2019**	**2020**	**% chg. 19-20**
Pension Plans			
Income	8.0	8.8	10.6%
Expenses	6.8	7.5	9.6%
Result	1.1	1.3	16.5%
Investment Funds			
Income	1.1	1.0	-9.4%
Expenses	0.7	0.6	-24.5%
Result	0.4	0.5	20.1%
Result from complementary activities	**1.5**	**1.8**	**17.4%**

Credit insurance business

The Group's complementary credit insurance business activities include information services and recoveries.

At the end of 2020, the result of the complementary activities of the credit insurance business amounted to €1.8 million.

figures in € million

Complementary activities	**2019**	**2020**	**% chg. 19-20**
Recoveries & ADSB	69.3	49.0	-29.3%
Information services	49.3	72.6	47.2%
Income	**118.6**	**121.5**	**2.5%**
Expenses	**115.3**	**119.7**	**3.8%**
Result	**3.2**	**1.8**	**-43.2%**

A.4. Any other information.

A.4.1 Information on relevant ordinary operations within the Group

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

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

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

A.4.2 Information on operations

Merger of Funeraria La Auxiliadora, S.L.U. ("FLAUX") and Funeraria Bilbaína, S.A. ("FB")

In the context of the simplification of the administrative structure of the ASISTEA funeral group, which depends on Nortehispana Seguros, on 29 July 2020 the sole shareholder of FLAUX and the General Shareholders' Meeting of FB agreed to the merger of both companies by means of the absorption of FB by FLAUX, which implied the extinction of the former and the transfer en bloc 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.

Acquisition by FLAUX of Aguirre y García de Andoin, S.L. ("Funeraria Aranguren")

On 2 November 2020, FLAUX entered into an agreement with the shareholders of Funeraria Aranguren for the sale and purchase of all of its shares, subject to the non-opposition of the competition authorities to this transaction.

After obtaining the authorisation of such authorities, the parties executed the purchase and sale of Funeraria Aranguren on 8 February 2021.

Plus Ultra Seguros ceases to operate as a pension fund manager

As part of the process of simplification and reorganisation of the supply and management of pension funds of Grupo Catalana Occidente, on 22 June 2020, Plus Ultra Seguros, as promoter of pension funds, agreed to terminate the pension plans (i) “Plus Ultra Dinámico, Plan de Pensiones”, (ii) “Plus Ultra Renta Fija, Plan de Pensiones”, (iii) “Plus Ultra Renta Fija Mixta, Plan de Pensiones”, (iv) “Plus Ultra Renta Variable, Plan de Pensiones and (v) "Plus Ultra Mixto, Plan de Pensiones" (collectively, the "Plans") and the transfer of the consolidated rights of the participants and beneficiaries of these Plans with effect from 30 September 2020, respectively, to the plans (i) "GCO Pensiones Renta Fija, Plan de Pensiones", attached to the pension fund "GCO Pensiones Renta Fija, Fondo de Pensiones", (ii) "GCO Pensiones Renta Fija, Plan de Pensiones", attached to the pension fund "GCO Pensiones Renta Fija, Fondo de Pensiones"; (iii) "GCO Pensiones Mixto Fijo Fijo, Plan de Pensiones", attached to the pension fund "GCO Pensiones Mixto Fijo, Fondo de Pensiones", (iv) "GCO Pensiones Renta Variable, Plan de Pensiones", attached to the pension fund "GCO Pensiones Renta Variable, Fondo de Pensiones"; and (v) "GCO Pensiones Mixto Variable, Pension Plan", attached to the pension fund, "GCO Pensiones Mixto Variable, Pension Fund", all of them managed by the management company GCO Gestora de Pensiones, EGFP, S.A.U., (an entity wholly owned by Grupo Catalana Occidente, S.A.).

On 1 October 2020, once the aforementioned mobilisation had taken place, Plus Ultra Seguros agreed the termination and administrative deregistration of the Plans and the corresponding dissolution and liquidation of the pension funds to which the Plans were attached, i.e. (i) "Plus Ultra Dinámico, Fondo de Pensiones", (ii) "Plus Ultra Renta Fija, Fondo de Pensiones", (iii) "Plus Ultra Renta Fija Mixta, Fondo de Pensiones", (iv) "Plus Ultra Renta Variable, Fondo de Pensiones" and (v) "Plus Ultra Mixto, Fondo de Pensiones", being registered both in the Mercantile Registry of Madrid and in the special administrative registry of pension funds of the DGSFP. On the same date, Plus Ultra Seguros signed a marketing agreement for pension plans and funds with GCO Gestora de Pensiones, EGFP, S.A.U.

Finally, considering the dissolution and settlement of each and every one of the aforementioned pension funds, on 12 November 2020 Plus Ultra Seguros agreed to waive its authorisation as a pension fund management company, requesting the DGSFP to revoke and deregister as such in its special administrative register of pension fund management companies.

B

Governance system

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

The Group has a transparent organisational structure and an appropriate segregation of duties, separating management activities from risk management control, verification of the compliance and internal audit activities.
.

In addition, the chapter offers information on the policy for remuneration, outsourcing and requirement of aptitude and good repute.

B.0. Introduction

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

The governance structure of Grupo Catalana Occidente is consistent with the "three lines of defence", described in paragraph B..3.1.

B.1. General Information about the governance system

B.1.1. Governance structure

General shareholders' meeting

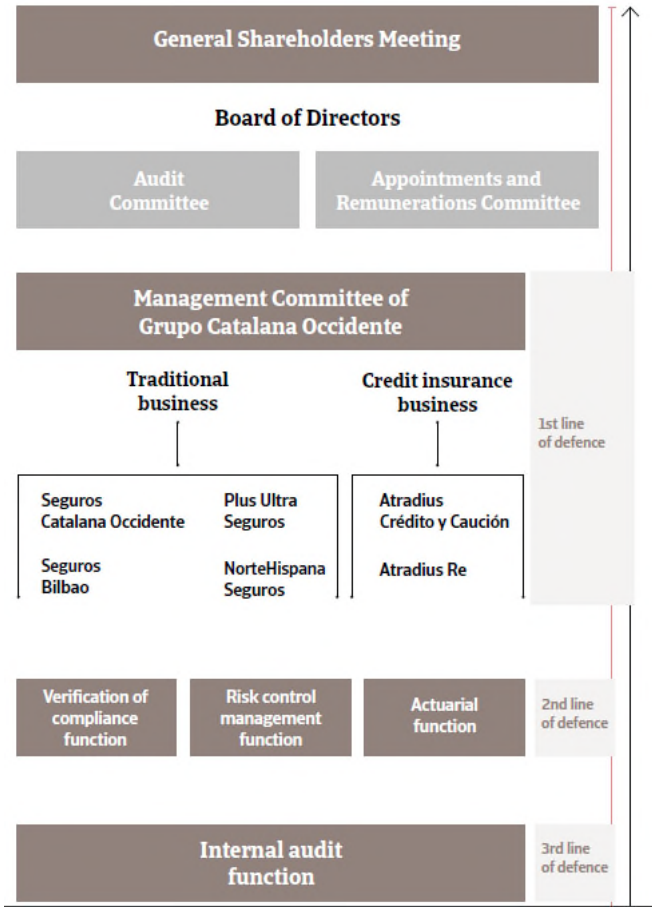
The general meeting is the body of representation for the shareholders that hold the share capital of the Group. It meets at least once a year, within the first months of each period. One of its main functions is to approve the accounts and the application of the result. In the Group there are no restrictions on the right to vote and each share is entitled to one vote.

Its functioning and actions are regulated in the Articles of Association and in the Regulations of the General Shareholders' Meeting available on the Group's website and at the Mercantile Registry of Madrid.

In order to facilitate the participation of all shareholders, the Group makes a digital forum available to all shareholders for debate as well as electronic methods that facilitate distance voting and the delegation of representation.

Grupo Catalana Occidente, S.A. also has a policy of communication of economic-financial, non-financial and corporate information and contacts with shareholders, institutional investors and voting advisors to facilitate interaction with these stakeholders.

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



Board of Directors

The Board of Directors is the maximum management 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 of the Group.
- Supervision responsibility: control management events.
- Communication responsibility: serve as a link between shareholders.

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 of the Group, among other issues.

Its functioning and actions are regulated in the Articles of Association and in the Regulations of the Board of Directors, which are available on the Group's website and at the Mercantile Registry of Madrid.

The Board of Directors annually approves the corporate governance report and the report on remuneration of members of the Board of Directors, following the guidelines established by the regulations in relation to the transparency of listed entities.

Board of Directors

Chairman

* José María Serra Farré

Vice-chairman

* Hugo Serra Calderón

Chief Executive Officer

* José Ignacio Álvarez Juste

Secretary Director

* Francisco J. 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

Deputy non-board member secretary

Joaquín Guallar Pérez

*Executive directors **Independent

Audit Committee

Chairman

Juan Ignacio Guerrero Gilabert

Members

Francisco Javier Pérez Farguell
Lacanuda Consell, S.L.

Appointments and Remunerations Committee

Chairman

Francisco Javier Pérez Farguell

Members

Juan Ignacio Guerrero Gilabert
Alberto Thiebaut Estrada

The curricula vitae of the members of the Board of Directors are available on the Group's website.

Delegate committees

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

Audit Committee

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

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

Audit Committee as at 31 December 2020
Chairman: Juan Ignacio Guerrero Gilabert Member: Francisco Javier Pérez Farguell Member: Lacanuda Consell, S.L.

Appointments and Remuneration Committee

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

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

Appointments and Remuneration Committee at 31 December 2020.
Chairman: Francisco Javier Pérez Farguell Member: Juan Ignacio Guerrero Gilabert Member: Alberto Thiebaut Estrada

Steering Committee (first line of defence)

Grupo Catalana Occidente has a corporate steering committee to which the Board of Directors has delegated the day-to-day management of the Group.

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

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

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

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

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

Steering committee
Grupo Catalana Occidente

Composition Executive Chairman – José Mª Serra Farré
Vice-chairman - Hugo Serra Calderón
CEO - José Ignacio Álvarez Juste
Director General - Francisco José Arregui Laborda

Traditional business	Credit insurance business
Director general of NT - Juan Closa Cañellas * Director general of PU - Julián Herrera García * Director general of SB - Javier Francisco Maiztegui Oñate Director general of NH - Augusto Huesca Codina Commercial director of SCO – Luís Estrella de Delas	Chairman Atradius NV – Ignacio Álvarez CEO Atradius NV - David Capdevila Vice Chairman Atradius NV – Francisco Arregui Director Atradius NV – Hugo Serra

As mentioned above, the corporate committees and their main functions are as follows:

- **Life insurance business committee**

  Evolution of the main variables of the business

  Actuarial function

  Monitoring of underwriting risk

  Monitoring of the major projects of the action plan

- **Non Life insurance business committee**

  Evolution of the main variables of the business

  Actuarial function

  Monitoring of underwriting risk

  Monitoring of the major projects of the action plan

- **Investment Committee**

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

- **Operations committee**

  Follow-up of the evolution of:
  - Information systems
  - Underwriting and claims centres
  - Contact centre
  - Organisation
  - Loss adjusters and suppliers

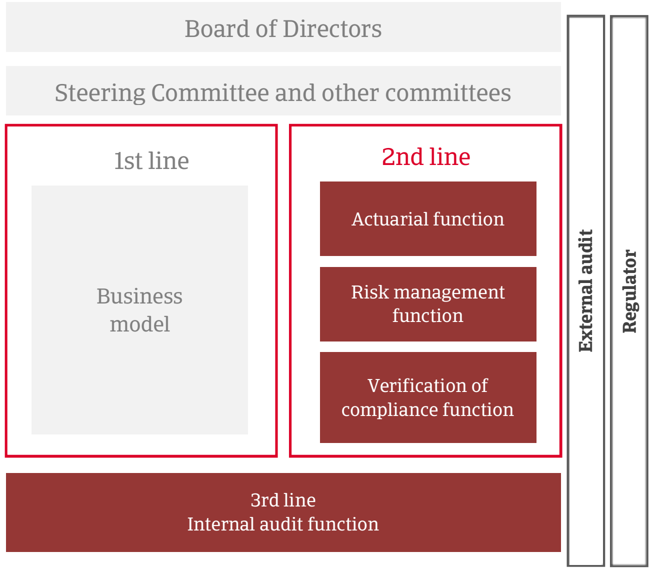
- **Commercial committee**

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

- **Corporative coordination committee**

  Monitoring of projects developed by corporate departments and corporate platforms

Fundamental functions



Actuarial function (second line of defence)

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

Its main functions are:

- To express an opinion on the suitability, adequacy and sufficiency of the technical provisions.
- To express an opinion on the subscription policy.
- To express an opinion on the adequacy of the reinsurance contracts.

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

For further information, see section B.6 on Actuarial Function.

Control of risk management function (second line of defence)

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

Its main functions are:

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

This function is carried out internally and has sufficient resources to perform its functions, reporting to the Board of Directors at least annually on the risks to which the Group is exposed, both current and emerging, the quantification of these risks and their adequacy with the risk appetite approved by the Board of Directors.

For more information, see section B.3. on Management system, including risk and solvency self-assessment

Compliance verification function (second line of defence)

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

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

The main activities carried out are:

- To implement policies and processes for monitoring and control of compliance risks.
- To assess the impact of change in the legal environment.
- To control and assess the adequacy and effectiveness of the measures and procedures to detect and mitigate the risk of non-compliance.
- To design the verification of the regulatory compliance plan.
- To assure the Board of Directors of compliance with the legal and internal regulations to which the Group is subject.

The verification function is developed in-house and is adequately resourced to fulfil its functions. Every year, the Board of Directors receives a report on the activities related to this matter during the previous year and the plan of activities to be carried out during the current year.

For more information, see section B.4 on the Internal Control System

Corporate internal audit function (third line of defence)

The internal audit function directly reports to the audit committee as a delegate committee of the board of directors and exercises maximum supervision of the Group's internal control. In 2020 the Group carried out a total of 102 audits, including 4 on aspects of Solvency II, 8 on processes of the internal control system for the generation of financial information (SCIIF) and 3 on the prevention of money laundering and financing of terrorism. In total, over 313 opinions have been issued, 96% of which are at least in the satisfactory category. It prepares a multi-year audit plan taking into account the requirements of regulators and other bodies certifying some of the Group's businesses, as well as a report on related activities.

The internal audit function is developed in-house and is adequately resourced to fulfil its functions.

For further information, see section B.5 on Internal Audit Function.

External audit

The firm PricewaterhouseCoopers Auditores, S.L. carried out the individual external audit of the Company and the consolidated audit of the Group, as well as of most of the entities comprising it. This brings global homogeneity between all audits and, in particular, with regards to the financial information systems.

Regulator

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

B.1.2. Remuneration policy

The Company has a remuneration policy which 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.

In this way, it complies with the provisions of both mercantile regulations and those that are implemented by the Solvency II directive.

The Group's remuneration policy is applicable to (i) the members of the Board of Directors, (ii) the members of the Steering Committee, (iii) those responsible for basic functions and (iv) those other people who occupy critical posts; and is aimed at the recurring generation of value and sustainability of results over time. It also seeks alignment of the interests of its employees, collaborators and shareholders and prudent risk management, in such a manner that is reasonable with the size of the entity, its economic situation and the market standards of comparable companies. This policy is expected to be replaced during the 2021 financial year by the Entity's adherence to the remuneration policy of Grupo Catalana Occidente.

Principles and pillars

The policy is based on the following principles:

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

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

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

annual accounts in accordance with the applicable mercantile regulations.

