VidaCaixa

2020

CONSOLIDATED ANNUAL ACCOUNTS

VIDACAIXA, S.A.U. DE SEGUROS Y REASEGUROS Y SOCIEDADES DEPENDIENTES

INDEX

INDEPENDENT AUDIT REPORT

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the Sole Shareholder of Vida-Caixa, S.A.U. de Seguros y Reaseguros:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Vida-Caixa, S.A.U. de Seguros y Reaseguros (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated annual accounts section of our report.

We are independent from the Group in accordance with the ethical requirements, including those relating to independence, which are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Key audit matters

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

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Key audit matter	How our audit addressed the key audit matter
Valuation of technical provisions for life insurance The Group develops the life insurance business by selling protection, savings and unit-linked products. The Group books the technical provisions related to these contracts in accordance with regulatory legislation applicable in Spain, where, in some cases, elements of certain judgment and estimates by the Management of the Group and subsidiaries are incorporated, to reflect the unearned amounts from the premiums written, the mathematical reserve and the reserve for claims. In relation to protection products, the estimated cost of the claims outstanding and the claims incurred but not reported, as of the date of presentation of the consolidated annual accounts as of December 31, 2020, is included. In addition, the Group recognizes liabilities for the internal expenses necessary to settle outstanding claims, as well as an unearned premiums reserve and a reserve for premium deficiencies, if necessary. In the case of savings products, the Group calculates the mathematical provision through complex actuarial techniques based on hypotheses such as the technical interest rate, the expenses hypothesis or the mortality tables according to the applicable regulations. Specifically, the Group calculates the reserve of a significant part of its savings portfolio according with the article 33.2 sections a and b, not repealed, of the Private Insurance Regulation and Supervision Regulation (ROSSP). For more information about technical provisions for life insurance contracts, see Note 15 of the consolidated annual accounts for the 2020-year end.	We have gained an understanding of the process of estimating and recording liabilities for life insurance contracts, which has included an evaluation of the design and effectiveness of internal control related to this area including the controls of the main key information systems. Our procedures have focused on aspects such as: • Understanding of the calculations methodology for calculating life insurance reserves according with the nature of the products and the reserve for claims, as well as their application in a consistent manner with respect to the prior financial year. • Verifying the adequate accounting record of the reserves for insurance contracts, as well as their variations during the period. • Performing tests in detail on the consistency of information on reserves established at the end of the period and payments made during the period. Regarding, specifically, the mathematical reserve, we have performed additional procedures, carried out with our actuarial specialists, in relation to: • Analysis of the integrity and reconciliation of the data of the technical-actuarial calculations. • Veryfing the application of biometric hypotheses appropriate to the applicable regulations (Article 34, not repealed, of the Private Insurance Regulation) and, in particular, the longevity hypotheses regarding the internal model of experience approved by the regulator the regulator and in accordance with its latest pronouncements on biometric assumptions, for a product sample. Regarding the Partial Internal Longevity and Mortality Model, a study of the validation parameters was carried out by the CaixaBank modeling team.

Key audit matter	How our audit addressed the key audit matter
	• Analysis of the sufficiency of real expenses according to article 35, not repealed, of the Regulations for the Regulation and Supervision of Private Insurance. • Analysis of the compliance of the specific regulation regarding interest rates to be applied in the calculation of the mathematical reserve, including an analysis of the liabilities cash flows considered in the cashflow maturity portfolio for a selected sample. • Actuarial recalculation of the mathematical reserve for a policy selection according to sampling procedures. • Analysis of the liability adequacy test. On the other hand, regarding specifically the reserve for claims, we have performed additional complementary procedures in relation to: • Analysis of the sufficiency of reserves for outstanding and incurred but not reported claims reserves by a review of a sample of files and the analysis of the adequacy of the reserve established in the previous year. • Analysis of the adequacy of the incurred but not reported reserve at the end of the period based on independent actuarial reprojections. Regarding specifically to protection products, we have performed the following audit procedures: • Analysis of the calculation basis and the unearned premiums provision calculation for a selected sample of protection products. • Analysis, where appropriate, the need to book a reserve for premium deficiencies based on the stipulations of Article 31, not repealed, of the Regulations for the Regulation and Supervision of Private Insurance and additional legislation.

