

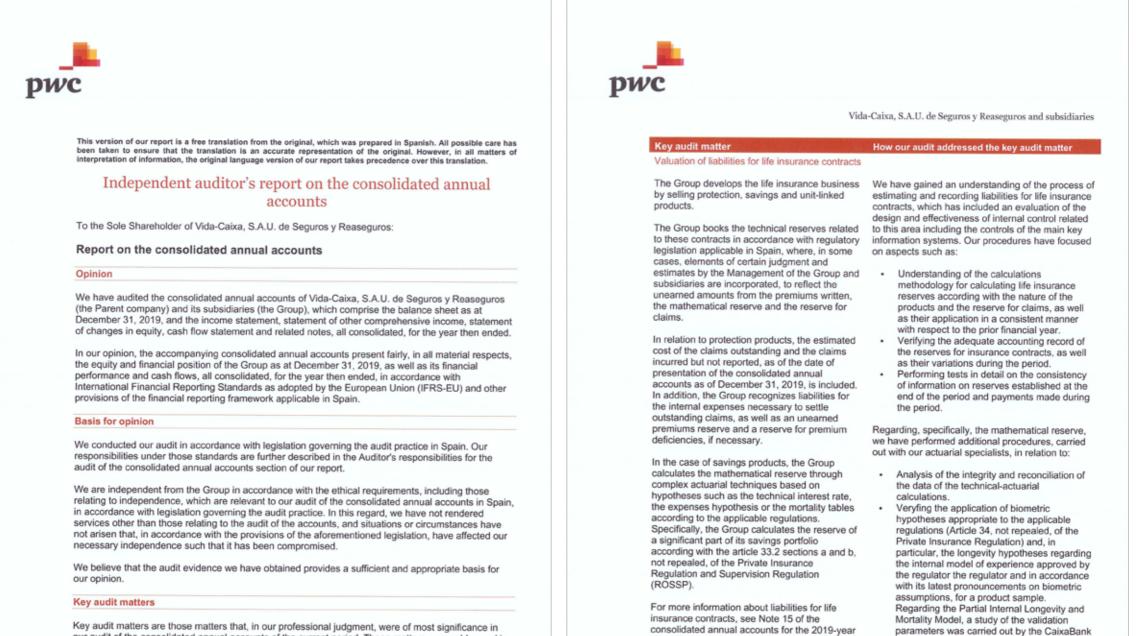
2019 CONSOLIDATED ANNUAL ACCOUNTS

VidaCaixa, S.A.U. de Seguros y Reaseguros y Sociedades Dependientes



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end

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª Inscrita en el R.O.A.C. con el número \$0242 - CIF: 8-79 031290

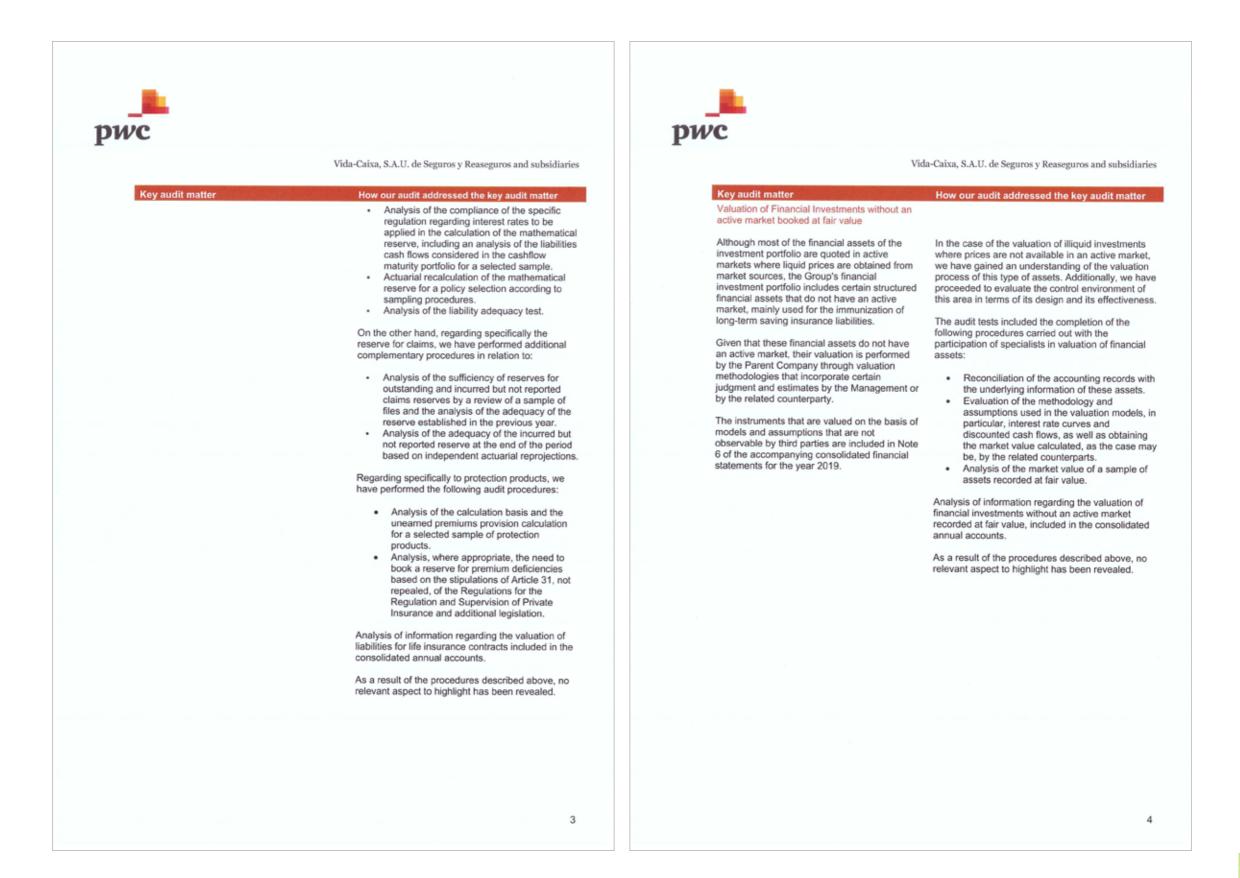
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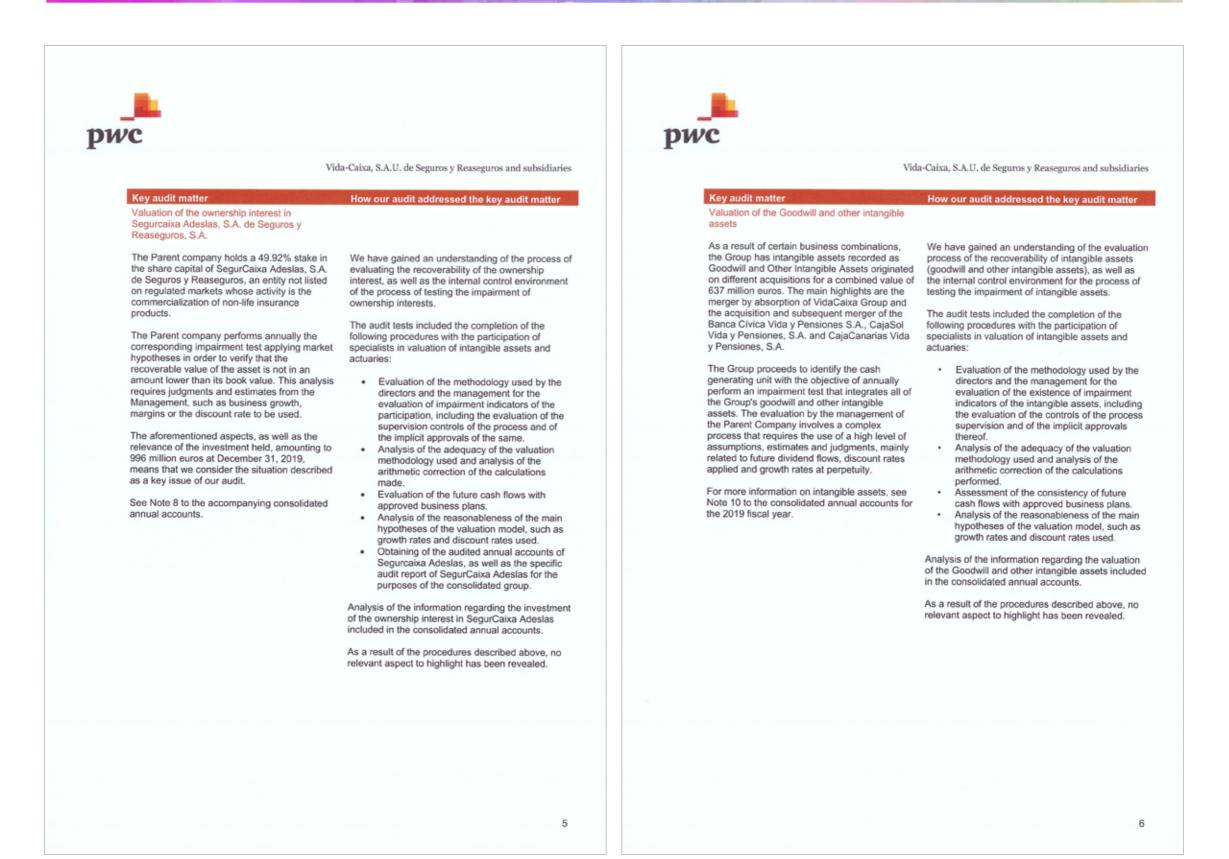
parameters was carried out by the CaixaBank

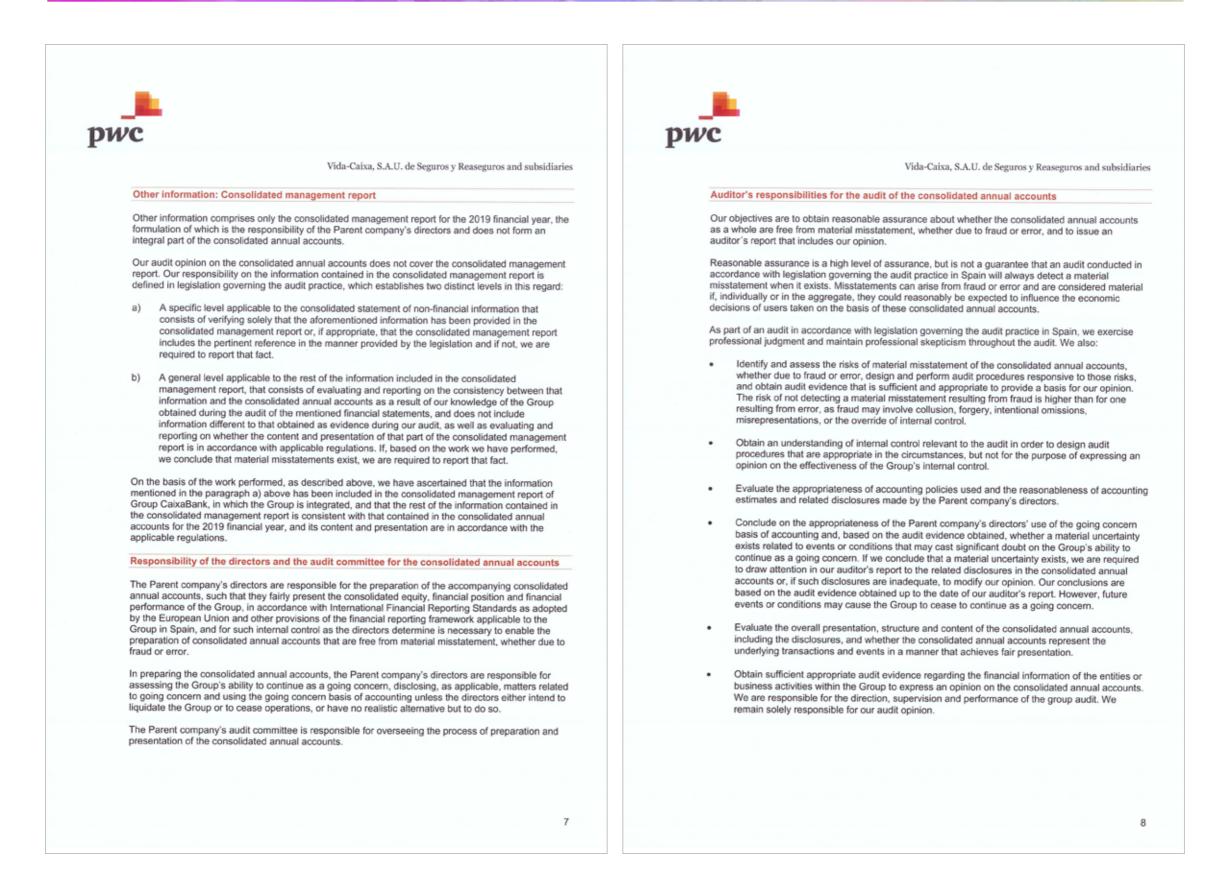
Analysis of the sufficiency of real expenses

according to article 35, not repealed, of the Regulations for the Regulation and Supervision of Private Insurance.

modeling team.







# INDEPENDENT AUDIT REPORT

| - |                                                                                                                                                                                                                                                                                                                                                    |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| P | we                                                                                                                                                                                                                                                                                                                                                 |
|   | Vida-Caixa, S.A.U. de Seguros y Reaseguros and subsidiaries                                                                                                                                                                                                                                                                                        |
|   | We communicate with the Parent company's audit committee regarding, among other matters, the<br>planned scope and timing of the audit and significant audit findings, including any significant<br>deficiencies in internal control that we identify during our audit.                                                                             |
|   | We also provide the Parent company's audit committee with a statement that we have complied with<br>relevant ethical requirements, including those relating to independence, and we communicate with the<br>audit committee those matters that may reasonably be thought to bear on our independence, and<br>where applicable, related safeguards. |
|   | From the matters communicated with the Parent company's audit committee, we determine those<br>matters that were of most significance in the audit of the consolidated annual accounts of the current<br>period and are therefore the key audit matters.                                                                                           |
|   | We describe these matters in our auditor's report unless law or regulation precludes public disclosure<br>about the matter.                                                                                                                                                                                                                        |
|   | Report on other legal and regulatory requirements                                                                                                                                                                                                                                                                                                  |
|   | Report to the Parent company's audit committee                                                                                                                                                                                                                                                                                                     |
|   | The opinion expressed in this report is consistent with the content of our additional report to the Parent<br>company's audit committee dated March 25, 2020.                                                                                                                                                                                      |
|   | Appointment period                                                                                                                                                                                                                                                                                                                                 |
|   | The General Ordinary Shareholder's Meeting of the Parent company held on May 25, 2017 appointed<br>us as auditors of the Group for a period of three years, as from the year ended December 31, 2018.                                                                                                                                              |
|   | Services provided                                                                                                                                                                                                                                                                                                                                  |
|   | Services provided to the Group for services other than the audit of the accounts are indicated in the<br>Note 21.d of the consolidated annual accounts.                                                                                                                                                                                            |
|   | PricewaterhouseCoopers Auditores, S.L. (S0242)                                                                                                                                                                                                                                                                                                     |
|   | PB                                                                                                                                                                                                                                                                                                                                                 |
|   | Pedro Diaz-Leante Sanz (20488)                                                                                                                                                                                                                                                                                                                     |
|   | 2 April 2020                                                                                                                                                                                                                                                                                                                                       |

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# CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED BALANCE SHEETS (Thousands of euros)

| ASSETS                                                          | Accompanying notes | 31.12      | .2019      | 31.12.2018 (*) |            |  |
|-----------------------------------------------------------------|--------------------|------------|------------|----------------|------------|--|
| 1. Cash and equivalent liquid assets                            | Note 6             |            | 987,643    |                | 1,732,464  |  |
| 2. Financial assets held to trade                               | Note 6             |            | 139        |                | 129        |  |
| 3. Other financial assets at fair value through profit and loss | Note 6             |            | 12,469,882 |                | 8,858,004  |  |
| a) Equity instruments                                           |                    | 3,804,494  |            | 2,569,235      |            |  |
| b) Debt securities                                              |                    | 1,199,570  |            | 944,588        |            |  |
| c) Hybrid instruments                                           |                    | -          |            | -              |            |  |
| d) Investments by policyholders who assume the investment risk  |                    | 7,465,818  |            | 5,328,593      |            |  |
| e) Other                                                        |                    | -          |            | 15,588         |            |  |
| 4. Financial assets available for sale                          | Note 6             |            | 58,684,308 |                | 50,746,891 |  |
| a) Equity instruments                                           |                    | 1,762      |            | 985            |            |  |
| b) Debt securities                                              |                    | 58,682,546 |            | 50,745,903     |            |  |
| c) Loans                                                        |                    | -          |            | -              |            |  |
| d) Deposits in credit institutions                              |                    | -          |            | -              |            |  |
| e) Other                                                        |                    | -          |            | 3              |            |  |
| 5. Loans and receivables                                        | Note 6             |            | 861,710    |                | 1,943,541  |  |
| a) Debt securities                                              |                    | 345,082    |            | 630,713        |            |  |
| b) Loans and deposits                                           |                    | 253,076    |            | 1.028,711      |            |  |
| c) Receivables                                                  |                    | 263,552    |            | 284,117        |            |  |
| 6. Held-to-maturity investments                                 |                    |            | -          |                | 8,400      |  |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

| ASSETS                                                          | Accompanying notes | 31.1    | 2.2019     | 31.12.2018 (*) |            |  |
|-----------------------------------------------------------------|--------------------|---------|------------|----------------|------------|--|
| 7. Hedge derivatives                                            |                    |         | -          |                | -          |  |
| 8. Share of the reinsurer in technical provisions               | Note 15            |         | 174,316    |                | 224,803    |  |
| 9. Tangible fixed assets and property investments               | Note 9             |         | 21,521     |                | 21,682     |  |
| a) Tangible fixed assets                                        |                    | 20,778  |            | 20,936         |            |  |
| b) Property investments                                         |                    | 743     |            | 746            |            |  |
| 10. Intangible fixed assets                                     | Note 10            |         | 757,977    |                | 740,883    |  |
| a) Goodwill                                                     |                    | 583,577 |            | 583,577        |            |  |
| b) Expenses for the acquisition of policy portfolios            |                    | -       | -          |                |            |  |
| c) Other intangible fixed assets                                |                    | 174,400 |            | 157,306        |            |  |
| 11. Shares in entities accounted<br>for using the equity method | Note 8             |         | 996,481    |                | 947,390    |  |
| 12. Tax assets                                                  | Note 12            |         | 215,375    |                | 239,641    |  |
| a) Current tax assets                                           |                    | 541     |            | 1,151          |            |  |
| b) Deferred tax assets                                          |                    | 214,834 |            | 238,490        |            |  |
| 13. Other assets                                                |                    |         | 946,393    |                | 781,425    |  |
| 14. Assets held for sale                                        |                    |         | -          |                | -          |  |
| TOTAL ASSETS                                                    |                    |         | 76,115,745 |                | 66,245,253 |  |

(\*) Presented solely and exclusively for comparison purposes (See Note 2.e).

Notes 1 to 22 in the attached Report and Annexes I to III form an integral part of the consolidated balance sheet as of 31 December 2019.

# CONSOLIDATED ANNUAL ACCOUNTS

| LIABILITIES AND EQUITY                                                                                       | Accompanying notes | 31.1       | 2.2019     | 31.12.2018 (*) |            |  |
|--------------------------------------------------------------------------------------------------------------|--------------------|------------|------------|----------------|------------|--|
| TOTAL LIABILITIES                                                                                            |                    |            | 72,806,172 |                | 62,928,825 |  |
| 1. Financial liabilities held to trade                                                                       |                    |            | -          |                | -          |  |
| 2. Other financial liabilities at fair value through profit and through profit and loss                      | loss               |            | 3,004      |                | 9,067      |  |
| 3. Debits and payables                                                                                       | Note 13            |            | 568,166    |                | 664,244    |  |
| a) Subordinated liabilities                                                                                  |                    | -          |            | -              |            |  |
| b) Other debt                                                                                                |                    | 568,166    |            | 664,244        |            |  |
| 4. Hedge derivatives                                                                                         |                    |            | 11,134     |                | 227        |  |
| 5. Technical provisions                                                                                      | Note 15            |            | 71,951,229 |                | 61,991,734 |  |
| a) For unearned premiums                                                                                     |                    | 3,434      |            | 3,561          |            |  |
| b) For ongoing risks                                                                                         |                    | -          |            | -              |            |  |
| c) For life insurance                                                                                        |                    | 71,187,882 |            | 61,294,515     |            |  |
| - Provision for unearned premiums and ongoing risks                                                          |                    | 60,309     |            | 51,650         |            |  |
| - Mathematical provision                                                                                     |                    | 63,268,178 |            | 54,905,046     |            |  |
| <ul> <li>Provision for life insurance when the investment risk<br/>is assumed by the policyholder</li> </ul> |                    | 7,859,395  |            | 6,337,819      |            |  |
| d) For benefits                                                                                              |                    | 720,767    |            | 671,417        |            |  |
| e) For profit sharing and rebates                                                                            |                    | 39,086     |            | 22,132         |            |  |
| f) Other technical provisions                                                                                |                    | 60         |            | 109            |            |  |
| 6. Non-technical provisions                                                                                  | Note 16            |            | 182        |                | 178        |  |
| 7. Tax liabilities                                                                                           | Note 12            |            | 263,286    |                | 256,879    |  |
| a) Current tax liabilities                                                                                   |                    | _          |            | (63)           |            |  |
| b) Deferred tax liabilities                                                                                  |                    | 263,286    |            | 256,942        |            |  |
| 8. Other liabilities                                                                                         |                    |            | 9,171      |                | 6,496      |  |
| 9. Liabilities associated with assets held for sale                                                          |                    |            | -          |                | -          |  |

# CONSOLIDATED ANNUAL ACCOUNTS

| TOTAL EQUITY                                                          |         |           | 3,309,573 |           | 3,316,428 |
|-----------------------------------------------------------------------|---------|-----------|-----------|-----------|-----------|
| Own funds                                                             |         |           | 3,283,671 |           | 3,322,122 |
| 1. Capital                                                            | Nota 17 | 1,347,462 |           | 1,347,462 |           |
| a) Authorised capital                                                 |         | 1,347,462 |           | 1,347,462 |           |
| b) <i>Less</i> : Uncalled capital                                     |         | -         |           | -         |           |
| 2. Issue premium                                                      |         | -         |           | -         |           |
| 3. Reserves                                                           | Nota 17 | 1,807,433 |           | 1,741,971 |           |
| 4. <i>Less</i> : Treasury stock or shares                             |         | -         |           | -         |           |
| 5. Profit and loss from previous years                                |         | -         |           | -         |           |
| 6. Other shareholder contributions                                    |         | _         |           | -         |           |
| 7. Earnings for the financial year attributable to the parent company |         | 794,776   |           | 662,689   |           |
| a) Consolidated profit and loss                                       |         | 794,776   |           | 662,689   |           |
| b) Profit and loss attributable to external shareholders              |         | -         |           | -         |           |
| 8. <i>Less</i> : Interim dividend                                     | Nota 17 | (666,000) |           | (430,000) |           |
| 9. Other equity instruments                                           |         |           | -         |           | -         |
| Value adjustments                                                     | Nota 6  |           | 25,902    |           | (5,694)   |
| 1. Financial assets available for sale                                |         | 25,902    |           | (5,694)   |           |
| 2. Hedging transactions                                               |         | -         |           | -         |           |
| 3. Exchange variations                                                |         | -         |           | -         |           |
| 4. Accounting asymmetry correction                                    |         | -         |           | -         |           |
| 5. Entities accounted for using the equity method                     |         | -         |           | -         |           |
| 6. Other adjustments                                                  |         |           | -         |           | _         |
| Subsidies, donations and bequests received                            |         |           | -         |           | -         |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

| LIABILITIES AND EQUITY                  | Accompanying notes | 31        | .12.2019   | 31.12.2018 (*) |            |
|-----------------------------------------|--------------------|-----------|------------|----------------|------------|
| EQUITY ATTRIBUTED TO THE PARENT COMPANY |                    | 3,309,573 |            |                | 3,316,428  |
| MINORITY INTERESTS                      | Note 18            |           | -          |                | -          |
| 1. Value adjustments                    |                    | -         |            | -              |            |
| 2. Other                                |                    | -         |            | -              |            |
|                                         |                    |           |            |                |            |
| TOTAL EQUITY AND LIABILITIES            |                    |           | 76,115,745 |                | 66,245,253 |

(\*) Presented solely and exclusively for comparison purposes (See Note 2.e).

Notes 1 to 22 in the attached Report and Annexes I to III form an integral part of the consolidated balance sheet as of 31 December 2019.

# CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED PROFIT AND LOSS ACCOUNTS (Thousands of euros)

|                                                                                                           | Accompanying notes | 2019 Financial Year | 2018 Financial Year (*) |
|-----------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------------------|
| 1. Premiums allocated to the financial year, net of reinsurance                                           | e                  | 2,222               | 7,347                   |
| 2. Income from tangible fixed assets and investments                                                      |                    | 191,995             | 171,177                 |
| 3. Other technical income                                                                                 |                    | -                   | -                       |
| 4. Loss rate for the year, net of reinsurance                                                             |                    | (128)               | (5,138)                 |
| 5. Variation in other technical provisions, net of reinsurance                                            |                    | -                   | -                       |
| 6. Profit sharing and rebates                                                                             |                    | (886)               | (367)                   |
| 7. Net operating expenses                                                                                 |                    | 1,060               | (3,483)                 |
| 8. Other technical expenses                                                                               |                    | (202)               | (1,081)                 |
| 9. Expenses from tangible fixed assets and investments                                                    |                    | -                   | (175)                   |
| NON-LIFE INSURANCE PROFIT AND LOSS                                                                        | Note 19            | 194,061             | 168,280                 |
| 10. Premiums allocated to the financial year, net of reinsuran                                            | се                 | 8,474,569           | 8,181,187               |
| 11. Income from tangible fixed assets and investments                                                     |                    | 2,892,535           | 2,072,882               |
| 12. Income from investments subject to insurance when the policyholder assumes the risk of the investment |                    | 929,753             | 553,098                 |
| 13. Other technical income                                                                                |                    | -                   | -                       |
| 14. Loss rate for the year, net of reinsurance                                                            |                    | (6,497,502)         | (6,455,472)             |
| 15. Variation in other technical provisions, net of reinsurance                                           |                    | (4,209,964)         | (2,024,309)             |
| 16. Profit sharing and rebates                                                                            |                    | (66,324)            | (25,871)                |
| 17. Net operating expenses                                                                                |                    | (277,873)           | (281,080)               |
| 18. Other technical expenses                                                                              |                    | (21,748)            | (17,364)                |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

|                                                                                                        | Accompanying notes | 2019 Financial Year | 2018 Financial Year (*) |
|--------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------------------|
| 19. Expenses from tangible fixed assets and investments                                                | 3                  | (258,958)           | (679,826)               |
| 20. Expenses from investments subject to insurance whe policyholder assumes the risk of the investment | en the             | (310,369)           | (770,663)               |
| B) LIFE INSURANCE PROFIT AND LOSS                                                                      | Note 19            | 654,119             | 552,582                 |
| 21. Income from tangible fixed assets and investments                                                  |                    | 88,285              | 55,555                  |
| 22. Negative consolidation difference                                                                  |                    | -                   | _                       |
| 23. Expenses from tangible fixed assets and investments                                                | 5                  | (722)               | (663)                   |
| 24. Other income                                                                                       |                    | 251,401             | 236,852                 |
| 25. Other expenses                                                                                     |                    | (176,136)           | (162,856)               |
| C) PROFIT AND LOSS FROM OTHER ACTIVITIES                                                               |                    | 162,828             | 128,888                 |
| E) PRE-TAX PROFIT/LOSS                                                                                 |                    | 1,011,008           | 849,750                 |
| 26. Corporation tax                                                                                    | Note 12            | (216,232)           | (187,061)               |
| F) PROFIT AND LOSS FOR THE YEAR<br>FROM CONTINUING OPERATIONS                                          |                    | 794,776             | 662,689                 |
| 27. Profit and loss for the financial year from discontinued operations net of taxes                   |                    | -                   | _                       |
| G) CONSOLIDATED PROFIT AND LOSS FOR THE FINANCIAL                                                      | YEAR               | 794,776             | 662,689                 |
| a) Profit and loss attributed to the parent company                                                    |                    | 794,776             | 662,689                 |
| b) Profit and loss attributed to minority interests                                                    | Note 18            | -                   | _                       |
| PROFIT PER SHARE                                                                                       |                    |                     |                         |
| Basic and diluted profit per share (in euros)                                                          |                    | 4                   | 3                       |

(\*) Presented solely and exclusively for comparison purposes (See Note 2.e).

Notes 1 to 22 described and Annexes I to III form an integral part of the consolidated Profit and Loss Account corresponding to the 2019 financial year.

## CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED BALANCE SHEETS BY SEGMENT AS OF 31 DECEMBER 2019 (Thousands of euros)

| ASSETS                                                          | NON-LIFE SEGMENT |         | LIFE SEGMENT |            | OTHER SEGMENT |       | TOTAL   |            |
|-----------------------------------------------------------------|------------------|---------|--------------|------------|---------------|-------|---------|------------|
| 1. Cash and equivalent liquid assets                            |                  | 149,137 |              | 833,138    |               | 5,368 |         | 987,643    |
| 2. Financial assets held to trade                               |                  | -       |              | 139        |               | -     |         | 139        |
| 3. Other financial assets at fair value through profit and loss |                  | -       |              | 12,469,882 |               | -     |         | 12,469,882 |
| 4. Financial assets available for sale                          |                  | _       |              | 58,684,308 |               | -     |         | 58,684,308 |
| 5. Loans and receivables                                        |                  | 63,773  |              | 797,909    |               | 28    |         | 861,710    |
| a) Debt securities                                              |                  |         | 345,082      |            | -             |       | 345,082 |            |
| b) Loans and deposits                                           | -                |         | 253,076      |            | -             |       | 253,076 |            |
| c) Receivables                                                  | 63,773           |         | 199,751      |            | 28            |       | 263,552 |            |
| 6. Held-to-maturity investments                                 |                  | _       |              | _          |               | _     |         | _          |
| 7. Hedge derivatives                                            |                  | _       |              | -          |               | -     |         | _          |
| 8. Share of the reinsurer in technical provisions               |                  | 15,238  |              | 159,078    |               | -     |         | 174,316    |
| 9. Tangible fixed assets and property investments               |                  | -       |              | 21,521     |               | -     |         | 21,521     |
| a) Tangible fixed assets                                        | -                |         | 20,778       |            | -             |       | 20,778  |            |
| b) Property investments                                         | -                |         | 743          |            | -             |       | 743     |            |
| 10. Intangible fixed assets                                     |                  | -       |              | 757,977    |               | -     |         | 757,977    |
| a) Goodwill                                                     | -                |         | 583,577      |            | -             |       | 583,577 |            |
| b) Expenses for the acquisition of policy portfolios            | -                |         | -            |            | -             |       | -       |            |
| c) Other intangible fixed assets                                | -                |         | 174,400      |            | _             |       | 174,400 |            |
| 11. Shares in entities accounted for using the equity method    |                  | 996,481 |              | -          |               | -     |         | 996,481    |

# CONSOLIDATED ANNUAL ACCOUNTS

| ASSETS                                                               | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |  |
|----------------------------------------------------------------------|------------------|--------------|---------------|------------|--|
| 12. Tax assets                                                       | -                | 215,375      | -             | 215,375    |  |
| a) Current tax assets                                                | -                | 541          | -             | 541        |  |
| b) Deferred tax assets                                               | -                | 214,834      | -             | 214,834    |  |
| 13. Other assets                                                     | -                | 946,374      | 19            | 946,393    |  |
| 14. Assets held for sale                                             | -                | -            | -             | -          |  |
| TOTAL ASSETS                                                         | 1,224,628        | 74,885,702   | 5,415         | 76,115,745 |  |
| LIABILITIES AND EQUITY                                               | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |  |
| TOTAL LIABILITIES                                                    | 18,849           | 72,787,188   | 135           | 72,806,172 |  |
| 1. Financial liabilities held to trade                               | -                | -            | _             | _          |  |
| 2. Other financial liabilities at fair value through profit and loss | -                | 3,004        | _             | 3,004      |  |
| 3. Debits and payables                                               | -                | 568,037      | 129           | 568,166    |  |
| 4. Hedge derivatives                                                 | _                | 11,134       | _             | 11,134     |  |
| 5. Technical provisions                                              | 18,849           | 71,932,380   | _             | 71,951,229 |  |
| 6. Non-technical provisions                                          | -                | 182          | -             | 182        |  |
| 7. Tax liabilities                                                   | -                | 263,286      | -             | 263,286    |  |
| 8. Other liabilities                                                 | -                | 9,165        | 6             | 9,171      |  |
| 9. Liabilities associated with assets held for sale                  | -                | -            | -             | -          |  |
| TOTAL EQUITY                                                         | 1,190,542        | 2,118,732    | 299           | 3,309,573  |  |

# CONSOLIDATED ANNUAL ACCOUNTS

| LIABILITIES AND EQUITY                                                |         | NON-LIFE SEGMENT |           | LIFE SEGMENT |     | EGMENT | TOTAL     |           |
|-----------------------------------------------------------------------|---------|------------------|-----------|--------------|-----|--------|-----------|-----------|
| Own funds                                                             |         | 1,190,542        |           | 2,092,830    |     | 299    |           | 3,283,671 |
| 1. Capital                                                            |         | -                |           | 1,347,462    |     | -      |           | 1,347,462 |
| a) Authorised capital                                                 | -       |                  | 1,347,462 |              | -   |        | 1,347,462 | -         |
| b) <i>Less</i> : Uncalled capital                                     | -       |                  | -         |              | -   |        | -         | -         |
| 2. Issue premium                                                      |         | -                |           | -            |     | _      |           | -         |
| 3. Reserves                                                           |         | 996,481          |           | 810,952      |     | _      |           | 1,807,433 |
| 4. <i>Less</i> : Treasury stock or shares                             |         | -                |           | _            |     | -      |           | -         |
| 5. Profit and loss from previous years                                |         | _                |           | _            |     | -      |           | _         |
| 6. Other shareholder contributions                                    |         | _                |           | _            |     | -      |           | _         |
| 7. Earnings for the financial year attributable to the parent company |         | 194,061          |           | 600,416      |     | 299    |           | 794,776   |
| a) Consolidated profit and loss                                       | 194,061 |                  | 600,416   |              | 299 |        | 794,776   |           |
| b) Profit and loss attributable to external shareholders              | -       |                  | -         |              | -   |        | -         |           |
| 8. <i>Less</i> : Interim dividend                                     |         | -                |           | (666,000)    |     | -      |           | (666,000) |
| 9. Other equity instruments                                           |         | -                |           | -            |     | -      |           | -         |
| Value adjustments                                                     |         | -                |           | 25,902       |     | -      |           | 25,902    |
| 1. Financial assets available for sale                                |         | -                |           | 25,902       |     | -      |           | 25,902    |
| 2. Hedging transactions                                               |         | _                |           | _            |     | _      |           | _         |
| 3. Exchange variations                                                |         | _                |           | _            |     | -      |           | _         |
| 4. Accounting asymmetry correction                                    |         | _                |           | -            |     | -      |           | -         |
| 5. Entities accounted for using the equity method                     |         | _                |           | _            |     | _      |           | _         |
| 6. Other adjustments                                                  |         | -                |           | -            |     | -      |           | -         |

# CONSOLIDATED ANNUAL ACCOUNTS

| LIABILITIES AND EQUITY                     | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |
|--------------------------------------------|------------------|--------------|---------------|------------|
| Subsidies, donations and bequests received | -                | -            | -             | -          |
|                                            |                  |              |               |            |
| EQUITY ATTRIBUTED TO THE PARENT COMPANY    | 1,190,542        | 2,118,732    | 299           | 3,309,573  |
|                                            |                  |              |               |            |
| MINORITY INTERESTS                         | -                | -            | -             | -          |
|                                            |                  |              |               |            |
| TOTAL EQUITY AND LIABILITIES               | 1,209,391        | 74,905,920   | 434           | 76,115,745 |

## CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED BALANCE SHEETS BY SEGMENT AS OF 31 DECEMBER 2018 (Thousands of euros)

| ASSETS                                                          | NON-LIFE | NON-LIFE SEGMENT |           | EGMENT     | OTHER SEGMENT |       | TOTAL     |            |
|-----------------------------------------------------------------|----------|------------------|-----------|------------|---------------|-------|-----------|------------|
| 1. Cash and equivalent liquid assets                            |          | 65,128           |           | 1,662,227  |               | 5,109 |           | 1,732,464  |
| 2. Financial assets held to trade                               |          | -                |           | 129        |               | -     |           | 129        |
| 3. Other financial assets at fair value through profit and loss |          | -                |           | 8,858,004  |               | -     |           | 8,858,004  |
| 4. Financial assets available for sale                          |          | _                |           | 50,746,891 |               | -     |           | 50,746,891 |
| 5. Loans and receivables                                        |          | 124,970          |           | 1,818,571  |               | -     |           | 1,943,541  |
| a) Debt securities                                              |          |                  | 630,713   |            | -             |       | 630,713   |            |
| b) Loans and deposits                                           | -        |                  | 1,028,711 |            | -             |       | 1,028,711 |            |
| c) Receivables                                                  | 124,970  |                  | 159,147   |            | -             |       | 284,117   |            |
| 6. Held-to-maturity investments                                 |          | -                |           | 8,400      |               | -     |           | 8,400      |
| 7. Hedge derivatives                                            |          | -                |           | -          |               | -     |           | -          |
| 8. Share of the reinsurer in technical provisions               |          | 2,726            |           | 222,077    |               | -     |           | 224,803    |
| 9. Tangible fixed assets and property investments               |          | -                |           | 21,682     |               | -     |           | 21,682     |
| a) Tangible fixed assets                                        | -        |                  | 20,936    |            | -             |       | 20,936    |            |
| b) Property investments                                         | -        |                  | 746       |            | -             |       | 746       |            |
| 10. Intangible fixed assets                                     |          | -                |           | 740,883    |               | -     |           | 740,883    |
| a) Goodwill                                                     | -        |                  | 583,577   |            | -             |       | 583,577   |            |
| b) Expenses for the acquisition of policy portfolios            | -        |                  | -         |            | -             |       | -         |            |
| c) Other intangible fixed assets                                | -        |                  | 157,306   |            | _             |       | 157,306   |            |
| 11. Shares in entities accounted for using the equity method    |          | 947,390          |           | _          |               | -     |           | 947,390    |

# CONSOLIDATED ANNUAL ACCOUNTS

| ASSETS                                                               | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |  |
|----------------------------------------------------------------------|------------------|--------------|---------------|------------|--|
| 12. Tax assets                                                       | -                | 239,641      | -             | 239,641    |  |
| a) Current tax assets                                                | -                | 1,151        | -             | 1,151      |  |
| b) Deferred tax assets                                               | -                | 238,490      | -             | 238.490    |  |
| 13. Other assets                                                     | -                | 781,401      | 24            | 781,425    |  |
| 14. Assets held for sale                                             | -                | -            | -             | -          |  |
| TOTAL ASSETS                                                         | 1,140,214        | 65,099,906   | 5,133         | 66,245,253 |  |
| LIABILITIES AND EQUITY                                               | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |  |
| TOTAL LIABILITIES                                                    | 21,818           | 62,906,866   | 141           | 62,928,825 |  |
| 1. Financial liabilities held to trade                               | _                | _            | _             | _          |  |
| 2. Other financial liabilities at fair value through profit and loss | -                | 9,067        | -             | 9,067      |  |
| 3. Debits and payables                                               | -                | 664,109      | 135           | 664,244    |  |
| 4. Hedge derivatives                                                 | _                | 227          | _             | 227        |  |
| 5. Technical provisions                                              | 21,818           | 61,969,916   | _             | 61,991,734 |  |
| 6. Non-technical provisions                                          | -                | 178          | -             | 178        |  |
| 7. Tax liabilities                                                   | -                | 256,879      | -             | 256,879    |  |
| 8. Other liabilities                                                 | -                | 6,490        | 6             | 6,496      |  |
| 9. Liabilities associated with assets held for sale                  | -                | -            | -             | -          |  |
| TOTAL EQUITY                                                         | 1,115,670        | 2,200,448    | 310           | 3,316,428  |  |

# CONSOLIDATED ANNUAL ACCOUNTS

| LIABILITIES AND EQUITY                                                | NON-LIFE | SEGMENT   | LIFE SI   | EGMENT    | OTHER SE | GMENT | то        | TAL       |
|-----------------------------------------------------------------------|----------|-----------|-----------|-----------|----------|-------|-----------|-----------|
| Own funds                                                             |          | 1,115,670 |           | 2,206,142 |          | 310   |           | 3,322,122 |
| 1. Capital                                                            |          | -         |           | 1,347,462 |          | -     |           | 1,347,462 |
| a) Authorised capital                                                 | -        |           | 1,347,462 |           | -        |       | 1,347,462 |           |
| b) <i>Less</i> : Uncalled capital                                     | -        |           | -         |           | -        |       | -         |           |
| 2. Issue premium                                                      |          | -         |           | -         |          | -     |           | -         |
| 3. Reserves                                                           |          | 947,390   |           | 794,581   |          | -     |           | 1,741,971 |
| 4. <i>Less</i> : Treasury stock or shares                             |          | -         |           | _         |          | -     |           | -         |
| 5. Profit and loss from previous years                                |          | _         |           | _         |          | -     |           | _         |
| 6. Other shareholder contributions                                    |          | _         |           | _         |          | -     |           | -         |
| 7. Earnings for the financial year attributable to the parent company | ý        | 168,280   |           | 494,099   |          | 310   |           | 662,689   |
| a) Consolidated profit and loss                                       | 168,280  |           | 494,099   |           | 310      |       | 662,689   |           |
| b) Profit and loss attributable to external shareholders              | _        |           | -         |           | -        |       | -         |           |
| 8. <i>Less</i> : Interim dividend                                     |          | -         |           | (430,000) |          | -     |           | (430,000) |
| 9. Other equity instruments                                           |          | -         |           | -         |          | -     |           | -         |
| Value adjustments                                                     |          | -         |           | (5,694)   |          | -     |           | (5,694)   |
| 1. Financial assets available for sale                                |          | -         |           | (5,694)   |          | -     |           | (5,694)   |
| 2. Hedging transactions                                               |          | -         |           | _         |          | -     |           | -         |
| 3. Exchange variations                                                |          | _         |           | _         |          | -     |           | _         |
| 4. Accounting asymmetry correction                                    |          | -         |           | -         |          | -     |           | -         |
| 5. Entities accounted for using the equity method                     |          | -         |           | -         |          | -     |           | -         |
| 6. Other adjustments                                                  |          | -         |           | _         |          | -     |           |           |

# CONSOLIDATED ANNUAL ACCOUNTS

| LIABILITIES AND EQUITY                     | NON-LIFE SEGMENT | LIFE SEGMENT | OTHER SEGMENT | TOTAL      |
|--------------------------------------------|------------------|--------------|---------------|------------|
| Subsidies, donations and bequests received | -                | -            | -             | -          |
|                                            |                  |              |               |            |
| EQUITY ATTRIBUTED TO THE PARENT COMPANY    | 1,115,670        | 2,200,448    | 310           | 3,316,428  |
| MINORITY INTERESTS                         |                  |              | _             |            |
|                                            |                  |              | -             | -          |
| TOTAL EQUITY AND LIABILITIES               | 1,137,488        | 65,107,314   | 451           | 66,245,253 |

## CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED STATEMENTS OF CHANGES IN OWN EQUITY

A) Consolidated statements of recognised income and expenses (Thousands of euros)

|                                                                 | 2019 Financial Year | 2018 Financial Year (*) |
|-----------------------------------------------------------------|---------------------|-------------------------|
| A) CONSOLIDATED PROFIT AND LOSS FOR THE FINANCIAL YEAR          | 794,776             | 662,689                 |
| B) OTHER GLOBAL PROFIT AND LOSS                                 | 31,596              | (2,480)                 |
| Elements that may be reclassified in profit and loss:           | 31,596              | (2,480)                 |
| 1. Financial assets available for sale:                         | 45,137              | (3,543)                 |
| a) Valuation profit/(loss)                                      | 45,137              | (3,543)                 |
| b) Amounts transferred to the profit and loss account           |                     |                         |
| c) Other reclassifications                                      | _                   | -                       |
| 2. Cash flow hedges:                                            | -                   | -                       |
| a) Valuation profit/(loss)                                      | _                   | -                       |
| b) Amounts transferred to the profit and loss account           | -                   | -                       |
| c) Amounts transferred to the initial value of the hedged items | _                   | -                       |
| d) Other reclassifications                                      | _                   | -                       |
| 3. Hedging of net investments in foreign businesses:            | -                   | -                       |
| a) Valuation profit/(loss)                                      | -                   | -                       |
| b) Amounts transferred to the profit and loss account           | -                   | -                       |
| c) Other reclassifications                                      | -                   | -                       |
| 4. Exchange variations:                                         | -                   | -                       |
| a) Valuation profit/(loss)                                      | _                   | -                       |
| b) Amounts transferred to the profit and loss account           | -                   | -                       |
| c) Other reclassifications                                      | -                   | -                       |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

A) Consolidated statements of recognised income and expenses (Thousands of euros)

|                                                                                         | 2019 Financial Year | 2018 Financial Year (*) |
|-----------------------------------------------------------------------------------------|---------------------|-------------------------|
| 5. Accounting asymmetry correction:                                                     | -                   | -                       |
| a) Valuation profit/(loss)                                                              | -                   | -                       |
| b) Amounts transferred to the profit and loss account                                   | _                   | -                       |
| c) Other reclassifications                                                              | _                   | -                       |
| 6. Assets held for sale:                                                                | -                   | -                       |
| a) Valuation profit/(loss)                                                              | _                   | -                       |
| b) Amounts transferred to the profit and loss account                                   | _                   | -                       |
| c) Other reclassifications                                                              | _                   | -                       |
| 7. Actuarial profit/(loss) for long-term remuneration for staff                         | -                   | -                       |
| 8. Entities accounted for using the equity method:                                      | -                   | -                       |
| a) Valuation profit/(loss)                                                              | _                   | -                       |
| b) Amounts transferred to the profit and loss account                                   | _                   | -                       |
| c) Other reclassifications                                                              | _                   | -                       |
| 9. Other recognised income and expenses                                                 | -                   | -                       |
| 10. Corporation tax relating to elements that<br>may be reclassified in profit and loss | (13,541)            | 1,063                   |
| Elements that will not be reclassified in profit and loss:                              |                     | -                       |
| 11. Actuarial profit/(loss) in pension plans                                            | -                   | -                       |
| a) Valuation profit/(loss)                                                              | _                   | -                       |
| b) Amounts transferred to reserves                                                      | _                   | -                       |

## CONSOLIDATED ANNUAL ACCOUNTS

cont.