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

Terms and Conditions

The members of the Board of Directors in their roles as such, have perceived remunerations, in the concept of statutory attentions and daily subsistence allowances for attendance at Board 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.

Steering committee:

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

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

  In the event that the Group has (i) a loss in a given year or (ii) a solvency ratio of less than 100% at year-end, no entitlement to variable remuneration shall accrue.

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

  The Steering Committee has no stock options.

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

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

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

Payments accrued in the financial year 2020

The Board of Directors of Grupo Catalana Occidente, S.A., has received a total of €6.3 million, an amount corresponding to the total compensation for all the concepts (fixed remuneration, variable remuneration, in-kind and contribution to social welfare plans) as well as that received by these in Group companies.

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

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

B.1.3. Related operations

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

B.2. Requirement of aptitude and good repute

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

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

All the people who effectively manage the Group or carry put the key functions or other critical positions in it must meet the qualifications, competencies, skills and professional experience necessary to be able to carry out their functions and, consequently, each of them must comply with the requirements set out in the policy of for requirement of aptitude and good repute of the Grupo Catalana Occidente. This policy establishes the appropriate procedures to ensure that the collective mentioned above at all times complies with the requirement of aptitude and good repute marked by the Group.

Requirement of 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, and the practical experience derived from previous jobs with functions similar to those to be undertaken.

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

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

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

Good repute

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

The process for determining requirement of aptitude and good repute is carried out by the Human Resources Department and the Group's Compliance Verification Unit.

The evaluation of good repute includes an assessment of their honesty and financial solvency based on reliable information on their reputation. Also, with regard to good repute, Grupo Catalana Occidente has a code of ethics which aims to establish the general guidelines that should govern the conduct of its directors, employees, agents and collaborators, in the performance of their duties and in their business and professional relationships. Likewise, both the members of the Board of Directors and of the Steering Committee and the rest of the strategic staff, are subject to the Internal Code of Conduct of Grupo Catalana Occidente, which details, among other aspects, (i) the periods of prohibition of negotiation of shares of Grupo Catalana Occidente, S.A by said persons; (ii) the regime for safeguarding privileged information; (iii) the processing of confidential documents and the rules of conduct with respect to the publication of relevant information, in addition to (iv) a regime of conflicts of interest of the persons subject to Grupo Catalana Occidente, excluding members of the Board of Directors. This exclusion is due to the fact that the regime for directors with respect to conflicts of interest is already provided for in the Capital Companies Law.

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

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

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

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

The Board of Directors has approved the group Solvency II policies, including the "Risk Management System" policy, having designated as the main elements that make up this system: Risk Governance, the Risk Management Process and the Business Strategy. The main aspects of the governance of the risk and the process of risk management of the Group are analysed below, as well as their alignment with the business strategy.

B.3.1. Governance of the risk management system

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

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

2nd Line - Control and monitoring.

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

3rd Line - Internal audit.

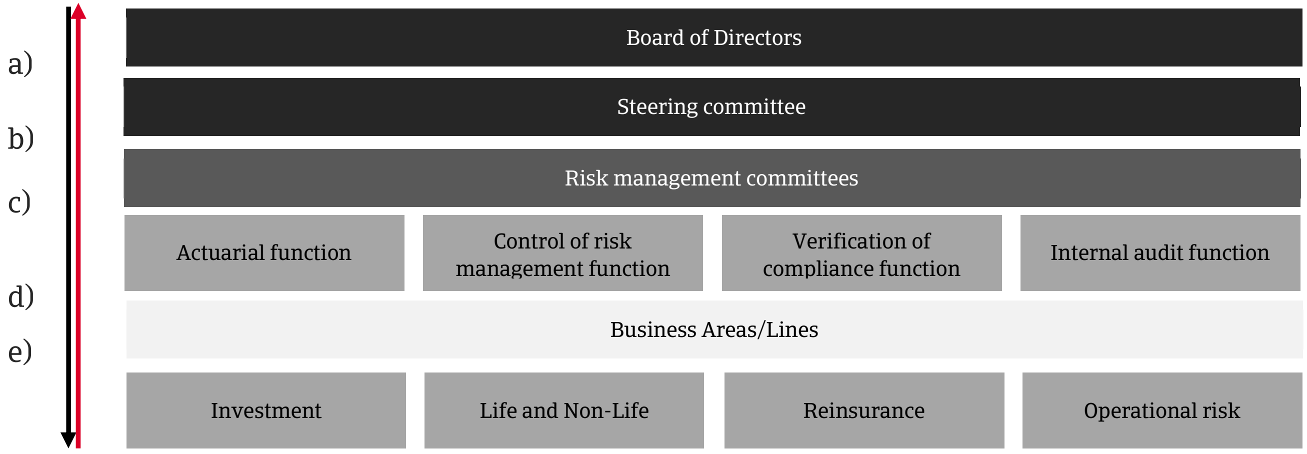
It is responsible for carrying out an independent evaluation of the effectiveness of the governance system, the risk management system and the internal control.

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

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

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

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



a) Board of Directors

In addition to the general duties performed by the Board of Directors discussed in the chapter on the governance system, the Board of Directors is responsible for ensuring the effectiveness of the risk management system through compliance with the Group's overall strategies.

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

For more information, see the Corporate Governance Report and the Annual Report available on the Group's website.

b) Steering committee

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

c) Risk management committees

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

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

d) Business areas or lines

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

e) Control of risk management function

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

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

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

B.3.2. Risk management process

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

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

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

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. In addition, risk limits are defined and monitored by the management units to ensure that the risk appetite and tolerance defined by the Board of Directors are respected and that both are aligned with day-to-day management. 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. Within this process, the useful stress scenarios are also defined for decision making.

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

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

B.3.3. Business strategy and ORSA

The business strategy is defined in the strategic plan of the Group and this is aligned with the risk strategy. The self-assessment process for risks and current solvency and as part of the medium term plan (ORSA) to guarantee this alignment. The risk management control function is responsible for carrying out this process.

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.

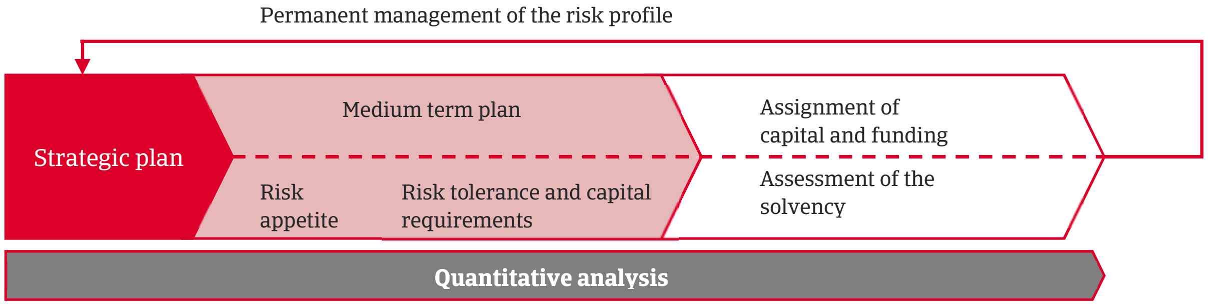
Furthermore, the ORSA contributes to distributing a common risk culture within the Group and provides a prospective vision of the risks and the solvency position through:

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

The results of the ORSA are presented, validated and approved by the steering committee and the Board of Directors. The actuarial function has issued a favourable opinion of the methodology and assumptions. This opinion is issued on an annual basis. This establishes a direct relationship between the strategic planning process and the ORSA process. This relationship ensures that the ORSA results are considered when developing the strategic plan and, consequently, also in group decision-making. Additionally, the Group has risk indicators, included in the control panel, with the aim of monitoring compliance with the established risk appetite.

For more information, see annex B.1 on Breakdown of the ORSA Process.

Planning phase

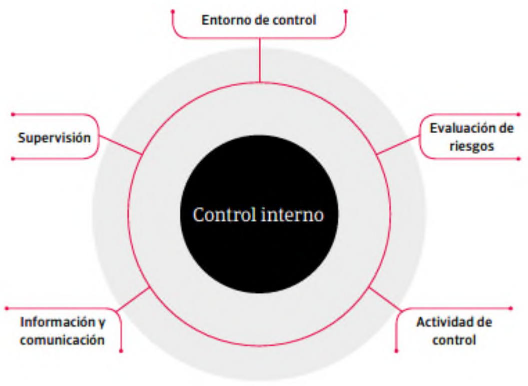


B.4. Internal control system

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

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

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



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

B.5. Internal audit function

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

The head of the Internal Audit Department reports directly to the Audit Committee and reports to it directly on all audits carried out by the various internal audit departments of the aforementioned Group's subsidiaries.

Main tasks:

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

B.6. Actuarial function

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

In addition, the actuarial function reports to the Board of Directors and the steering or supervisory committee on the above issues.

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

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

To coordinate and monitor the calculation of technical provisions

Reporting to the Board of Directors and the steering committee on the reliability and adequacy of the calculation of technical provisions

ACTUARIAL FUNCTION

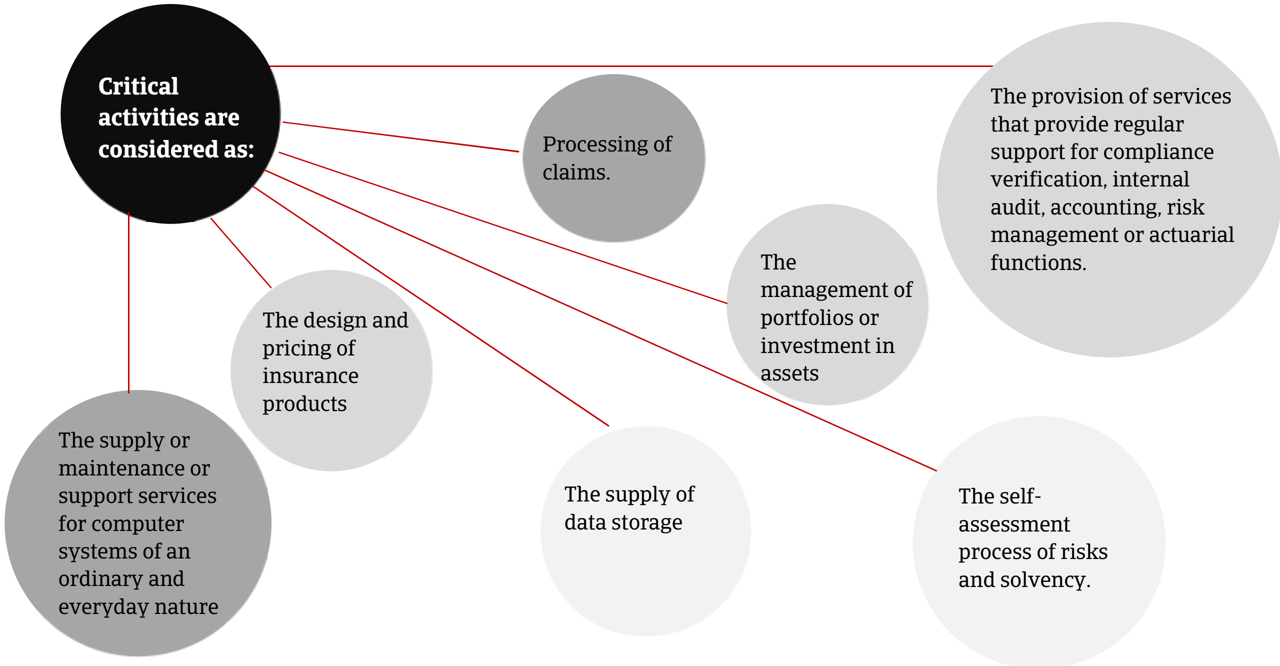
To express an opinion on the general policy, processes and procedures of underwriting

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

B.7. Outsourcing

Critical activity

As established in the Solvency II regulations, Grupo Catalana Occidente defines critical activity as that activity essential to the operation of its individual entities without which they would be unable to provide their services.



Outsourcing policy and supplier selection process

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

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

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

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

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

Compliance of the contract

Once the corresponding contract has been signed, the party in charge must monitor its fulfilment, verifying compliance with the deadlines and technical and quality characteristics stipulated in the contract. They should also be in charge of carrying out the timely claims in case of breach of contract and record those significant incidents.

In the event that the service provider does not perform the functions or activities with the agreed quality and level of service, appropriate measures will be taken, including, if necessary, termination of the contract.

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

Intra-group outsourcing

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

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

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

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

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

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

B.8. Any other information.

Not applicable.

C

Risk profile

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

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

C.O.Introduction

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 part of the Group anticipate to accept to achieve their goals.

▷ **Risk tolerance**
Maximum deviation with regards to the appetite they are will to assume (tolerate).

▷ **Risk limits**
Operating limits established to comply with risk strategy.

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

During the year, the Group will continue to work on optimising its risk appetite and tolerance levels.

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

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

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

Risk map of Grupo Catalana Occidente

Riesgos Pilar I	No vida	Modelo Interno	Primas y reservas	Catastrófico	Caída de cartera		
	Vida	Caída de cartera	Gastos	Mortalidad	Invalidez	Longevidad	Catastrófico
	Mercado	Renta Variable	Tipo de Interés	Spread	Inmuebles	Divisa	Concentración
	Contraparte	Tipo I	Tipo II				
	Operacional	Personas y cultura	Procesos	Sistemas	Externos		
	Salud	Primas y Reserva	Catastrófico	Caída			
Riesgos Pilar II	Estratégicos	Planificación estratégica	Evolución de Mercados	Reputacional			
	Liquidez						

Risk profile according to Solvency II

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

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

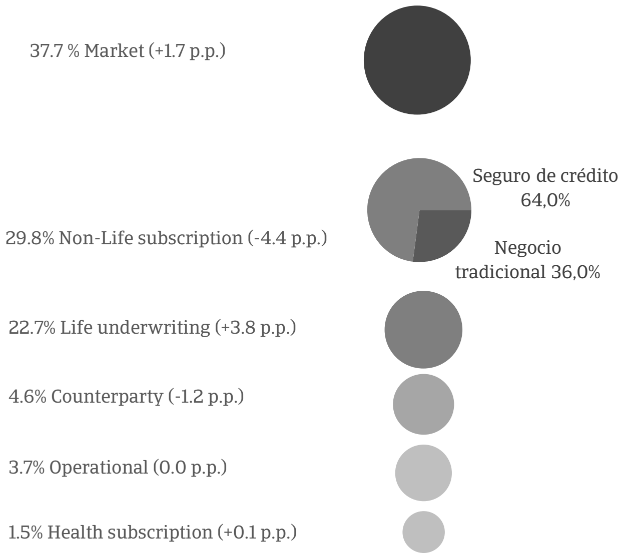
The quantification of the capital allows the Group to take strategic decisions from a perspective that combines profitability with the risk assumed.

The Group also performs sensitivity analyses of its most significant risks, which are explained in section E.2.2.

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

Quantitative risks

The Group's SCR capital requirement, according to the partial internal model at the end of 2020, amounted to €2,101.9 million, €50.2 million less than at the end of the previous year, mainly due to the decrease in Non-Life underwriting risk.