Key audit matter	How our audit addressed the key audit matter
	Analysis of information regarding the valuation of technical provisions for life insurance contracts included in the consolidated annual accounts. As a result of the procedures described above, no relevant aspect to highlight has been revealed.
Valuation of Financial Investments without an active market booked at fair value Although most of the financial assets of the investment portfolio are quoted in active markets where liquid prices are obtained from market sources, the Group's financial investment portfolio includes certain structured financial assets that do not have an active market, mainly used for the immunization of long-term saving insurance liabilities. Given that these financial assets do not have an active market, their valuation is performed by the Parent Company through valuation methodologies that incorporate certain judgment and estimates by the Management or by the related counterparty. The instruments that are valued on the basis of models and assumptions that are not observable by third parties are included in Note 6 of the accompanying consolidated financial statements for the year 2020.	In the case of the valuation of illiquid investments where prices are not available in an active market, we have gained an understanding of the valuation process of this type of assets. Additionally, we have proceeded to evaluate the control environment of this area in terms of its design and its effectiveness. The audit tests included the completion of the following procedures carried out with the participation of specialists in valuation of financial assets: • Reconciliation of the accounting records with the underlying information of these assets. • Evaluation of the methodology and assumptions used in the valuation models, in particular, interest rate curves and discounted cash flows, as well as obtaining the market value calculated, as the case may be, by the related counterparts. • Analysis of the market value of a sample of assets recorded at fair value. Analysis of information regarding the valuation of financial investments without an active market recorded at fair value, included in the consolidated annual accounts. As a result of the procedures described above, no relevant aspect to highlight has been revealed.

Key audit matter	How our audit addressed the key audit matter
Valuation of the ownership interest in Segurcaixa Adeslas, S.A. de Seguros y Reaseguros, S.A. The Parent company holds a 49.92% stake in the share capital of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, an entity not listed on regulated markets whose activity is the commercialization of non-life insurance products. The Parent company performs annually the corresponding impairment test applying market hypotheses in order to verify that the recoverable value of the asset is not in an amount lower than its book value. This analysis requires judgments and estimates from the Management, such as business growth, margins or the discount rate to be used. As of December 31, 2020, the Company's management has considered in its assessment the current economic and business environment resulting from the COVID-19 situation, the market conditions and the existing economic uncertainty in determining the recoverable value of such interest. The aforementioned aspects, as well as the relevance of the investment held, amounting to 984 million euros at December 31, 2020, means that we consider the situation described as a key issue of our audit. See Note 8 to the accompanying consolidated annual accounts.	We have gained an understanding of the process of evaluating the recoverability of the ownership interest, as well as the internal control environment of the process of testing the impairment of ownership interests. The audit tests included the completion of the following procedures with the participation of specialists in valuation of intangible assets and actuaries: • Evaluation of the methodology used by the directors and the management for the evaluation of impairment indicators of the participation, including the evaluation of the supervision controls of the process and of the implicit approvals of the same. • Analysis of the adequacy of the valuation methodology used and analysis of the arithmetic correction of the calculations made. • Evaluation of the future cash flows with approved business plans. • Analysis of the reasonableness of the main hypotheses of the valuation model, such as growth rates and discount rates used. • Obtaining of the specific audit report of SegurCaixa Adeslas for the purposes of the consolidated group. • Analysis of the information regarding the investment of the ownership interest in SegurCaixa Adeslas included in the consolidated annual accounts. As a result of the procedures described above, no relevant aspect to highlight has been revealed.