A) Consolidated statements of recognised income and expenses (Thousands of euros)

|                                                    | 2019 Financial Year | 2018 Financial Year (*) |
|----------------------------------------------------|---------------------|-------------------------|
|                                                    |                     |                         |
| TOTAL OVERALL PROFIT AND LOSS FOR THE YEAR (A + B) | 826,372             | 660,209                 |
| a) Attributed to the parent company                | 826,372             | 660,209                 |
| b) Attributed to minority interest                 | -                   | -                       |

(\*) Presented solely and exclusively for comparison purposes (See Note 2.e).

Notes 1 to 22 in the attached Report and Annexes I to III form an integral part of the consolidated recognised income and expense statement corresponding to the 2019 financial year.

# CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

B) Consolidated statements of changes in equity (Thousands of euros)

|                                                                |                              |                                     | Equity                         | attributed to                                                                      | the parent    | company                        |                      |                                                         |                       |                 |
|----------------------------------------------------------------|------------------------------|-------------------------------------|--------------------------------|------------------------------------------------------------------------------------|---------------|--------------------------------|----------------------|---------------------------------------------------------|-----------------------|-----------------|
|                                                                |                              |                                     | Own                            | Funds                                                                              |               |                                |                      |                                                         |                       |                 |
|                                                                | Capital or<br>mutual<br>fund | lssue<br>premium<br>and<br>reserves | Treasury<br>stock or<br>shares | Profit and loss<br>for the financia<br>year attributed<br>to the parent<br>company | al dividends) | Other<br>equity<br>instruments | Value<br>adjustments | Subsidies,<br>Donations,<br>and<br>Bequests<br>Received | Minority<br>interests | Total<br>Equity |
| Final balance at 31 December 2017 (*)                          | 1,347,462                    | 1,635,692                           | -                              | 633,972                                                                            | (420,000)     | -                              | (3,214)              | -                                                       | -                     | 3,193,912       |
| Adjustment s due to changes in accounting criteria             | -                            | -                                   | -                              | -                                                                                  | -             | -                              | _                    | -                                                       | -                     | -               |
| Adjustments due to errors                                      | _                            | -                                   | -                              | -                                                                                  | -             | -                              | -                    | -                                                       | -                     | -               |
| Adjusted balance at 1 January 2018                             | 1,347,462                    | 1,635,692                           | -                              | 633,972                                                                            | (420,000)     | -                              | (3,214)              | -                                                       | -                     | 3,193,912       |
| I. Total global profit and loss<br>for the 2018 financial year | -                            | -                                   | -                              | 662,689                                                                            | -             | -                              | (2,480)              | -                                                       | -                     | 660,209         |
| II. Transactions with partners or owners                       | -                            | -                                   | -                              | -                                                                                  | (537,693)     | -                              | -                    | -                                                       | -                     | (537,693)       |
| 1. Capital increases/(reductions)                              | _                            | -                                   | _                              | -                                                                                  | _             | -                              | -                    | -                                                       | _                     | -               |
| 2. Conversion of financial liabilities into equity             | _                            | -                                   | -                              | -                                                                                  | -             | -                              | -                    | -                                                       | -                     | -               |
| 3. Distribution of dividends                                   | _                            | -                                   | _                              | -                                                                                  | (537,693)     | -                              | -                    | _                                                       | -                     | (537,693)       |
| 4. Transactions with treasury shares or stock (net)            | -                            | _                                   | -                              | -                                                                                  | -             | _                              | _                    | _                                                       | -                     | -               |
| 5. Increases/(reductions) due to business combinations         | -                            | _                                   | -                              | -                                                                                  | -             | -                              | _                    | _                                                       | -                     | -               |
| 6. Other transactions with<br>partners or owners               | _                            | _                                   | _                              | -                                                                                  | -             | _                              | _                    | _                                                       | -                     | -               |
| III. Other variations in equity                                | -                            | 106,279                             | -                              | (633,972)                                                                          | 527,693       | -                              | -                    | -                                                       | -                     | -               |
| 1. Payments based on equity instruments                        | _                            | _                                   | -                              | _                                                                                  | -             | _                              | _                    | _                                                       | _                     | _               |

# CONSOLIDATED ANNUAL ACCOUNTS

#### cont.

B) Consolidated statements of changes in equity (Thousands of euros)

|                                                             |                              |                                     | Equity                         | attributed to                                                                      | the parent   | company                        |                      |                                                         |                       |                 |
|-------------------------------------------------------------|------------------------------|-------------------------------------|--------------------------------|------------------------------------------------------------------------------------|--------------|--------------------------------|----------------------|---------------------------------------------------------|-----------------------|-----------------|
|                                                             |                              |                                     | Own                            | Funds                                                                              |              |                                |                      |                                                         |                       |                 |
|                                                             | Capital or<br>mutual<br>fund | lssue<br>premium<br>and<br>reserves | Treasury<br>stock or<br>shares | Profit and loss<br>for the financia<br>year attributed<br>to the parent<br>company | l dividends) | Other<br>equity<br>instruments | Value<br>adjustments | Subsidies,<br>Donations,<br>and<br>Bequests<br>Received | Minority<br>interests | Total<br>Equity |
| 2. Transfers between equity items                           | -                            | 106,279                             | -                              | (633,972)                                                                          | 527,693      | _                              | -                    | -                                                       | -                     | _               |
| 3. Other changes                                            | _                            | _                                   | -                              | -                                                                                  | -            | _                              | _                    | _                                                       | _                     | _               |
| Final balances at 31 December 2018                          | 1,347,462                    | 1,741,971                           | -                              | 662,689                                                                            | (430,000)    | -                              | (5,694)              | -                                                       | -                     | 3,316,428       |
| Adjustments due to changes in accounting criter             | ia -                         | -                                   | -                              | -                                                                                  | -            | -                              | -                    | -                                                       | -                     | _               |
| Adjustments due to errors                                   | -                            | -                                   | -                              | -                                                                                  | -            | _                              | -                    | _                                                       | -                     | _               |
| Adjusted balance at 1 January 2019                          | 1,347,462                    | 1,741,971                           | -                              | 662,689                                                                            | (430,000)    | -                              | (5,694)              | -                                                       | -                     | 3,316,428       |
| I. Total global profit and loss for the 2019 financial year | -                            | -                                   | -                              | 794,776                                                                            | -            | -                              | 31,596               | -                                                       | -                     | 826,372         |
| II. Transactions with partners or owners                    | -                            | -                                   | -                              | -                                                                                  | (833,227)    | -                              | -                    | -                                                       | -                     | (833,227)       |
| 1. Capital increases/(reductions)                           | _                            | -                                   | -                              | -                                                                                  | -            | -                              | -                    | _                                                       | _                     | -               |
| 2. Conversion of financial liabilities into equity          | _                            | -                                   | -                              | -                                                                                  | -            | -                              | -                    | _                                                       | -                     | _               |
| 3. Distribution of dividends                                | -                            |                                     | -                              | -                                                                                  | (833,227)    | _                              | -                    | -                                                       | -                     | (833,227)       |
| 4. Transactions with treasury shares or stock (net)         | -                            | -                                   | _                              | -                                                                                  | -            | -                              | -                    | -                                                       | -                     | _               |
| 5. Increases/(reductions)<br>due to business combinations   | _                            | -                                   | -                              | -                                                                                  | -            | -                              | -                    | -                                                       | -                     | _               |
| 6. Other transactions with<br>partners or owners            | -                            | -                                   | -                              | -                                                                                  | -            | -                              | -                    | -                                                       | -                     | _               |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

B) Consolidated statements of changes in equity (Thousands of euros)

|                                         |                              |                                     | Equity                         | attributed to                                                                       | the parent | company                        |                      |                                                         |                       |                 |
|-----------------------------------------|------------------------------|-------------------------------------|--------------------------------|-------------------------------------------------------------------------------------|------------|--------------------------------|----------------------|---------------------------------------------------------|-----------------------|-----------------|
|                                         |                              |                                     | Own                            | Funds                                                                               |            |                                |                      |                                                         |                       |                 |
|                                         | Capital or<br>mutual<br>fund | lssue<br>premium<br>and<br>reserves | Treasury<br>stock or<br>shares | Profit and loss<br>for the financial<br>year attributed<br>to the parent<br>company | dividends) | Other<br>equity<br>instruments | Value<br>adjustments | Subsidies,<br>Donations,<br>and<br>Bequests<br>Received | Minority<br>interests | Total<br>Equity |
| III. Other variations in equity         | -                            | 65,462                              | -                              | (662,689)                                                                           | 597,227    | -                              | -                    | -                                                       | -                     | -               |
| 1. Payments based on equity instruments | -                            | -                                   | -                              | -                                                                                   | -          | -                              | -                    | -                                                       | _                     | -               |
| 2. Transfers between equity items       | -                            | 65,462                              | -                              | (662,689)                                                                           | 597,227    | -                              | -                    | -                                                       | _                     | -               |
| 3. Other changes                        | -                            | -                                   | _                              | -                                                                                   | _          | -                              | -                    | -                                                       | _                     | -               |
| Final balances at 31 December 2019      | 1,347,462                    | 1,807,433                           | -                              | 794,776                                                                             | (666,000)  | -                              | 25,902               | -                                                       | -                     | 3,309,573       |

(\*) Presented solely and exclusively for comparison purposes (See Note 2.e).

Notes 1 to 22 in the attached Report and Annexes I to III form an integral part of the statement of changes in equity as of 31 December 2019.

## CONSOLIDATED ANNUAL ACCOUNTS

#### CONSOLIDATED CASH FLOW STATEMENTS (DIRECT METHOD) (Thousands of euros)

|                                                     | 2019 Financial Year | 2018 Financial Year |
|-----------------------------------------------------|---------------------|---------------------|
| ) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)      | 1,753,835           | 1,548,382           |
| 1. Insurance activity:                              | 2,174,308           | 1,616,853           |
| (+) Cash receipts from the insurance activity       | 9,736,384           | 8,864,187           |
| (-) Cash payments for the insurance activity        | (7,562,076)         | (7,247,334)         |
| 2. Other operating activities:                      | (259,751)           | 92,316              |
| (+) Cash receipts from other operating activities   | 250,752             | 237,137             |
| (-) Cash payments for other operating activities    | (510,503)           | (144,821)           |
| 3. Receipts/(payments) for corporation tax          | (160,722)           | (160,787)           |
| ) CASH FLOWS FROM INVESTMENT ACTIVITIES (1 + 2)     | (1,204,775)         | (2,052,709)         |
| 1. Receipts from investment activities:             | 33,781,833          | 34,059,688          |
| (+) Tangible fixed assets                           | -                   | -                   |
| (+) Property investments                            | -                   | -                   |
| (+) Intangible fixed assets                         | -                   | -                   |
| (+) Financial instruments                           | 31,108,981          | 31,223,693          |
| (+) Holdings                                        | 117                 | 113,365             |
| (+) Dependent entities and other business units     | 2,331,927           | 2,527,584           |
| (+) Interest earned                                 | 290,090             | 161,561             |
| (+) Dividends earned                                | -                   | -                   |
| (+) Other receipts related to investment activities | 50,718              | 33,484              |

# CONSOLIDATED ANNUAL ACCOUNTS

cont.

CONSOLIDATED CASH FLOW STATEMENTS (DIRECT METHOD) (Thousands of euros)

|                                                                                       | 2019 Financial Year | 2018 Financial Year |
|---------------------------------------------------------------------------------------|---------------------|---------------------|
| 2. Payments for investment activities:                                                | (34,986,608)        | (36,112,397)        |
| (-) Tangible fixed assets                                                             | (143)               | -                   |
| (-) Property investments                                                              | -                   | -                   |
| (-) Intangible fixed assets                                                           | (1,898)             | -                   |
| (-) Financial instruments                                                             | (34,981,027)        | (36,112,458)        |
| (-) Holdings                                                                          | (295)               | 61                  |
| (-) Dependent entities and other business units                                       | -                   | -                   |
| (-) Other payments related to investment activities                                   | (3,245)             | -                   |
| C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)                                       | (1,293,881)         | (543,431)           |
| 1. Receipts from financing activities:                                                | 122,069             | 834,882             |
| (+) Subordinated liabilities                                                          | -                   | -                   |
| (+) Receipts for issue of equity instruments and capital increase                     | -                   | -                   |
| (+) Active supplementary calls and contributions from partners or mutual associations | -                   | -                   |
| (+) Disposal of treasury stock                                                        | _                   | -                   |
| (+) Other receipts related to financing activities                                    | 122,069             | 834,882             |
| 2. Payments from financing activities:                                                | (1,415,950)         | (1,378,313)         |
| (-) Dividends to shareholders                                                         | (833,227)           | (537,692)           |
| (-) Interest paid                                                                     | -                   | (199)               |
| (-) Subordinated liabilities                                                          | -                   | (60,000)            |
| (-) Payments for the return of contributions to shareholders                          | -                   | -                   |

## CONSOLIDATED ANNUAL ACCOUNTS

cont.

#### CONSOLIDATED CASH FLOW STATEMENTS (DIRECT METHOD) (Thousands of euros)

|                                                                                        | 2019 Financial Year | 2018 Financial Year     |
|----------------------------------------------------------------------------------------|---------------------|-------------------------|
| (-) Passive supplementary calls and contributions from partners or mutual associations | -                   | -                       |
| (-) Acquisition of treasury stock                                                      | -                   | -                       |
| (-) Other payments related to financing activities                                     | (582,723)           | (780,422)               |
| D) EFFECT OF THE VARIATIONS IN EXCHANGE RATES                                          | -                   | -                       |
| E) NET INCREASE/(DECREASE) OF CASH AND EQUIVALENTS (A + B + C + D)                     | (744,821)           | (1,047,758)             |
| F) CASH AND EQUIVALENTS AT THE START OF THE PERIOD                                     | 1,732,464           | 2,780,222               |
| G) CASH AND EQUIVALENTS AT THE END OF THE PERIOD (E + F)                               | 987,643             | 1,732,464               |
| COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF THE PERIOD                            | 2019 Financial Year | 2018 Financial Year (*) |
| (+) Cash and banks                                                                     | 987,643             | 1,215,234               |
| (+) Other financial assets                                                             | -                   | 517,230                 |
| (-) Less: Bank overdrafts refundable on demand                                         | -                   | -                       |
| FOTAL CASH AND EQUIVALENTS AT THE END OF THE PERIOD                                    | 987,643             | 1,732,464               |

(\*) Presented solely and exclusively for comparative purposes in all headings that are applicable (See Note 2.e).

Notes 1 to 22 in the attached notes and Annexes I to III form an integral part of the consolidated cash flow statement corresponding to the 2019 financial year.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

In accordance with the current regulations on the content of consolidated annual accounts, this Report completes, expands on and comments on the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement, all consolidated, (hereinafter, "the consolidated financial statements"), and it forms a whole unit with them, in order to show the true and fair view of the assets and financial position of VidaCaixa (hereinafter, Grupo VidaCaixa) as of 31 December 2019, as well as the results of its consolidated transactions, changes in equity and cash flows that have occurred during the year ended on that date.

#### 1. GENERAL INFORMATION ABOUT THE PARENT COMPANY AND ITS ACTIVITY

# a) Incorporation and shareholders, corporate purpose, legal framework and branches in which it operates

VidaCaixa, S.A.U. de Seguros y Reaseguros (hereinafter, VidaCaixa or the Parent Company) was incorporated in Spain through a public deed on 5 March 1987, in accordance with the Capital Companies Act. Until 6 October 2017, the Company's registered office was located in calle Juan Gris 2-8 in Barcelona. From that date to 16 July 2019, it was located in Paseo de Recoletos 37, 3° in Madrid. Since that date, by agreement adopted at the decision-making meeting of VidaCaixa's Sole Shareholder, the registered office has been at Paseo de la Castellana 51 in Madrid. The Parent Company is registered in the Mercantile Registry of Madrid.

Its corporate purpose is carrying out life insurance and reinsurance operations, as well as other operations subject to the arrangement of private insurance, particularly those of insurance or capitalisation, management of collective retirement funds, pensions and anything else authorised by the Law on the Rule, Supervision and Solvency of Insurance and Reinsurance Companies, its Regulations and additional provisions to which the Group is subject, subject to compliance with the requirements. With the authorisation of the General Directorate of Insurance and Pensions (hereinafter, DGSFP to use its Spanish initials), it operates in the branches of life, accident and illness. It also manages individual and collective pension funds when they are intended to provide their unitholders with benefits regarding risks related to human life.

It reorganised the insurance group during the 2013 financial year in order to simplify its organisational structure. In this regard, on 5 March 2013, the Boards of Directors of VidaCaixa Grupo, S.A.U. and VidaCaixa approved the take-over whereby the latter absorbed VidaCaixa Grupo, S.A.U.

Prior to the merger, VidaCaixa Grupo made a contribution in kind of its 49.9% stake in SegurCaixa Adeslas, S.A. de Seguros y Reaseguros (hereinafter, SegurCaixa Adeslas) to VidaCaixa. Within this process for the reorganisation of the insurance group, VidaCaixa acquired CaixaBank, S.A. and Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A. (Sociedad Unipersonal), on 26 March 2013, with both life companies coming from Banca Cívica (See Note 10).

As a result of this entire process, VidaCaixa, S.A.U. became the parent of the Group and the owner of the stakes.

A purchase and sale agreement was entered into on 11 December 2018, through which VidaCaixa sold its entire stake in the company CaixaBank Titulización S.G.F.T., S.A. (formerly Gesticaixa) to CaixaBank, S.A. for an amount of €1,700,000, generating a profit of €1,353,000 for the Parent Company that is accounted for under the "Income from tangible fixed assets and investments" heading of the company's consolidated profit and loss account for the 2018 financial year.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

A purchase and sale agreement was entered into on 23 November 2017, through which VidaCaixa acquired all of the shares of the company BPI Vida e Pensões – Companhia de Seguros, S.A. (hereinafter, "BPI Vida"), for the amount of €135 million. The effective purchase date was 29 December 2017, when all the conditions precedent stipulated in the aforementioned agreement had been met.

The corporate purpose of BPI Vida is the performance of life insurance and reinsurance operations, as well as the management of pension funds. Likewise, during the 2019 and 2018 financial years, BPI Vida's activity focused mainly on the marketing of capitalisation products sold by BPI, S.A. and insurance policies in which the investment risk is assumed by the policyholder.

As of 31 December 2019 and 2018, 100% of the shares of VidaCaixa, S.A.U. are owned by CaixaBank, S.A., giving it the title of sole shareholder.

On 26 September 2017, and entering into force on that same day, the Governing Council of the European Central Bank considered, based on compliance with the conditions established in Article 26, section 8, of Regulation (EU) No. 1024/2013 of the Council, that Criteria Caixa, S.A.U., a company of Grupo Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona "la Caixa" and direct parent company of CaixaBank, S.A. until that date, no longer exercised control or a significant dominant influence over CaixaBank, S.A. This is why CaixaBank, S.A. has become the parent company of Grupo CaixaBank. The registered office of CaixaBank, S.A. is located in Calle Pintor Sorolla nº 2-4, in Valencia.

The Group directly performs the insurance activity, or related activities, for which it has the corresponding administrative authorisation. In this case, in Spain, it is the DGSFP that performs the functions that the current provisions attribute to the Ministry of the Economy and Competitiveness in matters of private insurance and reinsurance, insurance brokerage, capitalisation and pension funds. In the case of Portugal, it is the Autoridade de Supervisão de Seguros e Fundos de Pensões (hereinafter, "ASF"), that performs the supervisory functions in matters of insurance, reinsurance, insurance brokerage and pension funds.

Until 31 December 2012, Grupo VidaCaixa was drawing up consolidated annual accounts voluntarily, as it was exempt from this in accordance with the applicable legislation. After the reorganisation of the insurance group, indicated above, VidaCaixa, S.A.U. has drawn up Consolidated Annual Accounts by virtue of article 43.bis of the Commercial Code, as it has control over investee subsidiary companies.

The Group, through its Parent Company and the insurance companies in which it invests, operates in the following branches: Motor, Accident, Illness (including the Healthcare segment), Life, Death, Legal Defence, Home, Fire and natural elements, Transported Goods, Other damage to goods, Various pecuniary losses, General civil liability, Motor land civil liability and Non-rail land vehicles.

In light of the activity in which the Group engages, it has no liabilities, expenses, assets or provisions or contingencies of an environmental nature that may be material in relation to its equity, financial position or earnings. Therefore, specific disclosures regarding environmental issues are not included in this report on the annual accounts.

As of 31 December 2019, the Group manages 199 pension funds and 4 Voluntary Retirement Savings Providers (EPSVs to use the Spanish name) with a volume of consolidated rights of €33,703,317 thousand (€29,395,609 thousand as of 31 December 2018). The gross income accrued through management fees for the different funds amounted to €248,579,000 in the 2019 financial year (€232,105,000

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

in the 2018 financial year), and is accounted for under "Profit and loss from other activities - Other income". Likewise, the expenses associated with this management were €170,352,000 (€157,386,000 in the 2018 financial year), presented under "Profit and loss from other activities - Other expenses".

#### b) Internal structure and distribution systems

VidaCaixa administers and manages its stake in the share capital of other companies through the corresponding organisation of human and material resources. When the stake in the capital of these companies so allows, the Parent Company exercises management and control over them by belonging to their corporate management bodies or by providing management and administration services to these companies.

The Group markets different life and non-life products and pension plans.

With regard to the brokerage channels, the Group markets its products mainly through the distribution network of the credit institution CaixaBank, S.A., which has been configured as the exclusive banking-insurance operator of the parent company VidaCaixa, S.A.U. de Seguros y Reaseguros, and is authorised to market the insurance contracts of SegurCaixa Adeslas, S.A.. The Parent Company also maintains insurance agency contracts linked to the Grupo CaixaBank's financial credit institution known as CaixaBank Payments & Consumer, E.F.C., EP, S.A. (formerly CaixaBank Consumer Finance, E.F.C., S.A.U.), and an agency contract in free provision of services with BMW Bank GmbH Sucursal en España. Finally, the Parent Company has also entered into contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its CaixaBank S.A. distribution network. The marketing of products is also carried out through the insurance

brokerage activity, which is carried out by insurance brokers and other related insurance agents.

The brokerage channels for the products marketed by BPI Vida are through the distribution network of credit institution Banco BPI, S.A.

The Group, basically through VidaCaixa Mediación, S.A.U., also maintains contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its distribution network.

#### c) Statistical summary of the claims and complaints handled

As regulated in the Customer Ombudsman Regulations of Grupo CaixaBank, S.A., the complaints channels established at the group at the close of the 2019 financial year are the Ombudsman for Unitholders and Associates and Customer Service (hereinafter, CS).

Following the principles established by Grupo CaixaBank for the 2019 financial year, this note details the claims where the Parent Company is the "producer". Basically, these are claims for abusive clauses, economic returns and losses, discrepancies in contractual conditions, incidents in claims (delays, rejections or non-payment of compensation) and bailouts.

The types of claims lodged against the Parent Company are as follows:

### REPORT

#### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

| Subject of the claim            | Ombudsman for Unitholders and Associates | CS  | Total |
|---------------------------------|------------------------------------------|-----|-------|
| Passive Operations              | -                                        | -   | -     |
| Active Operations               | -                                        | -   | -     |
| Collection and Payment Services | -                                        | -   | -     |
| Insurance and Pension Funds     | 47                                       | 401 | 448   |
| Pending processing              | 3                                        | 15  | 18    |
| Total admitted                  | 36                                       | 319 | 355   |
| Not admitted                    | 8                                        | 67  | 75    |
| Total for 2019                  | 47                                       | 401 | 448   |

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The following classification is produced from the analysis of the responses given to customers:

| Type of resolution                  | Ombudsman for Unitholders and Associates | CS  | Total |
|-------------------------------------|------------------------------------------|-----|-------|
| Inadmissible                        | 8                                        | 61  | 69    |
| Upheld                              | -                                        | 88  | 88    |
| Rejected                            | -                                        | 205 | 205   |
| Partially in favour of the customer | 21                                       | 26  | 47    |
| Agreement/Negotiation               | _                                        | -   | -     |
| Acceptance by the entity            | 15                                       | -   | 15    |
| Withdrawn by the customer           | _                                        | 6   | 6     |
| Pending resolution                  | 3                                        | 15  | 18    |
| Total for 2019                      | 47                                       | 401 | 448   |

The decision criteria used by the Service are mainly extracted from the decisions in the resolutions issued by the General Directorate of Insurance and Pensions in similar cases, and in cases where this reference does not exist, the response is issued with the advice of the Parent Company's Legal Department on the basis of the specific circumstances leading to the claim.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### 2. PRESENTATION RULES AND CONSOLIDATION PRINCIPLES

### a) Regulatory framework of financial reporting applicable to the Group

These consolidated annual accounts have been prepared by the Directors of the Parent Company in accordance with the regulatory framework for financial reporting applicable to the Group, which is established in:

- a) The Commercial Code and other business law.
- b) The International Financial Reporting Standards adopted by the European Union through Community Regulations, in accordance with Regulation 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and its subsequent amendments.
- c) The mandatory rules approved by the Institute of Accounting and Account Auditing in the implementation of the General Chart of Accounts and its supplementary regulations.
- d) Law 20/2015, of 14 July, on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies ("LOSSEAR" for its Spanish initials).
- e) Royal Decree 1060/2015, of 20 November, on the Regulations for the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies ("ROSSEAR" for its Spanish initials), as well as the current articles of Royal Decree 2486/1998, of 20 November, approving the Regulations for the Ordination and Supervision of Insurance (hereinafter, "ROSSP" for its Spanish initials).

### b) True and fair view

The Group's consolidated annual accounts for the 2019 financial year have been drawn up in accordance with the applicable regulatory financial reporting framework and, in particular, the accounting principles and criteria contained therein.

The consolidated annual accounts have been prepared on the basis of the accounting records kept by VidaCaixa and the other companies making up the Group, and include certain adjustments and reclassifications that aim to standardise the principles and criteria followed by the integrated companies against those of VidaCaixa.

As recommended in IAS 1, assets and liabilities are generally classified in the balance sheet depending on their liquidity, but they are not classified between current and non-current and this is more relevant for insurance groups. In keeping with other insurance groups, expenses are classified and presented in the profit and loss account depending on their destination.

As of 31 December 2019, the Group's presentation currency is the euro.

The figures are presented in thousands of euros unless the use of another monetary unit is explicitly indicated. Certain financial information in these annual accounts has been rounded, and consequently the figures shown as totals in this document may be slightly different to the exact arithmetic operation of the figures that precede them. Likewise, when determining the information that must be disclosed in this report, its relative importance in relation to the annual accounting period has been taken into account.

Note 3 summarises the most significant accounting principles and valuation rules applied when preparing the Group's consolidated annual accounts corresponding to the 2019 financial year.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### c) Responsibility for the information

The information contained in these consolidated annual accounts is the responsibility of the Directors of the Parent Company who have verified, with the due diligence, that the different controls established to ensure the quality of the financial and accounting information, both from the Parent Company and from the companies that comprise it, have been effective.

The preparation of the annual accounts in accordance with the IFRS requires the directors to form judgements, estimates and assumptions that affect the application of accounting policies and the balances for assets, liabilities, income and expenses. The associated estimates and assumptions are based on historical experience and other diverse factors that are understood to be reasonable given the circumstances, and whose results constitute the basis for establishing the judgements about the book value of the assets and liabilities that are not easily available from other sources.

The respective estimates and assumptions are continuously reviewed; the effects of the reviews of accounting estimates are recognised in the period in which they are made, if they only affect that period, or in the period of the review and future periods, if the review affects them. In any case, the end results derived from a situation requiring estimates may differ from what was anticipated and be reflected, prospectively, in the final effects.

Apart from the process of establishing systematic estimates and their periodic review, the Directors of the Parent Company make certain value judgements about issues of particular importance to the consolidated annual accounts. Included among the most significant are those judgements related to the fair value of certain assets and liabilities, impairment losses, the useful life of tangible and intangible fixed assets, the valuation of consolidation goodwill, the recording of deferred tax liabilities, the assumptions used to calculate the liability suitability test, the assumptions used to allocate part of the unrealised capital gains for "financial assets available for sale" and "at fair value through profit and loss" as a greater amount for the life insurance provisions.

d) New accounting principles and policies applied in the Group's consolidated annual accounts

Standards and interpretations issued by the International Accounting Standards Board (IASB) that have come into force in the financial year

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

On 1 January 2019, the Group adopted the following accounting regulations:

### STANDARDS AND INTERPRETATIONS ENTERING INTO FORCE IN 2019

| STANDARDS AND INTERPRETATIONS | TITLE                                                  |
|-------------------------------|--------------------------------------------------------|
| IFRS 16                       | Leases                                                 |
| Amendment to IFRS 9           | Prepayment Features with Negative Compensation         |
| Interpretation of IFRIC 23 *  | Uncertainty over Income Tax Treatments                 |
| Amendment of IAS 28 *         | Long-Term Interests in Associates and Joint Ventures   |
| Amendment of IAS 19 *         | Plan Amendment, Curtailment or Settlement              |
| Annual improvement cycle      | Annual improvements to IFRS Standards, 2015-2017 cycle |

(\*) They have had no significant impact on the Group.

### • IFRS 16 "Leases"

This standard establishes the principles applicable to the recognition, valuation and presentation of leases, as well as the information to be disclosed in this regard. Its first application date was 1 January 2019, when it replaced IAS 17 "Leases" and IFRIC 4 "Determination of whether an agreement contains a lease", which were applicable until 31 December 2018. There are important differences between these standards, mainly in the accounting treatment of the lessee, as the accounting of these agreements by the lessor is not subject to any significant changes. In this regard, a decision has been made not to reassess whether an agreement is a lease or contains a lease component in accordance with the criteria set out in the standard, applying it exclusively to agreements that have been identified as leases in accordance with previous standard.

For those leases where the Group acts as lessee and that were previously classified as operating leases, the Group has decided to apply the new lease criteria retroactively, using the amended retrospective approach, allowing it to estimate the value of the right of use with reference to the financial liability for the operations, not generating any adjustment to reserves as of 1 January 2019. It has also decided to exclude from the scope, in accordance with the

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

simplifications set forth in the new regulatory financial information framework, lease agreements whose underlying asset is not real estate and whose term expires within twelve months following the initial application date.

The main type of agreements identified that have required the estimation of an asset for right of use and a liability for the lease as of 1 January 2019 are leases on properties (used as offices) for its operating activity.

As of 31 December 2018, the breakdowns of the balance sheet items relating to lease agreements in this report had not been re-expressed, which is why this information cannot be compared to that referring to 31 December 2019.

The reconciliation between the operating lease commitments as of 31 December 2018 and the lease liabilities recognised on 1 January 2019 in application of IFRS 16 is as follows:

### **OPERATING LEASE COMMITMENTS** (Thousands of euros)

| STANDARDS AND INTERPRETATIONS                                             | TITLE |
|---------------------------------------------------------------------------|-------|
| OPERATING LEASE COMMITMENTS AS OF 31 DECEMBER 2018                        | 1,548 |
| Other adjustments (includes the financial discounting of future payments) | -     |
| LEASE LIABILITIES AS OF 1 JANUARY 2019                                    | 1,548 |

Discount rate applied (depending on the term)

Spain [0,36%] Portugal [0,90%]

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### • Amendment of IFRS 9 "Prepayment Features with Negative Compensation":

The IASB amended IFRS 9 in such a way that the financial assets including clauses for prepayment or early cancellation that may lead to a reasonable negative compensation due to the early termination of the agreement can be measured at amortised cost or at fair value through other comprehensive income.

In accordance with that established in EU Regulation 2017/1988, the application of IFRS 9 can be deferred for insurers forming part of a financial conglomerate, as defined in article 2, section 14 of EC Directive 2002/87, also deferring that established in IFRS 4 "Applying IFRS 9 Financial Instruments" with IFRS 4 "Insurance Contracts".

Grupo VidaCaixa has decided to apply this temporary exemption from IFRS 9 to the insurance companies Grupo VidaCaixa, S.A.U. de Seguros y Reaseguros and BPI Vida until the entry into force of IFRS 17 "Insurance Contracts".

The following table shows the fair value at year end, differentiating the assets whose cash flows would only represent payments of principal and interest (SPPI), in accordance with IFRS 9, from those that are managed based on their fair value (not SPPI):

| Compliance with the SPPI Test (thousands of euros)                          | SPPI (*)   | NOT SPPI | TOTAL      |
|-----------------------------------------------------------------------------|------------|----------|------------|
| Financial assets not held for trade<br>or managed based on their fair value | 59,027,628 | -        | 59,027,628 |

| Amount of the change in fair value<br>during the 2019 financial year (thousands of euros) | SPPI (*)  | NOT SPPI | TOTAL     |
|-------------------------------------------------------------------------------------------|-----------|----------|-----------|
| Financial assets not held for trade or managed based on their fair value                  | 7,651,466 | (453)    | 7,651,013 |

(\*) The Group uses a combination of financial instruments in its financial immunisation strategies to cover the risks to which its activities are exposed. For these purposes, in relation to the investment operations for the Group's insurance business, different fixed income securities include financial swaps that, in keeping with standard practice in the sector and the applicable supervision criteria, are accounted for jointly in "Financial assets available for sale", the fair value being shown in the table above.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

These financial swaps assessed individually based solely on their legal form will not comply with the SPPI test set forth in IFRS 9. In this regard, within the framework of the project for the implementation of IFRS 9 that the Group is still running, the different accounting alternatives set forth in the regulatory framework (including hedge accounting) have been analysed together with the main changes that will be introduced by IFRS 17 "Insurance contracts" in the valuation of technical provisions; all with the final objective of avoiding asymmetries in the Group's income statement and equity statement.

With regard to fixed income instruments, the Group has not estimated a significant expected loss resulting from the first application of IFRS 9 which would be recorded against reserves. Specifically, at the end of the 2019 financial year, the expected loss estimated by the Group amounts to €1,899,000.

### Annual improvements to IFRS Standards, 2015-2017 cycle

As part of this project, the IASB has introduced an amendment to IAS 12 that affects the tax impacts of the distribution of the profits generated. Since 1 January 2019, the tax impacts of the distribution of profits generated have been recorded in the "Corporation tax expenses or income from continuing activities" heading of the profit and loss account for the financial year, when previously they were recorded in "Equity". This basically affects the distribution of discretionary coupons for the issues made. This change has had no impact on equity and no significant impact on the presentation of the comparative financial statements, so it has not been necessary to restate these.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### Standards and interpretations issued by the IASB but not in force

On the date of drawing up these consolidated annual accounts, the most significant standards published by the IASB but that have not entered into force, either because their effective date is later than the date of the consolidated annual accounts, or because they have still not been approved by the European Union, are as follows:

### STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT IN FORCE

| STANDARDS AND INTERPRETATIONS          | TITLE                          | MANDATORY APPLICATION FOR<br>FINANCIAL YEARS STARTING FROM: |  |  |
|----------------------------------------|--------------------------------|-------------------------------------------------------------|--|--|
| APPROVED FOR APPLICATION IN THE EU (*) |                                |                                                             |  |  |
| Amendment to IFRS 3 (**)               | Definition of a business       | 1 January 2020                                              |  |  |
| Amendment of IAS 39, IFRS 9 and IFRS 7 | Interest Rate Benchmark Reform | 1 January 2020                                              |  |  |
| Amendment of IAS 1 and IAS 8 (**)      | Definition of material         | 1 January 2020                                              |  |  |
| NOT APPROVED FOR APPLICATION           |                                |                                                             |  |  |
| IFRS 17                                | Insurance contracts            | 1 January 2021                                              |  |  |

(\*) The Group has decided not to exercise the option for the early application of these standards, if this was possible. (\*\*) No significant impacts are expected for the Group derived from these.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### • Amendment of IAS 39, IFRS 9 and IFRS 7

Within the context of the global reform of benchmark interest rates (IBORs), the IASB started a project to review the main IFRS standards affected, divided into two phases. The first phase was focused on the accounting impacts prior to the replacement of the benchmark interest rates, and culminated with the publication in September 2019 of the Amendments to IAS 39, IFRS 9 and IFRS 7, which were approved at a European level on 17 January 2020. Its date of entry into force was 1 January 2020.