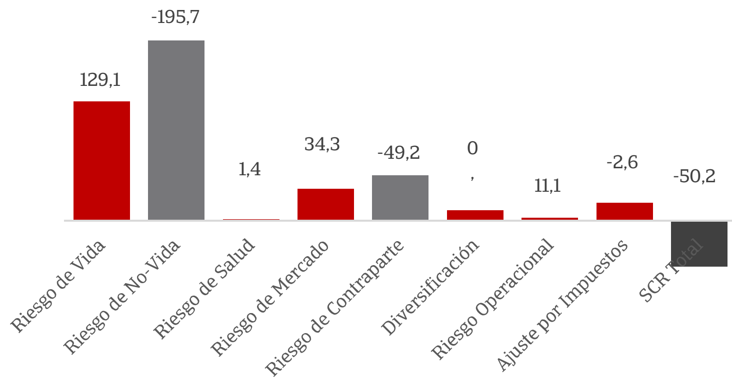


(Measured without considering the effect of diversification)

In quantitative terms, the risk requiring most capital is underwriting risk (54.0% of the total), 0.5 percentage points lower than the previous year. This is the inherent risk to the insurance business. Among the underwriting risks, the one with the greatest weight is credit insurance, representing 64.0% of the Non-Life underwriting risk.

The Group's second risk is market risk, with 37.7 % of the total SCR. This risk arises from investment in financial assets, real estate and other categories of assets, which support technical provisions and own funds. In particular the major sub-risks are those related to investments in equities and real estate.

Variaciones SCR 2019 Q4 a 2020 Q4



For further information, see Annex E - QRT S.25.02.22.

Qualitative risks

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

- Reputational
- Strategic
- Regulatory non-compliance
- Competitive
- Cyber security
- Contagion
- Concentration

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

In 2020 there were no material changes in the significant risks to which the Group is exposed.

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

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

C.1.Underwriting risk

Underwriting risk is the Group's main risk, representing 54.0% of the SCR (without considering the effect of diversification). Within underwriting risk, the most important is the risk arising from credit insurance, representing 64.0% of the non-life underwriting risk.

The underwriting risk amounts to €2,076.3 million and is €65.2 million lower than the previous year due to, in the non-life risk of the Credit business, portfolio improvements and the risk mitigation effect of government schemes related to COVID-19. As for Life risk, the increase is due to future profits, the lower curve, regulatory changes that have occurred during 2020 and the updating of assumptions according to the current environment conditions.

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

(Figures in € thousand)

Underwriting Risk	2019	2020	% Chg.
Life	742,199.55	871,337.24	17.4%
Non-Life	1,342,132.46	1,146,406.97	-14.6%
Health	57,175.46	58,587.20	2.5%
Total*	**2,141,507.46**	**2,076,331.41**	**-3.0%**

* No diversification

The credit insurance business accounts for 40.3% of total turnover (30.2% in terms of retained business), representing the highest risk in terms of SCR in the Group.

Partial internal model

For years, Grupo Catalana Occidente has been using an internally developed economic capital model for risk management, the measurement of exposure to these risks and strategic decision-making with respect to underwriting risk in the credit insurance business.

In addition to this overall quantification, the model contributes to various risk assessment activities and enables the monitoring and better management of risk levels within the organisation through the allocation of risk-based capital.

In 2017, Grupo Catalana Occidente obtained regulatory approval to use this model for the calculation of the capital requirement under Solvency II.

For more information, see section E.4. on Differences between the standard formula and the internal model.

Origin

The underwriting risk is the inherent risk of the insurance business as a result of the underwriting of insurance policies. This is defined as the risk of loss or of adverse change in the value of commitments contracted due to possible inadequate pricing and provisioning assumptions. Underwriting risk is further divided into the following sub-risks, depending on the business:

- Non-life and Health insurance business: is broken down into premium, reserve, fall in the portfolio and catastrophic risk.
  - Premium risk refers to future claims occurring during and after the period, up to the time horizon for solvency assessment purposes. The risk is that the expenses plus the cost of claims will be higher than expected.
  - The reserve risk has two origins, on the one hand, that the absolute level of provisioning is underestimated and, on the other hand, the stochastic nature of claims payments.
  - The fall risk is considered to be the risk of losing customers due to the cancellation of a certain volume of policies before their maturity by the insured parties within the Group.
  - In the area of catastrophic risk, the Entity is exposed, among other things, to natural risks (windstorms and hail) and to man-made catastrophe risks (motor liability and fire).

  The first two (premium risk and reserve risk) cover claims with regular frequency, as extreme events fall within the scope of catastrophe risk, which with fall risk completes the underwriting risk.
- Life Insurance business: is broken down into biometric risks (which include the risks of mortality, longevity, morbidity/disability), fall in the portfolio, expenses, review and catastrophe.
  - Mortality risk consists of applying a permanent instantaneous increase of 15% in the mortality rates used to calculate the technical provisions.
  - Longevity risk consists of applying a permanent instantaneous decrease of 20% in the mortality rates used to calculate the technical provisions.

- o The morbidity/disability risk consists of applying a 35% increase in disability ratios in the following year, combined with a 25% permanent increase.

- o The risk of portfolio decline, in the same way as in the Non-Life and Health business, is considered as the risk of losing customers if a certain volume of policies is cancelled before maturity by policyholders within the Entity. The fall risk calculates the charge arising from situations in which the recoveries do not reasonably conform to the forecast that has been considered in the calculation of the technical provisions. In this sense, it is calculated as the maximum of the following assumptions:
    - ▪ Upside fall risk: consists of a permanent increase in redemption rates by 50%.
    - ▪ Downside fall risk: consists of a permanent decrease in redemption rates by 50%.
    - ▪ A massive 40% bailout in the following year.
- o The expenses risk consists of applying a 10% increase in the expenses incorporated in the calculation of the technical provisions, combined with a 1 percentage point increase in the inflation rate of these expenses.
- o Review risk is the risk inherent in the production of losses in the event that an annuity is reviewed after its payment has begun, due to various circumstances. The shock used is a 3% increase in income.
- o Catastrophe risk refers to losses caused by an instantaneous increase of 0.15 percentage points in the mortality rates used in the calculation of technical provisions to reflect mortality experience over the following twelve months.

Management

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

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

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

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

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

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

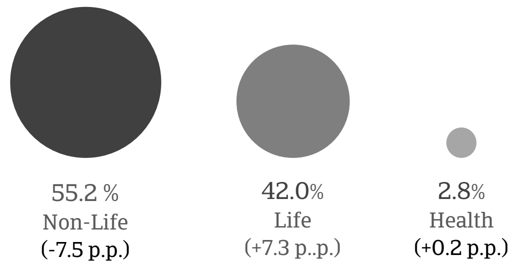
The risk management function contributes to the monitoring of early warning indicators, the SCR reports and the ORSA report.

For more information, see section C.7 on All other information and chapter E on Capital management.

Measurement

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

The Group presents the following underwriting risk profile:



The SCR of the Non-Life business is €1,146.4 million. The main capital charge comes from credit insurance risk with €733.7 million followed by premium and reserve risk with €404.5 million.

In the case of the Life insurance business, at €871.3 million, the main capital charge comes from the risk of the portfolio falling at €754.6 million, followed by mortality at €226.6 million.

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

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

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

Mitigation

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

The Group also benefits from the activity of the Insurance Compensation Consortium, which, among other functions, provides coverage for the following extraordinary catastrophic risks:

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

Underwriting policy

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

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

Reinsurance Policy

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

- Traditional business

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

- Credit insurance business

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

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

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

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

The Group also benefits from the activity of the Insurance Compensation Consortium, which, among other functions, covers the following extraordinary catastrophic risks:

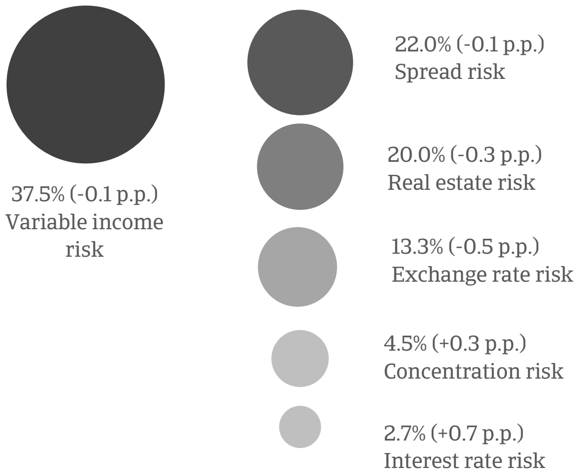
- Phenomena of nature: extraordinary floods, earthquakes, tidal waves, volcanic eruptions, atypical cyclonic storms and the fall of astral bodies and meteorites.
- Those violently caused by terrorism, rebellion, sedition, mutiny and popular tumult.
- Facts or actions of the Armed Forces or Security Forces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

C.2. Market risk

Market risk amounts to €1,450.7 million and is €34.3 million higher than in the previous year, mainly due to the annual amortization of the transitional measure for Variable Income risk.

Market risk is the second most significant in the Group, accounting for 37.7% of the SCR (without considering the effect of diversification). Within the market risk, the most important sub-risks are the risk in variable income and the spread risk, representing 37.5% and 22.0%, respectively.

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



For further information on the distribution of the Group's investments, see section A.2 on investments.

Origin

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

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

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

Management

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

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

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

Targets according to portfolios:

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

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

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

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

Portfolio analysis and monitoring

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

In particular, the following analyses are carried out:

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

For more information, see Chapter E, section on sensitivities of the solvency ratio to certain variables.

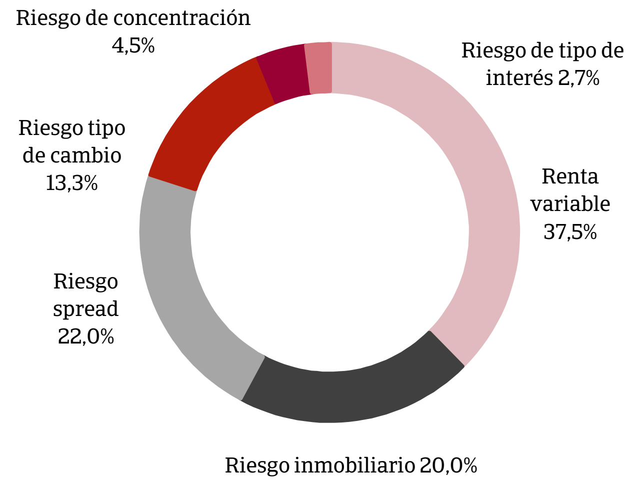
Measurement

The Group measures the market risk using the standard formula.

The SCR market at the end of 2020 amounted to €1,450.7 million, representing 37.7% of the Group's total SCR without considering diversification effects.

The main capital charges come from variable income investments (37.5%), as well as corporate fixed income investments (22.0%).

For more information, see chapter D on valuation for Solvency II purposes.



Mitigation

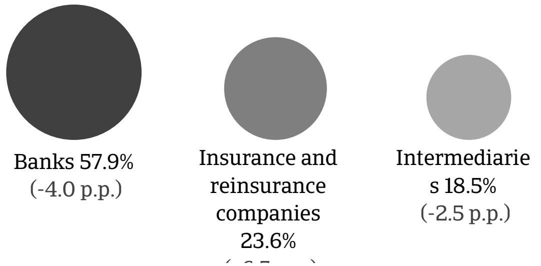
The main mitigator of market risk is the prudent management of investments itself, as well as monitoring and control mechanisms.

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

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

C.3. Credit or counterparty risk

Counterparty risk amounted to €178.7 million and was €49.2 million lower than the previous year due to the maturity of the investment in promissory notes during the year, which led to an improvement in the credit quality of cash and cash equivalents. This risk represents 4.6% of the Group's total SCR (excluding diversification effects). The most important exposure for the Group is from banks, accounting for 57.9% of total exposure to counterparty risk.



Main features

+20 Reinsurance companies | **Diversification** | **Average rating "A"** | **Liquid assets**

Origin

Counterparty risk arises from potential losses resulting from unexpected default or impairment in the credit quality of counterparties.
The Group's exposure to counterparty risk is:

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

Management

The Entity manages the counterparty risk that comes from cash in credit institutions through the specialist management company GCO Gestión de Activos.
In turn, counterparty risk arising from reinsurance recoveries (mostly from credit insurance) is managed and mitigated by the Group in a number of ways, including:

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

Measurement

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

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

Mitigation

The Group believes that the best tool for mitigating counterparty risk is compliance with investment and reinsurance policies, which define guidelines for the diversification and management of investments and reinsurance. The Group also establishes exposure limits, collateral and payment procedures.

The Group manages investments through GCO Asset Management, which actively manages the liquidity of the Group and its component companies in order to minimise the possible effects of counterparty risk on cash exposures in credit institutions.

For more information, see section C.4 on Liquidity Risk.

In addition, the Group defines for the reinsurers:

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

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

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

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

C.4. Liquidity risk

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

Origin

Risk of default in the event of an inability to obtain the necessary liquidity even with the necessary assets.

Management

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

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

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

Measurement

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

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

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

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

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

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

Mitigation

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

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

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

It should also be noted that, given the composition of the Group's portfolios, the repurchase of fixed-income positions, mainly sovereign bonds, allows financing to be obtained if necessary. Historically, these operations have only been carried out on an extraordinary basis, with the authorisation of the General Management. The cost of these will depend on the situation of the financial markets at any given time.

In addition, a simultaneous claim payment clause is established in the main reinsurance treaties so that reinsurers can more quickly anticipate the payment of a large claim instead of applying the usual payment terms agreed in the reinsurance agreements.

C.5. Operational risk

Operational risk amounted to €141.0 million, €2.6 million lower than in the previous year.

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

Origin

Operational risk is defined as the risk of loss arising from the inadequacy or dysfunction of internal processes, staff or systems, or from external events.

The Group identifies the following as the main operational risks:

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

Management

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

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

For more information, see section B.4 on the Internal Control System

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

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

Measurement

In addition to the Solvency II standard formula measurement, operational risk is measured in terms of probability of occurrence and severity of occurrence.

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

In order to ensure that the information contained in the Group's operational risk map is correct, various actions are carried out, including the following: (i) the regular performance of risk assessments by risk managers, (ii) the collection and monitoring of all operational event losses above the ten thousand euro threshold and (iii) the monitoring of key risk indicators in order to anticipate possible internal control weaknesses or increases in operational risk exposure.

Mitigation

The main elements to mitigate operational risks are:

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

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

C.6. Other significant risks

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

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

The main risks for the Group are described below:

Economic, geopolitical and competitive environment risk

The risk of the political environment is the risk with the possibility of affecting the economic interests of companies derived from political changes either at a national or international level. In turn, the economic environment risk is the risk that measures the possible changes, as well as the uncertainty generated, which may affect the Group's results as a result of changes in the national and international economic environment. In particular, it highlights the global pandemic risk associated with the current pandemic crisis, the global economic crisis and loose monetary policy with interest rates at rock-bottom levels:

- The Group defines the management of these risks in the Group's investment policy.
- They are measured and monitored through the various portfolio analyses and sensitivity scenarios performed by the Group (included in the financial reports, investment reports and risk control reports), and the continuous monitoring of various market indicators.
- According to the Investment policy, these are mitigated through prudent and diversified portfolio management, ALM management of assets and liabilities, the maintenance of sufficient cash balances to meet possible contingencies, and the investment management decisions taken by the various Group and Individual Entity Committees on the basis of the aforementioned analyses.

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 therein.

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 in the framework of a claim.

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

In order to manage this risk the Group:

- Avails of a code of ethics signed by the board members, employees and service providers.
- Has a defined procedure for dealing with 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.

Risk of contagion

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

In order to manage this risk the Group:

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

The Group's risk map has not detected any contagion risk in addition to that arising from possible limitations on the fungibility and transferability of capital.