Vida-Caixa, S.A. de Seguros y Reaseguros and subsidiaries

Key audit matter	How our audit addressed the key audit matter
Valuation of the Goodwill and other intangible assets As a result of certain business combinations, the Group has intangible assets recorded as Goodwill and Other Intangible Assets originated on different acquisitions for a combined value of 622 million euros. The main highlights are the merger by absorption of VidaCaixa Group and the acquisition and subsequent merger of the Banca Cívica Vida y Pensiones S.A., CajaSol Vida y Pensiones, S.A. and CajaCanarias Vida y Pensiones, S.A. The Group proceeds to identify the cash generating unit with the objective of annually perform an impairment test that integrates all of the Group's goodwill and other intangible assets. The evaluation by the management of the Parent Company involves a complex process that requires the use of a high level of assumptions, estimates and judgments, mainly related to future dividend flows, discount rates applied and growth rates at perpetuity. As of December 31, 2020, the Company's management has considered in its assessment the current economic and business environment resulting from the COVID-19 situation, the market conditions and the existing economic uncertainty in determining the recoverable value of such Goodwill and other intangible assets. For more information on intangible assets, see Note 10 to the consolidated annual accounts for the 2020 fiscal year.	We have gained an understanding of the evaluation process of the recoverability of intangible assets (goodwill and other intangible assets), as well as the internal control environment for the process of testing the impairment of intangible assets. The audit tests included the completion of the following procedures with the participation of specialists in valuation of intangible assets and actuaries: • Evaluation of the methodology used by the directors and the management for the evaluation of the existence of impairment indicators of the intangible assets, including the evaluation of the controls of the process supervision and of the implicit approvals thereof. • Analysis of the adequacy of the valuation methodology used and analysis of the arithmetic correction of the calculations performed. • Assessment of the consistency of future cash flows with approved business plans. • Analysis of the reasonableness of the main hypotheses of the valuation model, such as growth rates and discount rates used. Analysis of the information regarding the valuation of the Goodwill and other intangible assets included in the consolidated annual accounts. As a result of the procedures described above, no relevant aspect to highlight has been revealed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2020 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDIT REPORT

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated March 29, 2021.

Appointment period

The General Ordinary Shareholder's Meeting of the Parent company held on May 25, 2017 appointed us as auditors of the Group for a period of three years, as from the year ended December 31, 2018.

Services provided

Services provided to the Group for services other than the audit of the accounts are indicated in the Note 21.d of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Pedro Díaz-Leante Sanz (20488)

March 29th, 2021

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS (Thousands of euros)

ASSETS	Accompanying notes	31.12.2020		31.12.2019 (*)	
1. Cash and equivalent liquid assets	**Note 6**		**900,789**		**987,643**
2. Financial assets held to trade	**Note 6**		**141**		**139**
3. Other financial assets at fair value through profit and loss	**Note 6**		**14,452,038**		**12,469,882**
a) Equity instruments		4,633,048		3,804,494	
b) Debt securities		936,460		1,199,570	
c) Hybrid instruments		-		-	
d) Investments by policyholders who assume the risk of the investment		8,878,815		7,465,818	
e) Other		3,715		-	
4. Financial assets available for sale	**Note 6**		**61,707,144**		**58,684,308**
a) Equity instruments		1,865		1.762	
b) Debt securities		61,705,279		58,682,546	
c) Loans		-		-	
d) Deposits in credit institutions		-		-	
e) Other		-		-	
5. Loans and receivables	**Note 6**		**666,692**		**861,710**
a) Debt securities		188,607		345,082	
b) Loans and deposits		56,634		253,076	
c) Receivables		421,451		263,552	
6. Held-to-maturity investments			**-**		**-**

CONSOLIDATED ANNUAL ACCOUNTS

cont.

ASSETS	Accompanying notes	31.12.2020		31.12.2019 (*)	
7. Hedge derivatives			**-**		**-**
8. Share of the reinsurer in technical provisions	**Note 15**		**131,065**		**174,316**
9. Tangible fixed assets and property investments	**Note 9**		**23,845**		**21,521**
a) Tangible fixed assets		23,096		20,778	
b) Property investments		749		743	
10. Intangible fixed assets	**Note 10**		**687,123**		**757,977**
a) Goodwill		583,577		583,577	
b) Expenses for the acquisition of policy portfolios		-		-	
c) Other intangible fixed assets		103,546		174,400	
11. Shares in entities accounted for using the equity method	**Note 8**		**983,822**		**996,481**
12. Tax assets	**Note 12**		**239,734**		**215,375**
a) Current tax assets		127		541	
b) Deferred tax assets		239,607		214,834	
13. Other assets			**875,089**		**946,393**
14. Assets held for sale			**-**		**-**
TOTAL ASSETS			**80,667,482**		**76,115,745**

(*) 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 2020.