These amendments provide exemptions so that entities do not have to discontinue their hedging relationships in an environment of uncertainty over the long-term viability of some benchmark interest rates. These exemptions are based, among other things, on being able to assume that the benchmark interest rate on which the hedged risk or the cash flows of the hedged item or hedging instrument are based are not altered as a result of the reform.

#### • IFRS 17 "Insurance contracts"

This standard establishes the requirements that an entity must apply in the accounting of the insurance contracts it issues and the reinsurance contracts entered into. Its currently approved effective date is 1 January 2021 and it will replace IFRS 4 "Insurance Contracts", a temporary standard that allows the continued use of local accounting practices and that has given rise to insurance contracts being accounted for differently between jurisdictions.

Through the publication of Exposure Draft ED/2019/4 of Amendments to IFRS 17 in May 2019, the issuing body of the IFRS has proposed, among other changes to the standard, the one-year deferral of its first application, establishing the effective date as 1 January 2022 (with comparative information of at least one

year). As a result of the ED consultation process, this decision, among other aspects, will be subject to review in the IASB deliberation process, the details of which are expected towards the end of the first quarter of 2020. This will result in the publication of the final ED towards mid-2020.

The Group has accepted the temporary exemption of the application of IFRS 9, so this standard is not yet in force in the insurance business by virtue of the application of EU Regulation 2017/1988. This regulation allows the application of IFRS 9 to be deferred for insurers that are part of a financial conglomerate as defined in article 2, section 14, of EC Directive 2002/87, an option that Grupo VidaCaixa adopted as of 1 January 2018 due to meeting the conditions established by article 2 of EU Regulation 2017/1988.

The implementation of IFRS 17 will involve consistent accounting for all insurance contracts based on a valuation model that will use calculation assumptions updated at the end of each financial year (such as the discount rate, mortality and survival tables, and other variables).

The effects of the changes on previous assumptions may be recognised in both the income statement and in equity, depending on their nature and whether these changes are associated with the provision of a service that has already occurred or not, and imply a reclassification among the components of the recorded insurance liability. With particular reference to the financial income or expenses of the insurance activity as a result of changes to the discount rate, entities may choose to record them fully in the income statement or in equity.

For all those contracts that are not onerous, entities will recognise their profit margin in the income statement (called the 'contractual service margin') throughout the period in which the services are provided under the contract.

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In late 2017, the Group started an internal project to adapt to the new regulatory framework of IFRS 17 "Insurance contracts". The main objective is to carry out the implementation work required to adopt IFRS 17 in the affected insurance business so that its compliance on the first application date is guaranteed, and to assess any potential quantitative and qualitative impacts (in business, infrastructure, etc.) sufficiently in advance for the purposes of managing these better.

The objectives of the first phase of the project, carried out during the first quarter of 2018, were to:

- Define the approach allowing for the identification of the key aspects of the new accounting standard, a diagnosis of different aspects to be analysed and an action plan to guarantee the implementation of IFRS 17,
- Ensure the identification and planning of all quantitative and qualitative needs and their scheduling in order to achieve implementation on the application date,
- Ensure the ability to perform a calculation of the impact prior to the date of first application.

The second phase of the project started during the second half of 2018. This basically focused on drawing up a detailed implementation plan (which includes products, systems, processes, organisation, etc.), identifying managers and determining deadlines. During 2019, important progress has been made in executing the implementation plan in areas such as the methodological analysis of the standard and the modelling of the main insurance products, the development of the systems (including both the integration of the technological

solution in which the new calculations required by IFRS 17 will be carried out, as well as the necessary adaptations of the current systems) and aspects related to the organisation and governance of the project, such as internal training on the standard.

The project is made up of different teams (accounting, actuarial, risk and solvency control, systems, intervention, accounting policies, etc.), which are responsible for the day-to-day management of the project and the completion of the necessary tasks. Additionally, as part of the definition of the project's management model, a Monitoring Committee has been created, formed by the managers of the aforementioned areas, which controls and supervises the project's evolution and has a delegated decision-making capacity.

The Project's Steering Committee, led by VidaCaixa in coordination with CaixaBank's Executive Directorate for Intervention, Management Control and Capital, is the project's most senior decision-making and supervisory body. It is responsible for making strategic decisions at the highest level, when required, and is the link with VidaCaixa and CaixaBank's Steering Committees.

### e) Comparison of information and correction of errors

The International Financial Reporting Standards require the information submitted for the two periods to be standardised. The consolidated annual accounts for the 2019 financial year present, for comparison purposes, each of the items of the balance sheet, the profit and loss account, the statement of changes in equity, the cash flow statement and the consolidated report for the 2018 financial year.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

There has been no significant change in the consolidation perimeter during the 2019 financial year.

### f) Consolidation principles

The Group's consolidation perimeter has been defined in accordance with that established in IFRS 10 - Consolidated financial statements and IAS 28 -Investments in Associates (See Annex I).

The consolidated annual accounts comprise, in addition to the figures corresponding to the Parent Company, the information corresponding to the subsidiaries, multi-group and associate companies. The procedure for integrating the assets of these companies has been carried out based on the type of control or influence that is exercised over them, and this detailed below:

### **Subsidiaries**

Subsidiaries are those companies over which, regardless of their legal form, the Group has control, that is, the power to direct the financial and operating policies of those companies, in order to obtain profits from their activities.

Annex I of this Report provides relevant information about these companies, and Note 5 of the Report provides information about the most significant variations that occurred during the 2019 financial year.

The annual accounts of the subsidiaries are consolidated with VidaCaixa, S.A.U. by applying the full integration method, which consists of the aggregation of the assets, liabilities and equity, income and expenses, of a similar nature, listed in their individual annual accounts that have been duly standardised to adapt them to the IFRS standards. The book value of the stakes, direct and indirect, in the capital of the subsidiaries is eliminated at the proportion of the subsidiary's equity that they represent. The remaining significant balances and transactions among the consolidated companies are eliminated in the consolidation process. Moreover, third-party stakes in the Group's equity and in the earnings for the financial year are presented in the 'Minority Interests' heading of the consolidated balance sheet and the 'Profit and loss attributed to minority interests' heading of the consolidated profit and loss account, respectively.

The individual financial statements of the Parent Company and the subsidiaries, used to draw up the consolidated financial statements, refer to the same presentation date that corresponds to the annual and economic closing of each financial year.

The consolidation of the earnings generated by the companies acquired in a financial year is carried out taking into account only those relating to the period between the acquisition date and the closing date of that financial year. In the case of subsidiaries that cease to form part of the Group, the earnings are incorporated until the date on which they leave.

Where there is an increase by the Group of its voting rights in a subsidiary, the difference between the cost of the new acquisition and the portion of the additional net assets acquired is calculated based on the value at which they were listed in the consolidated accounting records.

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Exceptionally, the following companies have not been included in the consolidation perimeter due to their insignificant impact on the true and fair view of the consolidated annual accounts and they have been classified in the portfolio of "Financial Assets available for sale - Equity":

| Name                                               | Address                                  | Activity                                        | % Holding<br>Direct | Mutual<br>Fund | Earr<br>Operating | ings<br>Net | Technical<br>Provisions | Dividends<br>received | Cost | Book Value<br>Impairment<br>loss for<br>the year | Cumulative<br>impairment<br>loss |
|----------------------------------------------------|------------------------------------------|-------------------------------------------------|---------------------|----------------|-------------------|-------------|-------------------------|-----------------------|------|--------------------------------------------------|----------------------------------|
| GeroCaixa<br>Pyme EPSV de<br>Empleo                | Gran Vía López<br>de Haro, 38.<br>Bilbao | Voluntary<br>Retirement<br>Savings<br>Provider. | 100.00%             | 50             | 2,790             | 2,790       | 37,447                  | -                     | 75   | -                                                | -                                |
| GeroCaixa<br>EPSV<br>Individual                    | Gran Vía López<br>de Haro, 38.<br>Bilbao | Voluntary<br>Retirement<br>Savings<br>Provider. | 100.00%             | 50             | 63,801            | 63,801      | 785,145                 | -                     | 550  | -                                                | -                                |
| GeroCaixa<br>Privada<br>Pensiones<br>EPSV Asociada | Gran Vía López<br>de Haro, 38.<br>Bilbao | Voluntary<br>Retirement<br>Savings<br>Provider. | 100.00%             | 50             | 93                | 93          | 1,306                   | -                     | 50   | -                                                | _                                |

(figures in thousands of euros)

The aforementioned companies focus their activity on the management of insurance-based corporate pension funds domiciled in the Basque Country. All of them are unlisted companies. The Group only participates in the Mutual Fund, and the remaining equity is in the hands of the unitholders.

### <u>Associates</u>

Associates are considered non-dependent companies over which the Group has significant influence, that is, where the Group can intervene in decisions about the investee's financial and operating policy without having absolute control or joint control over it.

It is generally presumed that the Group exercises a significant influence if it holds, directly or indirectly, 20% or more of the votes in the investee, unless it can be clearly proven that this influence does not exist.

Annex I includes relevant information about these companies.

In the consolidated annual accounts, associated companies are valued by the equity method, according to which the investment is initially recorded at cost, and is subsequently adjusted based on changes to the portion of the entity's net

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assets that correspond to the Group. The Group's earnings for the financial year contain the portion corresponding to it of the earnings of the investee companies, deducting any possible treasury shares held in each investee company's treasury stock, once dividends and other equity eliminations have been considered.

The portion corresponding to the Group in discontinuing operations is disclosed separately in the consolidated profit and loss account, and that corresponding to the changes that the associates have recognised directly in equity is also recognised directly in the Group's equity, being detailed, where appropriate, in the statement of recognised income and expenses.

When applying the equity method, the associate company's most recent available financial statements are used.

If an associate applies different accounting policies to those adopted by the Group, the appropriate adjustments are made to the financial statements of the associate with the aim of retaining uniformity in the accounting policies.

If there is any indication that the investment in the associate may have deteriorated in value, the impairment loss is firstly deducted from any possible goodwill that may remain in the investment.

Note 5 of the Report includes the most significant acquisitions in the 2019 and 2018 financial years, as well as in the period between 31 December 2019 and the date of the formulation of the annual accounts for that financial year, the increased holdings in the capital of companies that already had the status of associates at the beginning of the year, as well as information about the sales of holdings.

#### g) Offsetting of balances

Only the following offset each other and they are consequently presented in the consolidated financial statements at their net amount: the debit and credit balances for financial assets and liabilities originating in transactions that, contractually or by law, include the option for offsetting and where there is an intention to settle them at their net amount or realise the asset and settle the liability simultaneously.

#### h) Grouping of accounting items

Certain entries in the balance sheet, the profit and loss account, the statement of changes to equity and the cash flow statement are shown grouped together to aide their understanding. To the extent that this is significant, a breakdown of the information has been included in the corresponding notes of the report.

#### i) Financial information by segment

IFRS 8 - Operating segments establishes the principles that must be followed in order to prepare the financial information by business line and by geographical area.

The information by segment is structured on the basis of the control, monitoring and internal management of the Group's insurance activity and earnings, and is constructed on the basis of the different insurance branches and sub-branches operated by the Group, influenced by its structure and organisation.

The Group has defined the Life insurance, Non-life insurance, and Other Activities business segments as its main segments. The Life insurance segment includes all insurance contracts that guarantee the coverage of a risk that may affect

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the existence, bodily integrity or health of the insured person. In contrast, the Non-life insurance segment groups together all insurance contracts other than those covering life insurance, and can be broken down into the following subsegments: Accident and Illness, Home Multi-risk, Other Damages, Motor, Death and Miscellaneous.

The Life and Non-life segments are subject to risks and returns of a different nature. The Other Activities segment is used to group together all operating activities that are different, or unrelated, to the insurance activity itself, including the pension fund management activity.

Each insurance company that directly or indirectly forms part of the Group can operate in one or more branches, be associated with a single main segment or more than one, according to the definition of branches set forth by the DGSFP. Note 1.a details the different specific branches in which the Group has administrative authorisation to operate.

The accounting policies for the segments are the same as those adopted to prepare and present the consolidated Group's financial statements, including all accounting policies that are specifically related to the financial information for the segments.

Both the assets and liabilities of the segments and the income and expenses have been determined before the elimination of the intra-group balances and transactions carried out in the consolidation process, except to the extent that these balances or transactions have been carried out between companies in the same segment. This latter case is the predominant one in the Group, with all intra-group operations being carried out with reference to current market prices at any given time. The criteria for allocating assets and liabilities, income and expenses to the Group's different main and secondary segments are as follows:

Allocation of assets and liabilities to the main segments

The assets in each segment are those corresponding to the Group's insurance and complementary activity that the segment consumes in order to be able to provide its services, including those directly attributable to each segment and those that can be assigned to each using reasonable allocation principles.

Included in the segment's assets are the investments accounted for using the equity method, on the basis of the allocation made for these investments in the 'Investment Book' of each subsidiary that has significant influence. In this case, the profit and loss derived from these investments has been included within the ordinary earnings of the same segment in question.

The liabilities for each segment include the proportion of liabilities corresponding to the Group's operations that derive from the activities in the segment and that are directly attributable to it or can be assigned to it using reasonable allocation principles. If interest-related expenses have been included in the segment's earnings, the segment's liabilities include the debt causing this interest.

Allocation of income and expenses to the main segments and sub-segments

The technical income and expenses derived from performing insurance operations are allocated directly to the Life and Non-life segments, respectively, and in the case of the latter, to its different sub-segments, depending on the nature of the operation from which they derive.

Financial income and expenses are allocated to the Life and Non-life segments depending on the prior allocation made of the assets that generate them,

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which is reflected in the 'Investment Book' of each insurance company. A single financial instrument may be allocated to different segments. In the event that the portfolios associated with the Life, Non-life and Other Activities segments include a stake in another non-insurance subsidiary, its individual income statement in the segment in question has been consolidated line by line, respecting the allocation made in the "Investment Book". The Group's stake in the earnings of the associates, which is shown separately in the profit and loss account, has been attributed to the different segments based on the percentage of investment they represent in each investment portfolio, respectively. The income and expenses of the financial instruments used for own funds, as well as other financial instruments not directly related to the performance of insurance operations, are attributed to the Other Activities segment.

The above financial income and expenses are allocated to the different Nonlife sub-segments, basically depending on the weighted technical provisions stipulated for each of the branches.

The Other Activities segment includes the income and expenses that, although derived from the operations carried out in the Life and Non-life segments, must not be included in these technical segments.

All other non-technical and financial income and expenses directly or indirectly related to the different segments are allocated to them directly depending on the segment in which they originated or on a reasonable distribution basis given the segment in question. In the latter case, a method has been used based on the allocation of expenses by functional activity, thus identifying the activities and tasks performed in each business process and allocating the resources consumed by them to each of these activities. Thus, in the accompanying profit

and loss account, some overheads are presented under the items of "Loss rate for the year, net of reinsurance", "Other technical expenses", "Expenses from tangible fixed assets and investments", with all other overheads appearing under the concept of "Net operating expenses".

Along with the Group's consolidated financial statements, the consolidated financial information by segment is provided, detailing the different items that form part of ordinary income and expenses as well as the segment's assets and liabilities and those that have been excluded or unassigned. All of this is independent from the obligation of the different Spanish insurance companies forming part of the Group's perimeter to provide statistical and accounting information, based on the Spanish local accounting principles, to the DGSFP.

### j) Cash flow statement

The following terms are used in the cash flow statement:

- Cash flows: inflows and outflows of cash and equivalents. Cash equivalents correspond to those high liquidity short-term investments that are easily convertible into determined amounts of cash and are subject to a low risk of changes in their value and have a maturity of less than three months.
- Operating activities: activities typical of insurance groups, as well as other activities that cannot be classified as investment or financing.
- Investment activities: the acquisition, transfer or disposal through other means of long-term assets and other investments not included in cash and its equivalents.

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 Financing activities: activities that cause changes to the dimensions and composition of equity and liabilities that do not form part of the operating activities. Operations with treasury shares, if any, are considered financing activities. Dividend payments carried out by the Parent Company to its shareholders are also included under this category.

### 3. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES AND EVALUATION CRITERIA APPLIED

The main valuation standards used to prepare the Group's consolidated annual accounts corresponding to the 2019 financial year, in accordance with that established by the International Financial Reporting Standards adopted by the European Union, were the following:

### a) Cash and equivalent liquid assets

This heading of the balance sheet includes cash, including both cash in hand and demand bank deposits, as well as cash equivalents.

Cash equivalents correspond to those high liquidity short-term investments that are easily convertible into determined amounts of cash and are subject to a low risk of changes in their value and have a maturity of less than three months.

#### b) Financial instruments

### b.1) Recognition

Financial assets are generally recognised on their settlement date. In accordance with IAS 39 - Financial instruments: recognition and measurement, the Group classifies financial instruments at the time of their acquisition or generation as financial assets at fair value through profit and loss, as available for sale, as loans and receivables, or as investments held to maturity.

### b.2) Classification of financial instruments

Note 6 of the Report shows the balances of the financial assets as of 31 December 2019 and 2018, along with their specific nature, classified according to the following criteria:

- Financial assets at fair value through profit and loss:

Two types are distinguished within this category of financial assets:

• Financial assets held to trade:

These are financial assets classified as held for trade given that they are acquired with the intention to realise them in the short-term, they form part of a portfolio of jointly identified and managed financial instruments with the aim of obtaining short-term profits or they are financial derivatives that are not financial guarantee contracts (for example, guarantees) and that have not been designated as hedging instruments. The implicit derivatives that have been recognised and valued separately from their main contract have been included in this heading.

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• Other financial assets at fair value through profit and loss for the financial year:

This category includes those financial instruments that, not forming part of the financial assets/liabilities held to trade, are managed jointly with liabilities from insurance contracts valued at fair value and whose purpose is to eliminate or significantly reduce inconsistencies in the recognition or valuation (also known as accounting asymmetries) which would otherwise arise from the recognition of their losses and gains.

The financial instruments in this category are permanently subject to a risk measurement, management and control system, which allows for the determination of whether the risk has been effectively reduced.

As part of this portfolio, the Group allocates all those financial instruments associated with the Unit Linked business, in which insurance policyholders assume the risk of the investment. This classification eliminates the inconsistency in the valuation that would arise from using a different criterion to value the assets and liabilities involved in this business.

- Loans and receivables:

These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market.

This heading includes debt securities, non-mortgage loans, policy advances, other financial assets without price publication, and receivables derived from the deposits required in the accepted reinsurance business.

This category also presents other receivables depending on their different nature, such as credit from direct insurance, reinsurance and coinsurance

operations, and credits other than tax assets. Some of these items are excluded from the scope of IAS 39 and are covered specifically by other IFRS standards.

- Financial assets available for sale:

This heading of the balance sheet includes the debt securities that are not considered to be for trade nor a held-to-maturity investment portfolio nor loans and receivables, as well as the capital instruments issued by non-associates, so long as the aforementioned instruments have not been considered for trade or as other financial assets through profit and loss.

The Group maintains different interest rate swap financial agreements for the aforementioned instruments, generally receiving fixed and/ or determinable amounts from the different counterparties. The main purpose of these operations is to hedge the cash flows required to meet the payment of benefits derived from its commitments to its insured parties, including the commitments acquired by virtue of certain policies for outsourcing pension commitments. For these fixed income securities that include interest rate swaps, the Group has a separate valuation of the bond and of the swap, but because their coupons can be exchanged, the operation is valued jointly by updating the agreed flows and those associated with these financial assets using a market interest curve.

For accounting purposes, it also carries out the joint financial accrual of the flow resulting from the bond plus the swap. In accordance with the aforementioned purpose, any differences between this combined market value and the accounting cost are allocated, at each year-end, to the technical provisions of the insurance contracts. Valuing the fixed income

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securities and aforementioned interest rate swaps separately would have no significant effect on the total assets or own funds in the Group's consolidated balance sheet.

- Financial assets held to maturity:

This heading of the balance sheet includes debt securities, with a fixed maturity date and collections of a determined or determinable amount, which are traded in an active market and in relation to which the Group states its intention and financial capacity to keep them in its possession until their maturity date.

Investments in associate companies are presented under the specific subheading of "Holdings in entities valued using the equity method" in the balance sheet.

### **b.3)** Recognition and measurement of financial instruments

Financial instruments are initially recorded in the consolidated balance sheet when the Group becomes a party to the contract giving rise to them, according to its conditions. Financial assets and liabilities are recorded from the date on which the legal right to receive cash or the legal obligation to pay cash arises.

A financial asset is fully or partially derecognised from the balance sheet when the contractual rights over the cash flows it generates expire or when it is transferred. Likewise, a financial liability is fully or partially derecognised from the balance sheet when the obligations, risks or other benefits it generates have been terminated. At their initial recording in the balance sheet, all financial instruments are recorded at their fair value, which, unless there is evidence to the contrary, is the transaction price. Then, on a certain date, the fair value of a financial instrument corresponds to the amount at which it could be delivered, if it is an asset, or settled, if it is a liability, in a transaction carried out between interested parties, informed in this matter, acting in conditions of mutual independence. The most objective and usual reference for the fair value of a financial instrument is the price that would be paid for it in an organised, transparent and deep market ("listed price" or "market price").

When there is no market price for a certain financial instrument, that established in recent transactions involving similar instruments is used to estimate its fair value and, in the absence of this information, measurement models sufficiently verified by the international financial community are used, taking into account the specific features of the instrument to be valued and, especially, the different types of risk associated with the instrument. Most financial instruments, except Over the Counter (OTC) derivatives, are valued in accordance with active market listings.

The fair value of financial derivatives traded in organised, transparent and deep markets included in the trading portfolio is similar to their daily market price and, if for exceptional reasons their market price cannot be established on a certain date, similar methods to those used to value derivatives not traded in organised markets will be used.

The fair value of derivatives not traded in organised markets or traded in shallow or not very transparent organised markets is determined through the use of methods recognised by the financial markets, such as "net

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present value" (NPV) or option pricing models (see note on Risk management policies).

Financial instruments valued at fair value are classified in the respective notes to the financial statements in accordance with the methodology used in their valuation, as follows:

- Level I: based on prices listed in active markets.
- Level II: through valuation techniques in which the assumptions used correspond to directly or indirectly observable market data or prices listed in active markets for similar instruments.
- Level III: through valuation techniques in which some of the main assumptions are not supported by data observable in the markets.

The objective benchmark for determining the fair value of most financial instruments is the price in active markets (Level I), so the price that would be paid for it in an organised, transparent and deep market (the listing price or market price) is used in order to determine their fair value. Listed debt securities and listed capital instruments are generally included in this level.

For instruments classified in Level II, those that have no market price, the price of recent transactions of similar instruments is used to estimate their fair value and, if there are none, valuation models sufficiently verified by the international financial community are used, taking into account the specific features of the instrument to be valued and, especially, the different types of risk associated with the instrument. In this way, the fair value of OTC derivatives and financial instruments traded in shallow or not very transparent organised markets is determined by means of methods

recognised by the financial markets, such as net present value (NPV) or option pricing models based on parameters observable in the market. This level mainly consists of unlisted debt securities.

To obtain the fair value of those classified in Level III, and with respect to which there are no data for their directly observable valuation in the market, alternative techniques are used including requesting prices from the promoter or the use of market parameters with a risk profile that is easily comparable to the instrument being valued.

Moreover, for certain financial assets and liabilities, the recognition criterion in the balance sheet is amortised cost. This criterion is mainly applied to the financial assets included in the "Loans and receivables" heading and, with regard to financial liabilities, to those recorded as "Financial liabilities at amortised cost".

#### b.4) Impairment of financial instruments

On each balance sheet date, the Group assesses whether there is objective evidence that a financial instrument is impaired, considering those situations that individually, or jointly with others, reveal this evidence.

A financial asset is considered impaired when there is objective evidence of a negative impact on the future cash flows estimated at the time of completing the transaction or when its book value cannot be fully recovered.

As a general rule, the correction of the book value of financial instruments due to their impairment is carried out with a charge to the consolidated profit and loss account for the period in which this impairment becomes evident, and recoveries of previously recorded impairment losses, if any,

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are recognised in the consolidated profit and loss account for the period in which the impairment is eliminated or reduced, except in the case of capital instruments classified as available for sale, given that this impairment is considered irrecoverable.

When the recovery of any recorded amount is considered remote, it is eliminated from the balance sheet, without prejudice to the actions that the entities forming part of the Group may carry out to try to collect it until their rights have been definitively extinguished through the statute of limitations, write-off or other causes.

Detailed below are the main criteria used when examining the impairment of the Group's different financial assets:

- Financial assets recorded at amortised cost or maturity:

The amount of the impairment losses experienced by these instruments coincides with the positive difference between their respective book values and the present values of their expected future cash flows. The reduction in fair value to below the acquisition cost does not in itself constitute evidence of impairment.

If, in subsequent periods, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the profit and loss account.

This type of asset includes the balances receivable that the Group maintains with certain insured parties or policyholders for receipts issued awaiting payment and receipts pending issue. In this case, the loss in value is determined based on the historical experience of cancellations over the last 3 years, with the most recent years being given more weight, and taking into consideration the months that have passed since the theoretical collection date and that of each year-end, as well as the specific insurance branch in question.

- Debt securities classified as available for sale:

For fixed income and comparable securities, the Group considers, as an indication of impairment, a possible reduction or delay in the future estimated cash flows, which may be caused by the possible insolvency of the debtor, among other circumstances. The impairment loss of the debt securities included in the portfolio of financial assets available for sale equals the positive difference between their acquisition cost (net of any repayment of the principal) and their fair value, after deducting any impairment loss previously recognised in the consolidated profit and loss account. The market value of listed debt instruments is considered a fair estimate of the present value of their future cash flows, despite the fact that the reduction in fair value to below the acquisition cost does not in itself constitute evidence of impairment.

When there is objective evidence that the differences arising in the valuation of these assets are caused by their impairment, they are no longer presented under the equity heading, "Valuation adjustments - Financial assets available for sale", and are recorded, for the amount considered as cumulative impairment up to that moment, in the consolidated profit and loss account.

If all or part of the impairment losses are subsequently recovered, their

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amount is recognised in the profit and loss account for the period in which the recovery takes place.

-Capital instruments classified as available for sale:

The indicators used to measure the impairment of these instruments listed in secondary markets in accordance with the methodology established by the Group are, among others, the market value at year-end, a significant or prolonged decrease in market value below its acquisition cost, the history of dividends paid in recent financial years, the expected dividends, as well as the expectations of the market in which the investee company operates.

These indicators help to assess the existence of objective evidence of impairment. The reduction in fair value to below the acquisition cost does not in itself constitute evidence of impairment.

The impairment loss of capital instruments is tested individually and, once there is evidence of the objective loss as a result of an event or group of events with an impact on estimated future flows, this is equal to the difference between their acquisition cost and their fair value, after deducting any impairment loss previously recognised in the profit and loss account.

The criteria for recording impairment losses are the same as those applied to debt securities classified as available for sale, except for the fact that any recovery that occurs to the aforementioned losses is recognised in the equity heading, *"Value adjustments – Financial assets available for sale"*.

#### b.5) Recording changes to the valuations of financial assets and liabilities

The loss or gain that arises from a change to the fair value of a financial asset that does not form part of a hedging transaction is recognised as follows:

• The loss or gain in a financial asset at fair value through profit and loss is recognised in the profit and loss account for the financial year under the "Losses from financial investments" or "Profits from the realisation of financial investments" sub-headings of the Life and Non-life segment.

• The loss or gain in an asset available for sale is recognised directly in equity under the "Valuation adjustments" line until the financial asset is derecognised from the accounting records, with the exception of impairment losses and exchange rate losses or gains. At the time of derecognition, the loss or gain that has previously been recognised in equity is recorded in the profit and loss account for the financial year.

However, the interest calculated using the effective interest rate method is recognised in earnings for the financial year. The dividends from an equity instrument classified as available for sale are recognised in the profit and loss account for the financial year when the Group's right to receive payment is established.

When a financial asset recorded at amortised cost is derecognised, is impaired, or the effective interest method is applied, the different income and expenses resulting derived from this are recorded through the profit and loss account.

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#### b.6) Investments by policyholders who assume the risk of the investment

Investments by policyholders who assume the risk of the investment are valued at their acquisition, subscription or purchase price. This acquisition price is later adjusted depending on its realisable value. The increases and decreases in the value of these assets are accounted for with a credit or charge to the profit and loss account of the Life segment under the "Income from investments subject to insurance when the policyholder assumes the risk of the investment" and "Expenses from investments subject to insurance when the policyholder assumes the risk of the investment" headings.

All variable income, fixed income and other instruments that are officially listed, or for which a market value can be reliably estimated, are designated and classified in the portfolio "at fair value through profit and loss".

For presentation purposes, it must be taken into account that some of the balances for this business are presented in headings of the balance sheet other than "Investments by policyholders who assume the risk of the investment", classifying the liabilities from these insurance contracts under the "Technical provisions - for life insurance" heading.

### c) Tangible fixed assets

Under this heading of the balance sheet, the Group records all own-use properties that are all fully owned.

This heading also includes elements of transport equipment, furniture and installations and data processing equipment, among others.

The recognition of these assets is carried out at their acquisition or construction

cost, less accumulated depreciation, and where appropriate, the cumulative amount of impairment losses, but in no case below their residual value. The costs of extensions and improvements made to the properties owned by the Group, after their initial recognition, are capitalised as other tangible fixed assets so long as their capacity or surface area increases or their yield or useful life increases. In contrast, conservation and maintenance expenses are charged to the profit and loss account for the year in which they are incurred. The Group does not capitalise the financial expenses associated with these assets, if any.

In the event that the payments for the acquisition of a property are deferred, its cost is equivalent to the cash price. The difference between this amount and the total payments is recognised as an interest expense during the deferment period.

The Group generally uses the systematic straight-line depreciation of acquisition cost method, excluding the residual value and land value in the case of properties, this depreciation taking place over the estimated useful lives:

| Tangible fixed<br>asset elements | 2019<br>Estimated useful life | 2018<br>Estimated useful life |
|----------------------------------|-------------------------------|-------------------------------|
| Property (excluding land)        | 50 years                      | 50 years                      |
| Furniture and installations      | 3 to 13 years                 | 3 to 13 years                 |
| Transport equipment              | 5 years                       | 5 years                       |
| Data processing equipment        | 3 to 10 years                 | 3 to 10 years                 |
| Other tangible fixed assets      | 5 to 10 years                 | 5 to 10 years                 |

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In the case of properties under construction, the Group begins to depreciate them once they are in condition for use.

The values and residual lives of these assets are reviewed at each balance sheet date and are adjusted as appropriate. The recognised accounting value for an asset is immediately reduced to its recoverable amount if the accounting value of the asset is higher than its estimated recoverable amount. Realisation gains and losses are calculated by comparing the amounts obtained with the recognised accounting values.

The market value of own-use properties, which is indicated in Note 9.a) of the Report, has been obtained from the property valuation reports carried out by independent experts, produced within the last 2 years. For properties located in Spain, the above-market value has been determined in accordance with that established in Order ECC/371/2013, of 4 March, amending Order ECO-805-2003, of 27 March, on property valuation rules and certain rights for certain financial purposes.

#### d) Property investments

The property investments heading of the consolidated balance sheet includes the values of land, buildings and other constructions that are well maintained, to be used for rent, or to obtain a capital gain from their sale due to any increases that may occur in the future to their respective market prices.

Land owned for an undetermined future use and currently unoccupied buildings are also presented under this sub-heading.

Property investments include land and buildings held in full ownership. They are accounted for at their acquisition or construction cost, less any subsequent

cumulative depreciation and impairment losses, if any, but in no case below their residual value. The acquisition cost includes the purchase price together with any directly attributable payments (associated transaction costs). In the case of property investments built by the Group itself, the acquisition cost is their cost on the date on which the construction or development were completed.

The treatment of extension, modernisation or improvement costs, as well as the impairment calculation methods, depreciation systems and useful lives established for property investments, are similar to those applied to own-use properties (see Note 3.c).

The market value of property investments, which is indicated in Note 9.b) of the Report, has been obtained according to the principles described in the previous section on own-use properties.

#### e) Intangible fixed assets

Identifiable non-monetary assets that do not have a physical appearance and that arise as a result of an acquisition from third parties or that have been developed internally by any Group company are considered to be intangible fixed assets. The intangible assets recognised for accounting purposes are only those where, being identifiable and with future economic profits and control over the intangible asset in question, the Group can reasonably estimate their cost and it is likely that the future economic profits attributed to them will flow to the Group itself.

Intangible assets acquired in business combinations and goodwill arising from merger processes are also included in this heading, at their fair value on the acquisition date. Goodwill represents the advance payment of future economic profits derived from acquired assets that are not individually and separately

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identifiable and recognisable. The existence of internal or external indications of impairment is regularly analysed, and in no case is it amortised.

As indicated in Note 2.d) of the Report, IFRS 16 on Leases entered into force on 1 January 2019. In the lease agreement in which it appears as lessee, the Group has recognised an intangible right-of-use asset that represents its right to use the underlying leased good, and a lease liability, which represents its obligation in terms of present value to make payments for leases. Whilst the intangible asset is amortised over the life of the contract, the liability generates a financial expense.

The Group initially values intangible fixed assets at their acquisition or production cost, keeping this cost model in subsequent valuations, less the corresponding cumulative amortisation, if any, and the cumulative amount of impairment losses, where appropriate. In order to determine whether the value of the intangible fixed asset has deteriorated, the Group applies IAS 36 - Impairment of assets and its subsequent interpretations, as well as IFRS 4 - Insurance contracts, where applicable.

The Group estimates whether the useful life of the intangible fixed asset is finite or indefinite and, if finite, it assesses the length of its useful life.

### e.1) Goodwill

The "Goodwill" heading contains the positive consolidation differences originating from the acquisition of stakes in the capital of the subsidiaries at the difference between the acquisition cost of the business combination and the stake acquired in the net fair value of the identifiable assets, liabilities and contingent liabilities, which cannot be allocated to equity elements or specific intangible assets. With regard to its stake in SegurCaixa Adeslas, this includes intangible assets that are implicit in the value and in the percentage of the stake held in it.

### e.2) Other intangible fixed assets

Described below are the specific accounting policies applied to the main assets from all other intangible fixed assets:

### Intangible assets identified

As described in the section on Goodwill, the intangible assets identified in the described company operations and merger processes are classified in this subheading.

### Computer software

This sub-heading basically includes amortisable expenses related to the development of computer systems and electronic channels.

The licences for computer software acquired are valued at the amount paid for their ownership or right of use, together with the costs incurred to put the specific programs into use, so long as they are intended to be used for several financial years, and those acquired in full from third parties are recorded as computer software. The costs of third parties who collaborate in the development of computer software for the Group are recorded under this same item.

In the case of internally generated software, the Group capitalises the expenses directly associated with the production of identifiable and exclusive computer programs controlled by the Group, that is, the labour costs of the development teams working on these applications and the part corresponding to the relevant

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overheads. All other costs associated with the development or maintenance of internal projects are recorded as an expense in the financial year in which they are accrued.

Subsequent costs are only capitalised when the future profits of the intangible fixed asset to which they relate increase. Recurring costs accrued as a result of an amendment or upgrading of computer software or systems, those derived from global system reviews and maintenance costs are recorded in the profit and loss account as a higher expense for the financial year in which they are incurred.

Until the 2018 financial year, computer software was amortised by applying the straight-line method for a maximum period of 5 years. The amortisation policy for computer software has been implemented during the 2019 financial year, adapting the useful lives to the estimated life of each piece of software, resulting in an average life of 10 years for these. The application of this amortisation measure has not caused a significant impact on the consolidated financial statements at 31 December 2019.

Other expenses from the acquisition of pension plans and life insurance contracts

Since 2004, the Group has been marketing new types of pension plans that have a cash prize associated with them. In the 2006 financial year, it started marketing insurance products that also involve the same type of prize. The Group capitalises the amount of these prizes and amortises them within a maximum period of 5 years, taking into account portfolio movements and decreases.

The possible loss of value for capitalised acquisition expenses that refer to Life and Non-life insurance contracts is assessed in accordance with the requirements established in IFRS 4 - Insurance Contracts.

### f) Transactions in foreign currency

### f.1) Functional currency

The functional currency of the Parent Company and its subsidiaries with registered offices in the European Monetary Union is the Euro.

The consolidated annual accounts are presented in Euros, the Group's presentation currency. Consequently, all balances and transactions denominated in currencies other than the Euro are considered "foreign currency".

f.2) Criteria for converting balances in foreign currency

The conversion of balances in foreign currency into Euros is carried out as follows:

- Conversion of the foreign currency into the functional currency (currency of the main economic environment in which the subsidiary operates or the Euro in the case of companies domiciled in the Monetary Union), and
- Non-monetary items valued at their historic cost would be converted to the functional currency at the exchange rate on the date of their acquisition,
- Non-monetary items valued at their fair value would be converted at the exchange rate on the date this fair value is determined,
- Income and expenses would be converted at the average exchange rates in the period for all operations belonging to that period,
- Futures trading operations in foreign currencies or from foreign currencies to the Euros that are not intended to hedge equity positions

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will be converted at the exchange rates established on the closing date of the financial year by the forward currency market for the corresponding maturity.

#### f.3) Recording exchange differences

The exchange differences produced when converting balances in foreign currency into the functional currency are generally recorded at their net amount in the profit and loss account. However:

• The exchange variations that arise in the non-monetary items whose fair value is adjusted with a balancing entry in equity are recorded in equity under the concept of "Value adjustments - Portfolios available for sale".

• The exchange differences that arise in non-monetary items whose gains or losses are recorded in earnings for the financial year are also recognised in earnings for the financial year, without differentiating them from all other variations in their fair value.

#### g) Corporation tax

The expense or income for each financial year's Corporation Tax is calculated from the pre-tax accounting profit or loss, determined according to local Spanish accounting principles, increased or decreased, as appropriate, by any permanent differences; understanding these as those produced between the tax base and the pre-tax accounting profit or loss that will not be reversed in later periods, as well as those derived from applying the IFRS, for which there will also be no reversal. When the differences in value are recorded in equity, the corresponding corporation tax is also recorded against equity. Both the temporary differences originating in differences between the book value and the tax base of an equity element and, in the event of capitalisation, the credits for deductions and allowances and for negative tax bases, give rise to the corresponding deferred taxes, either assets or liabilities. These are quantified by applying the tax rate at which they are expected to be recovered or settled to the corresponding temporary difference or credit.

The Group recognises deferred tax liabilities for all taxable temporary differences. Deferred tax assets are only recognised in the event that it is considered highly likely that the consolidated companies are going to have sufficient tax profits in the future against which they can be offset.

In the case of taxable temporary differences derived from investments in Group companies (which are not consolidated for tax purposes) and associates, a deferred tax liability is recognised except when the Group can control the reversal of temporary differences and it is likely that they will not be reversed in the foreseeable future.

The assets and liabilities for current corporation tax are valued at the amounts expected to be paid to or recovered from the Tax Agency, in accordance with the current regulations or those approved and pending publication on the closing date of the financial year. In this regard, the Group has calculated the corporation tax at 31 December 2019 by applying the current tax regulations and Royal Decree-Law 2/2008, of 21 April, on measures to foster economic activity in all companies with tax domicile in Spain.

The Parent Company of the Tax Group to which the Group belongs was "la Caixa" from 1 January 2008 until the 2012 financial year. With the entry into force on 30 December 2013 of Law 26/2013, on Savings Banks and Banking Foundations, and

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because the stake of "la Caixa" in CaixaBank was reduced to below 70% during the 2013 financial year, CaixaBank took over the position as the parent company of the Tax Group with effect from 1 January 2013. Therefore, CaixaBank became the parent company of the Tax Group to which the Group belongs.

### h) Financial liabilities

Financial liabilities are those liabilities and accounts payable held by the Group that have arisen from the purchase of goods or services during the Company's business operations or those which, not having commercial substance, cannot be regarded as derivative financial instruments. Issues of subordinated debt are also included.

Liabilities and accounts payable are initially recognised at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently measured at their amortised cost.

### i) Assets and liabilities derived from insurance and reinsurance contracts

The Group applies the requirements established in IFRS 4 - Insurance Contracts to all assets and liabilities in its consolidated financial statements that derive from insurance contracts, in accordance with the definition set forth in the standard itself.

### i.1) Classification of the contract portfolio

The Group assesses and classifies its portfolio of life and non-life contracts from the direct business (including accepted reinsurance) and the assigned business, taking into consideration the Implementation Guides that accompany IFRS 4 and the non-binding guidelines that were published by the DGSFP on 22 December 2004, through the Framework Document on the Accounting Procedure for Insurance Companies relating to IFRS 4. All contracts are classified as "insurance contracts".