In establishing the capital structure, the Group takes into account the transferability of capital. The transferability of capital represents the possibility of transferring funds between the different entities that make up the Group. In order to determine the transfer of funds between Group entities, the following factors are analysed in both the periodic information and the ORSA reports:

- In accordance with the provisions of Article 71 of LOSSEAR, equity shall be classified in Tier 1, 2 or 3. In this regard, at Group level, the only item that would not be considered Tier 1 would be the subordinated loan and bond (Tier 2).

The Group has analysed the eligibility/availability of these subordinated liabilities in the equity according to the Tier 2 limits, and 100% of both can be considered eligible.

- The corresponding adjustments to the equity of any minority interest in a subsidiary that is greater than that subsidiary's contribution to the group Solvency Capital Requirement.
- The possible limitations arising from the local requirements of the Entities or branches of the Credit business operating outside the European Economic Area. According to the analyses performed, no material adjustments are required to the Group's solvency capital requirement or shareholders' equity.

Concentration risk

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

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

The Group manages concentration risk through:

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

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

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

Risk of regulatory non-compliance

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

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

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

The Group controls this risk through the regulatory compliance verification function.

The main mitigation measures that the Group applies are:

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

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

Legal risk

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

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

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

Cybersecurity risk

Risk from attacks through technological networks. This risk can materialise in the theft of personal data, misuse of information, interruptions in the functioning of systems, changes in operating systems, etc.

For this risk, the Group has personal data protection policies, privacy policies and security policies. In this area, there are early warning indicators related to system security, and the IT security manager is responsible for assessing the measurement and mitigation of these risks. In addition, 24/7 analysis tools are available and internal and external audits are carried out periodically.

Emerging risks

Emerging risks are risks resulting from increased exposure or susceptibility to a previously unknown factor, or associated with increased exposure to an already identified hazard.

The identification of possible emerging risks is carried out by monitoring the external environment (regulatory changes, market changes, etc.) and the company's own environment (development of new products, entry into new markets, etc.).

Of the risks defined in the Group's risk map, the following are identified as the main emerging risks that may have the greatest strategic impact on the Group in the future:

- Financial volatility
- Maintaining prolonged low rates
- Prolonged economic recession
- Regulatory frameworks
- Cyber risks

Given the circumstances of the current pandemic crisis, the Group considers the possibility of a prolonged economic recession to be an emerging risk that could have the greatest impact in the future. In this regard, the first three risks previously identified as emerging are included in the adverse scenario carried out by the Group in the ORSA exercise, which shows, in all the projection years, a robust solvency ratio enabling the interests of policyholders and insured parties to be guaranteed.

Social, environmental and governance risks

Sustainability risks are defined as those risks that constitute the possibility of losses driven by environmental, social and governance ("ESG") factors.
Of the risks included in the Group's risk map, the following are identified as the main sustainability risks that could have the greatest strategic impact on the Group in the future, classified according to whether they are physical risks, transition risks or liability risks:

- Physical Risks: These are those arising from climate change and arise from a number of specific weather events, can have financial implications for organisations, such as direct damage to assets and indirect impacts arising from supply chain disruption (e.g. arising from increased claims and payments for insured goods due to increased natural catastrophes).
- Transition Risks: They emerge as society adapts to a low-carbon economy. There are a number of factors that influence the adjustment to a sustainable economy, such as policy developments, regulation, new technologies or business models, changing social sensitivities and preferences, or evolving legal frameworks and interpretations (e.g. the impact on the overall economy of new sustainability regulations that may affect investment portfolios, or the economic impact of pressure on certain investments due to their sustainable or non-sustainable component).
- 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.

Bearing in mind that these risks may affect the Group as a whole, directly or indirectly, and that they must therefore be integrated transversally into the Group's risk policies, a Sustainability Committee has been set up.

The management, measurement and monitoring of these risks is defined in the climate change and environment policy, as well as in the rest of the Group's governance policies, according to which:

- The impacts of such risks, to the extent relevant, are analysed in financial planning with the aim of adapting, if necessary, strategic planning in the light of the risks identified.
- The necessary metrics are implemented to help measure and manage the risks and opportunities arising from climate change.
- A periodic report is made at the highest level on the identification of such risks and their impact on the business.

Intangible assets and goodwill risk

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

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

At balance sheet level, the Group considers the value of intangible assets and goodwill to be zero.

At balance sheet level, intangible assets are measured at net acquisition cost and impairment analyses are performed periodically.

C.7. Any other information.

C.7.1. Dependencies between the significant risks

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

C.7.2. Sensitivity analysis of the SCR

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

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

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

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

D

Valuation for Solvency purposes

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

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

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

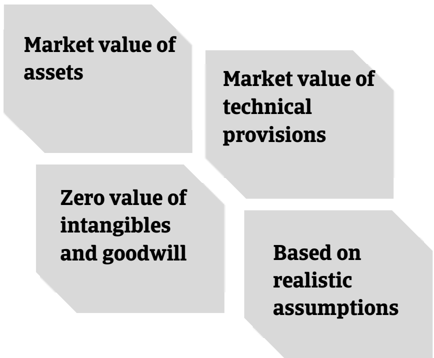
Annex D explains in detail the concepts and methods used in the preparation of the economic report and the reconciliation with the balance sheet

D.0. Introduction

At the close of financial year 2020, Grupo Catalana Occidente had assets with a market value of €16,504.5 million, 5.3% more than at the close of 2018.

The main item corresponded to financial and real estate investments, which represented 74.4% of total assets, in line with the previous year.

In the financial balance sheet, total assets are €480.2 million lower than in the balance sheet. The main causes of this difference are summarised below:



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

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

Annex D details the information with reconciliation tables of the economic balance sheet with the accounting balance sheet, as well as the QRT S.02.01.02.

D.1. Valuation of assets

Total Group assets amounted to €16,504.5 million, €830.0 million more than in the previous year.

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

- **Reinsurance recoverables:** This increases by €293.2 million compared to the previous period due to the evolution of the business, mainly in Credit.

- **Cash and other cash equivalents** Cash exposure has increased by €279.7 million due to the evolution of the business and the Group's capital management.

Figures in € thousand

Evolution of the financial balance sheet	2019	2020	Diff
Goodwill	0.0	0.0	0.0
Deferred acquisition costs	0.0	0.0	0.0
Intangible assets	0.0	0.0	0.0
Deferred tax assets	925,648.4	1,003,911.4	78,263.0
Surplus pension benefits	53,393.0	53,667.0	274.0
Property, land and equipment for own use	594,097.0	592,086.7	-2,010.3
Investments (other than Index-linked and Unit-linked assets)	11,013,328.7	11,075,760.5	62,431.8
Investments for Unit linked	574,359.3	618,611.7	44,252.4
Loans and mortgages	164,353.1	194,546.3	30,193.2
Reinsurance recoverables	390,640.9	683,884.2	293,243.3
Deposits to assignors	25,395.9	24,007.2	-1,388.7
Insurance and brokering receivables	258,167.7	257,689.8	-477.9
Reinsurance receivables	74,985.2	154,122.9	79,137.7
Receivables (other than from reinsurance operations)	204,367.2	253,418.7	49,051.5
Treasury shares	635.9	635.9	0.0
Amounts owed on equity items	0.0	0.0	0.0
Cash and other liquid assets	1,200,404.6	1,480,151.3	279,746.6
Other assets	194,783.3	112,032.7	-82,750.6
Total assets	**15,674,560.2**	**16,504,526.1**	**829,965.9**

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

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

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

- **Investments (other than Index-linked and Unit-linked assets)** The financial balance sheet provides €379.9 million more than in the accounting records, mainly due to investments in property for the use of third parties, which are valued at market value in the financial balance sheet (corresponding to their appraisal value determined by approved appraisal bodies) and at amortised cost in the accounting records, i.e. €379.1 million.

- **Reinsurance recoverables:** In the financial balance sheet, the reinsurance recoverable is calculated using the same calculation methodology as the best estimate of technical provisions, which is €299.1 million lower than in the balance sheet.

- **Deferred acquisition costs:** In the financial balance sheet they are considered to be of zero value (as they are implicitly included in the calculation of the best estimate of premiums), while for accounting purposes they represent €236.6 million.

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

- **Property, land and equipment for own use:** In the economic balance sheet they contribute €146.1 million more than in the accounting balance sheet, due to the fact that the economic balance sheet is valued at market value, which corresponds to their appraisal value, determined by approved appraisal bodies (this appraisal is carried out every two years). In addition, the economic balance sheet includes the right of use of the long-term leased assets in which the Company acts as lessee in accordance with IFRS16. (see note 5.1 annex D).

For more information, see annex D on valuation for Solvency purposes.

Figures in € thousand

Balance sheet 2020	Financial	Accounting	Diff
Goodwill	0.0	801,971.5	801,971.5
Deferred acquisition costs	0.0	236,559.3	236,559.3
Intangible assets	0.0	192,079.4	192,079.4
Deferred tax assets	1,003,911.4	271,945.4	-731,966.0
Surplus pension benefits	53,667.0	53,667.0	0.0
Property, land and equipment for own use	592,086.7	446,019.7	-146,067.0
Investments (other than Index-linked and Unit-linked assets)	11,075,760.5	10,695,869.6	-379,890.9
Investments for Unit linked	618,611.7	618,611.7	0.0
Loans and mortgages	194,546.3	202,490.2	7,943.9
Reinsurance recoverables	683,884.2	982,938.1	299,053.9
Deposits to assignors	24,007.2	24,007.2	0.0
Insurance and brokering receivables	257,689.8	358,951.8	101,262.0
Reinsurance receivables	154,122.9	74,852.9	-79,270.0
Receivables (other than from reinsurance operations)	253,418.7	258,598.7	5,180.1
Treasury shares	635.9	23,539.1	22,903.2
Amounts owed on equity items	0.0	0.0	0.0
Cash and other liquid assets	1,480,151.3	1,522,636.1	42,484.8
Other assets	112,032.7	219,987.8	107,955.1
Total assets	**16,504,526.1**	**16,984,725.4**	**480,199.3**

D.2. Valuation of technical provisions

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

At the close of the financial year, in the financial balance sheet, the net technical provisions represent 51.8% of the total of the Group's balance sheet with €8,121.5 million, net of reinsurance, increasing by €376.0 million in relation to the previous year:

74.1%
Technical provisions life (including unit-link)

25.9%
Technical provisions for non-life and health insurance

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

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

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

The benefit of future premiums is included in the calculation of the best estimate, reducing the value of technical provisions. At Grupo Catalana Occidente, this value corresponds to €1,315.8 million in Life and €102.9 million in Non-Life.

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

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

The risk margin is calculated as the capital cost of the present value of future capital requirements (SCR).

At consolidated Group level, the risk margin is the straight-line sum of the risk margins of each of the individual entities.

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

For further information, see Annex D - QRTs S.02.01.02, and S 22.01.22.

D.2.1. Technical provisions for Non-Life insurance

This heading includes the Health business assimilable to Non-Life ("NSLT Health" - with techniques similar to Non-Life).

Technical provisions net of reinsurance of the Non-Life and Health NSLT business amounted to €2,106.9 million, representing 25.9% of total net technical provisions.

Best Estimate Non-Life & Health Insurance

Non-Life and Health Insurance Risk Margin

+11.1% compared

+10.1% compared

The best estimate according to Solvency II in the Non-Life business increases by €192.5 million due to the evolution of the Credit business.

Information is provided below by line of creditworthiness business.

figures in thousands of euros and net of reinsurance	TOTAL	BEL	RM
Motor CL	602,397.11	585,903.31	16,493.80
Motor other	119,086.65	114,137.86	4,948.79
Transport*	24,188.10	22,792.58	1,395.52
Fire and other property damage *	415,340.72	398,931.43	16,409.29
Civil Liability*	161,898.56	150,687.68	11,210.89
Credit and surety	708,353.83	586,211.08	122,142.75
Legal expenses	1,935.10	1,868.12	66.98
Assistance	-139.05	-161.53	22.48
Other	8,986.73	8,009.34	977.39
Total Non Life	**2,042,047.76**	**1,868,379.87**	**173,667.89**
Total Health NSLT*	**64,854.91**	**58,489.38**	**6,365.53**

(*) Includes non-proportional reinsurance business lines

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

The technical provisions of the traditional Non-Life business at €1,398.5 million represent 17.2% of the total technical provisions, with motor and fire and other damages to assets being the main items.

In the economic balance sheet, the technical provisions of the traditional business are broken down as follows:

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

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

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

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

For further information, see explanatory notes to the balance sheet in Annex D.

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

The credit insurance business at €708.3 million of net technical provisions represents 8.7% of total technical provisions and increases by 28.8%.

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

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

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

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

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

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

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

- *The choice of contractual limits*

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

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

- *Amounts recoverable from reinsurance*

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

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

- *Risk margin*

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

D.2.2. Technical provisions for Life insurance

This heading includes the technical provisions of unit-linked insurance.

At the end of the financial year, the net technical provisions for life insurance amounted to €6,014.6 million, representing 74.1% of the total, with the savings products with profit participation (PB in Spanish) contributing the most.

The best estimate according to Solvency II in the Life business increases by €62.8 million mainly due to the evolution of the business, the lowering of the curve and the updating of the assumptions according to the conditions of the current environment.

Figures in € thousand

	TOTAL	BEL	RM
Insurance with a stake in B°	5,186,626.74	5,132,426.73	54,200.00
Index-linked insurance	516,893.20	504,350.84	12,542.36
Other life insurance	274,460.84	-312,821.82	587,282.65
Accepted reinsurance	19,359.14	2,216.71	17,142.42
Total Life	**5,997,339.9**	**5,326,172.5**	**671,167.4**
Total Health SLT	**17,298.56**	**17,298.56**	**0.00**

Net reinsurance figures

In Life, the technical provisions in the financial balance sheet net of reinsurance are €808.9 million lower than the accounting provisions due to the different calculation methodology.

The main differences in the calculation methodology are summarised below:

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

The main valuation change for Solvency II purposes is mainly due to the impact of the risk-free curve for discounting future flows in Life Savings products and the recognition of the future benefit of premiums for Life Risk products.

Categories and procedure for deriving assumptions

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

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

The assumption derivation procedure consists of the following:

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

Methodology for calculating best estimate assumptions

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

The cash flow projections used in the calculation of the best estimate for life insurance obligations are made on a policy-by-policy basis or, for group policies, on a policyholder-by-insured basis, and the assumptions mentioned above are applied.

The flows take into account all the cash inflows and outflows necessary to settle the insurance obligations over their entire term.

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

- The insurance company cannot exercise the right to cancel the contract unilaterally (except where age limits for non-renewal set out in the contract from the outset are reached).
- The insurer may not unilaterally refuse to pay premiums under the contract (except where age limits for non-renewal set out in the contract from the outset are reached).
- The insurer cannot unilaterally modify the premiums or benefits, and must refrain from making an individual assessment of the insured party's individual risk after the one made at the outset of the contract (unless the policyholder requests new benefits to be insured). However, this third factor is

mitigated by the fact that it is established that it is possible to amend the premium or benefit rates at the level of a portfolio as long as it is due to a material deviation in the claim and the

- total expenses of the portfolio.

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

Life insurance policies (death and/or disability) and funeral insurance policies in which the three above circumstances are reflected in the contract, are considered by the Entity to be whole life insurance policies and, consequently, for a duration longer than the annuity of the policy.

For the calculation of the risk margin, the full method of Guideline 62 of Final Report on public Consultation No. 14/036 on Guidelines on Valuation of Technical Provisions has been used, discounting the future SCR's of the Life portfolio and applying a capital cost of 6%.