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31.12.2020		31.12.2019 (*)	
TOTAL LIABILITIES			**77,189,204**		**72,806,172**
1. Financial liabilities held to trade			**-**		**-**
2. Other financial liabilities at fair value through profit and loss			**905**		**3,004**
3. Debits and payables	**Note 13**		**699,088**		**568,166**
a) Subordinated liabilities		-		-	
b) Other debt		699,088		568,166	
4. Hedge derivatives			**12,093**		**11,134**
5. Technical provisions	**Note 15**		**76,203,899**		**71,951,229**
a) For unearned premiums		1,984		3,434	
b) For ongoing risks		-		-	
c) For life insurance		75,126,405		71,187,882	
- Provision for unearned premiums and ongoing risks		62,462		60,309	
- Mathematical provision		65,729,612		63,268,178	
- Provision for life insurance when the risk of the investment is assumed by the policyholder		9,334,331		7,859,395	
d) For benefits		988,332		720,767	
e) For profit sharing and rebates		87,086		39,086	
f) Other technical provisions		92		60	
6. Non-technical provisions	**Note 16**		**248**		**182**
7. Tax liabilities	**Note 12**		**264,936**		**263,286**
a) Current tax liabilities		-		-	
b) Deferred tax liabilities		264,936		263,286	
8. Other liabilities			**8,035**		**9,171**
9. Liabilities associated with assets held for sale			**-**		**-**

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31.12.2020		31.12.2019 (*)	
TOTAL EQUITY			**3,478,278**		**3,309,573**
Own funds			**3,445,194**		**3,283,671**
1. Capital	**Note 17**	1,347,462		1,347,462	
a) Authorised capital		1,347,462		1,347,462	
b) *Less*: Uncalled capital		-		-	
2. Issue premium		-		-	
3. Reserves	**Note 17**	1,884,799		1,807,433	
4. *Less*: Treasury stock or shares		-		-	
5. Profit and loss from previous years		-		-	
6. Other shareholder contributions		-		-	
7. Profit and loss for the financial year attributable to the parent company		887,933		794,776	
a) Consolidated profit and loss		887,933		794,776	
b) Profit and loss attributable to external shareholders		-		-	
8. *Less*: Interim dividend	**Note 17**	(675,000)		(666,000)	
9. Other equity instruments		-		-	
Value adjustments	**Note 6**		**33,084**		**25,902**
1. Financial assets available for sale		33,084		25,902	
2. Hedging transactions		-		-	
3. Exchange differences		-		-	
4. Accounting asymmetry correction		-		-	
5. Entities accounted for using the equity method		-		-	
6. Other adjustments		-		-	

CONSOLIDATED ANNUAL ACCOUNTS

cont.

LIABILITIES AND EQUITY	Accompanying notes	31.12.2020		31.12.2019 (*)	
Subsidies, donations and bequests received			**-**		**-**
EQUITY ATTRIBUTED TO THE PARENT COMPANY			**3,478,278**		**3,309,573**
MINORITY INTERESTS	**Note 18**		**-**		**-**
1. Value adjustments		-		-	
2. Other		-		-	
TOTAL EQUITY AND LIABILITIES			**80,667,482**		**76,115,745**

(*) 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 2020.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (Thousands of euros)