The Group does not separate any deposit components associated with insurance contracts, with such separation being voluntary for it. In turn, it is estimated that redemption options issued in favour of insurance contract policyholders have a null fair value or, otherwise, their valuation forms part of the value of the insurance liability.

i.2) Valuation of the assets and liabilities derived from insurance and reinsurance contracts

In accordance with the criteria outlined in the IFRS, insurance companies must carry out an adequacy test, in relation to the contractual commitments assumed, on the insurance contract liabilities recorded in their balance sheets.

Specifically, in accordance with IFRS 4 - Insurance Contracts, the Group carries out the liability suitability test in order to guarantee the adequacy of the contractual liabilities. With this objective, the Group compares the difference between the book value of the technical provisions, net of any deferred acquisition expense or of any intangible asset related to the insurance contracts being assessed, with the amount resulting from considering the estimated present values, applying market interest rates, of all cash flows derived from the insurance contracts with the difference between the market value of the financial instruments related to the previous contracts and their acquisition cost. For the purposes of determining the market value of these liabilities, the interest rate used is the same as that for financial instruments. The valuations of insurance

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contracts also include the related cash flows, such as those from implicit options and guarantees.

As of 31 December 2019, the aforementioned liability adequacy test has been carried out, and the adequacy of the established provisions has been demonstrated.

In order to avoid some of the asymmetries that occur due to the use of different valuation criteria for financial investments, classified mainly in the "Financial assets available for sale" heading, and the liabilities derived from insurance contracts, the Group records, as a larger amount in the "Provisions for insurance contracts" heading, that part of the unrealised net capital gains or losses, derived from previous investments, that is expected to be allocated to the insured parties in the future as they materialise, or by applying a technical interest rate that is higher than the market interest rate. This practice is known as "shadow accounting".

Summarised below are the main accounting policies applied by the Group in relation to the technical provisions:

### For unearned premiums and ongoing risks

The provision for unearned premiums constitutes the fraction of premiums accrued in the financial year that must be allocated to the period between the closing of each financial year and the end of the policy's coverage period. The Group's insurance companies have calculated this provision for each mode or branch through the "policy by policy" method, using the rate premiums as the basis for the calculation and deducting, where appropriate, the security surcharge; that is, without deducting fees and other acquisition expenses. The fees and other acquisition expenses corresponding to the premiums issued are recognised as an expense with the same criterion used to recognised as income the issues corresponding to valid insurance contracts and the part of fees and other acquisition expenses corresponding to the unearned coverage period of the valid insurance contracts, which is recorded under the "Other assets-Accruals/deferrals" heading of the balance sheet.

The ongoing risks provision aims to complement the unearned premiums provision insofar as its amount is not enough to reflect the valuation of all the risks and expenses to be covered, which correspond to the coverage period not elapsed at the end of the financial year. Where applicable, this provision is allocated in accordance with the calculation established by the Regulation, considering the technical earnings per year of occurrence together with those of the closing year itself and the previous year or those of the previous three years, according to the branch or commercial product in question. It has not been necessary to allocate any amount for this concept during this financial year.

#### Life insurance

This provision includes the provision for unearned premiums from the insurance policies with a coverage period equal to or less than one year and mainly, for other insurance policies, the mathematical provision. The mathematical provisions, representing the excess of the actuarial present value of the future obligations of the subsidiary insurance companies over that of the premiums that the policyholder must pay, are calculated policy by policy using an individual capitalisation system, using the inventory premium accrued during the financial year as a basis for the calculation, in accordance

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with the updated Technical Notes of each modality, where appropriate, and the mortality tables accepted by current Spanish or Portuguese legislation.

Royal Decree 1060/2015, on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies, has retained certain articles and provisions from the Regulation on the Ordination and Supervision of Private Insurance for entities operating in Spain. This Regulation establishes certain limits on the interest rate to be used to calculate the life insurance provisions for commitments assumed as of 1 January 1999. For commitments assumed previously, the same technical interest rate that had been used to calculate the premium can continue to be used to calculate this provision, so long as the actual profitability obtained during the financial year from the investments in question is sufficient with regard to the average technical interest rate used to calculate the mathematical provision.

With regard to the biometric assumptions, the Parent Company uses high quality biometric tables to calculate the life insurance provision consistent with the pricing of the products, verifying, according to the precepts of article 34.2 of the ROSSP, the suitability of the tables used compared to the minimum set by the actual behaviour of the insured group based on the Partial Internal Longevity and Mortality Model, according to the methodology established by the Regulatory Body.

In this regard, in compliance with the current regulatory framework at the end of the 2019 financial year and in response to the note published by the General Directorate of Insurance and Pensions on 20 December 2019, on the year-end consideration of the process to review certain biometric tables, the Parent Company has adapted to mortality and survival tables under the terms indicated in the previous section using the Partial Internal Longevity and Mortality Model authorised by the Regulatory Body for solvency purposes in its latest calibration (VC17), with an observation period of 5 years for base rates and 19 years for improvement factors, applying first-rate technical surcharges to reach a confidence level of 80%.

# Those relating to life insurance when the investment risk is assumed by the policyholder

For presentation purposes, the technical provisions corresponding to those insurance policies when the policyholder assumes the risk of the investment are included under the "Technical provisions – life insurance" heading of liabilities. The corresponding technical provisions are determined based on the indices or assets set as a reference to determine the financial value of the policyholder's right s (see Note 6).

#### Those relating to benefits

This includes the total amount of obligations pending derived from claims that occurred prior to the closing date of the financial year. The Group calculates this provision as the difference between the total estimated or true cost of claims that have occurred and are pending declaration, settlement or payment and the total amounts already paid as a result of these claims.

### Claims pending settlement or payment

This includes the total amount of obligations pending derived from the claims that occurred prior to the closing date of the financial year. The Group calculates this provision as the difference between the estimated or true total cost of claims pending settlement or payment and the total amounts already paid as a result of these claims. This provision is calculated individually for claims pending settlement or payment and includes both the external and

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internal costs to manage and process the records, regardless of their origin, produced and to be produced, until the claim is fully settled and paid.

#### **Claims pending declaration**

The Group's insurance companies that operate in Spain are authorised by the DGSFP to use global statistical methods to calculate the provision for claims pending declaration in the Individual Life, Collective Life and Collective Accident product areas and in Non-Life products. Since then, this provision has been calculated according to the generally accepted statistical methods using different groups of methods, and the highest of the results obtained is established as the provision amount.

For the above product areas, the provision has been calculated according to the best estimate provided by the internal actuarial calculations based on generally accepted deterministic techniques. Detailed below are the methodology and main assumptions used to calculate these provisions as of 31 December 2019:

- The Chain Ladder and Cape Cod analysis of payments and expenses incurred (deterministic methods) has been selected.

 In order to determine the confidence level established, no effect due to inflation or financial discounting over time has been considered. Peak claims, defined as those whose estimated cost exceeds a certain amount depending on the branch, are excluded from the application of these methods.

- The payments calculated have been considered net of recoveries.

The Group verifies the goodness of fit of the calculations made on an annual basis by comparing them with experience. Each claim is also subject to an individual valuation, independently to the use of the statistical methods.

For the purposes of the tax deductibility of the provision for benefits calculated using statistical methods, calculations have been made to consider the minimum amount of the provision, in accordance with the requirements established by Additional Provision Three of Royal Decree 239-2007, of 16 February, amending the ROSSP. The differences between the endowments made and those considered as tax deductible expenses in the financial year have been treated as temporary differences.

#### Internal expenses for the settlement of claims

The provision for benefits includes an estimate of the internal expenses to manage and process files in order to cover the internal expenses of the Parent Company necessary for the total completion of the claims that must be included in the provision for benefits of both direct insurance and accepted reinsurance. In accordance with that established in additional provision five of the ROSSEAR and in article 42 of Royal Decree 239-2007, of 16 February, amending the ROSSP, this estimation is performed independently of the valuation method used and taking into account the current regulations.

### Provisions for profit sharing and rebates

This provision includes the amount of profit accrued in favour of insured parties or beneficiaries not yet allocated on the closing date. It does not include the effect of allocating part of the unrealised capital gains from the investments portfolio in favour of policyholders, which is included in the "Technical provisions" sub-heading.

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### Other assets and other liabilities

The "Other assets" heading of the balance sheet mainly includes the explicit interest accrued and not collected from investments in debt securities. It also includes the fees and other acquisition expenses corresponding to the accrued premiums that are allocated to the period between the closing date and the end of coverage of the contracts, and the expenses allocated to earnings correspond to those that were actually borne in the period with the limit established in the technical bases.

Likewise, the "Other liabilities" heading includes, among others, the amounts of fees and other acquisition expenses from assigned reinsurance that may be allocated to subsequent financial years in accordance with the coverage period of the assigned policies.

The fees and acquisition expenses directly related to the sale of new production are not capitalised under any circumstances, and are accounted for in the profit and loss account for the financial year in which they are incurred.

#### Recovery of claims

Credits for claims recoveries are generally only accounted for when their realisation is sufficiently guaranteed.

The amount of estimated recoveries net of the reinsurance share is recorded in the "Loans and receivables - Other credits" heading of the consolidated balance sheet.

#### <u>Reinsurance</u>

The reinsurance contracts entered into by the Group's insurance companies with other insurance companies aim to pass on part of the insurance risk to the reinsurance companies with which they have entered into the contract.

### j) Non-technical provisions

The Group's consolidated financial statements contain all significant provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in these financial statements.

Provisions, which are quantified taking into account the best available information on the consequences of the event that causes them and are reestimated at each accounting close, are used to meet the specific risks for which they were originally recognised, carrying out their reversal, total or partial, when these risks cease to exist or decrease.

j.1) Provisions for pensions and similar risks

Various Group companies have post-employment pension commitments that are outsourced through various defined contribution pension plans, which are affiliated to the "PENSIONS CAIXA, 21, FONDO DE PENSIONES" Pension Fund.

For these companies, the Group makes predetermined contributions to these plans, based on some percentages applied to the base salary of each employee, without there being any legal or effective obligation to make additional contributions if the separate entity is unable to pay the employee

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remuneration related to the services provided in the current and previous financial years.

As a result of the agreements reached by the Parent Company on 29 December 2014, a new tranche of contributions was added to the Pension Plan. Thus, for all employees of the Parent Company who make an annual contribution of 2% of their annual base salary, the company will contribute 5%. Where not stated otherwise, all those forming part of the Plan automatically changed to this new tranche, whose entry into force was the last quarter of 2014. The company BPI Vida also maintains an obligation to make an annual contribution to the pension funds of its employees, set at 1.5% of their annual base salary.

Pension plan contributions are recorded by each of the Group companies as expenses in the profit and loss account for the financial year in which they are incurred. In the 2019 financial year, the contributions made by subsidiaries amounted to €591,000 (€532,000 in 2018).

The non-outsourced part, which is insignificant, corresponds to obligations that the subsidiaries maintain with retired employees.

### j.2) Other non-technical provisions

All other non-technical provisions mainly contain debts from payments assumed by the Group based on the agreements established with insurance companies, and the estimated amounts to address likely or certain liabilities such as litigation in progress, compensation, adjustments due for payment to staff and other obligations.

#### k) Leases

As indicated in Note 2.d), since 1 January 2019, the Group has incorporated IFRS 16 into its valuation standards in replacement of IAS 17 "Leases" and IFRIC 4 "Determination of whether an agreement contains a lease". Leases are classified as financial leases as long as one can establish from the conditions of these leases that there has been a substantial transfer to the lessee of the risks and benefits inherent in the ownership of the asset specified in the contract. All other leases are classified as operating leases.

#### Financial Leases

The assets acquired through financial leases are classified in the "Tangible Fixed Assets" heading according to the nature of the good included in the contract and are accounted for, with a balancing entry of a liability for the same amount, at the lower amount between their fair value or the present value of the amounts to be paid to the lessor, including the price for exercising the purchase option. These assets are depreciated using criteria similar to those applied to all tangible assets of a similar nature.

The financial expenses associated with these contracts are charged to consolidated profit and loss in accordance with the effective interest rate of these transactions.

#### Operating Leases

Operating lease operations are considered those in which the risks and benefits inherent to the ownership of the asset are not transferred by the lessor.

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Operating lease expenses are systematically charged to the profit and loss account for the financial year in which they accrue.

During the 2019 and 2018 financial years, all lease agreements were classified as operating leases.

#### l) Related party transactions

The Group performs all its transactions with related parties at market prices. In addition, transfer prices are appropriately supported. As a result, the Parent Company's Directors do not consider that any significant risks exist regarding this aspect that could give rise to material liabilities in the future.

#### m) Assets of an environmental nature

Assets of an environmental nature are considered to be the goods used in a lasting manner in the Group's activity, whose main purpose is to minimise its environmental impact and protect and improve the environment, including the reduction or elimination of future contamination.

Due to its nature, the Group's activity has no significant environmental impact.

#### n) Severance payments

In accordance with the current legislation, the Group is obliged under certain circumstances to pay compensation to employees whose employment contracts have been terminated. Therefore, the severance payments that can be reasonably quantified are recorded as an expense in the financial year in which the decision to carry out the redundancies is adopted.

#### o) Income and expenses

The Group accounts for income and expenses in accordance with the accrual principle, that is, depending on when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow deriving from them occurs.

Summarised below are the most significant criteria used by the Group to recognise its income and expenses:

#### o.1) Income from issued premiums

Written premiums for the financial year, net of cancellations and rebates, are accounted for as income for the financial year, corrected for the variation seen in the premiums accrued and not written, which derive from contracts entered into or extended during the year, in relation to which the insurer's right to collect them arises during the aforementioned period.

The premiums from the Non-life segment and from annual renewable Life contracts from the direct business are recognised as income throughout the validity of the contracts, based on the time elapsed. The accrual of these premiums is carried out by establishing the provision for unearned premiums. The premiums from the Life segment that are long-term, both one-off premiums and regular premiums, are recognised when the contract issuer's collection right arises.

The premiums corresponding to assigned reinsurance are recorded based on the reinsurance contracts signed and under the same criteria used for direct insurance.

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### o.2) Income and expenses from interest and similar concepts

These are generally recognised for accounting purposes by applying the effective interest rate method, regardless of the monetary or financial flow that derives from the financial assets. Dividends are recognised as income when the right of the consolidated entities to receive them arises.

### o.3) Claims paid and change in provisions

The claim is made up of both the benefits paid during the financial year and the change experienced in the technical provisions related to the benefits and the part attributable to general expenses that must be allocated to this function.

### o.4) Fees

Income and expenses from fees are recorded in the profit and loss account throughout the period in which the associated service is provided, except those that correspond to a particular or unique act that accrue at the moment they are produced.

### 4. RISK MANAGEMENT

### <u>Risk management</u>

The Group develops its insurance and social welfare activity in a regulated market in which there are frequent updates to the regulations, both those specific to insurance policies and pension funds and those on other applicable matters such as tax, employment and finance. Due to the Group's size, as well as the technical sophistication and breadth of products managed, the need arose to operate using a highly mechanised integrated process and procedure system that is constantly updated. Moreover, to guarantee compliance with the objectives approved by the Board of Directors, as well as the provision of timely market information, an internal control system has been defined and developed throughout its entire structure.

- Credit risk

In general, the Group holds its cash and equivalent liquid assets in financial institutions with high credit ratings.

For balances that are pending collection from insurance policyholders, there is no significant concentration of credit risk with third parties.

With regard to the credit risk associated with financial instruments, the policy established by the Group has been based on two basic principles:

• Prudence: rating scales and terms have been defined.

• Diversification: high diversification in sectors and issuers, with maximum risk limits per issuer.

The Group's credit risk management is determined by internal compliance with the actions defined by Management and approved by the Administrative Bodies.

In order to adapt to the changes in the market, the Group has developed a set of securities that is consistent with the group. This set is adapted to the structure and approach of the Group's investment management in relation to the long-term nature of the investment and the need for liquidity.

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- Liquidity risk

Liquidity risk refers to the possibility that it cannot disinvest in a financial instrument quickly enough and without incurring significant additional costs or to the associated risk of not having liquidity at the time when the payment obligations must be met.

The liquidity risk associated with the option to turn financial investments into cash is insignificant given that they are generally listed in markets, and the objective of the insurance activity is to hold them in its portfolio as long as the acquired commitment derived from the insurance contracts exists.

In order to ensure liquidity and to be able to meet all payment commitments arising from its operations, Grupo VidaCaixa has the cash flow shown in its balance sheet. The ALM analysis performed on Life portfolios also allows this risk to be mitigated.

VidaCaixa S.A.U. also has a collateral position, a framework agreement for financial operations, with CaixaBank.

- Market risk (including interest rate, exchange rate and other price risks)

This refers to the risk that the value of a financial instrument may vary due to changes in share price, interest rates or the exchange rate. The consequences of these risks are the possibility of incurring reductions in equity or losses due to market price movements.

The Group periodically performs different sensitivity analyses of its portfolios in relation to market risk, derived mainly from changes in interest rates. In this regard, the amended durations of the fixed income portfolios associated with the Life business are controlled on a monthly basis. Management of the Group's financial derivatives includes the use of counterparties that, being financial institutions subject to supervision by the supervisory bodies of the Member States of the Economic European Union, have sufficient solvency. Contractually, the positions have an explicit guarantee in relation to being able to cancel the transaction at any time, either through its settlement or its assignment to third parties. This settlement is guaranteed by a commitment by the counterparties to publish daily strike prices as well as a clear specification of the valuation method used.

With regard to exchange rate risk, the Group holds no assets with significant direct exposure in currencies other than the Euro and, where appropriate, the necessary hedges are made.

- Technical or underwriting risk

Actuarial Risk, in terms of the regulations established by Solvency II (European Union - EIOPA) and the DGSFP, reflects the risk derived from the underwriting of life and non-life insurance contracts, given the claims covered and the processes followed when exercising the activity, and we can differentiate between these as shown below.

• Mortality risk: risk of loss or downward adjustment to the value of insurance liabilities due to changes in the level, trend or volatility of mortality rates, so long as an increase in the mortality rate generates an increase in the value of the insurance liabilities.

• Longevity risk: risk of loss or downward adjustment to the value of insurance liabilities due to changes in the level, trend or volatility of mortality rates, so long as a decrease in the mortality rate generates an increase in the value of the insurance liabilities.

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• Disability and morbidity risk: risk of loss or downward adjustment to the value of insurance liabilities due to changes in the level, trend or volatility of the disability, illness and morbidity rates.

• Downside risk: risk of downward adjustment to the value of the expected future profits (reduction) or losses (increase) by virtue of the insurance policies underwritten due to changes in the level, trend or volatility of the discontinuance, cancellation, renewal and redemption rates of the policies with regard to the downside assumptions.

• Expense risk: risk of loss or downward adjustment to the value of the commitments taken on by virtue of the insurance policies underwritten due to changes in the level, trend or volatility of the expenses for executing the insurance or reinsurance contracts.

• Catastrophic risk: risk of loss or downward adjustment to the value of the commitments taken on by virtue of the insurance policies underwritten due to a notable uncertainty in the pricing assumptions and the constitution of provisions corresponding to extreme or extraordinary events.

Actuarial risk management is approached through compliance with the regulations established by Solvency II (European Union - EIOPA) and the DGSFP, which establish the policies and monitoring of the technical evolution of products that depend mainly on the actuarial factors mentioned above. This stable long-term management is reflected in the actuarial risk management policies.

These policies have been updated in 2019, and are as follows:

• Underwriting and Constitution of Reserves: the underwriting and

constitution of reserves policy, updated at least annually, identifies for each business line the different parameters used for the acceptance of risks, their management, measurement, pricing, and finally the valuation and constitution of the reserves for the policies constituted under the underwriting process. The general operating procedures used for underwriting and for the constitution of reserves are also identified.

• Reinsurance: the risk transfer level is identified considering the risk profile of the direct insurance contracts, as well as the type, suitability and operation of the established reinsurance agreements.

The definitions and monitoring of the above policies can, where appropriate, be modified in order to adapt the risks to the Group's global strategy.

- Solvency II

EC Directive 2009/138 of the Parliament and of the Council, of 25 November 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance, hereinafter the Solvency II Directive, Delegated Regulation (EU) 2015/35 of the Commission, of 10 October 2014, completing the aforementioned Directive, the Law on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies (Law 20/2015, of 14 July 2015), together with the Regulation on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies (R.D. 1060/2015, of 20 November 2015), constitute the basic legal texts that regulate the requirements of the Solvency II regime. The aforementioned legislation includes, among other aspects, the establishment as of 1 January 2016 of standardised figures for the solvency capital requirement (SCR) and minimum capital requirement (MCR) and the funds for their coverage that are a result of

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

the consideration, for the purposes of that referred to in the regulation as an economic balance sheet, of criteria relating to the recognition and valuation of assets and liabilities (economic balance sheet) that are, as described in the following paragraphs, substantially different to those used to reflect the financial situation and assets of the Parent Company in its attached annual accounts, drawn up in accordance with the regulatory framework of financial reporting applicable to the Parent Company.

The main objective of the Solvency II regulation is to protect the insured party through improved control and measurement of the market, operational, credit and liquidity risks to which insurance companies are exposed, through three pillars or principles:

• Pillar I: Quantitative requirements whose objective is to establish the mandatory solvency capital through the prior determination of an "economic balance sheet" focused on risk and valued at market prices.

• Pillar II: Qualitative requirements with demands on the governance of the entities (supervisory processes) that affect the organisation and management of the entities required to undertake processes to identify, measure and actively manage risks, as well as prospectively assess these risks and the solvency capital.

• Pillar III: Transparency requirements that implement the communication of the information required, on the one hand by the supervisor (DGSFP) and on the other by the market, and whose objective is to promote market discipline and contribute to transparency and financial stability. On the closing date of the 2015 financial year, the Parent Company obtained authorisation from the DGSFP to use the following models, in accordance with EC Directive 2009/138 of the European Parliament and of the Council:

• Authorisation of the use of the matching adjustment in the relevant time structure of risk-free interest rates.

• Use of the internal model to calculate the SCR for longevity and mortality risks.

In accordance with the calendar set forth in the current regulations, VidaCaixa sent DGSFP, on 18 April 2019, the individual annual reporting for the 2018 financial year and, on 31 May 2019, the consolidated annual reporting for the 2018 financial year, which demonstrated compliance with the required SCR and MCR levels.

The redemption value and market value of the assets allocated to the portfolios affected by the matching adjustment of the flows of the Group's Parent Company amounted to €44,681,548 and €50,829,457 thousand, respectively, as of 31 December 2019.

Qualitative information about the Group's exposure to the different risks described is provided below:

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#### Breakdown of ratings as of 31 December 2019 and 2018:

|                       |            | Thousand   | ls of euros |            |
|-----------------------|------------|------------|-------------|------------|
|                       | Nomina     | l value    | Esti        | mate       |
| Rating                | 31.12.2019 | 31.12.2018 | 31.12.2019  | 31.12.2018 |
| Between AA- and AAA   | 1,419,409  | 682,317    | 2%          | 1%         |
| Between A- and A+     | 40,882,415 | 2,076,960  | 51%         | 3%         |
| Between BBB- and BBB+ | 37,929,059 | 70,520,374 | 47%         | 95%        |
| Between BB- and BB+   | 199,606    | 202,879    | -           | -          |
| Between B- and B+     | -          | 8,400      | -           | -          |
| Lower than B-         | 451        | 451        | -           | -          |
| No rating             | 241,390    | 397,847    | -           | 1%         |
| Total                 | 80,672,330 | 73,889,228 | 100%        | 100%       |

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Different risk diversification measures, whether by country or by sector, are also taken into account as investment criteria. The data as of 31 December 2019 and 2018 are:

#### **GEOGRAPHICAL DIVERSIFICATION**

2019 Financial Year (Thousands of euros)

| Country       | Debt securities | Equity  | Funds   | Derivatives | Loans and deposits in credit institutions | Other assets | Guarantees |
|---------------|-----------------|---------|---------|-------------|-------------------------------------------|--------------|------------|
| Germany       | 763,811         | 40,165  | -       | -           | -                                         | -            | -          |
| Angola        | -               | -       | -       | _           | _                                         | -            | _          |
| Australia     | 27,539          | -       | _       | -           | _                                         | -            | _          |
| Austria       | 29,319          | 3,216   | _       | _           | _                                         | _            | _          |
| Belgium       | -               | -       | _       | _           | _                                         | -            | _          |
| Brazil        | 10,080          | -       | _       | -           | _                                         | -            | -          |
| Canada        | 6,377           | _       | _       | _           | _                                         | _            | _          |
| Denmark       | 26,506          | _       | _       | _           | _                                         | _            | _          |
| Slovakia      | 1,014           | 862,246 | 739,099 | -           | _                                         | -            | _          |
| Spain         | 49,045,205      | 710     | _       | -           | _                                         | -            | -          |
| United States | 803,173         | 13,006  | 489     | _           | 21,976                                    | -            | 27,332     |
| Finland       | 67,655          | 947     | _       | _           | _                                         | -            | -          |
| France        | 827,690         | 54,333  | 668,317 | -           | 18                                        | _            | -          |
| Guernsey      | -               | -       | _       | _           | _                                         | -            | _          |
| Netherlands   | 796,509         | 15,437  | _       | -           | 8                                         | -            | _          |

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

| cont.          | ont.            |           |           |             |                                           |              |            |  |  |  |
|----------------|-----------------|-----------|-----------|-------------|-------------------------------------------|--------------|------------|--|--|--|
| Country        | Debt securities | Equity    | Funds     | Derivatives | Loans and deposits in credit institutions | Other assets | Guarantees |  |  |  |
| Ireland        | 104,075         | 15,946    | 258,704   | -           | -                                         | -            | -          |  |  |  |
| Jersey         | -               | -         | _         | -           | -                                         | -            | -          |  |  |  |
| Cayman Islands | 6,024           | -         | -         | -           | -                                         | -            | -          |  |  |  |
| Italy          | 5,896,996       | 6,751     | -         | -           | _                                         | -            | -          |  |  |  |
| Japan          | -               | -         | 33,194    | -           | _                                         | -            | -          |  |  |  |
| Luxembourg     | 146,404         | -         | 553,578   | -           | _                                         | -            | _          |  |  |  |
| Mexico         | 26,558          | -         | _         | -           | -                                         | -            | -          |  |  |  |
| Nigeria        | 4,461           | -         | -         | -           | -                                         | -            | _          |  |  |  |
| Norway         | 49,764          | -         | _         | -           | _                                         | -            | _          |  |  |  |
| Portugal       | 1,039,363       | 216       | _         | -           | 210,535                                   | -            | _          |  |  |  |
| United Kingdom | 492,644         | -         | 505,662   | -           | 11,978                                    | -            | -          |  |  |  |
| Czech Republic | 4,079           | -         | _         | -           | -                                         | -            | -          |  |  |  |
| Sweden         | 20,719          | -         | _         | -           | -                                         | -            | -          |  |  |  |
| Switzerland    | 31,234          | 7,047     | _         | -           | -                                         | -            | -          |  |  |  |
| Venezuela      | -               | -         | _         | _           | -                                         | -            | -          |  |  |  |
| Total          | 60,227,198      | 1,020,020 | 2,759,043 | -           | 244,515                                   | -            | 27,332     |  |  |  |

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### 2018 Financial Year (Thousands of euros)

| Country       | Debt securities | Equity  | Funds   | Derivatives | Loans and deposits in credit institutions | Other assets | Guarantees |
|---------------|-----------------|---------|---------|-------------|-------------------------------------------|--------------|------------|
| Germany       | 640,265         | -       | -       | -           | -                                         | -            | -          |
| Angola        | -               | -       | _       | _           | -                                         | 3            | -          |
| Australia     | -               | -       | _       | _           | -                                         | _            | -          |
| Austria       | 25,865          | -       | -       | -           | -                                         | _            | -          |
| Belgium       | 46,309          | -       | -       | -           | -                                         | _            | -          |
| Brazil        | 551             | -       | _       | _           | -                                         | -            | -          |
| Canada        | 9,548           | -       | _       | _           | -                                         | _            | -          |
| Denmark       | 15,419          | -       | -       | -           | -                                         | -            | -          |
| Slovakia      | 1,062           | -       | -       | -           | -                                         | -            | -          |
| Spain         | 44,210,130      | 985     | -       | -           | 729,106                                   | -            | 9,649      |
| United States | 521,216         | 502,565 | 293,818 | 15,588      | -                                         | _            | 25,139     |
| Finland       | 8,960           | -       | -       | -           | -                                         | _            | -          |
| France        | 551,573         | -       | 65,535  | _           | 20                                        | _            | -          |
| Guernsey      | 3,767           | -       | -       | -           | -                                         | -            | -          |
| Netherlands   | 540,572         | -       | -       | -           | 8                                         | -            | -          |
| Ireland       | 86,815          | 4,213   | 233,372 | -           | -                                         | -            | -          |
| Jersey        | -               | -       | -       | -           | -                                         | _            | -          |

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cont.

| Country        | Debt securities | Equity  | Funds     | Derivatives | Loans and deposits in credit institutions | Other assets | Guarantees |
|----------------|-----------------|---------|-----------|-------------|-------------------------------------------|--------------|------------|
| Cayman Islands | 6,045           | -       | -         | -           | -                                         | -            | -          |
| Italy          | 4,067,375       | -       | -         | -           | -                                         | -            | _          |
| Japan          | -               | -       | 27,881    | -           | -                                         | -            | _          |
| Luxembourg     | 82,163          | -       | 1,367,651 | -           | -                                         | -            | _          |
| Mexico         | 25,868          | -       | -         | -           | -                                         | -            | _          |
| Nigeria        | 5,328           | -       | -         | -           | -                                         | -            | _          |
| Norway         | 8,922           | -       | -         | _           | -                                         | -            | _          |
| Portugal       | 1,131,767       | -       | 128       | -           | 277,413                                   | -            | _          |
| United Kingdom | 294,928         | -       | 36,704    | -           | 13,149                                    | -            | _          |
| Czech Republic | 4,091           | 963     | -         | -           | -                                         | -            | _          |
| Sweden         | 15,659          | -       | -         | -           | -                                         | -            | _          |
| Switzerland    | 25,405          | 1,747   | -         | -           | -                                         | -            | _          |
| Venezuela      | -               | -       | -         | _           | -                                         | -            | _          |
| Total          | 52,329,603      | 510,473 | 2,025,089 | 15,588      | 1,019,696                                 | 3            | 34,788     |

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#### SECTOR DIVERSIFICATION

2019 Financial Year (Thousands of euros)

| Country                  | Debt securities | Equity    | Funds     | Derivatives | Loans and deposits in credit institutions |   | Guarantees |
|--------------------------|-----------------|-----------|-----------|-------------|-------------------------------------------|---|------------|
| Communication            | 893,873         | 23,917    | -         | -           | -                                         | - | -          |
| Non-cyclical consumption | 356,046         | 373,434   | _         | -           | -                                         | _ | -          |
| Energy                   | 198,345         | 48,390    | _         | -           | -                                         | _ | -          |
| Finance                  | (732,461)       | 147,510   | 2,759,043 | _           | 238,957                                   | _ | 27,332     |
| Government               | 56,452,368      | _         | _         | -           | 5,558                                     | _ | -          |
| Industrial               | 1,148,977       | 358,340   | _         | -           | -                                         | _ | -          |
| Raw materials            | 35,366          | 36,806    | _         | _           | -                                         | _ | -          |
| Utilities                | 1,874,684       | 31,623    | _         | -           | -                                         | _ | -          |
| Total                    | 60,227,198      | 1,020,020 | 2,759,043 | -           | 244,515                                   | - | 27,332     |

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### 2018 Financial Year (Thousands of euros)

| Country                     | Debt securities | Equity  | Funds     | Derivatives | Loans and deposits in credit institutions | Other assets | Guarantees |
|-----------------------------|-----------------|---------|-----------|-------------|-------------------------------------------|--------------|------------|
| Communication               | 757,457         | 13,002  | _         | -           | -                                         | -            | -          |
| Non-cyclical<br>consumption | 80,484          | 183,353 | _         | -           | -                                         | -            | -          |
| Energy                      | 116,885         | 32,272  | _         | -           | -                                         | -            | _          |
| Finance                     | 988,643         | 81,074  | 2,025,088 | 15,588      | 777,763                                   | 3            | 34,788     |
| Government                  | 48,142,754      | _       | _         | -           | 241,933                                   | -            | _          |
| Industrial                  | 1,041,379       | 174,516 | _         | _           | -                                         | -            | _          |
| Raw materials               | 59,106          | 10,768  | _         | _           | _                                         | -            | _          |
| Utilities                   | 1,142,895       | 15,488  | _         | -           | -                                         | -            | _          |
| Total                       | 52,329,603      | 510,473 | 2,025,088 | 15,588      | 1,019,696                                 | 3            | 34,788     |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### 5. VARIATIONS IN ASSOCIATED, GROUP AND MULTI-GROUP ENTITIES

#### Transactions carried out during the 2019 financial year

During the 2019 financial year, there were no transactions carried out between associated, group and multi-group entities that have led to variations in the consolidation perimeter.

#### Transactions carried out during the 2018 financial year

#### 5.a) Sale of CaixaBank Titulización S.G.F.T., S.A. (formerly Gesticaixa)

As indicated in Note 1, a sale agreement was completed on 11 December 2018, through which the Parent Company sold its entire stake (9%) in the company CaixaBank Titulización S.G.F.T., S.A. to the company CaixaBank S.A. for an amount of €1,700 million, generating a profit of €1,353,000.

# 5.b) Distribution of the issue premium and reserves of SegurCaixa Adeslas S.A. de Seguros y Reaseguros

On 21 December 2018, SegurCaixa Adeslas S.A. de Seguros y Reaseguros (hereinafter, "Segurcaixa Adeslas") proceeded to distribute the issue premium and reserves for an amount of €226,839,000. As a result of this distribution, and considering that its stake in this company is 49.92%, VidaCaixa received a total of €113,248,000. The Parent Company considered recording the amount received as a decrease in the net book value of the stake in SegurCaixa Adeslas. This was due to considering that the balance received corresponds to own funds included in the acquisition cost and therefore not generated as profits since that date, so they are not eligible for distribution as a dividend.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 6. FINANCIAL ASSETS

The breakdown of financial assets as of 31 December 2019 is as follows (Thousands of euros):

| Investments<br>classified by<br>category of<br>financial assets<br>and nature | Cash and<br>equivalent<br>liquid assets<br>(CaELA) | Financial assets<br>held to trade<br>(HTT) | Other financial<br>assets at fair<br>value through<br>profit and loss<br>(FVTP&L) | Financial assets<br>available for sale<br>(AFS) | Loans and<br>receivables (LaR) | Held-to-maturity<br>investments<br>(HTM) | Total as of<br>31.12.2019 |
|-------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------|------------------------------------------|---------------------------|
| FINANCIAL<br>INVESTMENTS:                                                     | 987,643                                            | 139                                        | 12,469,882                                                                        | 58,684,308                                      | 598,158                        | -                                        | 72,740,130                |
| Equity<br>instruments                                                         | -                                                  | 139                                        | 3,804,494                                                                         | 1,762                                           | -                              | -                                        | 3,806,395                 |
| - Financial investments<br>in capital                                         | -                                                  | -                                          | 1,482,895                                                                         | 1,273                                           | -                              | -                                        | 1,484,168                 |
| - Shares in investment<br>funds                                               | -                                                  | 139                                        | 2,321,599                                                                         | 489                                             | -                              | -                                        | 2,322,227                 |
| Debt securities                                                               | _                                                  | _                                          | 1,199,570                                                                         | 58,682,546                                      | 345,082                        | _                                        | 60,227,199                |
| Investments by<br>policyholders who<br>assume the risk<br>of the investment   | 391,605                                            | -                                          | 7,465,818                                                                         | _                                               | _                              | _                                        | 7,857,423                 |
| Loans                                                                         | -                                                  | -                                          | -                                                                                 | -                                               | 16,750                         | _                                        | 16,750                    |
| Other financial assets                                                        | -                                                  | -                                          | -                                                                                 | -                                               | -                              | _                                        | -                         |
| Transactions with repurchase agreement                                        | -                                                  | -                                          | -                                                                                 | -                                               | -                              | -                                        | -                         |
| Deposits in<br>credit institutions                                            | 187,598                                            | -                                          | -                                                                                 | -                                               | 236,326                        | _                                        | 423,924                   |

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cont.

| Investments<br>classified by<br>category of<br>financial assets<br>and nature | Cash and<br>equivalent<br>liquid assets<br>(CaELA) | Financial assets<br>held to trade<br>(HTT) | Other financial<br>assets at fair<br>value through<br>profit and loss<br>(FVTP&L) | Financial assets<br>available for sale<br>(AFS) | Loans and<br>receivables (LaR) | Held-to-maturity<br>investments<br>(HTM) | Total as of<br>31.12.2019 |
|-------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------|------------------------------------------|---------------------------|
| Deposits constituted by accepted reinsurance                                  | -                                                  | -                                          | -                                                                                 | -                                               | -                              | -                                        | -                         |
| Cash and banks                                                                | 408,440                                            | -                                          | -                                                                                 | -                                               | -                              | -                                        | 408,440                   |
| CREDITS:                                                                      | -                                                  | -                                          | -                                                                                 | -                                               | 263,552                        | -                                        | 263,552                   |
| Credits from direct<br>insurance and<br>coinsurance transactions              | -                                                  | _                                          | -                                                                                 | -                                               | 33,130                         | -                                        | 33,130                    |
| Credits from reinsurance                                                      | _                                                  | _                                          | -                                                                                 | -                                               | 19,110                         | _                                        | 19,110                    |
| Other credits                                                                 | -                                                  | _                                          | -                                                                                 | -                                               | 211,312                        | _                                        | 211,312                   |
| Impairment loss                                                               | _                                                  | _                                          | -                                                                                 | -                                               | _                              | _                                        | _                         |
| Total                                                                         | 987,643                                            | 139                                        | 12,469,882                                                                        | 58,684,308                                      | 861,710                        | -                                        | 73,003,682                |

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The same information referring to the close of December 2018 was as follows (thousands of euros):

| Investments<br>classified by<br>category of<br>financial assets<br>and nature | Cash and<br>equivalent<br>liquid assets<br>(CaELA) | Financial assets<br>held to trade<br>(HTT) | Other financial<br>assets at fair<br>value through<br>profit and loss<br>(FVTP&L) | Financial assets<br>available for sale<br>(AFS) | Loans and<br>receivables (LaR) | Held-to-maturity<br>investments<br>(HTM) | Total as of<br>31.12.2018 |
|-------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------|------------------------------------------|---------------------------|
| FINANCIAL<br>INVESTMENTS:                                                     | 1,732,464                                          | 129                                        | 8,858,004                                                                         | 50,746,891                                      | 1,659,424                      | 8,400                                    | 63,005,312                |
| Equity<br>instruments                                                         | -                                                  | 129                                        | 2,569,235                                                                         | 985                                             | -                              | -                                        | 2,570,349                 |
| - Financial investments<br>in capital                                         | -                                                  | -                                          | 776,232                                                                           | 985                                             | -                              | _                                        | 777,217                   |
| - Shares in investment<br>funds                                               | -                                                  | 129                                        | 1,793,003                                                                         | -                                               | -                              | _                                        | 1,793,132                 |
| Debt securities                                                               | -                                                  | -                                          | 944,588                                                                           | 50,745,903                                      | 630,713                        | 8,400                                    | 52,329,604                |
| Investments by<br>policyholders who<br>assume the risk<br>of the investment   | 1,015,392                                          | -                                          | 5,328,593                                                                         | -                                               | -                              | _                                        | 6,343,985                 |
| Loans                                                                         | -                                                  | -                                          | -                                                                                 | -                                               | 484,317                        | -                                        | 484,317                   |
| Other financial assets                                                        | -                                                  | -                                          | 15,588                                                                            | 3                                               | -                              | _                                        | 15,591                    |
| Transactions with repurchase agreement                                        | 20,247                                             | -                                          | -                                                                                 | -                                               | 236,854                        | _                                        | 257,101                   |
| Deposits in<br>credit institutions                                            | 39,076                                             | -                                          | -                                                                                 | -                                               | 307,540                        | -                                        | 346,616                   |

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cont.

| Investments<br>classified by<br>category of<br>financial assets<br>and nature | Cash and<br>equivalent<br>liquid assets<br>(CaELA) | Financial assets<br>held to trade<br>(HTT) | Other financial<br>assets at fair<br>value through<br>profit and loss<br>(FVTP&L) | Financial assets<br>available for sale<br>(AFS) | Loans and<br>receivables (LaR) | Held-to-maturity<br>investments<br>(HTM) | Total as of<br>31.12.2018 |
|-------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------|------------------------------------------|---------------------------|
| Deposits constituted by accepted reinsurance                                  | -                                                  | _                                          | -                                                                                 | -                                               | -                              | -                                        | -                         |
| Cash and banks                                                                | 657,749                                            | -                                          | -                                                                                 | -                                               | -                              | -                                        | 657,749                   |
| CREDITS:                                                                      | -                                                  | -                                          | -                                                                                 | -                                               | 284,117                        | -                                        | 284,117                   |
| Credits from direct<br>insurance and<br>coinsurance transactions              | -                                                  | -                                          | -                                                                                 | -                                               | 41,363                         | -                                        | 41,363                    |
| Credits from<br>reinsurance transactions                                      | -                                                  | -                                          | -                                                                                 | -                                               | 19,897                         | -                                        | 19,897                    |
| Other credits                                                                 | -                                                  | -                                          | -                                                                                 | -                                               | 222,857                        | -                                        | 222,857                   |
| Impairment loss                                                               | -                                                  | _                                          | -                                                                                 | -                                               | -                              | -                                        | -                         |
| Total                                                                         | 1,732,464                                          | 129                                        | 8,858,004                                                                         | 50,746,891                                      | 1,943,541                      | 8,400                                    | 63,289,429                |

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Likewise, the breakdown of financial assets based on the inputs used, as of 31 December 2019, is as follows (thousands of euros):

|                                | Level I | Level II (*) | Level III | Total as of 31.12.2019 |
|--------------------------------|---------|--------------|-----------|------------------------|
| Financial assets held to trade |         |              |           |                        |
| Debt securities                | -       | _            | -         | -                      |
| Derivatives                    | _       | _            | _         | -                      |
| Shares in investment funds     | 139     | -            | -         | 139                    |

| Other financial assets at fair value through profit and loss       |           |       |  |
|--------------------------------------------------------------------|-----------|-------|--|
| Debt securities                                                    | 1,199,517 | _     |  |
| Equity instruments                                                 | 3,804,494 | _     |  |
| Investments by policyholders who assume the risk of the investment | 7,461,577 | 3,898 |  |
| Hybrid instruments                                                 | -         | -     |  |
| loans                                                              | -         | _     |  |

| LUAIIS                          | - | - | - | - |  |
|---------------------------------|---|---|---|---|--|
| Other financial assets          | - | - | - | - |  |
| Deposits in credit institutions | - | - | - | - |  |

#### Financial assets available for sale

| Financial investments in capital | -          | 1,197       | 76 | 1,273      |
|----------------------------------|------------|-------------|----|------------|
| Shares in investment funds       | 489        | _           | -  | 489        |
| Debt securities                  | 60,172,269 | (1,543,570) | _  | 58,628,699 |

1,199,570

3,804,494

7,465,818

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53

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343

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                                  | Level I    | Level II (*) | Level III | Total as of 31.12.2019 |
|--------------------------------------------------|------------|--------------|-----------|------------------------|
| Loans                                            | -          | -            | -         | -                      |
| Other financial assets without price publication | _          | 696          | 53,151    | 53,847                 |
| Deposits in credit institutions                  | -          | _            | -         | -                      |
| Total as of 31 December 2019                     | 72,638,485 | (1,537,779)  | 53,623    | 71,154,329             |

(\*) Corresponds mainly to the valuation of financial swaps of certain and/or predetermined flows associated with fixed income securities that the Parent Company jointly accounts for as indicated in Note 3.b.