Methodology for calculating best estimate assumptions

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

Impact of transitional measures and volatility adjustment

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

figures in thousands of euros and net of reinsurance

	With VA	With VA	Without VA
	With Transitory PT	Without Transitory PT	Without Transitory PT
Technical Provisions	8,121,541	8,396,371	8,409,854
Solvency Capital Requirement	2,101,926	2,101,926	2,104,544
Minimum Capital Requirement	770,168	770,168	772,785
Basic Equity	4,543,916	4,337,793	4,327,681
Eligible Equity to cover the SCR	4,543,916	4,337,793	4,327,681
Eligible Equity to cover the MCR	4,481,081	4,274,959	4,264,847

The data shown do not take into account the adjustment of the counterparty's probability of default.

For further information, see Annex D - QRT S.22.01.22.

D.2.3. Uncertainty level

The state of the economy is an important factor in the frequency and severity (average cost) of claims. In turn, all the Group's business lines may see their provisions affected as a result of legislative changes.

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

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

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

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

In addition, the following analyses are performed to assess the level of uncertainty of technical provisions:

In the case of Non-Life traditional business:

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

In the case of credit insurance:

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

In the case of Life insurance:

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

D.3. Valuation of other liabilities

The Group's total liabilities amounted to €11,868.0 million, €872.2 million more than in the previous year.

On the liabilities side, in addition to the technical provisions mentioned above, there are other relevant items on the balance sheet amounting to €3,062.5 million.

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

- **Debts from reinsurance operations** At the end of 2020, the balance sheet totalled €293.8 million, resulting in a difference of €210.6 million compared to the previous year due to government agreements.

Figures in € thousand

Evolution of the financial balance sheet	**2019**	**2020**	**Diff**
Contingent liabilities	0.0	0.0	0.0
Provisions other than technical prov.	26,655.0	19,559.9	-7,095.1
Pension benefit obligations	188,251.8	203,259.4	15,007.7
Reinsurance deposits	52,905.8	58,276.6	5,370.8
Deferred tax liabilities	1,456,352.0	1,445,920.3	-10,431.6
Derivatives	0.0	0.0	0.0
Debts with credit institutions	0.2	0.0	-0.2
Financial liabilities other than debts to credit institutions	-611.1	-13.6	597.5
Debts with intermediaries	96,493.0	101,051.8	4,558.8
Debts from reinsurance operations	83,197.1	293,839.3	210,642.2
Other debts	561,674.4	575,254.2	13,579.8
Subordinated liabilities other than Core Equity	0.0	0.0	0.0
Subordinated liabilities in Core Equity	213,216.0	216,868.3	3,652.3
Other liabilities	181,505.5	148,513.1	-32,992.4
Total other liabilities	**2,859,639.5**	**3,062,529.3**	**202,889.8**

With regard to the accounting view, the main differences are in the following items:

- **Deferred tax liabilities**

For accounting purposes, this arises from temporary differences resulting from the different result of the accounting profit/loss and the tax base. Deferred tax liabilities in the balance sheet are recognised for the tax effect of the difference between the valuation of assets and liabilities for solvency purposes and their accounting valuation.

- **Other liabilities**

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

For more information, see annex D on valuation for Solvency purposes.

Figures in € thousand

Balance sheet 2020	Financial	Accounting	Diff
Contingent liabilities	0.0	0.0	0.0
Provisions other than technical prov.	19,559.9	31,131.0	-11,571.1
Pension benefit obligations	203,259.4	203,467.8	-208.4
Reinsurance deposits	58,276.6	58,276.6	0.0
Deferred tax liabilities	1,445,920.3	488,816.6	957,103.7
Derivatives	0.0	0.0	0.0
Debts with credit institutions	0.0	0.0	0.0
Financial liabilities other than debts to credit institutions	-13.6	0.0	-13.6
Debts with intermediaries	101,051.8	116,160.5	-15,108.7
Debts from reinsurance operations	293,839.3	274,830.5	19,008.8
Other debts	575,254.2	578,760.5	-3,506.3
Subordinated liabilities other than Core Equity	0.0	0.0	0.0
Subordinated liabilities in Core Equity	216,868.3	200,703.7	16,164.6
Other liabilities	148,513.1	495,508.1	-346,994.9
Total other liabilities	**3,062,529.3**	**2,447,655.3**	**614,874.0**

D.4. Alternative valuation methods

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

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

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

D.5. Any other information.

Not applicable.

E

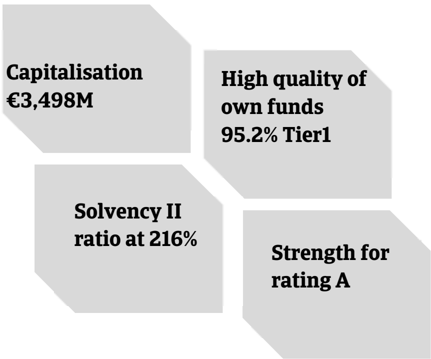
Capital management

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

It also includes qualitative and quantitative information at consolidated level on available equity and the risk breakdown requirements of the Solvency Capital Requirement.

E.0. Introduction

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



For more information, see chapter C on risk profile, which explains risk appetite and risk tolerance.

E.0.1. Principles and objectives

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

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

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

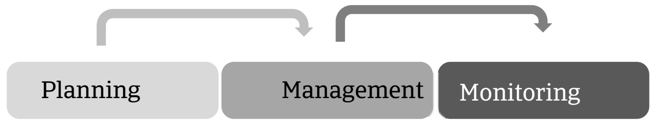
Capital quantification is carried out at the Group level and at the level of each of the entities, using different regulatory models for monitoring:

The main objectives of the Group are:

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

E.0.2. Process of capital management

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



Capital planning

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

Grupo Catalana Occidente considers the consumption of capital in the medium term for decisions on dividend distribution, organic growth or acquisition of companies, asset allocation of investments, reinsurance programs and financing alternatives (financial flexibility), among other issues. In this way, an understanding of how risk-taking consumes capital enables the Group to manage by making risk-based decisions.

Capital management

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

▷ **Recurring results**
Rigorous technical-actuarial management
Optimal management of investments

▷ **Stable and growing dividend**
Average growth in line with profits

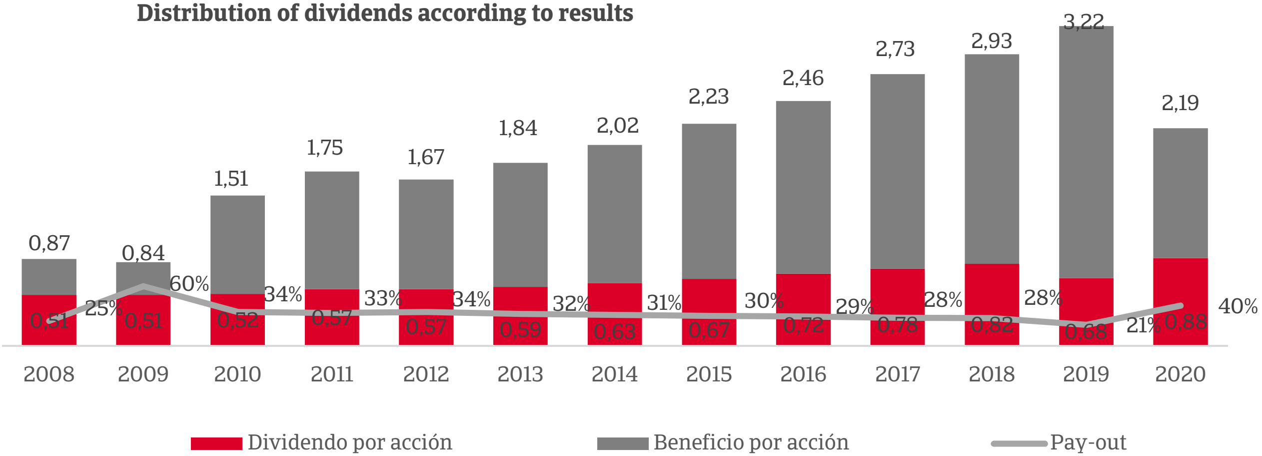
▷ **Solvency as a strategic pillar**
Development in accordance with the appetite and tolerance levels to risk

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

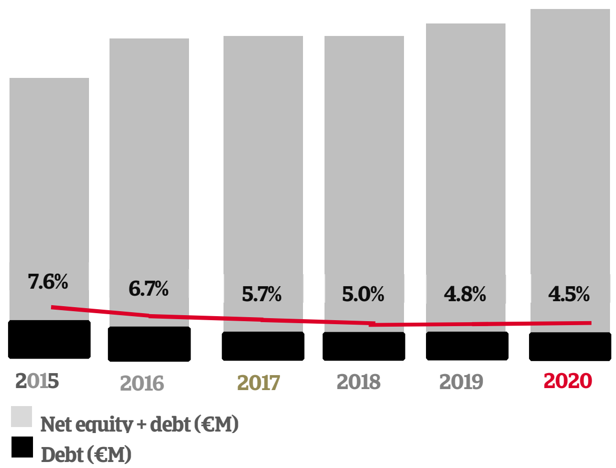
▷ **Financial flexibility**
Transfer and fungibility of capital within the Group
Capacity to attend the capital market
Reduced indebtedness level

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

Distribution of dividends according to results



Reduced debt ratio



Capital monitoring

The Group measures the capital position mainly through:

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

E.0.3. Holding - entity relationship

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

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

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

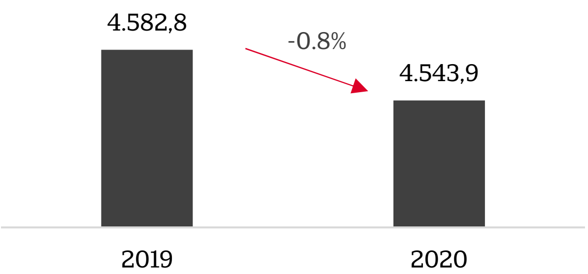
E.1. Equity

E.1.1. Structure and quality

The Group's equity under solvency at the end of 2020 amounted to €4,543.9 million and consisted of:

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

Evolution of available capital



A breakdown of the adjusted core capital is given below:

Core equity	(Figures in € thousand)
Share Capital of Common Shares (including treasury shares)	36,000.0
Initial mutual fund	0.0
Common share issue premium	1,532.9
Preference share issue premium	0.0
Reconciliation reserve	4,530,662.7
Surplus funds	0.0
Other elements authorised as Core Equity	216,868.3
Value of net deferred tax assets	0.0
Other items approved as Core Equity by the supervisory authority not contained in the cells above	0.0
Equity of the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria for classification as Solvency II equity	-241,148.2
Total core equity after adjustments	**4,543,915.6**

The movement of the reconciliation reserve is as follows:

Reconciliation reserve	(Figures in € thousand)
Excess of assets over liabilities	4,636,571.5
Treasury shares (included as assets in the balance sheet)	-635.9
Planned dividends and distributions*	-67,740.0
Other core equity items	-37,532.9
Adjustment of restricted equity items to limited availability	0.0
Total reconciliation reserve	**4,530,662.7**

At year-end, the Group had €4,543.9 million of equity, which is considered to be core equity. All are considered Tier 1 except for the bond and the subordinated loan which are considered Tier 2. The Group's Tier 1 equity accounts for 95.3% of the total; and has no Tier 3 equity.

(Figures in € thousand)

Equity structure	2019	2020
Core	4,582,790.7	4,543,915.6
Complementary	0	0
Total	4,582,790.7	4,543,915.6
% Equity	100%	100%

(Figures in € thousand)

Quality of equity	2019	2020
Tier 1	4,369,574.8	4,327,047.3
% Equity	95.3%	95.2%
Tier 2	213215.9558	216868.27
% Equity	4.7%	4.8%
Tier 3	0	0
% Equity	0%	0%
Total	4,582,790.7	4,543,915.6
% Equity	100%	100%

For further information, see Annex E - QRT S.23.01.22

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

Net book equity consists of share capital, accumulated reserves, adjustments for changes in valuation and profit for the year. At the end of the year this amount was €3,961.2 million.

Under Solvency II, the excess of assets over liabilities of Grupo Catalana Occidente amounts to €4,636.6 million, with a change of -€42.2 million compared to the previous year.

Loss absorption mechanism

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

Net worth of the Financial Statements	**3,961,158.4**
Change in assets	
Intangible assets and deferred acquisition costs	-1,230,610.2
Real estate capital gains	525,122.5
Capital gains of investees	224,931.9
Capital gains of financial assets	-224,096.5
Best Estimate reinsurance technical provisions	-299,053.9
Credits receivable	-27,172.0
Deferred tax	731,966.0
Loans and Mortgages	-7,943.9
Treasury shares	-22,903.2
Cash and other assets	-150,439.9
Change in liabilities	
Best Estimate technical provisions direct insurance	2,621,687.2
Risk Margin technical provisions direct insurance	-851,200.9
Other liabilities	346,994.9
Pension benefit obligations	208.4
Reinsurance deposits	0.0
Subordinated liabilities in Core Equity	-16,164.6
Deferred tax	-957,103.7
Financial liabilities other than debts to credit institutions	13.6
Debts	-393.8
Other non-technical provisions	11,571.1
Excess assets over liabilities	**4,636,571.5**

For more information, see Annex D.1 on Reconciliation of the economic and accounting balance sheet and Annex E - QRT S.23.01.01

E.1.3. Restriction of available equity

Grupo Catalana Occidente's equity is available and transferable.

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

E.2. Solvency Capital Requirement and Minimum Capital Requirement

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

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

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

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

At year-end 2020, the Group's Solvency Capital Requirement (SCR) amounted to €2,101.9 million (€50.2 million lower than in the previous year) and the Minimum Capital Requirement (MCR) to €770.2 million (€13.5 million lower than in the previous year).