	Accompanying notes	2020 Financial Year	2019 Financial Year (*)
1. Premiums allocated to the financial year, net of reinsurance		3,449	2,222
2. Income from tangible fixed assets and investments		219,740	191,995
3. Other technical income		-	-
4. Loss rate for the financial year, net of reinsurance		(2,187)	(128)
5. Variation in other technical provisions, net of reinsurance		-	-
6. Sharing in profits and rebates		(2,017)	(886)
7. Net operating expenses		1,473	1,060
8. Other technical expenses		(301)	(202)
9. Expenses from tangible fixed assets and investments		(3)	-
A) NON-LIFE INSURANCE PROFIT AND LOSS	**Note 19**	**220,154**	**194,061**
10. Premiums allocated to the financial year, net of reinsurance		7,004,938	8,474,569
11. Income from tangible fixed assets and investments		3,855,554	2,892,535
12. Income from investments subject to insurance when the policyholder assumes the risk of the investment		1,598,914	929,753
13. Other technical income		-	-
14. Loss rate for the financial year, net of reinsurance		(6,744,855)	(6,497,502)
15. Variation in other technical provisions, net of reinsurance		(1,418,608)	(4,209,964)
16. Sharing in profits and rebates		(85,106)	(66,324)
17. Net operating expenses		(298,508)	(277,873)
18. Other technical expenses		(28,855)	(21,748)

CONSOLIDATED ANNUAL ACCOUNTS

cont.

	Accompanying notes	2020 Financial Year	2019 Financial Year (*)
19. Expenses from tangible fixed assets and investments		(1,867,375)	(258,958)
20. Expenses from investments subject to insurance when the policyholder assumes the risk of the investment		(1,353,205)	(310,369)
B) LIFE INSURANCE PROFIT AND LOSS	**Note 19**	**662,894**	**654,119**
21. Income from tangible fixed assets and investments		151,317	88,285
22. Negative consolidation difference		-	-
23. Expenses from tangible fixed assets and investments		(1,402)	(722)
24. Other income		257,237	251,401
25. Other expenses		(178,410)	(176,136)
C) PROFIT AND LOSS FROM OTHER ACTIVITIES		**228,742**	**162,828**
E) PRE-TAX PROFIT/LOSS		**1,111,790**	**1,011,008**
26. Corporation tax	**Note 12**	(223,857)	(216,232)
F) PROFIT AND LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		**887,933**	**794,776**
27. Profit and loss for the financial year from discontinued operations net of taxes		-	-
G) CONSOLIDATED PROFIT AND LOSS FOR THE FINANCIAL YEAR		**887,933**	**794,776**
a) Profit and loss attributed to the parent company		887,933	794,776
b) Profit and loss attributed to minority interests	**Note 18**	-	-
PROFIT PER SHARE			
Basic and diluted profit per share (in euros)		4	4

(*) 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 2020 financial year.

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS BY SEGMENT AS OF 31 DECEMBER 2020 (Thousands of euros)

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
1. Cash and equivalent liquid assets	**108,792**	**788,373**	**3,624**	**900,789**
2. Financial assets held to trade	**-**	**141**	**-**	**141**
3. Other financial assets at fair value through profit and loss	**-**	**14,452,038**	**-**	**14,452,038**
4. Financial assets available for sale	**-**	**61,707,144**	**-**	**61,707,144**
5. Loans and receivables	**130,259**	**536,422**	**11**	**666,692**
a) Loans and receivables		188,607	-	188,607
b) Loans and deposits	-	56,634	-	56,634
c) Receivables	130,259	291,181	11	421,451
6. Held-to-maturity investments	-	-	-	-
7. Hedge derivatives	-	-	-	-
8. Share of the reinsurer in technical provisions	**13,709**	**117,356**	**-**	**131,065**
9. Tangible fixed assets and property investments	-	**23,845**	**-**	**23,845**
a) Tangible fixed assets	-	23,096	-	23,096
b) Property investments	-	749	-	749
10. Intangible fixed assets	-	**687,123**	**-**	**687,123**
a) Goodwill	-	583,577	-	583,577
b) Expenses for the acquisition of policy portfolios	-	-	-	-
c) Other intangible fixed assets	-	103,546	-	103,546
11. Shares in entities accounted for using the equity method	**983,822**	**-**	**-**	**983,822**

CONSOLIDATED ANNUAL ACCOUNTS

cont.