Likewise, the breakdown of financial assets based on the inputs used, as of 31 December 2018, is as follows (thousands of euros):

|                                                                    | Level I   | Level II (*) | Level III | Total as of 31.12.2018 |
|--------------------------------------------------------------------|-----------|--------------|-----------|------------------------|
| Financial assets held to trade                                     |           |              |           |                        |
| Debt securities                                                    | -         | -            | _         | -                      |
| Derivatives                                                        | -         | -            | -         | -                      |
| Shares in investment funds                                         | 129       | _            | _         | 129                    |
| Other financial assets at fair value through profit and loss       |           |              |           |                        |
| Debt securities                                                    | 942,650   | 1,938        | -         | 944,588                |
| Equity instruments                                                 | 2,569,235 | -            | -         | 2,569,235              |
| Investments by policyholders who assume the risk of the investment | 5,320,071 | 8,328        | 194       | 5,328,593              |
| Hybrid instruments                                                 | -         | -            | -         | -                      |

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                                  | Level I    | Level II (*) | Level III | Total as of 31.12.2018 |
|--------------------------------------------------|------------|--------------|-----------|------------------------|
| Loans                                            | -          | -            | -         | -                      |
| Other financial assets                           | 15,571     | 17           | -         | 15,588                 |
| Deposits in credit institutions                  | -          | -            | -         | -                      |
| Financial assets available for sale              |            |              |           |                        |
| Financial investments in capital                 | -          | 985          | -         | 985                    |
| Shares in investment funds                       | -          | -            | -         | -                      |
| Debt securities                                  | 51,933,478 | (1,187,575)  | -         | 50,745,903             |
| Loans                                            | -          | -            | _         | -                      |
| Other financial assets without price publication | -          | -            | 3         | 3                      |
| Deposits in credit institutions                  | -          | -            | -         | -                      |
| Total as of 31 December 2018                     | 60,781,134 | (1,176,307)  | 197       | 59,605,024             |

(\*) Corresponds mainly to the valuation of financial swaps of certain and/or predetermined flows associated with fixed income securities that the Parent Company jointly accounts for as indicated in Note 3.b.

# REPORT

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 6.a) Financial Investments

#### Financial assets held to trade

The breakdown of the movement of this heading by portfolio is detailed below (in thousands of euros):

|                                       | HT<br>Derivatives |     |  |
|---------------------------------------|-------------------|-----|--|
| Net book value as of 31 December 2017 | 414               | 136 |  |
| Purchases                             | -                 | -   |  |
| Changes of consolidation method       | -                 | -   |  |
| Sales and amortisations               | (300)             | -   |  |
| Incorporations into the perimeter     | -                 | -   |  |
| Reclassifications and transfers       | -                 | -   |  |
| Revaluations against reserves         | -                 | -   |  |
| Revaluations against earnings         | (114)             | (7) |  |
| Realised profits/losses recorded      | -                 | -   |  |
| Net book value as of 31 December 2018 | -                 | 129 |  |
| Purchases                             | -                 | _   |  |
| Changes of consolidation method       | -                 | -   |  |
| Sales and amortisations               | -                 | (2) |  |
| Incorporations into the perimeter     | -                 | -   |  |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                       | HTT<br>Derivatives Funds |
|---------------------------------------|--------------------------|
| Reclassifications and transfers       |                          |
| Revaluations against reserves         |                          |
| Revaluations against earnings         | - 11                     |
| Realised profits/losses recorded      |                          |
| Net book value as of 31 December 2019 | - 139                    |

Investments in derivatives held as of 31 December 2017 mainly corresponded to a call option on the Eurostoxx 50, which matured in 2018. The fair value of this investment was determined based on the last price in organised markets.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### Financial assets at fair value through profit and loss:

Presented below is the movement in financial assets classified into the fair value through profit and loss category, all valued and recorded at market value in the 2019 and 2018 financial years (not including investments by life insurance policyholders who assume the risk of the investment):

#### (Thousands of euros)

| Other assets at fair<br>value through<br>profit and loss | Shares in<br>investment<br>funds | Financial<br>investments<br>in capital | Debt securities | Derivatives | Guarantees | Total portfolio |
|----------------------------------------------------------|----------------------------------|----------------------------------------|-----------------|-------------|------------|-----------------|
| Net book value at 31 December 2017                       | 1,794,331                        | 62,591                                 | 953,625         | -           | 11,085     | 2,821,632       |
| Purchases                                                | 1,626,346                        | 2,083,702                              | 1,781,588       | 451,571     | 23,703     | 5,966,910       |
| Incorporation into the perimeter                         | _                                | _                                      | -               | -           | -          | -               |
| Implicit interest accrued                                | _                                | -                                      | -               | -           | -          | -               |
| Sales and amortisations                                  | (1,301,749)                      | (1,319,324)                            | (1,782,389)     | (436,000)   | -          | (4,839,462)     |
| Reclassifications and transfers                          | -                                | -                                      | -               | -           | -          | -               |
| Revaluations against earnings                            | (325,925)                        | (85,525)                               | (8,236)         | 17          | -          | (419,669)       |
| Realised profits/losses recorded                         | -                                | -                                      | -               | -           | -          | -               |
| Net book value at 31 December 2018                       | 1,793,003                        | 741,444                                | 944,588         | 15,588      | 34,788     | 3,529,411       |
| Purchases                                                | 393,413                          | 1,139,835                              | 2,303,204       | -           | -          | 3,836,452       |
| Incorporation into the perimeter                         | -                                | -                                      | -               | -           | -          | -               |
| Implicit interest accrued                                | -                                | -                                      | (43)            | -           | -          | (43)            |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

| Other assets at fair<br>value through<br>profit and loss | Shares in<br>investment<br>funds | Financial<br>investments<br>in capital | Debt securities | Derivatives | Guarantees | Total portfolio |
|----------------------------------------------------------|----------------------------------|----------------------------------------|-----------------|-------------|------------|-----------------|
| Sales and amortisations                                  | (360,105)                        | (701,708)                              | (2,034,335)     | (15,588)    | (7,456)    | (3,119,192)     |
| Reclassifications and transfers                          | -                                | _                                      | -               | -           | _          | -               |
| Revaluations against earnings                            | 495,288                          | 275,992                                | (13,844)        | -           | -          | 757,436         |
| Realised profits/losses recorded                         | -                                | _                                      | _               | -           | -          | -               |
| Net book value at 31 December 2019                       | 2,321,599                        | 1,455,563                              | 1,199,570       | -           | 27,332     | 5,004,064       |

These assets correspond to managing the Renta Vitalicia Inversión Flexible (Flexible Life Annuity Investment) product and assets from BPI Vida.

Given that the Parent Company has recorded the changes in the fair value of these assets through profit and loss account during the 2019 and 2018 financial years symmetrically with changes in the life insurance provision for these insurance policies, there has been no accounting asymmetry that must be corrected.

Debt securities correspond mainly to assets of BPI Vida and mainly include public debt from the eurozone.

During the 2019 financial year, net capital gains of €771,289,000 (net capital losses of €411,448,000 in 2018) were obtained due to a change in value of the investments affected by the managed portfolio of the Renta Vitalicia Flexible Inversión product, which are contained in the "Expenses from tangible fixed assets and investments" and "Income from tangible fixed assets and

investments" headings of the technical-life insurance profit and loss account, respectively.

The breakdown of movements in the "Investments by policyholders who assume the risk" heading is detailed below (thousands of euros):

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

|                                            | Investments by policyholders who assume the risk of the investment |
|--------------------------------------------|--------------------------------------------------------------------|
| Net book value as of 1 January 2018        | 5,078,851                                                          |
| Purchases and accruals/deferrals           | 12,770,846                                                         |
| Integration                                | _                                                                  |
| Incorporation into the perimeter           | -                                                                  |
| Sales, accruals/deferrals and depreciation | on (12,365,786)                                                    |
| Revaluations against earnings              | (155,318)                                                          |
| Net book value as of 31 December 2018      | 5,328,593                                                          |
| Purchases and accruals/deferrals           | 11,360,094                                                         |
| Integration                                | -                                                                  |
| Incorporation into the perimeter           | -                                                                  |
| Sales, accruals/deferrals and depreciation | on (9,581,619)                                                     |
| Revaluations against earnings              | 358,750                                                            |
| Net book value as of 31 December 2019      | 7,465,818                                                          |

In the 2019 financial year, the income net of expenses from investments by policyholders who assume the risk of the investment amounts to €612,986,000 (€217,565,000 in 2018). This income corresponds to earnings from the realisation of investments, changes in value of the assets and the interest recognised through applying the effective interest rate method.

Most revaluations recognised through profit and loss account have originated from financial instruments listed in organised markets or, if not listed, for which the Group has a sufficiently reliable market valuation.

As of 31 December 2019, the Group does not hold any hybrid instruments.

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### Financial assets available for sale

The breakdown of the movement of this heading is detailed below (thousands of euros):

|                                                    |                    | \FS             |       | Total       |
|----------------------------------------------------|--------------------|-----------------|-------|-------------|
|                                                    | Equity instruments | Debt securities | Other |             |
| Net book value as of 1 January 2018                | 1,234              | 48,871,753      | 3     | 48,872,990  |
| Purchases                                          | 103                | 10,392,538      | -     | 10,392,641  |
| Integration                                        | -                  | _               | -     | -           |
| Incorporation into the perimeter                   | _                  | -               | -     | _           |
| Implicit interest accrued                          | _                  | 525,333         | -     | 525,333     |
| Sales and amortisations                            | (1,749)            | (8,980,629)     | -     | (8,982,378) |
| Reclassifications and transfers                    | -                  | (101,493)       | _     | (101,493)   |
| Revaluations against reserves                      | 34                 | 202,682         | _     | 202,716     |
| Changes in impairment losses                       | -                  | -               | -     | _           |
| Amounts transferred to the profit and loss account | 1,363              | (164,281)       | _     | (162,918)   |
| Net book value as of 31 December 2018              | 985                | 50,745,903      | 3     | 50,746,891  |
| Purchases                                          | 712                | 11,081,652      | _     | 11,082,364  |
| Integration                                        | -                  | -               | _     | -           |
| Incorporation into the perimeter                   | -                  | -               | _     | -           |
| Implicit interest accrued                          | -                  | (393,896)       | -     | (393,896)   |
| Sales and amortisations                            | (58)               | (8,048,850)     | _     | (8,048,908) |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                                    | A                  | Total           |       |            |
|----------------------------------------------------|--------------------|-----------------|-------|------------|
|                                                    | Equity instruments | Debt securities | Other |            |
| Reclassifications and transfers                    | 3                  | -               | (3)   | -          |
| Revaluations against reserves                      | 123                | 5,638,149       | -     | 5,638,272  |
| Changes in impairment losses                       | -                  | _               | -     | -          |
| Amounts transferred to the profit and loss account | (3)                | (340,412)       | -     | (340,415)  |
| Net book value as of 31 December 2019              | 1,762              | 58,682,546      | -     | 58,684,308 |

During the 2019 financial year, the Group has recorded earnings of €340,412,000 from the disposal of financial investments classified in the "Financial assets available for sale" heading. Part of these earnings has been generated by sales to address the redemption operations requested by customers whose amount was €249,060,000, by disposals of financial investments in order to adjust the financial durations of the investments to the durations of its commitments to the insured parties, for the amount of €46,248,000, as well as by disposals due to the usual management of the portfolio of financial assets available for sale whose amount was €653,000. These earnings, for the most part, are recorded in the "Income from tangible fixed assets and investments" heading and "Expenses from tangible fixed assets and investments" heading of the technical profit and loss account for life insurance, respectively.

During the 2018 financial year, the Group recorded earnings of €164,280,000 from the disposal of financial investments classified in the "Financial assets available for sale" heading. Part of these earnings was generated by sales to address

the redemption operations requested by customers, by disposals of financial investments in order to adjust the financial durations of the investments to the durations of its commitments to the insured parties, as well as by disposals due to the usual management of the portfolio of financial assets available for sale. As a result of these operations, the Group registered earnings of €868,000 that were recorded, for the most part, in the "Income from tangible fixed assets and investments" heading and "Expenses from tangible fixed assets and investments" heading of the technical profit and loss account of life insurance corresponding to the 2018 financial year, respectively.

At 31 December 2019, the Group had arranged financial interest rate swaps with different financial institutions, mainly "CaixaBank", in order to adapt the flows derived from the investment portfolio to the liquidity needs of the different policies involved, generally receiving fixed and/or determinable amounts from the different counterparties. Their maturity is established as between 2020 and 2069. Although the Group separately determines the valuation of these swaps

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

and that of the bonds with which they are associated, it performs a joint valuation according to that indicated in Note 3.b.

The amount of explicit interest from fixed income accrued and not collected as of 31 December 2019 amounts to €929,667,000 (€720,256,000 at the close of the 2018 financial year) and this is recorded in the "Other Assets" heading of the attached balance sheet. The remaining balance in this heading corresponds to the interest accrued and not collected from the current accounts that the Group holds with "CaixaBank" and other entities, explicit interest from current accounts and fixed income accrued and not collected from Unit Linked, premiums accrued and not written, advance fees and other acquisition costs.

Most revaluations recognised with a charge to reserves, net of the corresponding tax effect, have originated from financial instruments listed in organised markets or, if not listed, for which the Group has a sufficiently reliable market valuation. These revaluations are mainly attributed to life insurance policyholders. As a result of this, the Group's equity, as well as its deferred taxes, are unaffected, as the balancing entry of the variations in these capital gains net of capital losses are the life insurance provisions.

The Parent Company has a framework agreement for financial transactions with "CaixaBank", drawn up on 20 July 2005. On 15 March 2016, the Parent Company adopted an additional stipulation to this contract with the counterparty, the Parent Company committing to guarantee a weekly renewable amount. As of 31 December 2019, the amount for guarantees stands at €5,078,587 thousand and it consists of financial assets from negotiable public debt issued by the Spanish Government.

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#### Loans and receivables

The breakdown of the movement of this heading is detailed below (thousands of euros):

|                                       | Debt securities | Non-mortgage<br>loans and policy<br>advances | Deposits in<br>credit<br>institutions | Total       |
|---------------------------------------|-----------------|----------------------------------------------|---------------------------------------|-------------|
| Net book value as of 31 December 2017 | 751,342         | 172,464                                      | 185,687                               | 1,109,493   |
| Purchases                             | 22,489          | 626,043                                      | 560,417                               | 1,208,949   |
| Incorporation into the perimeter      | -               | -                                            | -                                     | _           |
| Implicit interest accrued             | 4,534           | 495                                          | -                                     | 5,029       |
| Changes of consolidation method       | _               | -                                            | -                                     | -           |
| Sales and amortisations               | (147,652)       | (77,831)                                     | (438,564)                             | (664,047)   |
| Incorporations into the perimeter     | _               | -                                            | -                                     | -           |
| Reclassifications and transfers       | _               | -                                            | -                                     | -           |
| Revaluations against reserves         | -               | -                                            | -                                     | -           |
| Changes in impairment losses          | _               | -                                            | -                                     | _           |
| Net book value as of 31 December 2018 | 630,713         | 721,171                                      | 307,540                               | 1,659,424   |
| Purchases                             | 15,006          | -                                            | 493,945                               | 508,951     |
| Incorporation into the perimeter      | -               | -                                            | -                                     | -           |
| Implicit interest accrued             | (3,490)         | (3,193)                                      | -                                     | (6,683)     |
| Changes of consolidation method       | _               | -                                            | -                                     | -           |
| Sales and amortisations               | (297,147)       | (701,228)                                    | (565,159)                             | (1,563,534) |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                       | Debt securities | Non-mortgage<br>loans and policy<br>advances | Deposits in<br>credit<br>institutions | Total   |
|---------------------------------------|-----------------|----------------------------------------------|---------------------------------------|---------|
| Incorporations into the perimeter     | -               | -                                            | -                                     | -       |
| Reclassifications and transfers       | -               | -                                            | -                                     | -       |
| Revaluations against reserves         | -               | -                                            | -                                     | -       |
| Changes in impairment losses          | -               | -                                            | -                                     | -       |
| Net book value as of 31 December 2019 | 345,082         | 16,750                                       | 236,326                               | 598,158 |

#### Held-to-maturity investments

As a result of the acquisition of BPI Vida in the 2017 financial year (see note 1), the Group maintained held-to-maturity investments during the 2019 financial year. These investments matured during the aforementioned financial year (at the close of the 2018 financial year, the amount was €8,400,000). These financial assets correspond to debt securities issued by Ibercaja.

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#### 6.a.1) Financial investments in capital and shares in investment funds

The breakdown of the balances in this sub-heading as of 31 December 2019 and 2018 is as follows:

|                                      | Thousands of euros |            |            |               |                  |            |
|--------------------------------------|--------------------|------------|------------|---------------|------------------|------------|
|                                      | AFS po             | ortfolio   | Held-to-tr | ade portfolio | FVTP&L portfolio |            |
|                                      | 31.12.2019         | 31.12.2018 | 31.12.2019 | 31.12.2018    | 31.12.2019       | 31.12.2018 |
| Shares of listed Spanish companies   | 35                 | 61         | -          | -             | 34,955           | 13,161     |
| Shares of unlisted Spanish companies | 1,162              | 924        | -          | -             | -                | -          |
| Shares of listed foreign companies   | 76                 | -          | -          | -             | 1,551,054        | 811,090    |
| Shares of unlisted foreign companies | _                  | 3          | -          | -             | 321              | -          |
| Spanish ETFs                         | _                  | -          | -          | -             | 1,169            | 956        |
| Listed foreign ETFs                  | _                  | -          | -          | -             | 1,414,938        | 1,527,875  |
| Spanish FIs                          | 489                | -          | -          | -             | 80,656           | 88.009     |
| Listed foreign Fls                   | _                  | -          | 139        | 129           | 4,579,232        | 2,759,624  |
| Total                                | 1,762              | 988        | 139        | 129           | 7,662,325        | 5,200,715  |

As of 31 December 2019, the Group maintains its stakes in the company called "Tecnologías de la información y redes para las entidades aseguradoras, S.A." (€487,000), in the mutual fund of various Voluntary Retirement Savings Providers (€675,000) and has acquired some participations in CaixaBank, S.A. (€35,000).

For shares in unlisted companies, their fair value has been determined using valuation techniques generally accepted in the finance sector.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 6.a.2) Fixed income securities

The breakdown of balances included within this sub-heading is detailed below:

|                                             | Thousands of euros<br>31.12.2019 31.12.2018 |                  |                  |                  |                         |                  |                  |                  |
|---------------------------------------------|---------------------------------------------|------------------|------------------|------------------|-------------------------|------------------|------------------|------------------|
|                                             | FVTP&L<br>portfolio (*)                     | AFS<br>portfolio | LaR<br>portfolio | HTM<br>portfolio | FVTP&L<br>portfolio (*) | AFS<br>portfolio | LaR<br>portfolio | HTM<br>portfolio |
| Public debt and State obligations and bonds | 520,823                                     | 48,142,649       | -                | -                | 391,778                 | 41,874,114       | -                | -                |
| Other public administrations                | -                                           | 1,284,839        | _                | -                | _                       | 1,131,659        | -                | -                |
| Issued by financial companies               | -                                           | (3,214,326)      | -                | -                | -                       | (306,922)        | 34,289           | 8,400            |
| Foreign public debt                         | 607,424                                     | 5,705,426        | _                | -                | 549,399                 | 4,164,166        | -                | -                |
| Issued by foreign financial companies       | 18,314                                      | 1,184,603        | 15,003           | -                | 3,411                   | 1,113,729        | 596,424          | -                |
| Other fixed income securities               | 53,009                                      | 5,579,355        | 330,079          | _                | -                       | 2,769,157        | -                | -                |
| Total                                       | 1,199,570                                   | 58,682,546       | 345,082          | -                | 944,588                 | 50,745,903       | 630,713          | 8,400            |

(\*) These include the debt securities classified within the "Other financial assets through profit and loss" heading, with the exception of those classified in the "Instruments for policyholders who assume the risk of the investment".

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The maturities of the securities included in this sub-heading, according to their allocated portfolio as of

31 December 2019 and 2018, and taking into account their fair value, are as follows:

|                     | Thousands of euros<br>31.12.2019 31.12.2018 |                              |                  |                  |                         |                                |                  |                  |
|---------------------|---------------------------------------------|------------------------------|------------------|------------------|-------------------------|--------------------------------|------------------|------------------|
| Year of maturity    | FVTP&L<br>portfolio (*)                     | 31.12.20<br>AFS<br>portfolio | LaR<br>portfolio | HTM<br>portfolio | FVTP&L<br>portfolio (*) | 31.12.2018<br>AFS<br>portfolio | LaR<br>portfolio | HTM<br>portfolio |
| Less than 1 year    | 1,154,185                                   | 1,140,292                    | 227,442          | -                | 939,740                 | 1,130,192                      | 277,411          | 8,400            |
| From 1 to 3 years   | -                                           | 4,247,254                    | 117.640          | -                | 2,513                   | 3,995,082                      | 259,443          | -                |
| From 3 to 5 years   | 26,505                                      | 5,129,609                    | -                | -                | 225                     | 3,969,016                      | 93,859           | -                |
| From 5 to 10 years  | 18,494                                      | 16,086,782                   | -                | -                | _                       | 11,136,150                     | -                | -                |
| From 10 to 15 years | 333                                         | 7,596,781                    | -                | -                | 297                     | 11,768,506                     | -                | -                |
| From 15 to 20 years | -                                           | 3,065,214                    | -                | -                | 970                     | 2,998,464                      | -                | -                |
| From 20 to 25 years | -                                           | 11,279,818                   | -                | -                | 517                     | 5,809,198                      | -                | -                |
| Over 25 years       | 53                                          | 10,136,796                   | -                | -                | 326                     | 9,939,295                      | -                | -                |
| Total               | 1,199,570                                   | 58,682,546                   | 345,082          | -                | 944,588                 | 50,745,903                     | 630,713          | 8,400            |

(\*) These include the debt securities classified within the "Other financial assets through profit and loss" heading, with the exception of those classified in the "Instruments for policyholders who assume the risk of the investment".

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### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 6.a.3) Investments by policyholders who assume the risk of the investment

The breakdown by nature of the investment as of 31 December 2019 and 2018 is as follows:

|                                                                    | 31.12.2   |              | ls of euros | 2.2018       |
|--------------------------------------------------------------------|-----------|--------------|-------------|--------------|
| Investments by policyholders who assume the risk of the investment | FVTP&L    | Other assets | FVTP&L      | Other assets |
| Financial investments in capital                                   | 1,352,104 | -            | 728,149     | -            |
| Share in investment funds                                          | 2,533,059 | -            | 1,938,120   | -            |
| Fixed income securities                                            | 3,145,437 | -            | 2,335,157   | _            |
| Deposits in credit institutions                                    | 420,015   | -            | 304,861     | -            |
| Derivatives                                                        | 2,300     | -            | 3,713       | -            |
| Guarantees                                                         | 12,903    | -            | 18,593      | -            |
| Cash and equivalent assets                                         | -         | 391,605      | -           | 1,015,392    |
| Loans and receivables                                              | -         | 6,138        | -           | 4,493        |
| Accruals and deferrals                                             | -         | 13,634       | -           | 13,121       |
| Total                                                              | 7,465,818 | 411,377      | 5,328,593   | 1,033,006    |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The fixed income securities, deposits in credit institutions and derivatives are broken down below, by year of maturity:

| Year of maturity   | 04.40.0040 | ls of euros<br>31.12.2018<br>FVTP&L |
|--------------------|------------|-------------------------------------|
| Less than 1 year   | 1,270,699  | 1,019,474                           |
| From 1 to 3 years  | 880,102    | 606,723                             |
| From 3 to 5 years  | 605,747    | 508,628                             |
| From 5 to 10 years | 737,253    | 506,902                             |
| More than 10 years | 73,951     | 2,004                               |
| Total              | 3,567,752  | 2,643,731                           |

The variation experienced in the capital gains net of capital losses of these assets in the 2019 financial year amounted to  $\in$ 524,452,000 (capital losses net of capital gains amounting to  $\notin$ 599,201,000 in the 2018 financial year), and this is presented within the "Income and expenses from investments subject to insurance in which the policyholder assumes the risk of the investment" and within the "Income and expenses from tangible fixed assets and investments" headings of the profit and loss account for the Life segment.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 6.a.4) Loans and other assets

The breakdown of the balances in this sub-heading as of 31 December 2019 and 2018 is as follows:

|                                              | Thousands of euros |            |  |
|----------------------------------------------|--------------------|------------|--|
|                                              | 31.12.2019         | 31.12.2018 |  |
| Non-mortgage loans and policy advances:      |                    |            |  |
| - Loans that are not quoted                  | 6,098              | 712,155    |  |
| - Policy advances                            | 10,652             | 9,016      |  |
| Mortgage loans                               | -                  | -          |  |
| Deposits in credit institutions              | 236,326            | 307,540    |  |
| Deposits constituted by accepted reinsurance | -                  | -          |  |
| Debt securities                              | 345,082            | 630,713    |  |
| Total                                        | 598,158            | 1,659,424  |  |

The balance of the "Loans and receivables - Loans to group companies and associates" heading mainly contains the deposits whose duration from their acquisition date is greater than 3 months.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

During the 2019 financial year, 16 deposits and 3 repos have matured that were arranged with CaixaBank and were in place at the end of the 2018 financial year (see Note 20), there being no open positions at the end of 2019. The amount recorded at 31 December 2019 corresponds to the accrual of the securities loan arranged with CaixaBank for an amount of  $\xi$ 5,558,000 and to other balances with Group companies for an amount of  $\xi$ 541,000 (see Note 20).

Moreover, the balance of the "Deposits in credit institutions" sub-heading contains 51 deposits arranged by the Parent Company with Santander, BBVA and Royal Bank of Scotland that amount to a total of  $\pounds$ 27,881,000. The maturities of these deposits range between the years 2020 and 2044 and their weighted average IRR amounts to 5.49%. Through BPI Vida, the Group has also recorded  $\pounds$ 208,445,000 of deposits in credit institutions,  $\pounds$ 62,381,000 arranged with Banco BPI and the rest mainly with Santander ( $\pounds$ 120,063,000) and Banco Sabadell ( $\pounds$ 26,000,000). All the deposits mature in 2020 and their weighted average IRR amounts to 0.045%.

Moreover, through BPI Vida, the Group has recorded €345,082,000 in the "Debt securities" sub-heading, which corresponds mainly to corporate debt issues of companies in Portugal (€330,079,000) and Spain (€15,003,000). The maturities of the debt securities recorded in this sub-heading range between the years 2020 and 2022 and their fair value as of 31 December 2019 is €350,548,000.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### 6.b) Credits

The breakdown of credits derived from insurance, reinsurance and coinsurance contracts, together with other credits, as of 31 December 2019 and 2018, is as follows:

|                                                             |            | ds of euros       |
|-------------------------------------------------------------|------------|-------------------|
|                                                             | 31.12.2019 | LaR<br>31.12.2018 |
| Credits from direct insurance and coinsurance transactions: |            |                   |
| - Policyholders - direct debits outstanding:                |            |                   |
| Direct business and coinsurance                             | 30,001     | 31,648            |
| Accrued and unwritten premiums                              | 3,464      | 4,572             |
| (Provision for premiums pending collection)                 | (4,789)    | (4,522)           |
| - Brokers:                                                  |            |                   |
| Outstanding balances with brokers                           | 2,876      | 9,316             |
| (Provision for impairment of balance with brokers)          | -          | -                 |
| - Credits from coinsurance transactions:                    |            |                   |
| Outstanding balances with coinsurers                        | 1,578      | 349               |
| (Provision for impairment of balance with coinsurers)       | -          | -                 |
| Credits from reinsurance transactions:                      |            |                   |
| Outstanding balance with reinsurers                         | 19,110     | 19,897            |
| (Provision for impairment of balance with reinsurance)      | -          | -                 |
| Other credits:                                              |            |                   |
| Remaining credits                                           | 211,312    | 222,857           |
| (Provision for impairment of other credits)                 | -          | -                 |
| Total                                                       | 263,552    | 284,117           |

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On 29 November 2012, the Parent Company signed two reinsurance transactions with Berkshire Hathaway Life Insurance Company of Nebraska (hereinafter, the "reinsurer").

The first corresponds to a quote-share treaty pro-rata reinsurance contract for the assignment of 100% of the portfolio corresponding to the Vida Familiar (Family Life) and Seviam products in force until 31 December 2012. The duration of the reinsurance contract is indefinite or, failing that, until the closure of the portfolio of these insurance contracts, covering the risk of death. The second operation corresponds to a life annuity reinsurance agreement effective from 1 October 2012, in order to cover the longevity risk assigned to this portfolio. The agreed maturity date will be 30 September 2022 or the date that coincides with the finalisation of the covered obligations.

As a result of the aforementioned operations, as of 31 December 2019, the Parent Company holds amounts of €14,989,000 in the "Credits from reinsurance operations" heading of the attached balance sheet for outstanding collections and payments with the reinsurer.

The movement and breakdown of the impairment recorded in the 2019 and 2018 financial years is presented in the following table, having recorded the different variations in the 'Premiums earned, net of reinsurance' and 'Net operating expenses' headings of the profit and loss account applicable to each segment.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

|                                                      | Provision for<br>outstanding premiums | Provision for impairment of balance with reinsurance | Provision for impairment of balance with brokers |
|------------------------------------------------------|---------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Balances as of 31 December 2017                      | (7,626)                               | -                                                    | -                                                |
| Endowments charged to the profit and loss account    | (4,522)                               | -                                                    | -                                                |
| Applications credited to the profit and loss account | 7,626                                 | -                                                    | -                                                |
| Balances as of 31 December 2018                      | (4,522)                               | -                                                    | -                                                |
| Endowments charged to the profit and loss account    | (4,789)                               | -                                                    | -                                                |
| Applications credited to the profit and loss account | 4,522                                 | -                                                    | -                                                |
| Balances as of 31 December 2019                      | (4,789)                               | -                                                    | -                                                |

The breakdown of other credits on the consolidated balance sheet as of 31 December 2019 and 2018 is as follows:

|                                           | Thousands of euros |            |  |  |
|-------------------------------------------|--------------------|------------|--|--|
| Remaining Credits:                        | 31.12.2019         | 31.12.2018 |  |  |
| Management fees and other fees receivable | 33,656             | 23,113     |  |  |
| Other miscellaneous receivables           | 166,514            | 197,024    |  |  |
| Securities receivable                     | 11,142             | 2,720      |  |  |
| Total                                     | 211,312            | 222,857    |  |  |

The "Remining credits - Other miscellaneous receivables" heading, as of 31 December 2019, includes €77,000,000 corresponding to the estimated earn-out with Mutua Madrileña Automovilística for the 2019 financial year. This earn-out reflects the content of clause 6.1.2.1 of the Acquisition Agreement that controls the variable price to be paid by Mutua Madrileña Automovilística to the Parent Company for the acquisition of SegurCaixa shares, which was drawn up in the share acquisition agreement of 16 June 2011.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 7. JOINT VENTURES

At the close of the 2019 financial year, the Group held a direct and indirect stake of 74.96% in a Joint Venture (JV).

On 5 December 2011, the Group, through its Parent Company VidaCaixa, S.A.U., constituted a 50% JV with SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, under the provisions of Law 18/1982, of 26 May, with the name "UTE SEGURCAIXA ADESLAS, S.A. Y VIDACAIXA, S.A., Unión Temporal de Empresas Ley 18/1982, de 26 de mayo", whose purpose is to sell corporate and individual life and accident policies to Bilbao Council.

The duration of the JV is 6 years, starting its operations on 1 January 2012, and it has its registered office in Barcelona, calle Juan Gris, número 20-26, Torre Norte del Complejo "Torres Cerdá", piso 3°. The partners established that the common activities are financed from the common operating fund, constituted by them with an initial contribution of €123,000, both parties paying half of this amount. The partners also have equal shares in the distribution of earnings and in the income or expenses of the JV, and have joint, several and unlimited liability visa-a-vis third parties for the actions and operations carried out by the JV for the common benefit.

As of 31 December 2019, the JV's assets on the balance sheet and profit and loss account have a balance of less than  $\pounds$ 1,000.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### 8. SHARES IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The breakdown of entities accounted for using the equity method is shown in Annex I.

The movement produced during the 2019 financial year for the stakes in the capital of unlisted companies in which the Group has significant influence is presented below:

|                                                        | Thousands of euros     |                                                   |                                                   |                     |                        |
|--------------------------------------------------------|------------------------|---------------------------------------------------|---------------------------------------------------|---------------------|------------------------|
| Company                                                | Balances<br>31.12.2018 | Entries and exits from<br>consolidation perimeter | Increases from earnings<br>for the financial year | Other<br>variations | Balances<br>31.12.2019 |
| Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros | 947,390                | -                                                 | 49,091                                            | -                   | 996,481                |
| Gross total                                            | 947,390                | -                                                 | 49,091                                            | -                   | 996,481                |
| Impairment losses                                      | -                      | -                                                 | -                                                 | -                   | -                      |
| Net total                                              | 947,390                | -                                                 | 49,091                                            | -                   | 996,481                |

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### 9. TANGIBLE FIXED ASSETS AND REAL ESTATE INVESTMENTS

9.a) Tangible fixed assets

The breakdown, according to their nature, of the items comprising the balance

of these headings and sub-headings of the consolidated balance sheet as of

31 December 2019 is as follows (in thousands of euros):

|                                                 | Properties for<br>own use | Furniture and other facilities | Data processing<br>equipment | Other tangible<br>fixed assets | Total   |
|-------------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|---------|
| Cost at 31 December 2018                        | 17,839                    | 9,489                          | 2,771                        | -                              | 30,099  |
| Cumulative depreciation at 1 January 2019       | (2,300)                   | (4,379)                        | (2,075)                      | -                              | (8,754) |
| Impairment losses                               | -                         | (409)                          | -                            | -                              | (409)   |
| Net Book Value at 1 January 2019                | 15,539                    | 4,701                          | 696                          | -                              | 20,936  |
| Investments or Additions                        | _                         | 1,118                          | 260                          | -                              | 1,378   |
| Reclassifications and transfers                 | -                         | -                              | -                            | -                              | -       |
| Sales and Withdrawals                           | -                         | (333)                          | -                            | -                              | (333)   |
| Depreciation for the financial year             | (277)                     | (932)                          | (327)                        | -                              | (1,536) |
| Reclassifications and transfers of depreciation | -                         | -                              | -                            | -                              | -       |
| Withdrawals of depreciation                     | -                         | 333                            | -                            | -                              | 333     |
| Impairment losses/applications                  | _                         | -                              | -                            | -                              | -       |
| Net book value at 31 December 2019              | 15,262                    | 4,887                          | 629                          | -                              | 20,778  |

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The composition of the net book value as of 31 December 2019, in thousands of euros, is detailed below:

|                                             | Properties<br>for own use | Furniture and other facilities | Data processing<br>equipment | Other tangible<br>fixed assets | Total   |
|---------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|---------|
| Cost at 31 December 2019                    | 17,839                    | 10,274                         | 3,031                        | -                              | 31,144  |
| Cumulative depreciation at 31 December 2019 | (2,577)                   | (4,978)                        | (2,402)                      | -                              | (9,957) |
| Impairment losses                           | -                         | (409)                          | -                            | -                              | (409)   |
| Net book value at 31 December 2019          | 15,262                    | 4,887                          | 629                          | -                              | 20,778  |

The movement and breakdown corresponding to the 2018 financial year is as follows (thousands of euros):

|                                                 | Properties<br>for own use | Furniture and other facilities | Data processing<br>equipment | Other tangible<br>fixed assets | Total   |
|-------------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|---------|
| Cost at 31 December 2017                        | 17,839                    | 9,274                          | 2,694                        | -                              | 29,807  |
| Cumulative depreciation at 1 January 2018       | (2,030)                   | (3,439)                        | (1,744)                      | -                              | (7,213) |
| Impairment losses                               | (447)                     | -                              | -                            | -                              | (447)   |
| Net Book Value at 1 January 2018                | 15,362                    | 5,835                          | 950                          | -                              | 22,147  |
| Investments or Additions                        | -                         | 215                            | 104                          | -                              | 319     |
| Reclassifications and transfers                 | -                         | -                              | -                            | -                              | -       |
| Sales and Withdrawals                           | -                         | -                              | (27)                         | -                              | (27)    |
| Depreciation for the financial                  | (270)                     | (940)                          | (335)                        | -                              | (1,545) |
| Reclassifications and transfers of depreciation | -                         | -                              | -                            | -                              | -       |
| Withdrawals of depreciation                     | -                         | -                              | 4                            | -                              | 4       |
| Impairment losses/applications                  | 447                       | (409)                          | -                            | -                              | 38      |
| Net book value at 31 December 2018              | 15,539                    | 4,701                          | 696                          | -                              | 20,936  |

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|                                             | Properties<br>for own use | Furniture and other facilities | Data processing<br>equipment | Other tangible<br>fixed assets | Total   |
|---------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|---------|
| Cost at 31 December 2018                    | 17,839                    | 9,489                          | 2,771                        | -                              | 30,099  |
| Cumulative depreciation at 31 December 2018 | (2,300)                   | (4,379)                        | (2,075)                      | -                              | (8,754) |
| Impairment losses                           | -                         | (409)                          | -                            | -                              | (409)   |
| Net book value at 31 December 2018          | 15,539                    | 4,701                          | 696                          | -                              | 20,936  |

As of 31 December 2019 and 2018, the Group has full ownership of its properties for own use. The Group also has no commitment to acquire new properties. At the close of the 2019 and 2018 financial years, all of the Group's tangible fixed assets are directly related to operations.

On 29 June 2010, the Parent Company acquired a property for the amount of €17,839,000 from the company Anaemba, S.A., for 32 dwellings located in calle

Juan Gris, 2 - 8, Barcelona, Edificio "Torre Sur". These properties are subject to a mortgage, subrogated with Banif, S.A., with a maturity date of 17 June 2019 (see Note 13).

The market value as of 31 December 2019 of the properties used by the Group is summarised below (thousands of euros):

|                        | Market value at 31.12.2019 |              |                          |        |
|------------------------|----------------------------|--------------|--------------------------|--------|
|                        | Non-Life Segment           | Life Segment | Other Activities Segment | Total  |
| Properties for own use | -                          | 18,657       | -                        | 18,657 |

During the 2018 financial year, the Group recorded a reversal in the impairment of the properties and land included in the "tangible fixed assets" and "property investments" headings for an amount of €574,000.