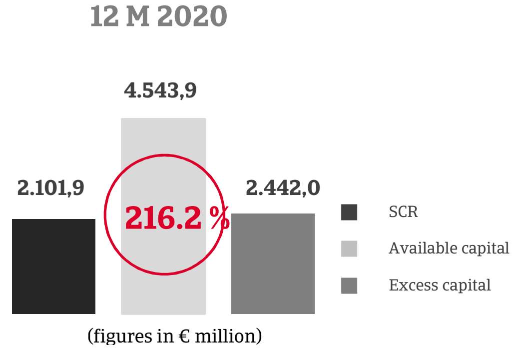
For more information, see Chapter C, section on risk profile, and Annex E - QRT S.25.02.22

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

E.2.1. Solvency ratio

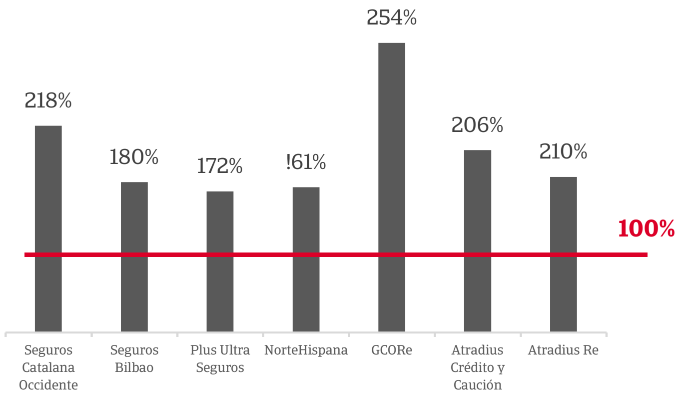
The Group has solid hedging ratios that are within the ranges established by the Group's risk appetite:

216.2 % on SCR **581.8%** on MCR



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

Solvency Ratio II of Group Companies



E.2.2. Analysis of sensitivity to the solvency ratio

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

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

Main assumptions in sensitivity analysis

▷ **Non Life underwriting**

Increase in claim rates
Decrease in premiums

▷ **Life underwriting**

Low long-term interest rate scenario (Japanese scenario)
Scenario of 100bps increase or decrease in the rate curve

▷ **Market**

5% decrease in the value of the properties
A 10%/25% drop in the value of variable income
Staggered fall in fixed income rating
100bp increase in the credit spread

▷ **Other scenarios**

In addition, the Group analyses its solvency position under the criteria of the Solvency II standard formula and the rating agencies for the following transactions:

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

Stress scenarios and Analysis of sensitivity to the solvency ratio

Main ratio scenario	**216.2%**
Underwriting scenarios	
Lowering premiums -5%	-1.5 p.p.
Increased claims ratio*	-18.7 p.p.
Set of scenarios	-19.8 p.p.
Market scenarios	
Variable income -10%	+2.9 p.p.
Real estate -5%	-1.7 p.p.
Set of scenarios	+1.1 p.p.
-25% VI	+1.5 p.p.
Rates curve +100 bps	+8.2 p.p.
Rates curve -100 bps	-9.0 p.p.
Spread +100 bps	-10.4 p.p.
Impairment rating	0.9 p.p.
Adverse scenario**	**-54.8 p.p.**
No VA and no PPTT transient	**-9.8 p.p.**

* Fire and other property damage, motor OG +10p.p and Motor CL +5 p.p
Credit insurance claims ratio 104%.
** -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.
-35% of Equity
-15% of properties
+200bps credit spreads
Credit insurance claims ratio 104%.

E.2.3. Solvency for rating agency purposes

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.

“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.

Rating **of Group entities**

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

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

E.3. Use of the duration-based equity risk sub-module in the Solvency Capital Requirement calculation

Not applicable.

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

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

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

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

- Premium and reserve risk
- Fall risk
- Catastrophe risk

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

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

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

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

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

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

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

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

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

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

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

The Group has not presented capital levels below those required.

E.6. Any other information.

E.6.1. Recognition and justification of Deferred Tax Assets

Insurance and reinsurance companies recognise and value the deferred taxes corresponding to all assets and liabilities that are recognised for tax or solvency purposes.

Deferred tax assets are generated by:

- Temporary differences as a result of the different result between the accounting profit/loss and the tax base (unused tax credits or losses).
- Differences between valuation criteria for accounting and solvency purposes.
- Instantaneous loss that would occur in a scenario equal to the Solvency Capital Requirement (SCR). The adjustment to take into account the loss-absorbing capacity of deferred taxes included in the SCR corresponds to the entity's current corporate income tax rate on the basic SCR and the operational SCR.

With regard to the loss absorption capacity of deferred taxes, at Group level they are calculated as a proportion of the sum of the SCR tax adjustments of the individual entities comprising the Group. The ratio used is that corresponding to the division of the Group SCR before tax adjustment by the sum of the SCRs before tax adjustment of the individual entities.

In order to demonstrate the recognition and justification of deferred tax assets, deferred tax liabilities in the Entity's balance sheet (DTLs) and future taxable profits to be generated that are not recognised in the balance sheet are taken into consideration, in both cases according to their temporary enforceability. Deferred tax assets that cannot be supported by the resources defined above cannot be computed. Grupo Catalana Occidente carries out this study for each tax jurisdiction, both for those corresponding to the economic balance sheet and those corresponding to the loss absorption capacity of the deferred taxes of the Solvency Capital Requirement.

F

Annexes

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

A. Activity and results

A.1. Details of subsidiaries

Figures in € Thousand

Company		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
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

Company		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros Plaza de las Cortes, 8 Madrid	Insurance and reinsurance	-	100%	100%	2,979,658	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 loss adjustment	-	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:

A.2. Details of associated entities with voting rights

Figures in € Thousand

Company		% of voting rights			Summarised financial information						
(Name and address)	Activity	Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary Income
Inversiones Credere S.A. Santiago - Chile	Holds shares	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)	Assistance	-	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.

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

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

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:accepted non-proportional reinsurance				
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
Premiums written																	
Gross - Direct Business	147.559.273	62.718.514	0	342.949.492	310.113.431	29.384.336	769.711.954	122.798.103	1.484.650.577	4.526.377	1.520.039	14.859.223					3.290.791.318
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	217.395.841	0	0	0					217.395.841
Gross - Non-proportional reinsurance accepted													0	0	0	6.117.063	6.117.063
Reinsurers' share	3.285.459	841.258	0	11.251.956	9.618.261	1.170.302	56.619.739	30.731.313	932.536.620	0	0	869.956	0	0	0	0	1.046.924.864
Net	144.273.814	61.877.256	0	331.697.536	300.495.169	28.214.034	713.092.215	92.066.790	769.509.798	4.526.377	1.520.039	13.989.267	0	0	0	6.117.063	2.467.379.358
Premiums earned																	
Gross - Direct Business	146.766.233	63.375.777	0	346.559.068	308.931.071	29.974.379	760.383.338	121.031.423	1.504.749.959	4.367.381	1.530.435	14.966.161					3.302.635.226
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	218.933.331	0	0	0					218.933.331
Gross - Non-proportional reinsurance accepted													0	0	0	6.087.183	6.087.183
Reinsurers' share	3.285.459	852.875	0	12.016.744	9.739.661	1.140.997	53.877.275	27.196.265	901.343.346	0	0	783.663	0	0	0	0	1.010.236.285
Net	143.480.774	62.522.902	0	334.542.325	299.191.410	28.833.382	706.506.063	93.835.157	822.339.945	4.367.381	1.530.435	14.182.498	0	0	0	6.087.183	2.517.419.456
Claims incurred																	
Gross - Direct Business	99.461.461	24.706.963	0	265.488.427	131.017.528	17.299.061	413.899.821	52.041.173	868.295.694	1.459.085	134.988	860.657					1.874.664.857
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	177.631.360	0	0	0					177.631.360
Gross - Non-proportional reinsurance accepted													0	0	0	3.507.055	3.507.055
Reinsurers' share	1.492.648	652.422	0	11.891.420	-163.348	726.885	48.968.109	13.998.671	552.562.770	0	0	438	0	0	0	248.279	630.378.294
Net	97.968.813	24.054.541	0	253.597.006	131.180.876	16.572.176	364.931.712	38.042.502	493.364.283	1.459.085	134.988	860.219	0	0	0	3.258.776	1.425.424.977
Changes in other technical provisions																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	21.120.660	24.876.436	0	108.805.793	76.028.631	10.402.868	262.254.990	33.905.179	468.273.481	1.629.834	710.523	5.607.868	0	0	0	574.139	1.014.190.402
Other expenses																	-1.509.623
Total expenses																	1.012.680.779

	Line of Business for: life insurance obligations						Life reinsurance obligations		
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
Premiums written									
Gross	209.092	503.425.076	132.655.751	279.673.537	0	0	0	0	915.963.456
Reinsurers' share	209.092	78.507	960	10.428.371	0	0	0	0	10.716.929
Net	0	503.346.570	132.654.792	269.245.165	0	0	0	0	905.246.527
Premiums earned									
Gross	209.092	503.437.137	132.652.036	279.382.433	0	0	0	0	915.680.699
Reinsurers' share	209.092	87.380	912	10.311.756	0	0	0	0	10.609.140
Net	0	503.349.758	132.651.124	269.070.677	0	0	0	0	905.071.559
Claims incurred									
Gross	0	516.739.503	73.665.503	186.589.819	155.789	0	0	0	777.150.614
Reinsurers' share	0	0	0	4.304.218	191.340	0	0	0	4.495.558
Net	0	516.739.503	73.665.503	182.285.602	-35.551	0	0	0	772.655.056
Changes in other technical provisions									
Gross	-1.576.247	73.651.408	27.837.210	-38.541.366	249.428	0	0	0	61.620.432
Reinsurers' share	0	0	0	178.369	0	0	0	0	178.369
Net	-1.576.247	73.651.408	27.837.210	-38.719.735	249.428	0	0	0	61.442.063
Expenses incurred	213.303	37.975.913	11.897.295	96.599.428	15.306	0	0	0	146.701.245
Other expenses									0
Total expenses									146.701.245

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

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		DE	FR	GB	NL	IT	
Premiums written							
Gross - Direct Business	2.072.438.015	173.393.437	136.539.247	127.220.960	110.522.222	102.900.842	2.723.014.723
Gross - Proportional reinsurance accepted	-2.554	924.001	0	2.391	8.121.934	12.492	9.058.264
Gross - Non-proportional reinsurance accepted	56.209	168.560	17.848	222	-1.011	761.029	1.002.855
Reinsurers' share	249.332.382	119.955.533	78.933.388	109.035.384	124.906.951	63.521.211	745.684.850
Net	1.823.159.288	54.530.464	57.623.706	18.188.189	-6.263.806	40.153.152	1.987.390.992
Premiums earned							
Gross - Direct Business	2.069.992.308	173.790.882	136.271.105	125.640.361	119.532.977	107.376.685	2.732.604.317
Gross - Proportional reinsurance accepted	16.635	-38.184	0	421	89.455	7.469	75.796
Gross - Non-proportional reinsurance accepted	-29.694	168.560	17.848	19.340	-1.011	761.029	936.071
Reinsurers' share	230.212.386	117.226.620	78.798.873	98.773.012	121.252.650	64.845.425	711.108.966
Net	1.839.766.863	56.694.638	57.490.079	26.887.110	-1.631.230	43.299.758	2.022.507.218
Claims incurred							
Gross - Direct Business	1.234.054.892	69.463.651	35.915.479	111.734.172	41.446.844	52.471.663	1.545.086.700
Gross - Proportional reinsurance accepted	159.756	965.782	-2.090	-2.665	2.531.117	-860.694	2.791.206
Gross - Non-proportional reinsurance accepted	-363	6.810	2.090	1.841	-44.759	757.745	723.363
Reinsurers' share	177.590.783	73.812.145	30.195.796	83.583.178	44.398.078	36.052.881	445.632.862
Net	1.056.623.501	-3.375.903	5.719.683	28.150.170	-464.876	16.315.833	1.102.968.408
Changes in other technical provisions							
Gross - Direct Business	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0
Expenses incurred	575.481.021	60.817.719	18.033.827	5.605.787	1.142.445	15.858.181	676.938.980
Other expenses							-1.510.556
Total expenses							675.428.424

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
Premiums written							
Gross	912.583.639	0	0	0	0	0	912.583.639
Reinsurers' share	10.716.929	0	0	0	0	0	10.716.929
Net	901.866.710	0	0	0	0	0	901.866.710
Premiums earned							
Gross	912.296.197	0	0	0	0	0	912.296.197
Reinsurers' share	10.609.140	0	0	0	0	0	10.609.140
Net	901.687.058	0	0	0	0	0	901.687.058
Claims incurred							
Gross	773.525.896	0	0	0	0	0	773.525.896
Reinsurers' share	4.495.558	0	0	0	0	0	4.495.558
Net	769.030.338	0	0	0	0	0	769.030.338
Changes in other technical provisions							
Gross	61.620.432	0	0	0	0	0	61.620.432
Reinsurers' share	178.369	0	0	0	0	0	178.369
Net	61.442.063	0	0	0	0	0	61.442.063
Expenses incurred	146.263.776	0	0	0	0	0	146.263.776
Other expenses							-273
Total expenses							146.263.503

B. Governance system

B.1. Breakdown of ORSA processes

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

ORSA Process

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

Stages of the ORSA Process

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

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

C. Risk profile

RISKS INCLUDED IN PILLAR 1			
Risk	**Description**	**Regulation**	**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.

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

D. Valuation for solvency purposes

The valuation principles of Solvency II are in accordance with Articles 75 to 86 of the Solvency II Directive, Articles 7to16 of the Delegated Regulation implementing it, the Guidelines and Recommendations supplementing the Solvency Regulation and regulations LOSSEAR and ROSSEAR transposing Community regulations.

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

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

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

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

Functional and reporting currencies

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

The balance sheet of Solvency II is presented in euros.

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

D.1. Reconciliation of the economic balance sheet with the accounting balance sheet and explanatory notes (figures in euro).

	Financial 19	Financial 20	Accounting	
Goodwill	0	0	801,971,533	Note 1
Deferred acquisition costs	0	0	236,559,301	Note 2
Intangible assets	0	0	192,079,398	Note 3
Deferred tax assets	925,648,433	1,003,911,395	271,945,386	Note 4
Surplus pension benefits	53,393,000	53,667,000	53,667,000	
Property, land and equipment for own use	594,097,015	592,086,699	446,019,689	Note 5.1
Investments (other than Index-linked and Unit-linked assets)	11,013,328,682	11,075,760,496	10,695,869,610	Note 5.2
Assets held for unit-linked fund purposes	574,359,286	618,611,660	618,611,660	Note 6
Loans and mortgages	164,353,133	194,546,288	202,490,167	Note 7
Reinsurance recoverables	390,640,885	683,884,157	982,938,096	Note 8
Deposits to assignors	25,395,873	24,007,162	24,007,162	
Insurance and brokering receivables	258,167,673	257,689,783	358,951,812	Note 9
Reinsurance receivables	74,985,165	154,122,915	74,852,872	
Receivables (other than from insurance operations)	204,367,189	253,418,670	258,598,721	Note 9
Treasury shares	635,909	635,909	23,539,098	
Amounts due from equity items or initial fund required but not disbursed	0	0	0	
Cash and other cash equivalents	1,200,404,632	1,480,151,262	1,522,636,106	
Other assets	194,783,277	112,032,676	219,987,772	Note 10
Total Assets	**15,674,560,152**	**16,504,526,072**	**16,984,725,381**	

	Financial 19	Financial 20	Accounting	
Technical provisions - Non-Life	2,289,695,641	2,794,287,895	3,755,888,559	Note 11
Technical provisions - Life	5,846,453,157	6,011,137,400	6,820,023,111	Note 12
Other technical provisions	0	0	0	
Contingent liabilities	0	0	0	
Other non-technical provisions	26,654,974	19,559,883	31,130,976	
Provisions for pensions and similar obligations	188,251,757	203,259,419	203,467,834	Note 15
Reinsurance deposits	52,905,806	58,276,568	58,276,568	
Deferred tax liabilities	1,456,351,969	1,445,920,337	488,816,648	Note 4
Derivatives	0	0	0	
Debts with credit institutions	208	4	4	
Financial liabilities other than debts to credit institutions	-611,135	-13,630	0	
Liabilities from insurance and coinsurance operations	96,493,039	101,051,821	116,160,519	
Liabilities from reinsurance operations	83,197,072	293,839,306	274,830,532	
Other debts and items payable	561,674,356	575,254,198	578,760,474	Note 13
Subordinated liabilities	213,215,956	216,868,270	200,703,673	Note 14
Other liabilities, not shown under other headings	181,505,501	148,513,130	495,508,058	Note 16
Liabilities	**10,995,788,300**	**11,867,954,602**	**13,023,566,954**	
Available equity	**4,678,771,852**	**4,636,571,470**	**3,961,158,427**	