As of 31 December 2019, the Group had fully depreciated tangible fixed assets amounting to  $\pounds$ 2,719,000 ( $\pounds$ 948,000 at the end of the 2018 financial year).

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### 9.b) Property investments

The breakdown and movement of this heading of the consolidated balance sheet is as follows (thousands of euros): 2019 Financial Year:

|                                                 | Property<br>investments for<br>third-party use |
|-------------------------------------------------|------------------------------------------------|
| Cost at 31 December 2018                        | 802                                            |
| Cumulative depreciation at 31 December 2018     | (35)                                           |
| Impairment losses                               | (21)                                           |
| Net book value at 31 December 2018              | 746                                            |
| Investments or Additions                        | -                                              |
| Changes of consolidation method                 | -                                              |
| Reclassifications and transfers                 | -                                              |
| Sales and Withdrawals                           | -                                              |
| Depreciation for the financial year             | (3)                                            |
| Changes of consolidation method                 | -                                              |
| Reclassifications and transfers of depreciation | -                                              |
| Withdrawals of depreciation                     | -                                              |
| Reversal of impairment losses                   | -                                              |
| Net book value at 31 December 2019              | 743                                            |

| Breakdown of the Net Book Value at 31 December 2019 | Property<br>investments for<br>third-party use |
|-----------------------------------------------------|------------------------------------------------|
| Cost at 31 December 2019                            | 802                                            |
| Cumulative depreciation at 31 December 2019         | (39)                                           |
| Impairment losses                                   | (20)                                           |
| Net book value at 31 December 2019                  | 743                                            |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

2018 Financial Year:

|                                                 | Property<br>investments for<br>third-party use |
|-------------------------------------------------|------------------------------------------------|
| Cost at 31 December 2017                        | 802                                            |
| Cumulative depreciation at 31 December 2017     | (32)                                           |
| Impairment losses                               | (148)                                          |
| Net book value at 31 December 2017              | 622                                            |
| Investments or Additions                        | -                                              |
| Changes of consolidation method                 | -                                              |
| Reclassifications and transfers                 | -                                              |
| Sales and Withdrawals                           | -                                              |
| Depreciation for the financial year             | (3)                                            |
| Changes of consolidation method                 | -                                              |
| Reclassifications and transfers of depreciation | -                                              |
| Withdrawals of depreciation                     | _                                              |
| Reversal of impairment losses                   | 127                                            |
| Net book value at 31 December 2018              | 746                                            |

| Breakdown of the Net Book Value at 31 December 2018 | Property<br>investments for<br>third-party use |
|-----------------------------------------------------|------------------------------------------------|
| Cost at 31 December 2018                            | 802                                            |
| Cumulative depreciation at 31 December 2018         | (35)                                           |
| Impairment losses                                   | (21)                                           |
| Net book value at 31 December 2018                  | 746                                            |

The Group has full ownership of them and has no additional commitments to acquire new tangible assets.

At the close of the 2019 and 2018 financial years, there were no restrictions on the realisation of new property investments, nor on collecting the income derived from them nor in relation to the resources obtained from a possible disposal.

The market value of property investments as of 31 December 2019 is summarised below (thousands of euros):

|                                             | Market value at 31.12.2019 |                 |                             |       |  |
|---------------------------------------------|----------------------------|-----------------|-----------------------------|-------|--|
|                                             | Non-Life<br>Segment        | Life<br>Segment | Other activities<br>Segment | Total |  |
| Property investments<br>for third-party use | -                          | 2,402           | -                           | 2,402 |  |

At the close of the financial year, there was no additional write-down that would reveal the market value of the property investments.

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### **10. INTANGIBLE FIXED ASSETS**

The movement in this heading during the 2019 and 2018 financial years is attached in Annexes II and III, respectively.

The breakdown of Goodwill and Intangible assets, depending on the companies in which they originate and their nature, is as follows:

|                                                    | Thousands of euros |            |  |
|----------------------------------------------------|--------------------|------------|--|
| Goodwill                                           | 31.12.2019         | 31.12.2018 |  |
| la Caixa Gestión de<br>Pensiones, E.G.F.P., S.A.U. | 3,408              | 3,408      |  |
| Value of Fortis' stake                             | 330,929            | 330,929    |  |
| Insurance Companies of Banca Cívica                | 249,240            | 249,240    |  |
|                                                    | 583,577            | 583,577    |  |

As of 31 December 2019 and 2018, the Group's goodwill amounts to €583,577,000 and has been generated by the following operations:

 Take-over of "la Caixa Gestión de Pensiones, E.G.F.P., S.A.U." (formerly known as Morgan Stanley Gestión Pensiones, E.G.F.P, S.A.U) by VidaCaixa, S.A.U.
 during the 2008 financial year. The recording of assets and liabilities from the aforementioned merger revealed goodwill of €3,408,000. - Take-over of VidaCaixa Grupo during the 2013 financial year. The recording of assets and liabilities from the aforementioned merger revealed goodwill of €330,929,000 associated with the stake in VidaCaixa, S.A.U. This goodwill originated in the 2008 financial year when CaixaBank (formerly Criteria CaixaCorp, S.A.) acquired from Fortis the stake it held in VidaCaixa, S.A.U.

- Acquisition and subsequent merger, during the 2013 financial year, of the companies Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones, which generated goodwill of €245,611,000. In accordance with the regulations, the Group has a 12-month period from the acquisition date of the aforementioned companies to adjust the fair value of the business combination. During the 2014 financial year, the Group readjusted the value of goodwill, recorded at 31 December 2014 for an amount of €249,240,000.

The goodwill arising from these operations has been allocated to the cashgenerating unit (hereinafter, CGU) of the Parent Company's Life Insurance and Pension Business, and reflects the way in which the Management monitors the entity's business in a single CGU.

With a minimum frequency of each year, the Parent Company performs an impairment test on the CGU as a whole. The CGU valuation performed by the Parent Company is based on the DDM (Dividend Discount Model) model, considering the minimum regulatory capital. This model, widely accepted by the economic community, is based on the forecasting of dividends expected by the Parent Company for the coming financial years. Four-year forecasts have been made for this purpose, based on the Parent Company's operating plans, and the flows to maturity have been taken into account for the savings business. In order

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to determine the residual value from the forecasts, a growth rate of 2% has been used based on estimates of the most relevant macroeconomic variables applied to the Parent Company's activity. A discount rate of 8.68% is also applied to the forecasts, calculated from the interest rate of the 10-year German sovereign bond, plus a risk premium for the associated country. The loss ratios of the forecast portfolio are based on internal studies of the Parent Company's real experience.

In addition to the central scenario, possible variations in the model's main assumptions have been calculated and a sensitivity analysis has been performed on the most significant variables (increasing and decreasing the growth rate and discount rate by 100 basis points). As of 31 December 2019, no reasonably possible changes in the key assumptions for forecast income and expenses would lead to book value exceeding fair value.

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The breakdown of "Other intangible fixed assets by origin" is as follows:

|                                                | Thousands of euros |            |
|------------------------------------------------|--------------------|------------|
| Intangible Assets                              | 31.12.2019         | 31.12.2018 |
| Computer software and other intangible assets  | 49,104             | 27,324     |
| la Caixa Gestión de Pensiones, E.G.F.P., S.A.U | 290                | 870        |
| Value of Fortis' stake                         | -                  | -          |
| Banca Cívica Vida y Pensiones                  | 20,421             | 27,847     |
| CajaSol Vida y Pensiones                       | 4,521              | 5,912      |
| CajaCanarias Vida y Pensiones                  | 2,785              | 3,642      |
| Caja Guadalajara                               | 365                | 455        |
| Banco Valencia Funds                           | 681                | 845        |
| Barclays Vida y Pensiones – Pension Funds      | 5,224              | 6,034      |
| Barclays Vida y Pensiones – Risk Portfolio     | 8,756              | 10,037     |
| Fondos Mediterráneo Vida                       | 311                | -          |
| BPI Vida                                       | 9,806              | 12,627     |
| Acquisition expenses                           | 68,751             | 61,713     |
| Rights of use for leases (Note 2.d)            | 3,385              | -          |
| Other Intangible Assets                        | 174,400            | 157,306    |

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The intangible fixed assets recorded as a result of business combinations basically correspond to:

- Intangible assets associated with the acquisition, during the 2013 financial year, of Banca Cívica Vida y Pensiones, CajaSol Vida y Pensiones and CajaCanarias Vida y Pensiones for an initial amount of €72,401,000, €14,876,000 and €9,424,000 respectively and calculated based on the best estimate of expected cash flows, assuming a constant growth rate of 2% and discounted at a rate of 8.62%, calculated from the interest rate for the 10-year Spanish bond plus a risk premium associated with the insurance business. In accordance with IFRS 3, the Parent Company has a 12-month period from the acquisition date of the aforementioned companies to adjust the fair value of the business combination. During the 2014 financial year, the Parent Company readjusted the initial value of the intangible assets, setting it at €72,401,000, €13,911,000 and €8,570,000 respectively. The net book value of these as of 31 December 2019 amounts to €20,421,000, €4,521,000 and €2,785,000 respectively. In the annual valuation of these intangible assets, the Parent Company has forecast their expected cash flows to maturity. In addition to the assumptions used in the valuation model, the Parent Company has performed a sensitivity analysis on the most significant variables, with no significant deviations resulting from this that would demonstrate the need to make endowments in the financial year. The endowment for amortisation associated with these intangible assets during the 2019 financial year amounts to €9,674,000 as of 31 December 2019. The residual useful life of the aforementioned intangible assets is 3 years.

Intangible assets associated with the take-over of VidaCaixa Grupo during
 2013, whose assets and liabilities from the aforementioned merger were

recorded reflecting the consolidated book values of the "la Caixa" Group, revealing an initial net intangible asset of €90,951,000, associated with the consolidated accounting value of the stake that VidaCaixa Grupo held in VidaCaixa, S.A.U. The useful life of the aforementioned intangible asset is 10 years. On the date of the aforementioned take-over, the pending useful life was 5 years. The aforementioned intangible asset is fully amortised at the close of the 2019 and 2018 financial years.

- Intangible asset associated with the take-over of "la Caixa Gestión de Patrimonios, E.G.F.P., S.A.U." (formerly known as Morgan Stanley Gestión Pensiones, E.G.F.P, S.A.U), carried out by VidaCaixa, S.A.U. during the 2008 financial year. As a result of this, it identified an intangible asset amounting to €6,953,000. The endowment for amortisation of the asset during the 2019 financial year has amounted to €580,000, recorded in the "Other Expenses" heading of the Non-Technical Account. The useful life of the aforementioned intangible asset is 12 years and the residual life as of 31 December 2019 is 0.5 years.

- On 29 January 2014, the Parent Company recorded the partial portfolio assignment through which the company Caja de Seguros Reunidos Compañía de Seguros y Reaseguros, S.A. (CASER) assigned to VidaCaixa, S.A.U. (as universal successor to CajaSol Vida y Pensiones de Seguros y Reaseguros, S.A.), all life insurance policies existing on the portfolio assignment date, with the exception of the collective insurance policies that implement pension commitments, underwritten by the transferor with the brokerage of the insurance banking operator at Caja Guadalajara. As a result of this, the Parent Company recorded the amount from this agreement, €894,000, as intangible fixed assets. The endowment for amortisation of the assets during the 2019

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financial year amounts to  $\notin$ 90,000. The useful life of the aforementioned intangible asset is 10 years and the residual life as of 31 December 2019 is 4 years.

In February 2014, VidaCaixa, S.A.U. proceeded to integrate the pension plans contained in an agreement known as "Acuerdo de movilización de Planes de pensiones entre Bankia Mediación, Operador de Banca Seguros Vinculado S.A.U.; CaixaBank, S.A.; VidaCaixa, S.A.U. de Seguros y Reaseguros y Aseguradora Valenciana de Seguros y Reaseguros, S.A. As a result of this, the Parent Company recorded the amount from this agreement, €1,635,000, as intangible fixed assets. The amortisation of the assets during the 2019 financial year amounts to €164,000. The useful life of the aforementioned intangible asset is 10 years and the residual life as of 31 December 2019 is 4 years.

- On 10 June 2016, VidaCaixa proceeded to integrate the pension plans of Barclays Vida y Pensiones S.A.U., a result of the agreement signed between the two companies during the 2015 financial year. As a result of this, the Parent Company recorded the amount from this agreement,  $\in$ 8,111,000, as intangible fixed assets. The endowment for amortisation of the assets during the 2019 financial year amounts to  $\in$ 810,000. The useful life of the aforementioned intangible asset is 10 years and the residual life as of 31 December 2019 is 6.5 years.

- On 31 October 2016, the Parent Company recorded part of the assignment of the portfolio of Barclays Vida y Pensiones Compañía de Seguros S.A.U. related to its risk products in accordance with the Framework Agreement signed between the two Companies during the 2015 financial year. As a result of this, the Parent Company recorded €13,011,000 as intangible fixed assets. Later, on 30 December 2016, it proceeded to assign a part of the portfolio acquired on 31 October 2016 to CNP Partners de Seguros y Reaseguros S.A. Specifically, it proceeded to assign the "Barclaycard" portfolio and the "Caja Rural" portfolio for a total amount of €194,000. Given the closeness in the dates of the two operations, the amount received from assigning the portfolio to CNP has been deducted from the initially estimated intangible asset, VidaCaixa not recording any profit or loss for the aforementioned operation. Therefore, the gross amount finally capitalised for the risk portion of the assignment of the portfolio of Barclays Vida y Pensiones Compañía de Seguros, S.A.U. amounted to €12,817,000. The endowment for amortisation of the assets during the 2019 financial year amounts to €1,281,000. The useful life of the aforementioned intangible asset is 10 years and the residual life as of 31 December 2019 is 7 years.

- On 30 July 2019, the Parent Company proceeded to integrate three pension plans from Mediterráneo Vida, Sociedad Anónima de Seguros y Reaseguros. As a result of the agreement signed between the two Companies during the 2019 financial year, VidaCaixa became the Management Company for these plans. During the month of July 2019, a first payment on account was made for the operation amounting to €160,000, and in November 2019, once the transaction's conditions precedent had been met, the remaining amount up to €319,000 was paid. The endowment for amortisation of the assets during the 2019 financial year amounts to €8,000. The useful life of the aforementioned intangible asset is 10 years and the residual life as of 31 December is 9.75 years.

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- On 29 December 2017, the Parent Company acquired a 100% stake in BPI Vida. As a result of this, a total intangible asset of  $\pounds$ 15,449,000 was identified, corresponding to the customer portfolio of pension funds amounting to  $\pounds$ 2,680,000 with a useful life of 10 years, and a portfolio of insured parties of the entity itself amounting to  $\pounds$ 12,769,000 with a useful life of 5 years. The endowment for amortisation of the asset corresponding to the customer portfolio of pension funds during the 2019 financial year amounted to  $\pounds$ 268,000 and its residual life as of 31 December 2019 is 8 years. The endowment for amortisation of the asset corresponding to the portfolio of insured parties during the 2019 financial year amounted to  $\pounds$ 2,554,000 and its residual life as of 31 December 2019 is 3 years.

€1,221,000 was recorded as an administrative concession, originating from the purchase of the building Edificio Torre Sur, located in calle Juan Gris, 2-8 in Barcelona, and this was capitalised during the 2010 financial year. The Parent Company is amortising this asset over a period of 50 years from the start of the concession. In the 2012 financial year, the Parent Company recorded impairment amounting to €89,000, and in the 2014 financial year it recorded additional impairment of €113,000. In the 2016 financial year, it reversed part of this impairment, setting it at €135,000. As a result of the new property valuations commissioned by the Parent Company, the entire impairment was reversed during the 2018 financial year.

The acquisition expenses include the cash prizes paid directly by the Parent Company, the fixed-term deposits paid by "CaixaBank" and the gifts in kind assumed by PromoCaixa associated with certain new types of pension plans and insurance products. The Group capitalises the amount of these prizes and amortises them over a maximum period of 5 years, taking into account portfolio movements and decreases.

This heading also contains computer software, with the Parent Company recording the costs incurred in the acquisition and development of computer programs in this account, so long as these are expected to be in use for several years. Maintenance costs for computer software are recorded in the profit and loss account for the year in which they are incurred.

At the end of the 2019 and 2018 financial years, the Group had fully amortised intangible fixed assets still in use, according to the following breakdown (thousands of euros):

| Description       | Book Value 2019<br>(Gross) | Book Value 2018<br>(Gross) |
|-------------------|----------------------------|----------------------------|
| Computer software | 3                          | -                          |
| Total             | 3                          | -                          |

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### 11. LEASES

### 11.1 The Group acting as lessor

At the close of the 2019 and 2018 financial years, the main lease agreement that the Group had entered into in the role of lessor is as follows:

• Lease of various parking spaces situated in the underground floors of Edificio Torre Sur located in calle Juan Gris 2-8 in Barcelona. The amounts for rent collected during the 2019 and 2018 financial years amounted to €19,000 in each financial year.

### 11.2 The Group acting as lessee

As indicated in Notes 2.d) and 10, the Group has adapted to IFRS 16 during the 2019 financial year, whose entry into force was on 1 January 2019.

At the close of the 2019 and 2018 financial years, the main lease agreements that the Parent Company had entered into in its role as lessee are as follows:

• Lease of the 3rd floor of the office located in paseo de Recoletos 37-41 in Madrid. The amounts for rent paid during the 2019 and 2018 financial years amounted to €348,000 and €520,000 respectively. This contract was terminated at the end of July 2019. From August 2019, the Company drew up a new lease agreement corresponding to the 1st floor of the office located in Paseo de la Castellana 51 in Madrid. The amounts for rent paid for these offices during the 2019 financial year amounted to €228,000.

Additionally, as a result of the acquisition of BPI Vida, at the close of the 2019 and 2018 financial years, the Group has entered into the following operating lease agreement as lessee: • BPI Vida is primarily a lessee of the offices located in Rua Braamcamp, 11-6<sup>a</sup> planta in Lisbon. This lease is perpetual. The amounts for rent paid during the 2019 and 2018 financial years amounted to €225,000 respectively.

As of 31 December 2019 and 2018, the Parent Company had committed with lessors to the following minimum lease payments in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases through CPI or future increases in rents contractually agreed (thousands of euros):

| Operating Leases      | Thousands of euros |      |
|-----------------------|--------------------|------|
| Minimum payments      | 2019               | 2018 |
| Less than 1 year      | 72                 | 170  |
| Between 1 and 5 years | 2,085              | 64   |
| More than 5 years     | -                  | -    |
| Total                 | 2,157              | 234  |

The amount of the operating lease and sublease payments recognised as expenses and income respectively during the 2019 and 2018 financial years is as follows:

|                 | Thousands of euros |      |
|-----------------|--------------------|------|
|                 | 2019               | 2018 |
| Lease payments  | 811                | 632  |
| (Sublease fees) | -                  | -    |
| Total           | 811                | 632  |

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### **12. TAX SITUATION**

Corporation tax is calculated on the basis of the economic and accounting result, obtained by the application of generally accepted accounting principles, which does not necessarily coincide with the fiscal result, understood as the tax base of the tax.

a) Tax consolidation system

The Group's companies and its subsidiaries, except BPI Vida, are in a tax consolidation system within the CaixaBank tax group. As a result, the balances to be settled for these concepts are recorded in Debts with Group Companies under the "Loans and payables" heading of the attached balanced sheet.

BPI Vida is subject to the tax system corresponding to the tax code for Corporation Tax (IRC), with the applicable tax rate being 21% plus the municipal surcharge and the State surcharge.

From 1 January 2008 until the 2012 financial year, with the prior authorisation of the Tax Agency, the consolidated companies were taxed for Corporation Tax in the Tax Consolidation System jointly with "la Caixa" and with all other companies that, in accordance with the regulations in force during each financial year, form its tax consolidation group. Since the 2013 financial year, the Parent Company of the tax group has been CaixaBank, S.A. The profits determined according to the tax legislation for this tax consolidated group are subject to a 30% tax rate on the tax base in the 2019 financial year (see Note 3.g).

### b) Current tax assets and liabilities

Current tax assets and liabilities consist of tax payables and receivables that are expected to be offset at the time of settling corporation tax with the Tax Agency. Given that the Group is taxed under a tax consolidation system, as of 31 December 2019 and 2018, there are no current tax assets and liabilities except those derived from the BPI Vida operation.

c) Deferred tax assets and liabilities

As of 31 December 2019, the Group has deferred tax assets and liabilities amounting to €214,834,000 and €263,286,000 respectively, €238,490,000 and €256,942,000 as of 31 December 2018, recorded under the 'Deferred tax assets' and 'Deferred tax liabilities' sub-headings.

Deferred taxes that are credited or charged directly to the recognised profit and loss statement (basically, the valuation adjustments derived from the financial instruments classified in the 'available for sale' portfolio and the exchange variations) have been recorded through this account with no effect on the consolidated profit and loss account for the 2019 financial year.

d) Taxes charged to equity and deferred taxes

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The breakdown of taxes is as follows:

|                                                       | Thousands of euros |            |
|-------------------------------------------------------|--------------------|------------|
| Deferred tax assets                                   | 31.12.2019         | 31.12.2018 |
| Sales through equity                                  | -                  | -          |
| Deductions pending application                        | 178,442            | 191,548    |
| Capital losses of financial assets available for sale | 8,836              | 13,197     |
| Standardisation of technical provisions               | 12,472             | 13,705     |
| Misc.                                                 | 15,084             | 20,040     |
| Total                                                 | 214,834            | 238,490    |

The main amounts within the balance of deductions pending application at 31 December 2019 include €65,839,000 corresponding to deductions for reinvestment derived from the earn-out of the sale of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, €18,271,000 from deductions for double internal taxation of the capital gains obtained by CaixaVida due to the sale of shares carried out in 2007, €79,066,000 corresponding to deductions for double internal taxation of the dividends of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, and €13,946,000 corresponding to negative tax bases. The deferred tax assets have been recorded in the balance sheet due to the Directors of the Parent Company considering that, according to the best estimate of its future earnings, these assets are likely to be recovered.

|                                                      | Thousands of euros |            |  |
|------------------------------------------------------|--------------------|------------|--|
| Deferred tax liabilities                             | 31.12.2019         | 31.12.2018 |  |
| Liability for amortisation of intangible ass         | sets 12,851        | 13,842     |  |
| Standardisation of technical provisions              | 217,678            | 217,678    |  |
| Sales of equity securities                           | -                  | _          |  |
| Capital gains on financial assets available for sale | 19,443             | 10,754     |  |
| Misc.                                                | 13,314             | 14,668     |  |
| Total                                                | 263,286            | 256,942    |  |

The deferred tax associated with the standardisation of technical provisions in the 2019 financial year is related to the valuation standardisation adjustments emerging from the results of the Liability Adequacy Test in the technical provisions.

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e) Reconciliation of the accounting profit/loss and the corporation tax expense

The breakdown of corporation tax expense reflected in the attached consolidated profit and loss account for the 2019 and 2018 financial years is as follows:

|                                                                          | Thousands of euros<br>2019 2018 |                               |
|--------------------------------------------------------------------------|---------------------------------|-------------------------------|
|                                                                          | 2019<br>"CaixaBank" Tax Group   | 2018<br>"CaixaBank" Tax Group |
| Pre-tax prior tax base in local base                                     | 932,980                         | 782,334                       |
| Consolidation adjustments and application of IFRS                        | 1,039                           | (398)                         |
| Impact of permanent differences                                          | (193,172)                       | (164,111)                     |
| Group's Tax Base                                                         | 740,847                         | 617,825                       |
| Gross tax payable (30%)                                                  | 222,254                         | 185,347                       |
| Deductions                                                               | (4,787)                         | (2,104)                       |
| Misc.                                                                    | (1,884)                         | 1,435                         |
| Net tax payable                                                          | 215,583                         | 184,678                       |
| Deferred tax reversal                                                    | -                               | -                             |
| Total tax expense recognised for the "CaixaBank" Tax Group               | 215,583                         | 184,678                       |
|                                                                          | BPI Vida                        | BPI Vida                      |
| Total tax expense recognised for BPI Vida                                | 649                             | 2,383                         |
| Total tax expense recognised in the consolidated profit and loss account | 216,232                         | 187,061                       |

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f) Financial years subject to tax inspection

According to current legislation, tax settlements cannot be considered final until the tax returns filed have been inspected by the tax authorities or until the four-year prescription period has expired. Therefore, the Group has the last four financial years for all applicable taxes open to inspection.

On 3 July 2018, the parent company of the tax consolidation group (CaixaBank, S.A.) of which VidaCaixa forms a part was notified of the start of verification and investigation actions involving the group, as a taxpayer of Corporation Tax, for the 2013 - 2015 financial years.

On 18 December 2018, VidaCaixa was notified of the start of verification and investigation actions in relation to Corporation Tax for the aforementioned financial years, the scope of these actions being limited to the verification of the treatment by the Parent Company of the intangible assets derived from the acquisition of the company "La Caixa Gestión de Pensiones, E.G.F.P., S.A.U. (formerly Morgan Stanley Gestión Pensiones, E.G.F.P., S.A.U.).

On 3 April 2019, it signed to notify of its disagreement with the consolidation proceeding of the aforementioned inspection, and in no case are material impacts expected to derive from this.

During the 2017 financial year, the verification actions for the 2010 to 2012 financial years of the tax group to which the Parent Company belongs were completed. The certificates signed by the tax group to express disagreement, in relation to corporation tax, are pending resolution, but no material impact is expected for VidaCaixa Grupo. The disagreement is limited to the accounting treatment by the Parent Company of the intangible assets derived from the acquisition of the company "La Caixa Gestión de Pensiones, E.G.F.P., S.A.U.".

On 16 May 2011, a verification action started involving Tax Inspection actions in relation to the "la Caixa" tax group, to verify compliance with the tax obligations and duties of VidaCaixa, S.A.U. in the 2008 to 2009 financial years. The settlements corresponding to Corporation Tax were reviewed, completing this action with a Certificate that was incorporated into the Group's documents signed in disagreement and pending resolution by the Central Economic Administrative Tribunal with an immaterial impact. The reason for the disagreement is also limited to the matter mentioned in the above paragraphs.

The Parent Company's Directors believe that the corresponding taxes have been settled correctly and that, therefore, even if any discrepancies were to arise in the interpretation of current legislation in its tax treatments of transactions, any potential liabilities, should they arise, would not have a material effect on the attached annual accounts.

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### **13. DEBITS AND PAYABLES**

The breakdown, according to their nature, of the items comprising the financial liabilities of the consolidated balance sheet as of 31 December 2019 and 2018 is as follows (thousands of euros):

|                                                       | Debits and payab | Debits and payables portfolio |  |  |
|-------------------------------------------------------|------------------|-------------------------------|--|--|
| Debits and payables                                   |                  | s of euros<br>31.12.2018      |  |  |
| Subordinated liabilities                              | -                | -                             |  |  |
| Deposits received from assigned reinsurance           | 1,350            | 1,376                         |  |  |
| Debts from insurance and coinsurance transa           | ctions 30,339    | 32,527                        |  |  |
| Debts from reinsurance transactions                   | 5,178            | 4,120                         |  |  |
| Debts with credit institutions (Note 9.a)             | -                | 277                           |  |  |
| Debts from temporary asset<br>assignment transactions | -                | 257,101                       |  |  |
| Other debts                                           | 531,299          | 368,843                       |  |  |
| Total                                                 | 568,166          | 664,244                       |  |  |

### a) Debts

The breakdown of debts derived from insurance, reinsurance and coinsurance contracts, together with other debts, as of 31 December 2019 and 2018, is as follows:

|                                                              | Thousands of euros<br>31.12.2019 31.12.2018 |         |  |  |
|--------------------------------------------------------------|---------------------------------------------|---------|--|--|
| Debts from direct insurance<br>and coinsurance transactions: |                                             |         |  |  |
| - With insured parties                                       | 475                                         | 630     |  |  |
| - With coinsurers                                            | 1,750                                       | 1,198   |  |  |
| - With brokers                                               | 27,111                                      | 30,073  |  |  |
| - Preparatory from insurance contracts                       | 414                                         | 540     |  |  |
| - Conditional debts                                          | 589                                         | 626     |  |  |
| TOTAL                                                        | 30,339                                      | 33,067  |  |  |
| Debts from reinsurance transactions                          | 5,178                                       | 4,120   |  |  |
| Other debts                                                  | 531,299                                     | 368,843 |  |  |

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The following items are included within the 'Other debts' sub-heading as of 31 December 2019 and 2018:

|                                   | Thousands of euros |            |
|-----------------------------------|--------------------|------------|
|                                   | 31.12.2019         | 31.12.2018 |
| Debts with related companies      |                    |            |
| With 'la Caixa' due to CT         | 217,021            | 183,275    |
| Other debts with Group companies  | 172,951            | 29,491     |
| Debts with Public Administrations | 35,026             | 24,206     |
| Sundry creditors                  | 106,301            | 131,871    |
| Total                             | 531,299            | 368,843    |

As of 31 December 2019, the amount recorded in the "Other debts with group companies" heading includes €141,000,000 corresponding to the interim dividend pending payment approved by the Parent Company's Board of Directors held on 12 December 2019.

### Information on deferred payments for suppliers

Detailed below is the information required by the third additional provision of Law 15/2010, of 5 July (amended through the final second provision of Law 31/2014, of 3 December) prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, regarding the information to be incorporated into the report to the annual accounts relating to the average term for payment to suppliers in commercial operations.

|                                         | 2019<br>Days | 2018<br>Days |
|-----------------------------------------|--------------|--------------|
| Average term for payment to suppliers   | 6.12         | 12.65        |
| Figure for transactions paid            | 6.11         | 12.66        |
| Figure for transactions pending payment | 58.77        | 11.75        |
|                                         | Thousand     | s of euros   |
| Total payments made                     | 96,283       | 98,929       |
| Total payments pending                  | 20           | 1,661        |

In accordance with the ICAC Resolution, to calculate the average period for payment to suppliers, consideration is made of the trade transactions corresponding to the delivery of goods or the provision of services accrued since the date of entry into force of Law 31/2014 of 3 December.

Suppliers are considered, for the sole purpose of providing the information established in this Resolution, to be trade creditors due to debts with suppliers of goods or services, included in the "Other Debts - Rest of Other Debts" headings in current liabilities of the balance sheet.

The "average term for payment to suppliers" is understood as the period of time from the delivery of the goods or the provision of the services by the supplier to the material payment of the transaction.

The maximum legal payment period applicable to the Group in the 2019 financial year according to Law 3/2004, of 29 December, establishing measures to combat late payments in trade transactions, is 30 days.

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# b) Debts with credit institutions: Debts from temporary asset assignment and securities lending transactions

During the first quarter of 2016, the Parent Company replaced the financial asset assignment transaction with a repurchase agreement held with the Sole Shareholder, through a securities loans contract with the same counterparty. This contract consists of the provision of securities by the Parent Company (lender) to CaixaBank (borrower) in exchange for a fee. The amount accrued for this item for the 2019 and 2018 financial years amounted to €16,618,000 and €11,286,000 respectively.

The securities loan has been drawn up through an agreement under the European Framework Contract. This contract defines the collateral guarantees by the borrower to the lender, which consist of securitisations discountable in the European Central Bank. As of 31 December 2019 and 2018, the collateral guarantees held through this contract amounted to €7,653,963 thousand and €7,794,014 thousand respectively.

As of 31 December 2019, the Group has no balances from transactions for the acquisition and assignment of financial assets with repurchase agreement. At the close of the 2018 financial year, the amount for these transactions amounted to  $\pounds$ 257,101,000 and they were recorded in the "Other debts - Debts from asset assignment-group transactions" heading. The inflows and outflows derived from this in the 2019 financial year amounted to  $\pounds$ 325,255,000 and  $\pounds$ 582,356,000 respectively ( $\pounds$ 834,882,000 and  $\pounds$ 799,618,000 respectively in the 2018 financial year).

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### **14. BALANCES IN FOREIGN CURRENCY**

The breakdown of the most significant balances and transactions in foreign currency, valued at the closing exchange rate and average exchange rate, taking into account the different natures of the items that comprise them, expressing their equivalent value in thousands of euros, are as follows:

|                   |                         | Equivalent value<br>31.                                         | ros                                                                  |                                               |
|-------------------|-------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------|
| Balances held in: | Cash and<br>equivalents | Other financial<br>assets with<br>changes in P&L -<br>Unit Link | Other financial<br>assets with<br>changes in P&L -<br>PVI Inv. Flex. | Financial assets<br>available for sale<br>(*) |
| US dollars        | 379,943                 | 1,423,752                                                       | 2,076,436                                                            | 80,737                                        |
| Pounds sterling   | 633                     | 70,185                                                          | _                                                                    | 111,352                                       |
| Swiss francs      | 80                      | 38,023                                                          | -                                                                    | _                                             |
| Norwegian krone   | 49                      | 3,602                                                           | -                                                                    | _                                             |
| Danish krone      | 49                      | 11,503                                                          | -                                                                    | _                                             |
| Swedish krona     | 3,989                   | 47,089                                                          | -                                                                    | -                                             |
| Japanese yen      | 100,259                 | 92,144                                                          | 308,823                                                              | 471                                           |
| Total             | 485,002                 | 1,686,298                                                       | 2,385,259                                                            | 192,560                                       |

(\*) These are liability currency positions associated with the flows from financial swap transactions

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| Balances held in: |                         | Equivalent value in thousands of euros<br>31.12.2018            |                                                                      |                                               |  |
|-------------------|-------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------|--|
|                   | Cash and<br>equivalents | Other financial<br>assets with<br>changes in P&L -<br>Unit Link | Other financial<br>assets with<br>changes in P&L -<br>PVI Inv. Flex. | Financial assets<br>available for sale<br>(*) |  |
| US dollars        | 5,676                   | 88,140                                                          | 39,021                                                               | 107,267                                       |  |
| Pounds sterling   | _                       | 1,226                                                           | -                                                                    | 58,430                                        |  |
| Swiss francs      | _                       | 1,116                                                           | -                                                                    | -                                             |  |
| Norwegian krone   | _                       | 164                                                             | -                                                                    | _                                             |  |
| Danish krone      | _                       | 124                                                             | -                                                                    | _                                             |  |
| Swedish krona     | _                       | 450                                                             | -                                                                    | -                                             |  |
| Japanese yen      | _                       | 11,578                                                          | 7,779                                                                | 644                                           |  |
| Total             | 5,676                   | 102,798                                                         | 46,800                                                               | 166,341                                       |  |

(\*) These are liability currency positions associated with the flows from financial swap transactions

The exchange rates used in the conversion of the balances held in foreign currencies into euros correspond to those published by an external reference source at year-end.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### **15. TECHNICAL PROVISIONS**

The breakdown of the provisions constituted as of 31 December 2019 and their movement compared to the financial year ended on 31 December 2018, together with the participation of reinsurance in these, is shown below:

|                                                                                                 |                                       | Thousands of euros                   |                                         |                                       |  |
|-------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|---------------------------------------|--|
| Provision                                                                                       | Balances as of<br>31 December<br>2018 | Endowments<br>charged to<br>earnings | Applications<br>credited to<br>earnings | Balances as<br>of 31 December<br>2019 |  |
| Technical provisions:                                                                           |                                       |                                      |                                         |                                       |  |
| Unearned premiums and ongoing risks                                                             | 3,561                                 | 3,434                                | (3,561)                                 | 3,434                                 |  |
| Life Insurance:                                                                                 |                                       |                                      |                                         |                                       |  |
| - Relating to life insurance (*)                                                                | 54,956,696                            | 61,733,493                           | (53,361,702)                            | 63,328,487                            |  |
| <ul> <li>Relating to life insurance when<br/>the risk is assumed by the policyholder</li> </ul> | 6,337,819                             | 6,025,533                            | (4,503,957)                             | 7,859,395                             |  |
| Benefits                                                                                        | 671,417                               | 720,618                              | (671,268)                               | 720,767                               |  |
| Profit sharing and rebates                                                                      | 22,132                                | 38,931                               | (21,977)                                | 39,086                                |  |
| Other technical provisions                                                                      | 109                                   | -                                    | (49)                                    | 60                                    |  |
| Total                                                                                           | 61,991,734                            | 68,522,009                           | (58,562,514)                            | 71,951,229                            |  |

(\*) As of 31 December 2019, this includes €60,309,000 corresponding to provisions for unearned premiums for products with coverage of less than one year.

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# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

|                                                                        |                                       | Thousands of euros                   |                                         |                                       |  |
|------------------------------------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|---------------------------------------|--|
| Provision                                                              | Balances as of<br>31 December<br>2018 | Endowments<br>charged to<br>earnings | Applications<br>credited to<br>earnings | Balances as<br>of 31 December<br>2019 |  |
| Participation of reinsurance in the<br>echnical provisions (assigned): |                                       |                                      |                                         |                                       |  |
| Provisions for unearned premiums                                       | (2,725)                               | (2,753)                              | 2,725                                   | (2,753)                               |  |
| Provision for life insurance                                           | (205,218)                             | (151,164)                            | 205,218                                 | (151,164)                             |  |
| Provision for benefits                                                 | (16,860)                              | (20,399)                             | 16,860                                  | (20,399)                              |  |
| Other technical provisions                                             | -                                     | -                                    | -                                       | _                                     |  |
| Total                                                                  | (224,803)                             | (174,316)                            | 224,803                                 | (174,316)                             |  |

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## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The movement of these provisions during the 2018 financial year was as follows:

|                                                                                                 |                                    | Thousar                              | nds of euros                            |                                       |
|-------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------|-----------------------------------------|---------------------------------------|
| Provision                                                                                       | Balances at<br>31 December<br>2017 | Endowments<br>charged to<br>earnings | Applications<br>credited to<br>earnings | Balances as<br>of 31 December<br>2018 |
| Technical provisions:                                                                           |                                    |                                      |                                         |                                       |
| Unearned premiums and ongoing risks                                                             | 4,137                              | 3,561                                | (4,137)                                 | 3,561                                 |
| Life Insurance:                                                                                 |                                    |                                      |                                         |                                       |
| - Relating to life insurance (*)                                                                | 53,015,299                         | 53,197,749                           | (51,256,352)                            | 54,956,696                            |
| <ul> <li>Relating to life insurance when the<br/>risk is assumed by the policyholder</li> </ul> | 6,132,777                          | 4,446,394                            | (4,241,352)                             | 6,337,819                             |
| Benefits                                                                                        | 573,029                            | 671,207                              | (572,819)                               | 671,417                               |
| Profit sharing and rebates                                                                      | 36,914                             | 21,936                               | (36,718)                                | 22,132                                |
| Other technical provisions                                                                      | 105                                | 4                                    | -                                       | 109                                   |
| Total                                                                                           | 59,762,261                         | 58,340,851                           | (56,111,378)                            | 61,991,734                            |
| Participation of reinsurance in<br>echnical provisions (assigned):                              |                                    |                                      |                                         |                                       |
| Provisions for unearned premiums                                                                | (3,799)                            | (2,725)                              | 3,799                                   | (2,725)                               |
| Provision for life insurance                                                                    | (258,702)                          | (205,218)                            | 258,702                                 | (205,218)                             |
| Provision for benefits                                                                          | (10,932)                           | (16,860)                             | 10,932                                  | (16,860)                              |
| Other technical provisions                                                                      | _                                  | -                                    | _                                       | _                                     |
| Total                                                                                           | (273,433)                          | (224,803)                            | 273,433                                 | (224,803)                             |

(\*) As of 31 December 2018, this includes €51,650,000 corresponding to provisions for unearned premiums for products with coverage of less than one year.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

Until 31 December of the 2016 financial year, the Parent Company used the PERF-2000C tables for contracts with technical bases that do not comply with the ROSSEAR, keeping the tables of technical bases for the rest. At the close of the 2017 financial year, the Company replaced the PERF-2000C tables with the tables from its own experience derived from the Partial Internal Longevity and Mortality Model approved by the General Directorate of Insurance and Pensions (VC14). The effect of this change led to an endowment of €45 million during the 2017 financial year. A new calibration of the Partial Internal Longevity and Mortality Model (VC16) was used during the 2018 financial year.

In light of the note published by the General Directorate of Insurance and Pensions on 31 December 2019, the Parent Company has used the mortality and survival tables derived from the Partial Internal Longevity Model (VC17, applying first-rate loading for contingencies with an 80% confidence level - Bailouts 2018).

The Group also calculates certain mathematical provisions at the maximum rate established by the DGSFP (criterion established in article 33.1 of the Regulation on the Ordination and Supervision of Private Insurance, hereinafter ROSSP, which was 0.98% for the 2019 financial year, see resolution dated 2 January 2019). As of 31 December 2019, the Group holds a complementary provision of €53 million for this item due to the effect of this calculation.

The Group annually performs a liability adequacy test in order to identify any deficit in provisions and make the corresponding endowment.

The liability adequacy test consists of assessing liabilities from insurance contracts based on the most updated estimates of future cash flows from its contracts in relation to the assets which they cover. To do this, it discounts the estimated future flows derived from the insurance contracts and those derived from financial assets subject to an interest rate curve of high credit quality assets. To estimate the future cash flows derived from insurance contracts, the bailouts observed in the portfolio are taken into account according to the average from the last three years for the Pension 2000 and PPA product and from the average observed in the last five years for all other products.