Breakdown of the main asset headings

	Financial 19	Financial 20	Accounting	
Investments (other than Index-linked and Unit-linked assets)	**11,013,328,682**	**11,075,760,496**	**10,695,869,610**	
Investments in real estate (other than for own use)	1,034,468,094	1,071,931,222	692,875,737	Note 5.2
Shareholdings	302,736,187	310,114,458	85,182,515	Note 6.1
Variable income	1,084,143,419	1,116,248,575	1,306,444,987	Note 6.2
Variable income - Type 1	1,062,241,113	1,097,386,722	1,287,583,133	
Variable income - Type 2	21,902,306	18,861,854	18,861,854	
Bonds	7,302,789,742	7,519,646,569	7,527,209,411	Note 6.3
Public debt	3,478,798,947	3,363,391,711	3,370,954,553	
Private fixed income	3,801,024,895	4,133,505,897	4,133,505,897	
Structured financed assets	22,965,899	22,748,961	22,748,961	
Securities with collateral	0	0	0	
Investment funds	547,352,739	528,057,687	528,057,687	Note 6.4
Derivatives	0	0	0	
Deposits (other than cash equivalents)	741,838,501	529,761,985	556,099,273	Note 6.5
Other Investments	0	0	0	

	Financial 19	Financial 20	Accounting	
Loans and Mortgages	**164,353,133**	**194,546,288**	**202,490,167**	Note 7
Loans and mortgages to individuals	854,312	646398.59	646,399	
Other loans and mortgages	141,358,667	173,232,737	181,176,615	
Loans and policies	22,140,154	20,667,153	20,667,153	

	Financial 19	Financial 20	Accounting
Reinsurance Recoverables:	**390,640,885**	**683,884,157**	**982,938,096**
Non-life and health similar to non-life	391,757,150	687,385,229	974,675,569
Non-life excluding health	392,556,315	686,520,424	972,528,454
Health similar to non-life	-799,165	864,804	2,147,115
Life and health similar to life, excluding health and index-linked and unit-linked	-1,116,265	-3,501,071	8,262,527

Breakdown of the main liability items

	Financial 19	Financial 20	Accounting	
Technical provisions - non-life insurance	**2,289,695,641**	**2,794,287,895**	**3,755,888,559**	Note 11
Technical provisions - non-life insurance (excluding illness)	2,229,450,607	2,728,568,181	3,657,281,765	
Best Estimate (BE)	*2,072,179,837*	*2,554,900,290*	*0*	
Risk margin (RM)	*157,270,770*	*173,667,891*	*0*	
Technical provisions - health insurance (similar to non-life insurance)	60,245,033	65,719,715	98,606,794	
Best Estimate (BE)	*53,930,342*	*59,354,184*	*0*	
Risk margin (RM)	*6,314,691*	*6,365,530*	*0*	
Technical provisions - life insurance (excluding index-linked and unit-linked)	**5,338,991,989**	**5,494,244,203**	**6,201,276,756**	Note 12
Technical provisions - health insurance (similar to non-life insurance)	18,213,570	17,298,565	17,298,565	
Best Estimate (BE)	*18,213,570*	*17,298,565*	*0*	
Risk margin (RM)	*0*	*0*	*0*	
Technical provisions - life insurance (excluding health, index-linked and unit-linked)	5,320,778,419	5,476,945,638	6,183,978,191	
Best Estimate (BE)	*4,772,280,064*	*4,818,320,556*	*0*	
Risk margin (RM)	*548,498,355*	*658,625,082*	*0*	
Technical provisions - index-linked and unit-linked	**507,461,168**	**516,893,198**	**618,746,355**	
Best Estimate (BE)	*489,085,543*	*504,350,837*	*0*	
Risk margin (RM)	*18,375,625*	*12,542,361*	*0*	

Explanatory notes to the balance sheet:

Note 1 Goodwill

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

For balance sheet purposes it is valued at zero.

Note 2 Deferred acquisition costs

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

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

Note 3 Intangible assets

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

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

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

Note 4 Deferred tax assets and liabilities

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

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

Adjustment of the loss absorption capacity of deferred taxes

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

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

Note 5 Tangible fixed assets and investment property

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

Real estate can be placed in the following categories:

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

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

5.2 Real estate investments (not for own use)

Real estate that is held for rental income, such as in the case of leasing, capital gains or both, other than for sale in the ordinary course of business, qualifies as investment property for use by third parties. Land and buildings whose future use has not been decided at the time of incorporation are also assigned to this category.

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

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

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

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

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

6.1 Shareholdings in Group companies and associates:

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

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

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

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

6.1 Variable income:

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

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

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

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

6.2 Fixed income

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

There are three types:

- Public debt
- Private fixed income
- Structured financial assets

The valuation is the same in both regimes.

6.3 Investment Funds

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

6.4 Deposits (other than cash equivalents)

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

The differences between the two environments are due to the different valuation of SPVs and trust deposits. In the accounting balance sheet, the valuation performed by the counterparty is considered in the case of fiduciary deposits, since in the case of SPVs it is the institution that values them, while in the economic balance sheet they are valued by applying the look-through approach, breaking down the investment into each of the parts that make it up, so that each asset is valued separately. The individual valuation of each of these parts is made by discounting flows taking into account the credit risk associated with each.

Note 7 Loans and Mortgages

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

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

Note 8. Reinsurance Recoverables:

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

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

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

Note 9 Insurance and brokering receivables

Receivables are valued for accounting purposes at amortised cost.

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

Note 10 Other assets, not shown under other headings

The Entity has in its balance sheet 'Other assets, not shown under other items' which contains the concept of surety bonds.

Note 11 Technical provisions other than Life

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

Non-Life technical provisions (traditional business)

Provisions are broken down into premiums and claims

- **Premium Provision**

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

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

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

  The corresponding premium provision flows are obtained from the payment patterns. They are finally discounted using the risk-free curve published by EIOPA together with the volatility adjustment.

For Group purposes, the provision is the sum of the companies' premium provisions after deducting intra-group transactions.

- **Claims Provisions**

For the purposes of Solvency II, the best estimate of claims is calculated on the basis of the technical provisions for accounting claims for direct insurance and accepted reinsurance, gross of reinsurance ceded and retroceded, respectively. This concept includes the provision for benefits pending settlement and/or payment, the provision for benefits pending declaration and the provision for internal claims settlement expenses, all calculated using realistic assumptions and commonly accepted methodologies. The payment patterns are applied to this provision to obtain the cash flows and then the financial discount is made by applying the risk-free curve with volatility adjustment published by EIOPA.

For Group purposes, the provision is the sum of the companies' premium provisions after deducting intra-group transactions.

The risk margin is calculated as the linear sum of the risk margins of each individual entity, without eliminating intra-group adjustments. These margins are calculated in the same way for all individual entities.

- In the Non-life underwriting risk of the reference entity, the sub-modules of premiums and reserves, fall and catastrophe are calculated according to the Standard Formula and under the assumption that the entity does not accept new business, it is considered that in the case of premiums the policies are not renewed and in the case of reserves the flow of its obligations is consumed.
- For counterparty risk, the projection is made according to the evolution of the reinsurance BEL.
- In the case of operational risk, since it is calculated according to the volume of premiums and reserves, these volumes are determined using the same criteria as for premium and reserve risk.
- Finally, Market SCR is considered to be non-material.

Non-Life Technical Provisions (Credit Insurance Business)

- **Premium Provision:**

As with traditional Non-Life lines of business, the best estimate of premiums includes the best estimate of future claims that are within the limits of the contract, including:

- Future claims: the expected value of future claims in respect of reported or unreported claims where the claim event has not yet taken place (in credit insurance, extended default coverage allows claims to be reported that have not yet taken place).
- The benefits/losses related to the UEPP.
- The amount of future premiums in accordance with the limits of the Solvency II contract.
- Estimated recoveries corresponding to future claims.
- Other future expenses: investment expenses, management expenses, administration expenses and commissions.

- **Claims Provisions**

For the purposes of the flows to be considered in each of the provisions, it is essential to determine:

- The contract limit.
- The date of occurrence and its distribution over time in order to break down the provision for claims in the premium reserve. Additionally, the payment patterns that serve as the basis for applying the discount curve for the calculation of the BEL are determined.

The risk margin in the credit insurance business is calculated in accordance with Method 1 of EIOPA Guide 62. The methodology is as follows:

- Future annual SCRs are calculated for the existing business from the standard formula applying certain simplifications. The simplification is used for the counterparty SCR and for the operational SCR.
- The cost of capital of 6% is applied to future SCRs discounted to the risk-free curve in accordance with solvency methodology II.
- Market SCR is assumed to be zero.

Note 12 Technical provisions for life insurance, including Unit Link

For Solvency II purposes, the best estimate is equal to the present value of expected future cash flows taking into account the time value of money by applying the relevant risk-free interest rate structure. The cash flow projections used in the calculation are made policy by policy in accordance with Chapter III of the Delegated Regulations, including all the flows corresponding to existing insurance contracts:

- Payment of benefits to policyholders and beneficiaries
- Payments of all expenses incurred by the entity to meet insurance obligations.
- Premium payments and any additional flows arising from such premiums.
- Payments between the entity and intermediaries in relation to insurance obligations.

This cash flow projection takes into account all the uncertainties related to:

- Assumptions on the behaviour of annulments and the behaviour of policyholders.
- Assumption of death.
- Changes in demographic assumptions and premium payments
- Uncertainty about cost assumptions.

The Risk Margin is calculated as the linear sum of the risk margins of the individual entities without eliminating intra-group adjustments. These margins are calculated in the same way for all individual entities, in accordance with Guideline 62 on the valuation of technical provisions, simplified methods 2 and 3 are not appropriate when BEL is negative in any of the projection years, as is the case for flows from the Temporary Annual Renewable Insurance and Funeral Insurance.

- The flows from both the central BEL and the stressed BEL are used in the life underwriting risk of the reference entity and the resulting SCR is calculated year by year, assuming that the entity does not accept new business and therefore consumes the flow of its obligations;
- For the remaining risk modules, if their calculation is based on the BEL, the projection of the BEL is considered and the resulting SCRs are calculated;
- Finally, Market SCR is considered to be non-material.

Note 13. Other debts

The valuation coincides in both regimes, except for the changes in the scope.

Note 14 Subordinated liabilities

The Group has a subordinated issue made through its entity Atradius.

Note 15 Provisions for pensions and similar obligations

The Group has post-employment pension obligations classified as either defined-contribution plans or defined-benefit plans, which are covered by insurance policies and employment pension plans or trustee-administered funds. Other post-employment benefits, as well as long-term benefits, such as service awards, are covered by internal provisions. The valuation is the same except for changes in the scope of consolidation.

Note 16 Other liabilities, not shown under other headings

Among other items, this balance sheet heading includes accounting asymmetries, as well as the accrual of commissions and acquisition expenses pending allocation in the future corresponding to the ceded reinsurance business. Both concepts are included in the calculation of the "Best Estimate" of technical provisions under solvency II, so their valuation is equal to zero.

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D.2 QRT S.02.01.02, S.22.01.22 and S.32.01.22

S.02.01.02 - Balance sheet

Assets	Solvency II value
Goodwill	
Deferred acquisition costs	
Intangible assets	0
Deferred tax assets	1.003.911.395
Pension benefit surplus	53.667.000
Property, plant & equipment held for own use	592.086.699
Investments (other than assets held for index-linked and unit-linked contracts)	11.075.760.496
Property (other than for own use)	1.071.931.222
Holdings in related undertakings, including participations	310.114.458
Equities	1.116.248.575
Equities - listed	1.097.386.722
Equities - unlisted	18.861.854
Bonds	7.519.646.569
Government Bonds	3.363.391.711
Corporate Bonds	4.133.505.897
Structured notes	22.748.961
Collateralised securities	0
Collective Investments Undertakings	528.057.687
Derivatives	0
Deposits other than cash equivalents	529.761.985
Other investments	0
Assets held for index-linked and unit-linked contracts	618.611.660
Loans and mortgages	194.546.288
Loans on policies	20.667.153
Loans and mortgages to individuals	646.399
Other loans and mortgages	173.232.737
Reinsurance recoverables from:	683.884.157
Non-life and health similar to non-life	687.385.229
Non-life excluding health	686.520.424
Health similar to non-life	864.804
Life and health similar to life, excluding health and index-linked and unit-linked	-3.501.071
Health similar to life	0
Life excluding health and index-linked and unit-linked	-3.501.071
Life index-linked and unit-linked	0
Deposits to cedants	24.007.162
Insurance and intermediaries receivables	257.689.783
Reinsurance receivables	154.122.915
Receivables (trade, not insurance)	253.418.670
Own shares (held directly)	635.909
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	1.480.151.262
Any other assets, not elsewhere shown	112.032.676
Total assets	16.504.526.072

Liabilities	Solvency II value
Technical provisions - non-life	2.794.287.895
Technical provisions - non-life (excluding health)	2.728.568.181
Technical provisions calculated as a whole	0
Best Estimate	2.554.900.290
Risk margin	173.667.891
Technical provisions - health (similar to non-life)	65.719.715
Technical provisions calculated as a whole	0
Best Estimate	59.354.184
Risk margin	6.365.530
Technical provisions - life (excluding index-linked and unit-linked)	5.494.244.202
Technical provisions - health (similar to life)	17.298.565
Technical provisions calculated as a whole	0
Best Estimate	17.298.565
Risk margin	0
Technical provisions - life (excluding health and index-linked and unit-linked)	5.476.945.637
Technical provisions calculated as a whole	0
Best Estimate	4.818.320.556
Risk margin	658.625.082
Technical provisions - index-linked and unit-linked	516.893.198
Technical provisions calculated as a whole	0
Best Estimate	504.350.837
Risk margin	12.542.361
Other technical provisions	
Contingent liabilities	0
Provisions other than technical provisions	19.559.883
Pension benefit obligations	203.259.419
Deposits from reinsurers	58.276.568
Deferred tax liabilities	1.445.920.337
Derivatives	0
Debts owed to credit institutions	4
Financial liabilities other than debts owed to credit institutions	-13.630
Insurance & intermediaries payables	101.051.821
Reinsurance payables	293.839.306
Payables (trade, not insurance)	575.254.198
Subordinated liabilities	216.868.270
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	216.868.270
Any other liabilities, not elsewhere shown	148.513.130
Total liabilities	11.867.954.602

Excess of assets over liabilities	4.636.571.470

S.22.01.22 - Impact of long term guarantees and transitional measures -

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	8,805,425,295	274,829,751	0	13,579,326	0
Basic own funds	4,543,915,596	-206,122,313	0	-10,112,003	0
Eligible own funds to meet Solvency Capital Requirement	4,543,915,596	-206,122,313	0	-10,112,003	0
Solvency Capital Requirement	2,101,925,631	0	0	2,618,125	0