A sensitivity analysis is also carried out on the discount curve used. This sensitivity analysis consists of introducing a fall in the interest rate of 100, 150 and 200 basis points in the discount curve used, as well as an increase of 80, 100 and 200 basis points.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The breakdown of technical provisions of the direct business as of 31 December 2019, based on the different businesses that are included within the life and non-life segments, is as follows:

|                                                                        |                                  | Thousands of euros |            |
|------------------------------------------------------------------------|----------------------------------|--------------------|------------|
| Provision as of 31 December 2019                                       | Non-Life<br>Accident and illness | Life               | Total      |
| Technical provisions:                                                  |                                  |                    |            |
| Unearned premiums and ongoing risks                                    | 3,434                            | 60,309             | 63,743     |
| Mathematical provision                                                 | -                                | 63,268,178         | 63,268,178 |
| Life insurance provisions when the risk is assumed by the policyholder | -                                | 7,859,395          | 7,859,395  |
| Benefits                                                               | 14,362                           | 706,405            | 720,767    |
| Profit sharing and returns                                             | 1,052                            | 38,034             | 39,086     |
| Other technical provisions                                             | -                                | 60                 | 60         |
| Total                                                                  | 18,848                           | 71,932,381         | 71,951,229 |

Detailed below is a breakdown of the technical provisions for the direct business for the 2018 financial year:

|                                                                        |                                  | Thousands of euros |            |
|------------------------------------------------------------------------|----------------------------------|--------------------|------------|
| Provision as of 31 December 2018                                       | Non-Life<br>Accident and illness | Life               | Total      |
| Technical provisions:                                                  |                                  |                    |            |
| Unearned premiums and ongoing risks                                    | 3,561                            | 51,650             | 55,211     |
| Mathematical provision                                                 | -                                | 54,905,046         | 54,905,046 |
| Life insurance provisions when the risk is assumed by the policyholder | -                                | 6,337,819          | 6,337,819  |
| Benefits                                                               | 17,477                           | 653,940            | 671,417    |
| Profit sharing and returns                                             | 780                              | 21,352             | 22,132     |
| Other technical provisions                                             | -                                | 109                | 109        |
| Total                                                                  | 21,818                           | 61,969,916         | 61,991,734 |

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

Latent capital gains from the financial assets classified in the "Available for sale" portfolio and that are associated with insurance contracts through financial immunisation techniques are presented by increasing the "Technical Provisions" heading:

|                                                                              | Thousands of euros |
|------------------------------------------------------------------------------|--------------------|
| Balances as of 1 January 2019                                                | 8,076,820          |
| Net movement due to allocation of net latent capital gains charged to equity | 5,252,758          |
| Balances as of 31 December 2019                                              | 13,329,578         |

The movement experienced in the 2018 financial year is detailed below:

|                                                                              | Thousands of euros |
|------------------------------------------------------------------------------|--------------------|
| Balances as of 1 January 2018                                                | 8,035,050          |
| Net movement due to allocation of net latent capital gains charged to equity | 41,770             |
| Balances as of 31 December 2018                                              | 8,076,820          |

The effect of reinsurance on the profit and loss account for the 2019 and 2018 financial years was as follows:

|                                                 | Thousands of euros<br>Financial Year |           |  |  |
|-------------------------------------------------|--------------------------------------|-----------|--|--|
|                                                 | 2019 2018                            |           |  |  |
| Premiums allocated to assigned reinsurance      |                                      |           |  |  |
| - Assigned premiums                             | (186,306)                            | (189,658) |  |  |
| - Variation in provisions for unearned premiums | 27                                   | (1,072)   |  |  |
| Fees (*)                                        | 127,342                              | 128,073   |  |  |
| Cost of the assignment                          | (58,937)                             | (62,657)  |  |  |
| Reinsurance accident rate (*)                   | 111,291                              | 121,095   |  |  |
| Total reinsurance cost                          | 52,354                               | 58,438    |  |  |

(\*) Fees and the reinsurance accident rate are presented in the profit and loss account net of the "Net operating expenses" and "Accident rate for the year, net of reinsurance" headings, respectively.

The reinsurance accident rate includes the settlements through the income reinsurance contract during the 2019 and 2018 financial years.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### **16. NON-TECHNICAL PROVISIONS**

Non-technical provisions are intended to cover current obligations arising from past events, whose cancellation is likely to cause an outflow of resources, but where these are uncertain as to their amount and/or timing.

Non-technical provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Adjustments due to updating these provisions are recognised as a financial expense as they accrue.

The Group has no significant claims, lawsuits or litigation, apart from those inherent to the insurance business, that are duly valued and recorded, where appropriate, in the provisions for benefits, that individually imply damages or that may affect the consolidated financial statements, nor does it have any contingent liabilities that may involve the Group in litigation or lead to the imposition of sanctions or penalties with a significant effect on its equity.

### 17. EQUITY ATTRIBUTED TO THE SHAREHOLDERS OF THE PARENT COMPANY

As part of the consolidated financial statements, the Group presents a consolidated statement of changes in equity that shows, among other items: - The earnings for the financial year that derive from the profit and loss account, - Each of the items that, according to the IFRS, lead to direct changes in equity, - The total income and expenses for the financial year (sum of the two previous sections), separately showing the total amount attributed to the shareholders of the Parent Company and to the minority interests,

- The effects of the changes in the accounting policies and the correction of errors in each component of equity, if any,

- The amounts of the transactions that the holders of equity instruments have carried out in their capacity as such, such as, for example, capital contributions, repurchases of treasury shares held in treasury stock and dividend distributions, showing these latter distributions separately, and

- The balance of the reserves for retained earnings at the beginning of the financial year and on the balance sheet date, as well as their movements during the financial year.

The Group also separately details all the income and expenses that have been recognised during the financial year, either through the profit and loss account or directly in equity. This statement is called the "Statement of recognised income and expenses" and supplements the information provided in the "Statement of changes in equity".

In the 2019 financial year, the Group's Parent Company has not made any significant changes to its accounting policies that affect the consolidated annual accounts, nor has it needed to correct errors from previous financial years.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### a) Share capital and issue premium

As of 31 December 2019, the Parent Company's share capital amounts to  $\leq 1,347,462$  thousand represented by 224,203,300 shares, each with a par value of  $\leq 6.01$ , fully subscribed and paid. All shares have equal voting and economic rights.

The Parent Company's shareholders with a shareholding equal to or greater than 10% of the share capital as of 31 December 2019 are as follows:

|                                       | Shareholding Participation |
|---------------------------------------|----------------------------|
| CaixaBank, S.A. (direct shareholding) | 100%                       |

As of 31 December 2019, the Parent Company has various contracts with its Sole Shareholder. The most significant ones are detailed below:

- Framework agreement for the provision of services.
- Agency contract for the distribution of insurance.
- Marketing contract for benefit plans.
- Marketing contract for pension plans.

- Framework agreement of financial operations in which the agreement for assignments as guarantees is drawn up.

- Securities loan contract.
- Securities custody contract.
- Global Repurchase Framework Agreement.

Likewise, within the Parent Company's usual operations, as of 31 December 2019, it holds various insurance policies whose policyholder is CaixaBank (see Note 20).

### b) Reserves

The Statement of changes in equity attached to these annual accounts contains the balances of the reserves for retained earnings as of 31 December 2019 and 31 December 2018, as well as the movements taking place during the financial year.

The breakdown of each type of reserve as of 31 December 2019 and 2018 is as follows:

|                                                             | Thousands of euros |            |  |
|-------------------------------------------------------------|--------------------|------------|--|
|                                                             | 31.12.2019         | 31.12.2018 |  |
| Legal reserve                                               | 269,492            | 269,492    |  |
| Voluntary reserves of the<br>Parent Company                 | 1,357,301          | 1,332,485  |  |
| Reserves in fully<br>integrated companies                   | 8,537              | 1,395      |  |
| Reserves in companies accounted for using the equity method | 172,103            | 138,599    |  |
| Total reserves                                              | 1,807,433          | 1,741,971  |  |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

### b.1) Legal reserve

Pursuant to the Spanish Capital Companies Act, a figure equal to 10% of the profits from the financial year must be allocated to the legal reserve until this reaches at least 20% of the share capital. The legal reserve may be used to increase the share capital in the part of its balance sheet that exceeds 10% of the capital once increased. Except for this purpose, and as long as the legal reserve does not exceed 20% of the share capital, this reserve can only be used to offset losses and this is only if sufficient other reserves are not available for that purpose.

### b.2) Reserves in Consolidated Companies

The breakdown by entity of the balances of this account on the consolidated balance sheet as of 31 December 2019 and 2018, after considering the effect of consolidation adjustments, is indicated below (thousands of euros):

| Reserves of fully consolidated companies            | VidaCaixa Mediació | BPI Vida e Pensoes | Total   |
|-----------------------------------------------------|--------------------|--------------------|---------|
| Balances as of 31.12.2018                           | 1,395              | -                  | 1,395   |
| Distribution of profit from the 2018 financial year | 310                | 8,880              | 9,190   |
| Interim dividends from 2018 earnings                | -                  | -                  | -       |
| Reclassification to Parent Company                  | -                  | -                  | -       |
| Consolidation adjustments                           |                    | (2,048)            | (2,048) |
| De-registrations from sales and dissolution         | -                  | -                  | -       |
| Balances as of 31.12.2019                           | 1,705              | 6,832              | 8,537   |

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

| Reserves of companies accounted for using the equity method  | SegurCaixa Adeslas |
|--------------------------------------------------------------|--------------------|
| Balances as of 31.12.2018                                    | 138,599            |
| Distribution of profit from the 2018 financial year          | 171,200            |
| Interim dividends from 2018 earnings                         | (124,993)          |
| Supplementary dividend from 2017 earnings                    | (12,703)           |
| Variation of shareholdings                                   | -                  |
| Consolidation reserves accounted for using the equity method | -                  |
| Balances as of 31.12.2019                                    | 172,103            |

c) Distribution of earnings

The proposed distribution of the earnings for the financial year, prepared by the Parent Company's Directors and that will be subject to the approval of the Sole Shareholder, is as follows:

|                      | 2019 financial year (thousands of euros) |
|----------------------|------------------------------------------|
| To Other Reserves:   |                                          |
| - Legal reserve      | -                                        |
| - Goodwill reserve   | -                                        |
| - Voluntary reserves | -                                        |
| To dividends:        |                                          |
| - Interim            | 666,000                                  |
| - Complementary      | 51,410                                   |
| Total                | 717,410                                  |

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On 22 March 2019, the Company's Board of Directors agreed to distribute a first interim dividend charged to the earnings for the 2019 financial year amounting to €62 million. This amount is recorded in the "Own Funds - Interim Dividend" heading and was paid to the Sole Shareholder on 29 March 2019.

In compliance with that established in article 277 of the Spanish Capital Companies Act, approved by Spanish Royal Legislative Decree 1/2010, of 2 July, the Board of Directors drew up the following accounting statement of adequate liquidity for its distribution:

| VIDACAIXA<br>Liquidity statement as of 28 February 2019                    | In thousands of euros |
|----------------------------------------------------------------------------|-----------------------|
| Proposed interim dividend:                                                 |                       |
| Profit for the period between 01.01.2019 and 28.02.2019 (net of taxes)     | 62,612.61             |
| Distributable profit                                                       | 62,612.61             |
| Proposed 1st interim dividend 2019                                         | 62,000.00             |
| Available in current accounts and other equivalent assets as of 28.02.2019 | 1,182,214.67          |
| Remaining liquidity                                                        | 1,182,214.67          |
| 1-year treasury forecast:                                                  |                       |
| Remaining liquidity as of 28 February 2019                                 | 1,182,214.67          |
| (+) Collection                                                             | 37,261,974.86         |
| (-) Payments                                                               | -37,211,211.42        |
| Remaining liquidity as of 28 February 2020                                 | 1,232,978.11          |

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

On 26 June 2019, the Company's Board of Directors agreed to distribute a second interim dividend charged to the earnings for the 2019 financial year amounting to €124 million. This amount is recorded in the "Own Funds - Interim Dividend" heading and was paid to the Sole Shareholder on 28 June 2019.

In compliance with that established in article 277 of the Spanish Capital Companies Act, approved by Spanish Royal Legislative Decree 1/2010, of 2 July, the Board of Directors drew up the following accounting statement of adequate liquidity for its distribution:

| VIDACAIXA<br>Liquidity statement as of 31 May 2019                         | In thousands of euros |
|----------------------------------------------------------------------------|-----------------------|
| Proposed interim dividend:                                                 |                       |
| Profit for the period between 01.01.2019 and 31.05.2019 (net of taxes)     | 186,870.06            |
| 1st interim dividend                                                       | -62,000.00            |
| Distributable profit                                                       | 124,870.06            |
| Proposed 2nd interim dividend 2018                                         | 124,000.00            |
|                                                                            |                       |
| Available in current accounts and other equivalent assets as of 31.05.2019 | 469,313.09            |
| Remaining liquidity                                                        | 469,313.09            |
| 1-year cash and banks forecast:                                            |                       |
| Remaining liquidity as of 31 May 2019                                      | 469,313.09            |
| (+) Collection                                                             | 37,261,974.86         |
| (-) Payments                                                               | -37,211,211.42        |
| Remaining liquidity as of 28 February 2020                                 | 520,076.53            |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

On 12 December 2019, the Company's Board of Directors agreed to distribute a third interim dividend charged to the earnings for the 2019 financial year amounting to €480 million. This amount is recorded in the "Own Funds - Interim Dividend" heading and was paid to the Sole Shareholder on 30 December 2019 for an amount of €339 million and on 28 February 2020 for €141 million.

In compliance with that established in article 277 of the Spanish Capital Companies Act, approved by Spanish Royal Legislative Decree 1/2010, of 2 July, the Board of Directors drew up the following accounting statement of adequate liquidity for its distribution:

| VIDACAIXA<br>Liquidity statement as of 30 November 2019                    | In thousands of euros |
|----------------------------------------------------------------------------|-----------------------|
| Proposed interim dividend:                                                 |                       |
| Profit for the period between 01.01.2019 and 30.11.2019 (net of taxes)     | 669,541.20            |
| 1st interim dividend                                                       | -62,000.00            |
| 2nd interim dividend                                                       | -124,000.00           |
| Distributable profit                                                       | 483,541.20            |
| Proposed 3rd interim dividend 2019                                         | 480,000.00            |
| Available in current accounts and other equivalent assets as of 30.11.2019 | 756,296.82            |
| Remaining liquidity                                                        | 756,296.82            |
| 1-year cash and banks forecast:                                            |                       |
| Remaining liquidity as of 30 November 2019                                 | 756,296.82            |
| (+) Collection                                                             | 37,261,974.86         |
| (-) Payments                                                               | -37,211,211.42        |
| Remaining liquidity as of 30 November 2020                                 | 807,060.26            |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The distribution of net profit from the 2018 financial year, which was approved by the Sole Shareholder on 28 March 2019, was as follows:

|                      | 2018 financial year (thousands of euros) |
|----------------------|------------------------------------------|
| To Other Reserves:   |                                          |
| - Legal reserve      | -                                        |
| - Goodwill reserve   | -                                        |
| - Voluntary reserves | -                                        |
| To dividends:        |                                          |
| - Interim            | 430,000                                  |
| - Complementary      | 167,227                                  |
| Total                | 597,227                                  |

The figures for the 2018 financial year in the above table, corresponding to the distribution approved by the Sole Shareholder, are presented solely and exclusively for comparison purposes.

On 29 March 2019, VidaCaixa paid €167,227,000 as a complementary dividend charged to the 2018 earnings, approved in the Sole Shareholder's record of decisions on 28 March 2019.

### d) Recognised income and expenses

The main item recorded in recognised income and expenses outside of the profit and loss account is that referring to value adjustments of the reserves due to value adjustments of the assets that are classified in the "assets available for sale" portfolio, including the reversal of capital gains and losses for assets subject to insurance contracts (see Note 15). Value adjustments (Assets available for sale)

This concept mainly includes the net amount of those variations in the fair value of the financial assets classified as available for sale that, in accordance with that set out in Note 3.b, are classified as an integral part of the Group's consolidated equity. These variations are recorded in the consolidated profit and loss account when the assets from which they result are sold.

With regard to the rest of these variations in value, that amount to  $\leq$ 4,629,531 thousand, the Group has considered that they must be assigned to policyholders, so they were assigned on 31 December 2019, increasing the amount of the mathematical provisions.

### *Liabilities for accounting asymmetries*

This concept includes the variations in latent capital gains derived from the financial assets classified in the "available for sale" portfolios and at fair value through profit and loss that can be allocated to life insurance policyholders.

With regard to the liabilities for accounting asymmetries that amount to €8,700,047 thousand, the Group has considered that they must be assigned to policyholders, so they were assigned on 31 December 2019, increasing the amount of mathematical provisions.

### **18. IMINORITY INTERESTS**

As of 31 December 2019 and 2018, the balance of the "Minority interests" heading and the "Profits and losses attributable to external shareholders" sub-heading is zero, as there are no minority interests in the Group.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### **19. INFORMATION ON INSURANCE CONTRACTS, CONSIDERING THE SEGMENT**

The total volume of premiums accrued from direct insurance and reinsurance accepted during the 2019 and 2018 financial years amounted to &8,671,869 thousand and &8,378,761 thousand respectively.

The breakdown of premiums allocated for the 2019 financial year as well as all other income and expense items, based on the main segments and subsegments, is as follows:

| (Thousands of euros)                                                                   | Non-Life Segment<br>Accident and illness | Life Segment | Total       |
|----------------------------------------------------------------------------------------|------------------------------------------|--------------|-------------|
| Premiums allocated direct business reinsurance accepted (I)                            | 18,654                                   | 8,644,416    | 8,663,070   |
| Premiums accrued from direct and accepted insurance                                    | 18,527                                   | 8,653,342    | 8,671,869   |
| Variation of the provision for premiums pending collection                             | 1                                        | (268)        | (267)       |
| Variation in the provision for unearned premiums and ongoing risks of direct insurance | 126                                      | (8,658)      | (8,532)     |
| Premiums allocated to reinsurance (II)                                                 | (16,432)                                 | (169,847)    | (186,279)   |
| Total allocated premiums, net of reinsurance (I-II)                                    | 2,222                                    | 8,474,569    | 8,476,791   |
| Other technical income, net of expenses (III)                                          | (202)                                    | (21,748)     | (21,950)    |
| Other technical income                                                                 | -                                        | -            | -           |
| Other technical expenses                                                               | (202)                                    | (21,748)     | (21,950)    |
| Loss rate for the year, net of reinsurance (IV)                                        | (128)                                    | (6,497,502)  | (6,497,630) |
| Benefits paid from direct and accepted insurance                                       | (12,739)                                 | (6,538,616)  | (6,551,355) |

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### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

| (Thousands of euros)                                                                       | Non-Life Segment<br>Accident and illness | Life Segment | Total       |
|--------------------------------------------------------------------------------------------|------------------------------------------|--------------|-------------|
| Benefits paid from assigned reinsurance                                                    | 11,534                                   | 96,218       | 107,752     |
| Variation in the provision for benefits from direct insurance                              | (3,005)                                  | (46,159)     | (49,164)    |
| Variation in the provision for benefits from assigned reinsurance                          | 4,345                                    | (806)        | 3,539       |
| Expenses attributable to benefits                                                          | (263)                                    | (8,139)      | (8,402)     |
| Variation in other technical provisions (V)                                                | (886)                                    | (4,276,288)  | (4,277,174) |
| Variation in the provision for sharing in profits and rebates                              | (886)                                    | (66,324)     | (67,210)    |
| Variation in other technical provisions (mathematical provisions)                          | -                                        | (4,209,964)  | (4,209,964) |
| Net operating expenses (VI)                                                                | 1,060                                    | (277,873)    | (276,813)   |
| Acquisition expenses (fees and other expenses)                                             | (2,385)                                  | (246,768)    | (249,153)   |
| Administration expenses                                                                    | (169)                                    | (154,833)    | (155,002)   |
| Fees and participations in assigned reinsurance                                            | 3,614                                    | 123,728      | 127,342     |
| Net investment income (VII)                                                                | 191,995                                  | 3,252,961    | 3,444,956   |
| Income from financial investments                                                          | 191,995                                  | 2,892,535    | 3,084,530   |
| Expenses from the management of financial investments and assets                           | -                                        | (258,958)    | (258,958)   |
| Financial earnings from investments by policyholders who assume the risk of the investment | -                                        | 619,384      | 619,384     |
| TECHNICAL-FINANCIAL EARNINGS (I-II+III-IV+V-VI+VII+VIII)                                   | 194,061                                  | 654,119      | 848,180     |

### REPORT

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The breakdown of allocated premiums for the 2018 financial year as well as all other income and expense items, based on the main segments and subsegments, is as follows:

| (Thousands of euros)                                                                   | Non-Life Segment<br>Accident and illness | Life Segment | Total       |
|----------------------------------------------------------------------------------------|------------------------------------------|--------------|-------------|
| Premiums allocated direct business reinsurance accepted (I)                            | 18,701                                   | 8,360,564    | 8,379,265   |
| Premiums accrued from direct and accepted insurance                                    | 18,123                                   | 8,360,638    | 8,378,761   |
| Variation in the provision for premiums pending collection                             | 1                                        | 3,103        | 3,104       |
| Variation in the provision for unearned premiums and ongoing risks of direct insurance | 577                                      | (3,177)      | (2,600)     |
| Premiums allocated to reinsurance (II)                                                 | (11,354)                                 | (179,377)    | (190,731)   |
| Total allocated premiums, net of reinsurance (I-II)                                    | 7,347                                    | 8,181,187    | 8,188,534   |
| Other technical income, net of expenses (III)                                          | (1,081)                                  | (17,364)     | (18,445)    |
| Other technical income                                                                 | -                                        | -            | -           |
| Other technical expenses                                                               | (1,081)                                  | (17,364)     | (18,445)    |
| Loss rate for the year, net of reinsurance (IV)                                        | (5,138)                                  | (6,455,472)  | (6,460,610) |
| Benefits paid from direct and accepted insurance                                       | (11,331)                                 | (6,463,618)  | (6,474,949) |
| Benefits paid from assigned reinsurance                                                | 7,576                                    | 107,592      | 115,168     |
| Variation in the provision for benefits from direct insurance                          | (7,577)                                  | (90,811)     | (98,388)    |
| Variation in the provision for benefits from assigned reinsurance                      | 7,015                                    | (1,088)      | 5,927       |
| Expenses attributable to benefits                                                      | (821)                                    | (7,547)      | (8,368)     |

## REPORT

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

cont.

| (Thousands of euros)                                                                       | Non-Life Segment<br>Accident and illness | Life Segment | Total       |
|--------------------------------------------------------------------------------------------|------------------------------------------|--------------|-------------|
| Variation in other technical provisions (V)                                                | (367)                                    | (2,050,180)  | (2,050,547) |
| Variation in the provision for sharing in profits and rebates                              | (367)                                    | (25,871)     | (26,238)    |
| Variation in other technical provisions (mathematical provisions)                          | -                                        | (2,024,309)  | (2,024,309) |
| Net operating expenses (VI)                                                                | (3,483)                                  | (281,080)    | (284,563)   |
| Acquisition expenses (fees and other expenses)                                             | (5,835)                                  | (273,170)    | (279,005)   |
| Administration expenses                                                                    | (665)                                    | (132,966)    | (133,631)   |
| Fees and participations in assigned reinsurance                                            | 3,017                                    | 125,056      | 128,073     |
| Net investment income (VII)                                                                | 171,002                                  | 1.,175,491   | 1,346,493   |
| Income from financial investments                                                          | 171,177                                  | 2,072,882    | 2,244,059   |
| Expenses from the management of financial investments and assets                           | (175)                                    | (679,826)    | (680,001)   |
| Financial earnings from investments by policyholders who assume the risk of the investment | -                                        | (217,565)    | (217,565)   |
| TECHNICAL-FINANCIAL EARNINGS (I-II+III-IV+V-VI+VII+VIII)                                   | 168,280                                  | 552,582      | 720,862     |

# REPORT

**Rest of other expenses** 

Total

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

(176,136)

75,265

In the profit and loss account of the "Profit and loss from other activities" heading corresponding to the 2019 financial year, the 'Other income' and 'Other expenses' items include the following concepts:

| Thousands of euros<br>Other Activities segment |
|------------------------------------------------|
| 248,579                                        |
| -                                              |
| 2,822                                          |
| 251,401                                        |
| (170,352)                                      |
| (5,784)                                        |
|                                                |

The breakdown of income and expenses from the "Other activities from the previous financial year" segment is as follows:

| Operating income - 2018 financial year                  | Thousands of euros<br>Other Activities segment |
|---------------------------------------------------------|------------------------------------------------|
| Income from pension fund management                     | 232,105                                        |
| Healthcare business income                              | -                                              |
| Other income                                            | 4,747                                          |
| Rest of other income                                    | 236,852                                        |
| Expenses associated with the marketing of pension funds | (157,386)                                      |
| Other expenditure                                       | (5,470)                                        |
| Rest of other expenses                                  | (162,856)                                      |
| Total                                                   | 73,996                                         |

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### a) Composition of the life business by volume of premiums

The composition of the life business (direct insurance), by volume of premiums, is as follows for the 2019 and 2018 financial years:

| Life insurance (direct)                                                          | Thousand<br>2019 | s of euros<br>2018 |
|----------------------------------------------------------------------------------|------------------|--------------------|
| Premiums for individual contracts                                                | 6,985,470        | 7,326,072          |
| Premiums for group insurance contracts                                           | 1,664,624        | 1,031,882          |
|                                                                                  | 8,650,094        | 8,357,954          |
| Regular premiums                                                                 | 2,397,239        | 2,679,870          |
| Single premiums                                                                  | 6,252,855        | 5,678,084          |
|                                                                                  | 8,650,094        | 8,357,954          |
| Premiums from contracts without profit sharing                                   | 7,062,183        | 6,875,151          |
| Premiums from contracts with profit sharing                                      | 277,741          | 267,097            |
| Premiums from contracts in which the investment risk lies with the policyholders | 1,310,170        | 1,215,706          |
|                                                                                  | 8,650,094        | 8,357,954          |

These premiums are recorded in the "Earned premiums for the year, net of reinsurance" heading in the Life segment of the consolidated income statement.

#### b) Technical conditions of the main forms of life insurance

The technical conditions of the main forms of life insurance, representing more than 5% of the premiums or provisions in the life branch, specifying the firstrate biometric tables used to calculate the mathematical provisions (for types issued in Spain) as well as the average interest rate used in the calculation, are as follows:

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 2019 Financial Year

|                              |                            |                    | Profi                       | t sharing                |           | Thousands of euros            | 5                                        |
|------------------------------|----------------------------|--------------------|-----------------------------|--------------------------|-----------|-------------------------------|------------------------------------------|
| Form and type<br>of coverage | Technical<br>interest rate | Biometric<br>Table | Does it have this<br>Yes/No | ? Distribution<br>method | Premiums  | Mathematical<br>provision (*) | Amount of profit<br>sharing<br>provision |
| PVI                          | 2.08%                      | (1)                | No                          | -                        | 3,481,974 | 24,960,877                    | -                                        |
| Pension 2000                 | 6.84%                      | (2)                | Yes                         | Mathematical provision   | 39,523    | 4,845,634                     | -                                        |
| PAA/PIAS                     | 0.07%                      | (5)                | No                          | -                        | 1,422,529 | 4,902,906                     | -                                        |
| Collective Insurance         | Variable                   | (3)                | Yes                         | Benefits                 | 1,505,865 | 9,552,139                     | 37,840                                   |
| PPA                          | 2.58%                      | (4)                | No                          | -                        | 46,278    | 1,291,208                     | -                                        |
| Unit Link (**)               | -                          | (6)                | No                          | -                        | 1,310,171 | 7,776,718                     | -                                        |

(\*) The biometric tables specified in the Technical Notes are indicated, as well as the mathematical provision derived from the application of these tables (see Note 5.8.2).

(\*\*) The mathematical provision balance of the UL products of BPI Vida is included (See Notes 1 and 5).

- (1) Depending on the different forms, the GR-80, GR-80 minus two years, GR-95 and GK-95 tables are used. Since 21/12/2012, depending on the form, the PASEM 2010 Unisex (mix sector), GR-95 Unisex (mix company, savings portfolio), PER2000P Unisex (mix company, savings portfolio) and PER2000P Women (from 70 years of age) tables have been used.
- (2) Depending on the different forms, the GR-70, GR-80, GR-80, GR-95 and GK-95 tables are used. Since 21/12/2012, the GR-95 Unisex (mix company, savings portfolio) tables have been used.
- (3) Depending on the different modalities, the GR-80, GR-80 minus two, GR-70, GR-95 and PER2000P tables are used. Since 21/12/2012, depending on the form, the PER2000P Unisex or PASEM2010 Unisex tables have been used.
- (4) Policies taken out prior to 01/01/2009 use the GKM-80/GKF-80 tables. Policies taken out between 01/01/2009 and 20/12/2012 use the INE 2004-2005 tables. Polices taken out since 21/12/2012 use the PASEM 2010 Unisex (mix sector) tables.
- (5) Depending on the forms, the GR-80 minus two years, GR-95 and GK-95 tables are used. For new production since 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used.
- (6) Depending on the different forms, the GK-80, GK-95 and INE 2005 tables are used. Since 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 2018 Financial Year

|                              |                            |                    | Profi                       | t sharing                |           | Thousands of euros            | 5                                        |
|------------------------------|----------------------------|--------------------|-----------------------------|--------------------------|-----------|-------------------------------|------------------------------------------|
| Form and type<br>of coverage | Technical<br>interest rate | Biometric<br>Table | Does it have this<br>Yes/No | ? Distribution<br>method | Premiums  | Mathematical<br>provision (*) | Amount of profit<br>sharing<br>provision |
| PVI                          | 2.26%                      | (1)                | No                          | -                        | 3,579,927 | 22,396,563                    | -                                        |
| Pensión 2000                 | 6.85%                      | (2)                | Yes                         | Mathematical provision   | 43,649    | 4,835,674                     | 530                                      |
| PAA/PIAS                     | 0.18%                      | (5)                | No                          | -                        | 1,653,588 | 4,724,107                     | -                                        |
| Collective Insurance         | Variable                   | (3)                | Yes                         | Benefits                 | 845,156   | 9,019,903                     | 19,292                                   |
| PPA                          | 2.59%                      | (4)                | No                          | -                        | 33,646    | 1,585,900                     | -                                        |
| Unit Link (**)               | -                          | (6)                | No                          | -                        | 1,208,727 | 6,216,985                     | -                                        |

(\*) The biometric tables specified in the Technical Notes are indicated, as well as the mathematical provision derived from the application of these tables.

(\*\*) The mathematical provision balance of UL products of BPI Vida is included (See Notes 1 and 5).

- (1) Depending on the different forms, the GR-80, GR-80 minus two years, GR-95 and GK-95 tables are used. Since 21/12/2012, depending on the form, the PASEM 2010 Unisex (mix sector), GR-95 Unisex (mix company, savings portfolio), PER2000P Unisex (mix company, savings portfolio) and PER2000P Women (from 70 years of age) tables have been used.
- (2) Depending on the different forms, the GR-70, GR-80, GK-80, GR-95 and GK-95 tables are used. Since 21/12/2012, the GR-95 Unisex (mix company, savings portfolio) tables have been used.
- (3) Depending on the different modalities, the GR-80, GR-80 minus two, GR-70, GR-95 and PER2000P tables are used. Since 21/12/2012, depending on the form, the PER2000P Unisex or PASEM2010 Unisex tables have been used.
- (4) Policies taken out prior to 01/01/2009 use the GKM-80/GKF-80 tables. Policies taken out between 01/01/2009 and 20/12/2012 use the INE 2004-2005 tables. Polices taken out since 21/12/2012 use the PASEM 2010 Unisex (mix sector) tables.
- (5) Depending on the forms, the GR-80 minus two years, GR-95 and GK-95 tables are used. For new production since 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used.
- (6) Depending on the different forms, the GK-80, GK-95 and INE 2005 tables are used. Since 21/12/2012, the PASEM 2010 Unisex (mix sector) tables are used.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

For certain forms of individual life and various collective life policies, profit sharing is distributed as an increase in the life insurance provision in accordance with the terms established in the different policies. The amount of profits accrued in favour of the insured parties or beneficiaries and not yet allocated is recorded in the "Technical provisions - Provisions for profit sharing and rebates" sub-heading.

Following the guidelines of Internal Inspection Instruction 9/2009 published by the Directorate of Insurance and Pensions on the interpretation of the concept of actual

profitability for the purposes of article 33 and the second transitory provision of the Regulation on the Ordination and Supervision of Private Insurance, approved by Spanish Royal Decree 2486/1998, of 20 November (maintained in force by additional provision 5 of the ROSSEAR), the financial duration of the Parent Company's assets (excluding property) and liabilities as of 31 December 2019 and 2018 for these cases is detailed below:

#### 31 December 2019

| Assets                                                                        | Accounting Value (**)<br>(thousands of euros) | Actual<br>Profitability | Financial<br>Duration | Percentage<br>Excluded (*) |
|-------------------------------------------------------------------------------|-----------------------------------------------|-------------------------|-----------------------|----------------------------|
| Portfolio prior to 1 January 1999.<br>(Second transitory provision of ROSSP). | 7,007,920                                     | 5.52%                   | 14.03                 | -                          |
| Immunised portfolio. (Art. 33.2 ROSSP).                                       | 30,911,281                                    | 3.40%                   | 10.87                 | -                          |
| Portfolio after 1 January 1999.<br>(Art. 33.1 ROSSP).                         | 6,144,459                                     | 1.48%                   | 1.75                  | -                          |

(\*) Percentage of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments)

(\*\*) The volume of the Parent Company's mathematical provisions is indicated without considering complementary provisions or shadow accounting (see Note 3.i.2)

| Liabilities                                                                   | Mathematical Provision<br>(thousands of euros) | Average Interest Rate of the Mathematical Provision | Financial<br>Duration |
|-------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-----------------------|
| Portfolio prior to 1 January 1999.<br>(Second transitory provision of ROSSP). | 6,979,558                                      | 5.36%                                               | 14.11                 |
| Immunised portfolio. (Art. 33,2 ROSSP).                                       | 30,467,045                                     | 2.33%                                               | 10.90                 |
| Portfolio after 1 January 1999 .<br>(Art. 33,1 ROSSP).                        | 6,402,139                                      | 1.33%                                               | 2.28                  |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 31 December 2018

| Assets                                                                        | Accounting Value (**)<br>(thousands of euros) | Actual<br>Profitability | Financial<br>Duration | Percentage<br>Excluded (*) |
|-------------------------------------------------------------------------------|-----------------------------------------------|-------------------------|-----------------------|----------------------------|
| Portfolio prior to 1 January 1999.<br>(Second transitory provision of ROSSP). | 6,738,127                                     | 5.93%                   | 11.14                 | -                          |
| Immunised portfolio. (Art. 33,2 ROSSP).                                       | 30,063,067                                    | 3.64%                   | 10.19                 | -                          |
| Portfolio after 1 January 1999.<br>(Art. 33,1 ROSSP).                         | 6,263,874                                     | 1.62%                   | 1.60                  | _                          |

(\*) Percentage of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments) (\*\*) The volume of the Parent Company's mathematical provisions is indicated without considering complementary provisions or shadow accounting (see Note 3.i.2)

| Liabilities                                                                   | Mathematical Provision<br>(thousands of euros) | Average Interest Rate of the Mathematical Provision | Financial<br>Duration |
|-------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-----------------------|
| Portfolio prior to 1 January 1999.<br>(Second transitory provision of ROSSP). | 6,938,099                                      | 5.49%                                               | 12.94                 |
| Immunised portfolio. (Art. 33,2 ROSSP).                                       | 29,187,727                                     | 2.51%                                               | 10.24                 |
| Portfolio after 1 January 1999.<br>(Art. 33,1 ROSSP).                         | 6,345,320                                      | 1.46%                                               | 2.04                  |

#### c) Technical earnings by year of occurrence

The payments made during the 2019 financial year for claims opened in 2018 or previous years amount to €997,000. Likewise, payments amounting to €577,000 were made during the 2018 financial year for claims opened in 2017 and previous years. The provision for benefits constituted as of 31 December 2018 and 31 December 2017 was sufficient.

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### d) Other expenses by segment

The breakdown of the allocation of endowments made, by segment and subsegment, to the amortisation of intangible fixed assets and property investments and the depreciation of tangible fixed assets is shown in Notes 3.c), 3.d) and 3.e) of the Report.

Shown below is the composition of staff expenses for the 2019 and 2018 financial years, as well as their allocation in the profit and loss account by segment and sub-segment:

|                                                                    |        | ls of euros<br>2018 Financial Year |
|--------------------------------------------------------------------|--------|------------------------------------|
| Wages and Salaries                                                 | 35,023 | 31,606                             |
| Social Security                                                    | 7,838  | 6,658                              |
| Contributions to external pension funds and life insurance premiun |        | 532                                |
| Compensation and bonuses                                           | 662    | 167                                |
| Other staff expenses                                               | 5,455  | 4,828                              |
| Total                                                              | 49,541 | 43,791                             |

## REPORT

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

| Destination of staff expenses - 2019 financial year | Non-Life Segment | Life Segment | Other Segment | Total  |
|-----------------------------------------------------|------------------|--------------|---------------|--------|
| Loss rate for the year, net of reinsurance          | 132              | 3,012        | -             | 3,144  |
| Expenses from tangible fixed assets and investments | -                | 709          | -             | 709    |
| Other technical expenses                            | 102              | 12,084       | -             | 12,186 |
| Net operating expenses                              | 170              | 16,069       | 17,263        | 33,502 |
| Net total                                           | 404              | 31,874       | 17,263        | 49,541 |

| Destination of staff expenses - 2018 financial year | Non-Life Segment | Life Segment | Other Segment | Total  |
|-----------------------------------------------------|------------------|--------------|---------------|--------|
| Loss rate for the year, net of reinsurance          | 347              | 3,178        | -             | 3,525  |
| Expenses from tangible fixed assets and investments | 74               | 2,431        | -             | 2,505  |
| Other technical expenses                            | 457              | 10,879       | -             | 11,336 |
| Net operating expenses                              | 1,640            | 12,705       | 12,080        | 26,425 |
| Net total                                           | 2,518            | 29,193       | 12,080        | 43,791 |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### **20. DETAILS OF RELATED PARTIES**

#### 20.1 Transactions between group companies and associates

The breakdown of the main transactions carried out in the 2019 financial year is indicated below:

|                                     | Thousands of euros |           |  |
|-------------------------------------|--------------------|-----------|--|
| Concept                             | Income             | Expenses  |  |
| Income from sales made              | 19,147             | -         |  |
| Expenses from sales made            | -                  | (35,832)  |  |
| Income from leases                  | -                  | -         |  |
| Operating expenses                  | -                  | (26,240)  |  |
| Financial income/expenses           | 2,961              | (40,251)  |  |
| Interest paid                       | -                  | -         |  |
| Dividends and other profits         | 142,904            | -         |  |
| Insurance operations                | 1,094,967          | _         |  |
| Fees from the marketing of premiums | -                  | (397,505) |  |
| Reinsurance income                  | 15,148             | -         |  |
| Reinsurance expenses                | -                  | (15,351)  |  |
| Income from fees                    | -                  | -         |  |

The items comprising the "Insurance operations" balance mostly correspond to insurance contract premiums, whose policyholder is CaixaBank. This amount includes €180,184,000 whose policyholders are the Control Committees of the "Pensions Caixa 30, Fondo de Pensiones" and "Pensions Caixa 135, Fondo de Pensiones" pension funds.

The same information referring to the 2018 financial year is detailed below:

|                                     | Thousands of euros |           |  |
|-------------------------------------|--------------------|-----------|--|
| Concept                             | Income             | Expenses  |  |
| Income from sales made              | 18,877             | -         |  |
| Expenses from sales made            | -                  | (5,022)   |  |
| Income from leases                  | -                  | _         |  |
| Operating expenses                  | -                  | (16,456)  |  |
| Financial income/expenses           | 694                | (117,290) |  |
| Interest paid                       | -                  | _         |  |
| Dividends and other profits         | 137,697            | _         |  |
| Insurance operations                | 152,049            | -         |  |
| Fees from the marketing of premiums | -                  | (409,303) |  |
| Reinsurance income                  | 10,592             | _         |  |
| Reinsurance expenses                | -                  | (11,499)  |  |
| Income from fees                    | -                  | -         |  |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 20.2. Balances between group companies and associates

The balances in the balance sheet with group companies and associates at the close of the 2019 and 2018 financial years, according to the value shown in the Group's books, are broken down below:

#### 2019 Financial Year

|                                                                          | Thousands of euros |                                         |  |
|--------------------------------------------------------------------------|--------------------|-----------------------------------------|--|
| Concept                                                                  |                    | Other group companies<br>and associates |  |
|                                                                          | company            | and associates                          |  |
| Cash and banks                                                           | 803,805            | -                                       |  |
| Equity instruments                                                       | -                  | -                                       |  |
| -Financial investments in capital                                        | 35                 | 914,215                                 |  |
| Debt securities                                                          | (4,423,478)        | -                                       |  |
| Hybrid instruments                                                       | -                  | -                                       |  |
| Hedge derivatives                                                        | -                  | (11,126)                                |  |
| Deposits and repos in credit institutions                                | 5,558              | 161,051                                 |  |
| Deposits and repos in credit institutions maturing in less than 3 months | -                  | -                                       |  |
| Guarantees and collateral received                                       | 2,637,972          | -                                       |  |
| Insurance policies                                                       | (2,651,724)        | (10,569)                                |  |
| Reinsurance balances                                                     | -                  | -                                       |  |
| Insurance operations                                                     | -                  | (13,458)                                |  |
| Debts from asset assignments                                             | -                  | -                                       |  |
| Group receivables and payables                                           | (210,271)          | -                                       |  |
| Other receivables with group companies and associates                    | -                  | 61,174                                  |  |
| Corporation tax                                                          | (217,154)          | -                                       |  |

The "Insurance policies" section includes mathematical provisions amounting to €1,444,073 thousand, whose policyholders are the Control Committees of the "Pensions Caixa 30, Fondo de pensiones" and "Pensions Caixa 135, Fondos de Pensions" pension funds.

#### 2018 Financial Year

|                                                                          | Thousands of euros  |                                        |  |  |
|--------------------------------------------------------------------------|---------------------|----------------------------------------|--|--|
| Concept                                                                  | Parent O<br>company | ther group companies<br>and associates |  |  |
| Cash and banks                                                           | 765,102             | 336,314                                |  |  |
| Equity instruments                                                       | -                   | -                                      |  |  |
| -Financial investments in capital                                        | 61                  | -                                      |  |  |
| Debt securities                                                          | (2,586.538)         | _                                      |  |  |
| Hybrid instruments                                                       | -                   | _                                      |  |  |
| Hedge derivatives                                                        | -                   | -                                      |  |  |
| Deposits and repos in credit institutions                                | 710,365             | 118,467                                |  |  |
| Deposits and repos in credit institutions maturing in less than 3 months | 517,229             | -                                      |  |  |
| Guarantees and collateral received                                       | 4,493,172           | -                                      |  |  |
| Insurance policies                                                       | (2,097,419)         | (2,413)                                |  |  |
| Reinsurance balances                                                     | -                   | _                                      |  |  |
| Insurance operations                                                     | -                   | (15,963)                               |  |  |
| Debts from asset assignments                                             | (257,101)           | -                                      |  |  |
| Group receivables and payables                                           | (42,898)            | -                                      |  |  |
| Other receivables with group companies and associates                    | -                   | 124,671                                |  |  |
| Corporation tax                                                          | (183,408)           | _                                      |  |  |

### REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### 21. OTHER INFORMATION (INCLUDING REMUNERATION AND OTHER BENEFITS TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT, AND FEES PAID TO AUDITORS)

#### a) Employees

In compliance with that established in the Capital Companies Act, the average number of employees at the Parent Company and subsidiaries during the 2019 and 2018 financial years, distributed by professional category and gender, is as follows:

|                                       | Number of people<br>2019 Financial Year |       |       |  |
|---------------------------------------|-----------------------------------------|-------|-------|--|
| Professional category                 |                                         |       |       |  |
|                                       | Men                                     | Women | Total |  |
| Management                            | 22                                      | 20    | 42    |  |
| Technical staff and middle management | 170                                     | 161   | 331   |  |
| Administrative staff                  | 51                                      | 99    | 150   |  |
| Sales staff                           | 32                                      | 43    | 75    |  |
| Total                                 | 275                                     | 323   | 598   |  |

| Professional category                 | Number of people<br>2018 Financial Year<br>Men Women Total |     |     |  |
|---------------------------------------|------------------------------------------------------------|-----|-----|--|
| Management                            | 22                                                         | 15  | 37  |  |
| Technical staff and middle management | 156                                                        | 153 | 309 |  |
| Administrative staff                  | 39                                                         | 96  | 135 |  |
| Sales staff                           | 28                                                         | 37  | 65  |  |
| Total                                 | 245                                                        | 301 | 546 |  |

The average number of people employed during the 2019 and 2018 financial years with a disability greater than or equal to 33%, broken down by category, is as follows:

| Categories                            | 2019 | 2018 |
|---------------------------------------|------|------|
| Management                            | -    | -    |
| Technical staff and middle management | -    | -    |
| Administrative staff                  | 1    | 1    |
| Sales staff                           | -    | -    |
| Total                                 | 1    | 1    |

As of 31 December 2019, the Parent Company's Board of Directors is formed by 14 individual directors, 11 men and 3 women, and at 31 December 2018, it was formed by 14 individual directors, 12 men and 2 women.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### b) Remuneration and other benefits to the Board of Directors and Senior

#### Management

The remuneration accrued during the 2019 financial year by the members of the Board of Directors and Senior Management of VidaCaixa S.A.U., classified by concept, was as follows (in thousands of euros):

#### 2019 Financial Year

|                    | Salaries (*) | Remuneration | Other<br>concepts | Pension<br>Plans | Insurance<br>Premiums | Severance<br>Payments | Payments<br>Based on<br>Equity<br>Instruments | Remuneration for<br>individuals who<br>represent the<br>Company (1) |
|--------------------|--------------|--------------|-------------------|------------------|-----------------------|-----------------------|-----------------------------------------------|---------------------------------------------------------------------|
| Board of Directors | -            | 2,580        | -                 | -                | 146                   | -                     | -                                             | -                                                                   |
| Senior Management  | 2,602        | -            | -                 | -                | 350                   | 500                   | -                                             | -                                                                   |

(\*) This amount includes the total fixed and variable remuneration accrued by the Senior Management, with the exception of the Managing Director whose remuneration is included within that of the Board of Directors. It includes both cash and shares in the Parent Company's Shareholder, as well as the deferred variable remuneration (cash and shares) to be received in three years. (1) This includes the remuneration paid to the individuals who represent the Parent Company in the management bodies of other entities.

During the 2019 financial year, three people joined the Board of Directors and three people left. As of 31 December 2019, it includes 9 Senior Management positions (not including the Managing Director).

The Parent Company has not granted any loans or advances in favour of the members of its Board of Directors.

The ultimate parent of the Parent Company (CaixaBank, S.A.) has arranged a Civil Liability policy for the period between 1 January and 31 December 2019, which provides coverage to the Directors of the Parent Company.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

The remuneration accrued during the 2018 financial year by the members of the Board of Directors and Senior Management of VidaCaixa S.A.U., classified by concept, was as follows (in thousands of euros):

#### 2018 Financial Year

|                    | Salaries (*) | Remuneration | Other<br>concepts | Pension<br>Plans | Insurance<br>Premiums<br>(1) | Severance<br>Payments | Payments<br>Based on<br>Equity<br>Instruments | Remuneration for<br>individuals who<br>represent the<br>Company (2) |
|--------------------|--------------|--------------|-------------------|------------------|------------------------------|-----------------------|-----------------------------------------------|---------------------------------------------------------------------|
| Board of Directors | -            | 2,018        | -                 | -                | -                            | -                     | -                                             | -                                                                   |
| Senior Management  | 2,843        | -            | -                 | _                | 427                          | -                     | _                                             | -                                                                   |

(\*) This amount includes the total fixed and variable remuneration accrued by the Senior Management, both in cash and shares of the Parent Company's Shareholder, as well as the deferred variable remuneration (cash and shares) to be received in three years.

(1). During the 2018 financial year, no civil liability insurance premiums were paid for the Directors for damages caused by actions or omissions.(2) It includes the remuneration paid to the individuals who represent the Parent Company in the management body of other entities.

During the 2018 financial year, two people joined the Parent Company's Board of Directors and one person left. Moreover, with effect from 1 January 2019, the Parent Company's Managing Director, Mr Francisco Javier Valle T-Figueras, became a member of that Company's Board of Directors. It included 9 Senior Management positions at 31 December 2018.

The Parent Company did not grant any loans or advances or take out insurance policies in favour of the members of its Board of Directors.

Article 229.3 of the Capital Companies Act, amended by Law 31/2014, of 3

December, which amends the Capital Companies Act to improve corporate governance, in force since 24 December last year, introduces, among other duties for the directors, the duty to notify the Parent Company's Board of Directors if any of the Directors or the people related to them has a conflict of interests with the Group, direct or indirect.

## REPORT

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### For these purposes, the members of the Parent Company's Board of Directors

reported the following information as of 31 December 2019:

| Board Member                       | Subject                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gortázar Rotaeche, Gonzalo         | _                                                                                                                                                                                                                                                                                                                                         |
| Muniesa Arantegui, Tomás           | Abstention from discussing and voting on the agreement regarding the drawing up of the Suitability Assessment Report in relation to his re-election as a member of VidaCaixa's Board of Directors.                                                                                                                                        |
| Allende Fernández, Víctor Manuel   | _                                                                                                                                                                                                                                                                                                                                         |
| Capella Pifarré, Natividad Pilar   | -                                                                                                                                                                                                                                                                                                                                         |
| Deulofeu Xicoira, Jordi            | -                                                                                                                                                                                                                                                                                                                                         |
| Guàrdia Canela, Josep Delfí        | -                                                                                                                                                                                                                                                                                                                                         |
| Ibarz Alegría, Javier              | -                                                                                                                                                                                                                                                                                                                                         |
| Leal Villalba, José María          | -                                                                                                                                                                                                                                                                                                                                         |
| Rosell Lastortras, Juan            | -                                                                                                                                                                                                                                                                                                                                         |
| Villaseca Marco, Rafael            | Abstention from discussing and voting on the agreement regarding his appointment as a member of VidaCaixa's<br>Appointments and Remuneration Committee.<br>Abstention from discussing and voting on the agreement regarding his appointment as Chairman of VidaCaixa's<br>Appointments and Remuneration Committee.                        |
| Jiménez Baena, Paloma              | Abstention from discussing and voting on the agreement regarding her appointment as Chair of VidaCaixa's Audit and Control Committee.                                                                                                                                                                                                     |
| Valle T-Figueras, Francisco Javier | Abstention from discussing and voting on the agreement regarding the variable remuneration of the Director-Managing<br>Director corresponding to the 2018 financial year.<br>Abstention from discussing and voting on the agreement regarding the targets for the Director-Managing Director<br>corresponding to the 2019 financial year. |
| García-Valdecasas Serra, Francisco | -                                                                                                                                                                                                                                                                                                                                         |
| Pescador Castrillo, María Dolores  | _                                                                                                                                                                                                                                                                                                                                         |

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

Likewise, the Directors who have been Directors at any point during the financial year but who are no longer Directors on the date of drawing up these consolidated annual accounts, have not reported to the Group any conflict, direct or indirect, that they or people related to them could have had with the interests of the Group, in compliance with good governance practices and in order to strengthen the Group's transparency.

#### **Prohibition of competition**

In particular, article 229.1.f) of the Capital Companies Act establishes that the members of the Board of Directors must refrain from performing activities on their own behalf or on behalf of others that involve effective competition, whether current or potential, with the company or that in any other way put them in a permanent position of having a conflict of interest with the company. Moreover, article 230 of the Capital Companies Act allows directors to be exempt from this prohibition in the event that it is not expected to harm the company, or that any harm expected is offset by the profits obtained from the exemption. The exemption must be granted by express and separate agreement of the General Meeting.

In relation to the foregoing, the director Ms María Dolores Pescador Castrillo was appointed by the General Shareholders' Meeting on 16 July 2019 to the position of independent director. Ms Pescador has been an independent director of Admiral Europe Compañía de Seguros ("AECS") since 2018, a company specialising in the non-life insurance branch, mainly motor insurance. It is an area that does not compete directly with VidaCaixa's main business, which operates in the life insurance branch and, in a secondary and residual manner, in the field of accident and illness. It cannot therefore currently be considered that Ms Pescador's performing of duties and functions within AECS represents an activity that involves effective competition with VidaCaixa. However, to the extent that the non-life insurance activity of Grupo CaixaBank is performed through the stake that VidaCaixa holds in SegurCaixa Adeslas, it has been considered appropriate to regulate this situation.

Ms Pescador joining the Company's Board of Directors is not expected to cause any harm to VidaCaixa, but rather to bring significant advantages derived from her extensive experience and qualifications in the insurance sector, and more specifically in matters of financial and actuarial analysis, among others, for the purposes of the provisions of article 230 of the Capital Companies Act. This is even in the event that the existence of potential competition could be identified. As a result, the General Shareholders' Meeting of 16 July 2019 agreed to exempt Ms María Dolores Pescador Castrillo from the non-competition obligation established in article 229.1.f) of the Capital Companies Act, allowing her, within the framework of the exemption, to perform duties and functions at Admiral Europe Compañía de Seguros, as well as at companies directly or indirectly owned by AECS that derive from the participation or from her performance of duties and functions in AECS.

#### c) Related party transactions

In accordance with that established in Order EHA-3050-2004, of 15 September, it is stated that, regardless of the remuneration received, during the financial year there have been no related party transactions with managers or directors, or equivalents for these purposes, except those that, belonging to the ordinary business of the company, have been carried out under normal market conditions and are of little relevance.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

#### d) Fees for auditors

During the 2019 and 2018 financial years, the fees relating to the account auditing services and other services charged by the auditor of the Group's consolidated annual accounts, PricewaterhouseCoopers Auditores, S.L. (PwC), and by companies belonging to the PwC network, as well as the fees for services billed by the auditors of individual annual accounts of the companies included in the consolidation, were as follows (excl. VAT):

2019 Financial Year

| Thousands of euros |                         |                                |                   |  |  |  |  |
|--------------------|-------------------------|--------------------------------|-------------------|--|--|--|--|
| Categories         | Accounts<br>Auditor (*) | Other Verification<br>Services | Other<br>Services |  |  |  |  |
| PwC                | 395                     | 227                            | -                 |  |  |  |  |
| Total              | 395                     | 227                            | -                 |  |  |  |  |

(\*) Includes limited quarterly reviews.

#### 2018 Financial Year

| Thousands of euros |                         |                                |                   |  |  |  |  |
|--------------------|-------------------------|--------------------------------|-------------------|--|--|--|--|
| Categories         | Accounts<br>Auditor (*) | Other Verification<br>Services | Other<br>Services |  |  |  |  |
| PwC                | 392                     | 240                            | 9                 |  |  |  |  |
| Total              | 392                     | 240                            | 9                 |  |  |  |  |

(\*) Includes limited quarterly reviews.

#### e) Communication with Regulatory Bodies

On 7 November 2017, the General Directorate of Insurance and Pensions informed the Parent Company of the start of an ongoing review of it. During the financial year, it has responded to the requests made by the Regulatory Body, providing the requested information.

On 20 April 2018, the Regulatory Body also started an inspection proceeding to verify market behaviour in insurance-based investment products. All requested information about this has been provided and on 13 February 2019 it received the Regulatory Body's report, which did not lead to material impacts on the consolidated financial statements. On 24 July 2019, it received a resolution from the Regulatory Body. On 5 December 2019, the Parent Company sent a comprehensive report of the actions taken or planned to remedy the defects indicated in the resolution. This procedure is pending resolution by the Supervisory Body.

On 8 February 2019, the Regulatory Body started an inspection proceeding to analyse the movements of consolidated rights over the funds managed by the Parent Company. On 6 June 2019, the report was sent by the Regulatory Body, with the Parent Company submitting its comments in response to this on 27 June 2019. On 27 November 2019, a new request for additional information was received in view of VidaCaixa's comments, the aim being to verify the implementation of the communicated improvements. This new request for additional information was answered on 24 December 2019. The General Directorate of Insurance and Pensions is reviewing this documentation and has not communicated any conclusions or new requests.

# REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2019

On 19 January 2017, the General Directorate of Insurance and Pensions informed VidaCaixa, S.A.U. de Seguros y Reaseguros of the start of a verification proceeding on the quality of the data in the group's internal model of mortality and longevity risks, by virtue of the provisions of article 113.1.d) of Law 20/2015, of 14 July, on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies. This proceeding is currently ongoing and all the requested information has been supplied.

On 25 October 2017, the Parent Company received notification of the Inspection Order whose objective was to perform verifications in relation to the employment pension plan of CaixaBank, S.A. On 2 April 2019, a report was issued and on 7 May 2019, comments were submitted in defence of the interests of the Parent Company. New additional information requests have been received during the 2019 financial year, which were answered by the Parent Company on 30 October 2019 and 24 December 2019 respectively. The General Directorate of Insurance and Pensions is reviewing this documentation and has not communicated any conclusions or new requests.

On 18 September 2019, a notification was received from the Supervisory Body, through which a Financial Supervision Proceeding was started in relation to information on fees and expenses. On 16 December 2019, VidaCaixa was notified of the conclusions of the proceeding, with the Regulatory Body highlighting some improvements with no material impact on the consolidated annual accounts of the Parent Company.

The Directors of the Parent Company do not expect any significant aspects to emerge from these reviews that could affect the annual accounts, the aforementioned Fund or the Parent Company.

#### 22. SUBSEQUENT EVENTS

The spread of COVID-19 globally has caused an unprecedented health crisis to date. This event significantly affects economic activity and consequently could affect the financial position of Grupo VidaCaixa, as well as the future profitability of the pension funds and benefit plans it manages. The scale of the impact will depend on future developments that cannot be reliably predicted, including actions taken to contain or treat the virus and to mitigate its impact on the economies of the countries affected, or the social and economic support policies being implemented by the governments of the countries affected, among others. Grupo VidaCaixa, in the framework of its belonging to Grupo CaixaBank, has the business continuity measures necessary to handle crisis situations.

In the period elapsed after 31 December 2019 and up to the date of drawing up these annual accounts, there have been no other significant events within the Group that require a specific mention or that have a significant effect on the consolidated annual accounts, except that mentioned above.

ANNEX I

### LIST OF SUBSIDIARIES AND ASSOCIATES AS OF 31.12.2019 (thousands of euros)

|                                                                   |                                             |                                                              | % Ho    | olding   | Summarise  | d financial infor | nation     |
|-------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------|---------|----------|------------|-------------------|------------|
| Company name                                                      | Address                                     | Business activity                                            | Direct  | Indirect | Equity     | Profit and loss   | Book Value |
| GROUP COMPANIES:                                                  |                                             |                                                              |         |          |            |                   |            |
| VIDACAIXA MEDIACION, SOCIEDAD DE<br>AGENCIA DE SEGUROS VINCULADOS | P.º Recoletos 37,<br>3ª.Madrid              | Private insurance agent as related insurance agency company. | 100.00% | -        | 5,280      | 298               | 3,277      |
| BPI VIDA Y PENSIONES                                              | Rua Braamcamp,<br>11- 6º 1250-049<br>LISBOA | Insurance company                                            | 100.00% | -        | 140,713    | 4,373             | 135,104    |
| GEROCAIXA PYME EPSV DE EMPLEO                                     | Gran Vía López de<br>Haro, 38. Bilbao       | Voluntary Workplace<br>Retirement Savings<br>Provider.       | 100.00% | -        | 37,447     | 2,790             | 75         |
| GEROCAIXA EPSV INDIVIDUAL                                         | Gran Vía López de<br>Haro, 38. Bilbao       | Voluntary Individual<br>Retirement Savings<br>Provider.      | 100.00% | -        | 785,145    | 63,801            | 550        |
| GEROCAIXA PRIVADA PENSIONES<br>EPSV ASOCIADA                      | Gran Vía López de<br>Haro, 38. Bilbao       | Voluntary Association<br>Retirement Savings<br>Provider.     | 100.00% | _        | 1,306      | 93                | 50         |
| CAIXABANK                                                         | Pintor Sorolla,<br>2-4, Valencia            | Banking                                                      | 0.00%   | -        | 22,054,397 | 2,073,521         | 35         |

# ANNEX I

### LIST OF SUBSIDIARIES AND ASSOCIATES AS OF 31.12.2019 (thousands of euros)

|                                           |                                                |                     | % H    | olding   | Summaris | ed financial inform | nation     |
|-------------------------------------------|------------------------------------------------|---------------------|--------|----------|----------|---------------------|------------|
| Company name                              | Address                                        | Business activity   | Direct | Indirect | Equity   | Profit and loss     | Book Value |
| ASSOCIATED COMPANIES:                     |                                                |                     |        |          |          |                     |            |
| SEGURCAIXA ADESLAS                        | Paseo de la Caste-<br>llana 259-C de<br>Madrid | Insurance company   | 49.92% | -        | 702,910  | 312,439             | 775,287    |
| ADESLAS DENTAL                            | Joaquín Costa, 35-<br>28002 Madrid             | Dental              | -      | 49.92%   | 73,094   | 12,871              | -          |
| ADESLAS SALUD                             | Paseo de la<br>Castellana 259-C<br>Madrid      | Clinic              | -      | 49.92%   | 2,856    | 1,319               | -          |
| GENERAL DE INVERSIONES<br>ALAVESAS        | Plaza América,<br>4-01005 Vitoria              | Estate Agent        | -      | 49.92%   | 1,261    | (10)                | -          |
| AGENCAIXA                                 | Paseo de la Caste-<br>llana 259-C de<br>Madrid | Insurance broker    | -      | 49.92%   | 11,567   | 2,128               | -          |
| GRUPO IQUIMESA                            | Plaza América,<br>4-01005 Vitoria              | Agent               | -      | 49.92%   | 87,921   | 9,372               | -          |
| SANATORIO MEDICO QUIRURGICO<br>CRISTO REY | Paseo de la Esta-<br>ción, 40 - 23008<br>Jaén  | Sanatorium          | -      | 20.56%   | 3,972    | (146)               | -          |
| GRUPO CLINICA VICENTE SAN<br>SEBASTIAN    | c/ Ballets Olaeta,<br>4 – Bilbao               | Hospital activities | -      | 10.84%   | 31,985   | (727)               | -          |

# ANNEX I

### LIST OF SUBSIDIARIES AND ASSOCIATES AS OF 31.12.2019 (thousands of euros)

|                               |                                                          |                          | % H    | olding   | Summaris | ed financial inform | nation     |
|-------------------------------|----------------------------------------------------------|--------------------------|--------|----------|----------|---------------------|------------|
| Company name                  | Address                                                  | <b>Business activity</b> | Direct | Indirect | Equity   | Profit and loss     | Book Value |
| ASSOCIATED COMPANIES:         |                                                          |                          |        |          |          |                     |            |
| GRUPO IMQ                     | Cl. Máximo<br>Aguirre, 18 bis -<br>48011 Bilbao          | Insurance company        | _      | 22.46%   | 110,383  | 27,376              | -          |
| GRUPO IMQ ASTURIAS            | CL CABRALES, 72-<br>bajo y 1º-33201-<br>Gijon (Asturias) | Insurance company        | -      | 22.42%   | 29,603   | 1,821               | -          |
| SOCIEDAD INMOBILIARIA DEL IMQ | Cl. Máximo<br>Aguirre, 18 bis -<br>48011 Bilbao          | Estate Agent             | _      | 9.97%    | 21,608   | 385                 | -          |

ANNEX II

### MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2019 FINANCIAL YEAR

|                                                       | Goodwill Thousands of euros<br>Other intangible fixed assets |                    |                                                                                                |                                      |                                |       |                       |             |                      |                          |                                                                                                        |                             |                                     |
|-------------------------------------------------------|--------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------|-------|-----------------------|-------------|----------------------|--------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------|
|                                                       | Consolidated<br>goodwill                                     | Merger<br>goodwill | Economic<br>rights<br>derived from<br>the portfolio<br>of policies<br>acquired<br>from brokers | Consolidated<br>intangible<br>assets | Merger<br>intangible<br>assets | Brand | Customer<br>portfolio | Concessions | Computer<br>software | Pension fund<br>expenses | Other<br>expenses<br>from the<br>acquisition<br>of pension<br>funds and life<br>insurance<br>contracts | Rights of use<br>for leases | Total<br>intangible<br>fixed assets |
| Cost at 31 December 2018                              | -                                                            | 583,577            | -                                                                                              | 15,306                               | 216,241                        | -     | -                     | 1,220       | 32,023               | -                        | 312,877                                                                                                | -                           | 1,161,244                           |
| Cumulative amortisation at 31<br>December 2018        | -                                                            | -                  | -                                                                                              | (2,679)                              | (160,600)                      | -     | -                     | (206)       | (5,712)              | -                        | (251,164)                                                                                              | -                           | (420,361)                           |
| Net book value at<br>December 2018                    | -                                                            | 583,577            | -                                                                                              | 12,627                               | 55,641                         | -     | -                     | 1,014       | 26,312               | -                        | 61,713                                                                                                 | -                           | 740,884                             |
| Additions                                             | -                                                            | -                  | -                                                                                              | -                                    | 319                            | -     | -                     | -           | 25,899               | -                        | 33,922                                                                                                 | 4,064                       | 64,204                              |
| Changes in the consolidation method (cost)            | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Withdrawals                                           | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | (60)                 | -                        | -                                                                                                      | -                           | (60)                                |
| Reclassifications and transfers                       | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Amortisation for the financial year                   | -                                                            | -                  | -                                                                                              | (2,821)                              | (12,606)                       | -     | -                     | (25)        | (4,035)              | -                        | (26,884)                                                                                               | (679)                       | (47,050)                            |
| Changes in the consolidation method<br>(amortisation) | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Withdrawals in amortisation                           | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Reclassifications                                     | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Impairment losses/applications                        | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -                    | -                        | -                                                                                                      | -                           | -                                   |
| Cost at 31 December 2019                              | -                                                            | 583,577            | -                                                                                              | 15,306                               | 216,560                        | -     | -                     | 1,220       | 57,862               | -                        | 346,799                                                                                                | 4,064                       | 1,225,388                           |
| Cumulative amortisation at 31<br>December 2019        | -                                                            | -                  | -                                                                                              | (5,500)                              | (173,206)                      | -     | -                     | (231)       | (9,747)              | -                        | (278,048)                                                                                              | (679)                       | (467,411)                           |
| Net book value at 31 December 2019                    | -                                                            | 583,577            | -                                                                                              | 9,806                                | 43,354                         | -     | -                     | 989         | 48.115               | -                        | 68,751                                                                                                 | 3,385                       | 757,977                             |

ANNEX III

### MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2018 FINANCIAL YEAR

|                                                    | Thousands of euros<br>Goodwill Other intangible fixed assets |                    |                                                                                                |                                      |                                |       |                       |             |         |                          |                                                                          |                                                                                                     |           |
|----------------------------------------------------|--------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------|-------|-----------------------|-------------|---------|--------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------|
|                                                    | Consolidated<br>goodwill                                     | Merger<br>goodwill | Economic<br>rights<br>derived from<br>the portfolio<br>of policies<br>acquired<br>from brokers | Consolidated<br>intangible<br>assets | Merger<br>intangible<br>assets | Brand | Customer<br>portfolio | Concessions |         | Pension fund<br>expenses | Expenses<br>from<br>marketing<br>other non-life<br>insurance<br>policies | Other<br>expenses from<br>the acquisition<br>of pension<br>funds and life<br>insurance<br>contracts |           |
| Cost at 31 December 2017                           | -                                                            | 583,577            | -                                                                                              | 15,306                               | 216,241                        | -     | -                     | 1,085       | 21,828  | -                        | -                                                                        | 284,739                                                                                             | 1,122,776 |
| Cumulative amortisation at 31 December 2017        | -                                                            | -                  | -                                                                                              | -                                    | (148,002)                      | -     | -                     | (182)       | (2,845) | -                        | -                                                                        | (224,105)                                                                                           | (375,134) |
| Net Book Value at 31<br>December 2017              | -                                                            | 583,577            | -                                                                                              | 15,306                               | 68,239                         | -     | -                     | 903         | 18,983  | -                        | -                                                                        | 60,634                                                                                              | 747,642   |
| Additions                                          | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | 16,874  | -                        | -                                                                        | 28,138                                                                                              | 45,012    |
| Changes in the consolidation method (cost)         | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -       | -                        | -                                                                        | -                                                                                                   | -         |
| Withdrawals                                        | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | (6,679) | -                        | -                                                                        | -                                                                                                   | (6,679)   |
| Reclassifications and transfers                    | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -       | -                        | -                                                                        | -                                                                                                   | -         |
| Amortisation for the financial year                | -                                                            | -                  | -                                                                                              | (2,679)                              | (12,598)                       | -     | -                     | (24)        | (4,287) | -                        | -                                                                        | (27,059)                                                                                            | (46,647)  |
| Changes in the consolidation method (amortisation) | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -       | -                        | -                                                                        | -                                                                                                   | -         |
| Withdrawals in amortisation                        | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | 1,420   | -                        | -                                                                        | -                                                                                                   | 1,420     |
| Reclassifications                                  | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | -           | -       | -                        | -                                                                        | -                                                                                                   | -         |
| Impairment losses/applications                     | -                                                            | -                  | -                                                                                              | -                                    | -                              | -     | -                     | 135         | -       | -                        | -                                                                        | -                                                                                                   | 135       |
| Cost at 31 December 2018                           | -                                                            | 583,577            | -                                                                                              | 15,306                               | 216,241                        | -     | -                     | 1,220       | 32,023  | -                        | -                                                                        | 312,877                                                                                             | 1,161,244 |
| Cumulative amortisation at 31 December 2018        | -                                                            | -                  | -                                                                                              | (2,679)                              | (160,600)                      | -     | -                     | (206)       | (5,712) | -                        | -                                                                        | (251,164)                                                                                           | (420,361) |
| Net Book Value at 31<br>December 2018              | -                                                            | 583,577            | -                                                                                              | 12,627                               | 55,641                         | -     | -                     | 1,014       | 26,311  | -                        | -                                                                        | 61,713                                                                                              | 740,883   |

#### MANAGEMENT REPORT

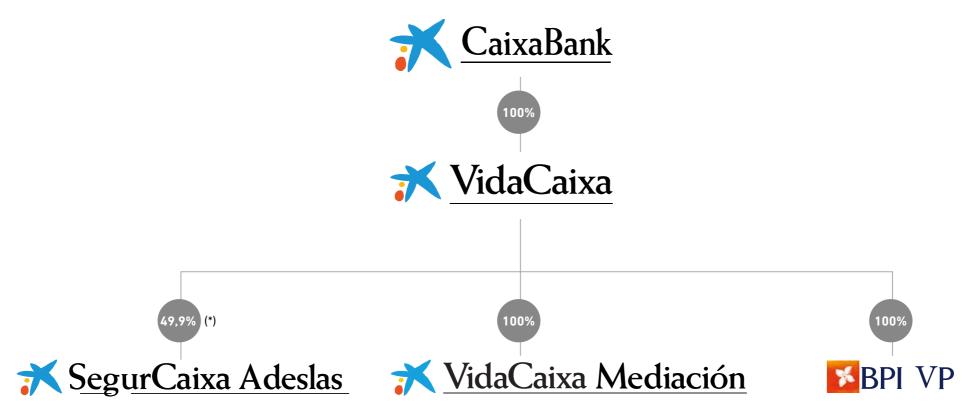
VidaCaixa, belonging to the "CaixaBank" Insurance Group, is the company that handles the life insurance business and manages pension funds for private customers, SMEs and the self-employed, and large companies and groups.

A purchase agreement was completed on 23 November 2017, through which VidaCaixa acquired all of the shares in the company BPI Vida for €135 million. The effective acquisition date was 29 December 2017, when all the conditions precedent stipulated in the aforementioned agreement were met.

As of 31 December 2019, the Group has the following structure:

In the 2019 financial year, Grupo VidaCaixa earned a consolidated profit of €795 million, with a 19.9% increase compared to the previous financial year due to the excellent performance in all the businesses in which it operates.

In total, the Group's volume of premiums and contributions has performed well, selling €12,060 million in life insurance policies and pension plans.



(\*) There is 0.08% held by minority shareholders

### MANAGEMENT REPORT

|                            |                                                       | CONTRIBUTIONS AND MAN | AGED FUNDS |            |
|----------------------------|-------------------------------------------------------|-----------------------|------------|------------|
|                            | In millions of euros                                  | 4Q 2018               | 4Q 2019    | Var. 19/18 |
| IJS                        | Life-Risk and Accidents                               | 1,001.3               | 967,9      | -3,3%      |
| ibutio                     | Risk (Individual + Company) Sub-total                 | 1,001.3               | 967,9      | -3,3%      |
| Contr                      | Life-Savings Insurance                                | 7,815.3               | 8,719.0    | 11.6%      |
| Premiums and Contributions | Pension Plans                                         | 1,981.8               | 2,373.4    | 19.8%      |
| mium                       | Savings (Individual + Company) Sub-total              | 9,797.0               | 11,092.4   | 13.2%      |
| Pre                        | Total Risk and Savings (Individual + Company)         | 10,798.3              | 12,060.3   | 11.7%      |
| -                          | Life Insurance                                        | 54,612.2              | 59,307.5   | 8.6%       |
| Managed<br>Funds           | Pension Plans and EPSV                                | 29,383.8              | 33,703.3   | 14.7%      |
| Σ                          | Total Customer Funds Managed (Individual + Company)   | 83,996.0              | 93,010.8   | 10.7%      |
|                            | Consolidated Net Profit/(Loss) of the VidaCaixa Grupo | 662.7                 | 794.8      | 19.9%      |

In 2019, the Group managed a volume of resources totalling €93,011 million, a figure that has grown by 10.7% compared to the previous year. Of this figure, €33,703 million corresponds to pension plans and Voluntary Retirement Savings Providers (EPSVs to use the Spanish name), with a 14.7% increase.

The rest, €59,308 million, corresponds to life insurance policies, with an 8.6% increase compared to the same period in the previous year.

The market share of VidaCaixa (Parent Company of the Group) in terms of total life insurance premiums has risen from 28.4% in December 2018 to 31.1% in 2019. This market share reflects the leading position of the Group in the sector, remaining the largest insurance company in the country.

In total, the insurance group has 5.2 million customers who are mainly individuals, in addition to a large part of the business sector that includes over

#### MANAGEMENT REPORT

one million large companies and collectives, and over 300,000 SMEs and selfemployed customers. Moreover, VidaCaixa had a workforce of 646 employees at the end of the financial year.

The Group complies with the Order of the Ministry of Justice dated 8 October 2001 regarding environmental information and the directors have made a declaration that there is no item that should be included in the document apart from environmental information. In parallel, as part of its Corporate Responsibility strategy, the Company carries out various projects aimed at reducing waste generated and energy consumption. In line with its environmental commitment, the Parent Company forms part of "Climate Action 100+", an initiative promoted by the PRI that seeks to halt climate change and promote the transition to clean energy.

With regard to the management of the Group's investments, this is performed on the basis of the principles of consistency, profitability, security, liquidity and dispersion. In turn, the main financial risks for the assets are considered to be:

<u>Market Risk:</u> understood as the risk of incurring losses due to maintaining positions in the markets as a consequence of adverse movements in financial variables such as interest rates, exchange rates, share prices, commodities, etc.

<u>Credit Risk</u>: this being the risk of incurring losses due to a breach in contractual payment obligations by a debtor or the growth of the risk premium linked to its financial solvency.

<u>Liquidity Risk:</u> assumed in the positioning of the different assets, having the option to sell or mobilise the asset positions at any time.

All of the Group's liquidity needs are taken into account when implementing the investment policy, as they are a fundamental parameter in its management. This analysis is supplemented and optimised by the centralisation of the liquidity balances of the Group's different areas.

The Group's credit management is determined by internal compliance with an action framework. This action framework is included within the perimeter of global application and consistent at the level of the "CaixaBank" Group. It defines the category of assets that can be incorporated into the investment portfolio using solvency, liquidity and geographic exposure parameters.

The management of investments is mostly implemented through spot investments in the different types of assets in the financial markets. However, the Group may use different categories of financial derivatives for the following purposes:

- To ensure adequate coverage of the risks assumed in full or in part in the portfolio of assets owned by the Group.
- As an investment to adequately manage the portfolio.
- In the framework of management aimed at obtaining a certain profitability.

Management of the Group's financial derivatives includes the use of counterparties that, being financial institutions subject to supervision by the supervisory bodies of the Member States of the Economic European Union, have sufficient solvency. Contractually, the positions have an explicit guarantee in relation to being able to cancel the transaction at any time, either through its settlement or its assignment to third parties. This settlement is guaranteed by a

#### MANAGEMENT REPORT

commitment by the counterparties to publish daily strike prices as well as a clear specification of the valuation method used.

The use of derivatives mostly involves financial swaps in order to adapt the investment portfolio flows to the needs derived from its commitments to the insured parties, which arise from the insurance contracts.

The Group's risk control is based on investment managers implementing the guidelines and strategies set by the Group's governing bodies, and is supplemented with a clear segregation of the investment administration, control and management functions. The internal audit unit is also responsible for reviewing and ensuring compliance with the control procedures and systems.

The Parent Company has achieved United Nations recognition with the highest responsible investment rating (A+).

For more than 15 years, the Group has incorporated environmental, social and governance (ESG) factors into its investment decisions to better manage the risks and generate long-term sustainable returns. Currently, 100% of assets are analysed under these criteria to guarantee the sustainability of the assets it manages.

In addition to supervising all its investments using this perspective in real time, as a pension fund manager the Parent Company seeks to positively influence the companies in which it invests, engaging with them and undertaking collective actions to support the fight against climate change and promote greater transparency and an improvement in the equality shown in them, thereby enhancing its commitment to sustainable development. VidaCaixa has voted in more than 325 General Shareholders' Meeting throughout the year, positioning itself in favour of implementing improvements in the management and disclosure of ESG aspects. The Company's increasingly active management through responsible investment has led to excellent results.

Finally, within the scope of the risks faced by the Group, there is also operational risk. All risks are controlled and managed through the Group's internal control systems.

In relation to non-financial information and diversity, it has taken into account Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts. The non-financial information corresponding to the Group is included in the Grupo CaixaBank Consolidated Management Report which is available in the Grupo CaixaBank Consolidated Annual Accounts for the financial year ended on 31 December 2019, and which will be filed with the Mercantile Registry of Valencia.

During the current financial year, the Parent Company has not held any treasury shares. All of the Parent Company's shares are owned by the Sole Shareholder, CaixaBank, S.A.

In addition, during the 2019 financial year the Parent Company has reduced the number of shares in CaixaBank, S.A. to 7,352 shares amounting to €26,000. As of 31 December 2019, the Company owns 12,103 shares in CaixaBank, S.A., whose amount totals €35,000 and whose acquisition is intended to remunerate the Company's Senior Management.

Regarding research and development, it is worth noting that the Group is continuing with its digital transformation process, which has become one of

#### MANAGEMENT REPORT

its main challenges. The aim is for this transformation to cover everything from beginning to save money to the definition of retirement targets and their monitoring. Thanks to digitalisation, the Group's customers can have access to channels that facilitate or promote saving.

As indicated in Note 4 of the attached report, the regulations related to Solvency II entered into force on 1 January 2016. This note contains an explanation of all the work carried out by the Group to comply with the aforementioned regulations.

The Group's average period for payment to suppliers in the 2019 financial year was 6.12 days.

In the future, the Group plans to continue with its current strategy of providing coverage for the benefit and savings needs of families, through life-risk insurance policies, life-saving insurance policies and pension plans, included in Grupo VidaCaixa's product range, as well as continuing to develop the offer in the area of saving for retirement. The Group will also retain its spirit of continuous improvement in the quality of the service provided which has been one of its hallmarks since the beginning, and it hopes to increase its levels of sales activity by entering new segments and new customer markets through the Group's different distribution channels.

The spread of COVID-19 globally has caused an unprecedented health crisis to date. This event significantly affects economic activity and consequently could affect the financial position of Grupo VidaCaixa, as well as the future profitability of the pension funds and benefit plans it manages. The scale of the impact will depend on future developments that cannot be reliably predicted, including actions taken to contain or treat the virus and mitigate its impact on the economies of the countries affected, or the social and economic support policies being implemented by the governments of the countries affected, among others. Grupo VidaCaixa, in the framework of its belonging to Grupo CaixaBank, has the business continuity measures necessary to handle crisis situations.

Since the end of the financial year on 31 December 2019 until the date of drawing up this management report, there have been no subsequent events of special relevance other than those contained in Note 22 of the attached report.

#### MANAGEMENT REPORT

During the 2019 financial year, three people joined the Parent Company's Board of Directors and three people left. The composition on the date of drawing up these consolidated annual accounts is as follows:

| Chairman:                      | Gonzalo Gortázar Rotaeche         |
|--------------------------------|-----------------------------------|
| Vice Chairman:                 | Tomás Muniesa Arantegui           |
| Directors:                     | Rafael Villaseca Marco            |
|                                | Víctor Manuel Allende Fernández   |
|                                | Josep Delfí Guàrdia Canela        |
|                                | Javier Ibarz Alegría              |
|                                | Natividad Pilar Capella Pifarré   |
|                                | José María Leal Villalba          |
|                                | Jordi Deulofeu Xicoira            |
|                                | Paloma Jiménez Baena              |
|                                | Juan Rosell Lastortras            |
|                                | Francisco García-Valdecasas Serra |
|                                | María Dolores Pescador Castrillo  |
| Managing Director (director):  | Francisco Javier Valle T-Figueras |
| Secretary (non-director):      | Óscar Figueres Fortuna            |
| Vice-secretary (non-director): | Pablo Pernía Martín               |