S.32.01.22 - Undertakings in the scope of the group -

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
ES	95980020140005338378	LEI	Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005405017	LEI	Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800PAQJABFQWKRF36	LEI	Nortehispana. De Seguros y Reaseguros, S.A.	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005374850	LEI	Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	Composite undertaking	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140006033383	LEI	GCO Reaseguros, S.A.	(Re)insurance undertakings	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B85039600	Specific Code	Grupo Compañía Española de Crédito y Caución, S.L.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	73.84 %	100.00 %	73.84 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800V7RYS0SBDHZD65	LEI	Cosalud Servicios, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800HNWAK1KG9EJK63	LEI	Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
MX	GRO0009MX00601	Specific Code	Atradius Collections, S.A. de C.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GRO0009BR00681	Specific Code	Atradius Collections Serviços de Cobranças de Dividas Ltda.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	631	Specific Code	Atradius Collections, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
SG	GRO0009SG00669	Specific Code	Atradius Collections Pte. Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	613	Specific Code	Atradius Collections Ltd. (UK)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
AU	GRO0009AU00659	Specific Code	Atradius Collections Pty Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	GRO0009US00681	Specific Code	Atradius Collections, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CA	GRO0009CA00607	Specific Code	Atradius Collections Ltd. (Canada)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
HK	GRO0009HK00665	Specific Code	Atradius Collections Ltd. (Hong Kong)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CN	GRO0009CN00667	Specific Code	Atradius Corporate Management Consulting (Shangai) Co. Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	B04	Specific Code	Atradius Insurance Holding N.V.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	411	Specific Code	Atradius Information Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
KR	GRO0009KR00473	Specific Code	Atradius Trade Insurance Brokerage Yuhan Hoesa (Corea del Sur)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
RU	GRO0009RU00483	Specific Code	Atradius Credit Management Services (RUS) LLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	82.37 %	100.00 %	82.37 %	NA	Dominant	1	Yes		Consolidation/full integration
IN	GRO0009IN00475	Specific Code	Atradius India Credit Management Services Private Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	82.37 %	100.00 %	82.37 %	NA	Dominant	1	Yes		Consolidation/full integration
MX	GRO0009MX00401	Specific Code	Informes Mexico S.A. de C.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.02 %	100.00 %	83.02 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	A48409023	Specific Code	Bilbao Hipotecaria, S.A., E.F.C.	Credit institution, investment firm and financial institution	Credit Institution	Non-mutual	Banco de España (BdE)	99.73 %	99.73 %	99.73 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800TMUKV2B1SB4X26	LEI	Seguros Órbita, Sociedad Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800EAE51QTVPN2Z81	LEI	Bilbao Telemark, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800A46282L0P1YS51	LEI	Bilbao Vida y Gestores Financieros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	99.73 %	100.00 %	99.73 %	NA	Dominant	1	Yes		Consolidation/full integration

ES	9598006T6XHEPH82C668	LEI	Catoc SICAV, S.A.	Other sectors	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	99.86 %	99.86 %	99.86 %	NA	Dominant	1	Yes		Other methods
ES	959800AHXRU6CQK5W909	LEI	PREPERSA de Peritación de Seguros y Prevención, A.I.E.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800JMFGYBU2W6T783	LEI	Tecniseguros, Sociedad de Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800A7QQ40PVG1QD88	LEI	Catalana Occidente Capital, Agencia de Valores, S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800W0FZTBMSZAEU82	LEI	Grupo Catalana Occidente, Tecnología y Servicios, A.I.E.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	99.93 %	100.00 %	99.93 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800S7E9AZZLQ12L60	LEI	Grupo Catalana Occidente Contact Center, A.I.E	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Economic Interest Group	Non-mutual	NA	99.97 %	100.00 %	99.97 %	NA	Dominant	1	Yes		Consolidation/full integration
AD	GRO0009AD00001	Specific Code	Inversions Catalana Occident, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	95980020140005290557	LEI	Hercasol, S.A. SICAV	Other sectors	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	88.48 %	88.48 %	88.48 %	NA	Dominant	1	Yes		Other methods
CL	GRO0009CL00001	Specific Code	Inversiones Credere S.A.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	50.00 %	50.00 %	50.00 %	NA	Significant	1	Yes		Consolidation/equity method
ES	B61022695	Specific Code	Calboquer, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	20.00 %	20.00 %	20.00 %	NA	Significant	0	Yes		Other methods
ES	A28749976	Specific Code	Asitur Asistencia. S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	42.82 %	42.82 %	42.82 %	NA	Significant	0	Yes		Other methods
ES	95980020140005888465	LEI	Gesiuris Asset Management, S.G.I.I.C., S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Comisión Nacional del Mercado de Valores (CNMV)	26.12 %	26.12 %	26.12 %	NA	Significant	0	Yes		Method 1: Sectoral rules
NL	A01	Specific Code	Atradius NV	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	017	Specific Code	Atradius Collections Holding B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	677	Specific Code	Atradius Credit Management Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	611	Specific Code	Atradius Collections B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ID	GRO0009ID00010	Specific Code	PT Atradius Information Services Indonesia	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	82.37 %	100.00 %	82.37 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	397	Specific Code	Atradius Pension Trustees Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	491	Specific Code	Iberinform Internacional S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Single-Entity Limited Company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	389	Specific Code	B2B Safe S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	399	Specific Code	Iberinmobiliaria S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Single-Entity Limited Company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GRO0009BR00295	Specific Code	Atradius Crédito y Caución Seguradora de Crédito S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Superintendência de Seguros Privados (SUSEP)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GRO0009BR00495	Specific Code	Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	GRO0009US00003	Specific Code	Atradius Credit Insurance Agency, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
MX	GRO0009MX00201	Specific Code	Atradius Seguros de Crédito S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Comision Nacional de Seguros y Finanzas (CNSF)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IE	NA2	Specific Code	Atradius Investments Ltd.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	301	Specific Code	Atradius Dutch State Business N.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
US	254900FJ2LXLJ6M30X10	LEI	Atradius Trade Credit Insurance, Inc.	Non-life insurance undertaking	Limited liability company	Non-mutual	Maryland Insurance Administration (MIA)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
RU	GRO0009RU00285	Specific Code	Atradius Rus Credit Insurance LLC	Non-life insurance undertaking	Limited liability company	Non-mutual	Central Bank of the Russian Federation	82.37 %	100.00 %	82.37 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	724500I3T05PCARWAF68	LEI	Atradius Finance B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B06	Specific Code	Atradius Participations Holding S.L.U.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IT	329	Specific Code	Atradius Italia Intermediazioni SRL	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration

BE	025	Specific Code	Accento Services S.R.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA7	Specific Code	Graydon Holding NV	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CL	GRO0009CL00005	Specific Code	Compañía de Seguros de Crédito Continental S.A.	Non-life insurance undertaking	Limited liability company	Non-mutual	Superintendencia de Valores y Seguros (SVS)	41.60 %	41.60 %	41.60 %	NA	Significant	0	Yes		Consolidation/equity method
LB	GRO0009LB00011	Specific Code	The Lebanese Credit Insurer S.A.L.	Non-life insurance undertaking	Limited liability company	Non-mutual	Insurance Control Commission (ICC)	40.68 %	40.68 %	40.68 %	NA	Significant	0	Yes		Consolidation/equity method
IL	GRO0009IL00003	Specific Code	CLAL Credit Insurance, Ltd.	Non-life insurance undertaking	Limited liability company	Non-mutual	Supervisor of Insurance	16.64 %	16.64 %	16.64 %	NA	Significant	0	Yes		Consolidation/equity method
ES	959800H2P9S8MS95DT42	LEI	Grupo Catalana Occidente, Sociedad Anónima	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability company	Non-mutual	NA	100.00 %	0.00 %	0.00 %	NA		0	Yes		Consolidation/full integration
ES	B95115572	Specific Code	Funerarias Bilbaina y La Auxiliadora S.L.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B39475843	Specific Code	Funeraria Merino Diez S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B95583910	Specific Code	Mediagen S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B95542015	Specific Code	Servicios Funerarios del Nervión S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	50.00 %	100.00 %	50.00 %	NA	Dominant	1	Yes		Consolidation/full integration
PT	GRO0009PT00497	Specific Code	Gestifatura S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
IE	6354003PFJVHJUGQQA54	LEI	Atradius Reinsurance DAC	(Re)insurance undertakings	Limited liability company	Non-mutual	Central Bank of Ireland (CBI)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	9598002U9BK2VP1RTG14	LEI	Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Non-life insurance undertaking	Private Single-Entity Limited Company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
PL	GRO0009PL00695	Specific Code	Starzynski i Wspólnicy Kancelaria Prawna Sp. k.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.19 %	100.00 %	83.19 %	NA	Dominant	1	Yes		Consolidation/full integration
ZA	GRO0009ZA00007	Specific Code	Credit Guarantee Insurance Corporation of Africa Limited	Non-life insurance undertaking	Limited liability company	Non-mutual	Financial Services Board	20.80 %	20.80 %	20.80 %	NA	Significant	0	Yes		Consolidation/equity method
ES	9598009ND0L37V1EF569	LEI	GCO Gestora de Pensiones, EGFP, S.A.	Credit institution, investment firm and financial institution	Limited liability company	Non-mutual	Dirección General de Seguros y Fondos de Pensiones (DGSFP)	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Method 1: Sectoral rules
ES	959800SJ70968SV2L842	LEI	Grupo Catalana Occidente Activos Inmobiliarios, S.L.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	99.95 %	100.00 %	99.95 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800Q3FUHA8MYC9M92	LEI	Sociedad Gestión Catalana Occidente, S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	959800JNSR2YG5AXMD91	LEI	Previsora Bilbaina Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	B80125172	Specific Code	Funeraria Nuestra Señora de los Remedios, S.L.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
ES	A88127642	Specific Code	Nortehispana Mediación, Agencia de Seguros, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
AD	GRO0009AD00002	Specific Code	MB Corredors d'Assegurances, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	25.00 %	25.00 %	25.00 %	NA	Significant	0	Yes		Other methods
ES	B95778783	Specific Code	Asistea Servicios Integrales, S.L.U	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	100.00 %	100.00 %	100.00 %	NA	Dominant	1	Yes		Consolidation/full integration
VN	GRO0009VN00509	Specific Code	Atradius Information Services Vietnam Company Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA71	Specific Code	Graydon Nederland B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA74	Specific Code	Giant-net B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
NL	NA75	Specific Code	Open Companies B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BE	NA76	Specific Code	Graydon Belgium N.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
GB	NA77	Specific Code	Graydon UK Ltd.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
CN	GRO0009CN00467	Specific Code	AEMC Ltd Shanghai	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
AE	GRO0009AE00719	Specific Code	Atradius Collections DMCC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	NA	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration
BR	GRO0009BR00999	Specific Code	Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	(Re)insurance undertakings	Limited company	Non-mutual	Superintendência de Seguros Privados (SUSEP)	83.20 %	100.00 %	83.20 %	NA	Dominant	1	Yes		Consolidation/full integration

E. Capital management

E.1. SCR breakdown by module

Data in € thousand

RISKS	31/12/2020	31/12/2019
Non-Life risk	**1,146,407.0**	**1,342,132.46**
Internal Model	733,720.0	940,552.1
Premium and reserve risk	404,464.7	393,084.2
Fall risk	8,253.6	7,171.8
Catastrophe risk	28,788.4	29,624.8
Life Risk	**871,337.2**	**742,199.5**
Mortality risk	226,633.2	177,600.5
Longevity risk	92,805.5	89,211.9
Disability risk	44,689.9	38,268.5
Fall risk	754,617.2	658,032.8
Expenses risk	70,618.2	35,787.3
Review risk	0.0	0.0
Catastrophic	43,170.5	42,404.8
Health Risk	**58,587.2**	**57,175.5**
Premium and reserve risk	58,189.8	56,857.1
Fall risk	3,676.0	2,622.1
Catastrophic	1,087.7	999.0
Market risk	**1,450,693.7**	**1,416,413.8**
Interest rate risk	51,481.5	36,361.6
Variable income risk	711,406.4	681,774.5
Real estate risk	379,078.2	368,299.6
Spread risk	417,684.5	401,281.1
Concentration risk	85,829.6	76,043.7
Exchange rate risk	253,281.7	251,273.0
Counterparty risk	**178,665.2**	**227,855.4**
Intangible asset risk	**0.0**	**0.0**
Operational risk	**140,952.4**	**143,586.0**
SCR Other Financial Sectors	**6,175.3**	
SCR Total	**2,101,925.6**	**2,152,124.2**
MCR	**770,168.5**	**2,152,124.2**

E.2. QRT S.23.01.22 and S.25.02.22

S.23.01.22 - Own funds -

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	36.000.000	36.000.000		0	
Non-available called but not paid in ordinary share capital at group level	0	0		0	
Share premium account related to ordinary share capital	1.532.881	1.532.881		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Non-available subordinated mutual member accounts at group level	0		0	0	0
Surplus funds	0	0			
Non-available surplus funds at group level	0	0			
Preference shares	0		0	0	0
Non-available preference shares at group level	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Non-available share premium account related to preference shares at group level	0		0	0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	4.171.945.770	4.171.945.770			
Subordinated liabilities	216.868.270		0	216.868.270	0
Non-available subordinated liabilities at group level	0		0	0	0
An amount equal to the value of net deferred tax assets	0				0
The amount equal to the value of net deferred tax assets not available at the group level	0				0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	358.716.910	358.716.910	0	0	0
Non-available minority interests at group level	241.148.235	241.148.235	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	0	0	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
Total of non-available own fund items	241.148.235	241.148.235	0	0	0
Total deductions	241.148.235	241.148.235	0	0	0

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total basic own funds after deductions	4.543.915.596	4.327.047.326	0	216.868.270	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Non available ancillary own funds at group level	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Own funds of other financial sectors					
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	0	0	0	0	
Institutions for occupational retirement provision	0	0	0	0	0
Non regulated entities carrying out financial activities	0	0	0	0	
Total own funds of other financial sectors	0	0	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	4.543.915.596	4.327.047.326	0	216.868.270	0
Total available own funds to meet the minimum consolidated group SCR	4.543.915.596	4.327.047.326	0	216.868.270	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	4.543.915.596	4.327.047.326	0	216.868.270	0
Total eligible own funds to meet the minimum consolidated group SCR	4.481.081.025	4.327.047.326	0	154.033.699	
Minimum consolidated Group SCR (Article 230)	770.168.494				

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ratio of Eligible own funds to Minimum Consolidated Group SCR	6				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	4.543.915.596	4.327.047.326	0	216.868.270	0
Group SCR	2.101.925.631				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	2				

Reconciliation reserve	
Excess of assets over liabilities	4.636.571.470
Own shares (held directly and indirectly)	635.909
Foreseeable dividends, distributions and charges	67.740.000
Other basic own fund items	396.249.791
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Other non available own funds	0
Reconciliation reserve	4.171.945.770
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	1.315.750.634
Expected profits included in future premiums (EPIFP) - Non- life business	102.877.901
Total Expected profits included in future premiums (EPIFP)	1.418.628.535

S.25.02.22 - Solvency Capital Requirement - for groups using the standard formula and partial internal model -

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
1	RIESGO DE MERCADO	1.450.693.710	0		
2	RIESGO DE CONTRAPARTE	178.665.184	0		
3	RIESGO DE SUSCRIPCIÓN DE RIESGOS DE VIDA	871.337.237	0	None	
4	RIESGO DE SUSCRIPCIÓN DE SALUD	58.587.204	0	None	
5	RIESGO DE SUSCRIPCIÓN DE NO VIDA	1.146.406.971	733.719.995	None	
7	RIESGO OPERACIONAL	140.952.384	0		
9	CAP IMPUESTOS DIFERIDOS (CUANTÍA NEGATIVA)	-527.623.897	0		

Calculation of Solvency Capital Requirement	
Total undiversified components	3.319.018.794
Diversification	-1.223.268.436
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	2.095.750.357
Capital add-ons already set	0
Solvency capital requirement	2.101.925.631
Other information on SCR	
Amount/estimate of the overall loss-absorbing capacity of technical provisions	0
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	-527.623.897
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirement for ring fenced funds	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0
Minimum consolidated group solvency capital requirement	770.168.494
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
Capital requirement for non-controlled participation requirements	6.175.274
Capital requirement for residual undertakings	0
SCR for undertakings included via D and A	0
Solvency capital requirement	2.101.925.631

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