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
12. Tax assets	-	**239,734**	-	**239,734**
a) Current tax assets	-	127	-	127
b) Deferred tax assets	-	239,607	-	239,607
13. Other assets	-	**875,068**	**21**	**875,089**
14. Assets held for sale	-	-	-	-
TOTAL ASSETS	**1,236,582**	**79,427,244**	**3,656**	**80,667,482**

LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
TOTAL LIABILITIES	**18,897**	**77,170,189**	**118**	**77,189,204**
1. Financial liabilities held to trade	-	-	-	-
2. Other financial liabilities at fair value through profit and loss	-	905	-	905
3. Debits and payables	-	698,972	116	699,088
4. Hedge derivatives	-	12,093	-	12,093
5. Technical provisions	18,897	76,185,002	-	76,203,899
6. Non-technical provisions	-	248	-	248
7. Tax liabilities	-	264,936	-	264,936
8. Other liabilities	-	8,033	2	8,035
9. Liabilities associated with assets held for sale	-	-	-	-
TOTAL EQUITY	**1,203,976**	**2,274,044**	**258**	**3,478,278**

CONSOLIDATED ANNUAL ACCOUNTS

cont.

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL	
Own funds		**1,203,976**		**2,240,960**		**258**		**3,445,194**
1. Capital		-		1,347,462		-		1,347,462
a) Authorised capital	-		1,347,462		-		1,347,462	-
b) *Less*: Uncalled capital	-		-		-		-	-
2. Issue premium		-		-		-		-
3. Reserves		983,822		900,977		-		1,884,799
4. *Less*: Treasury stock or shares		-		-		-		-
5. Profit and loss from previous years		-		-		-		-
6. Other shareholder contributions		-		-		-		-
7. Profit and loss for the financial year attributable to the parent company		220,154		667,521		258		887,933
a) Consolidated profit and loss	220,154		667,521		258		887,933	
b) Profit and loss attributable to external shareholders	-		-		-		-	
8. *Less*: Interim dividend		-		(675,000)		-		(675,000)
9. Other equity instruments		-		-		-		-
Value adjustments		**-**		**33,084**		**-**		**33,084**
1. Financial assets available for sale		-		33,084		-		33,084
2. Hedging transactions		-		-		-		-
3. Exchange differences		-		-		-		-
4. Accounting asymmetry correction		-		-		-		-
5. Entities accounted for using the equity method		-		-		-		-
6. Other adjustments		-		-		-		-

CONSOLIDATED ANNUAL ACCOUNTS

cont.

LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
Subsidies, donations and bequests received	-	-	-	-
EQUITY ATTRIBUTED TO THE PARENT COMPANY	1,203,976	2,274,044	258	3,478,278
MINORITY INTERESTS	-	-	-	-
TOTAL EQUITY AND LIABILITIES	1,222,873	79,444,233	376	80,667,482

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	**63,771**	**797,909**	**30**	**861,710**
a) Debt securities		345,082	-	345,082
b) Loans and deposits	-	253,076	-	253,076
c) Receivables	63,771	199,751	30	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

cont.

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	**1,224,627**	**74,885,701**	**5,417**	**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

cont.

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		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) *Less*: Uncalled capital	-		-		-		-	
2. Issue premium		-		-		-		-
3. Reserves		996,481		810,952		-		1,807,433
4. *Less*: Treasury stock or shares		-		-		-		-
5. Profit and loss from previous years		-		-		-		-
6. Other shareholder contributions		-		-		-		-
7. Profit and loss 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. *Less*: 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 differences		-		-		-		-
4. Accounting asymmetry correction		-		-		-		-
5. Entities accounted for using the equity method		-		-		-		-
6. Other adjustments		-		-		-		-

CONSOLIDATED ANNUAL ACCOUNTS

cont.

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 STATEMENTS OF CHANGES IN EQUITY

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

	2020 Financial Year	2019 Financial Year (*)
A) CONSOLIDATED PROFIT AND LOSS FOR THE FINANCIAL YEAR	**887,933**	**794,776**
B) OTHER RECOGNISED INCOME/(EXPENSES)	**7,182**	**31,596**
Entries that will be transferred to the profit and loss account in subsequent periods:	**7,182**	**31,596**
1. Financial assets available for sale:	**10,260**	**45,137**
a) Valuation profit/(loss)	10,260	45,137
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)

	2020 Financial Year	2019 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	**(3,078)**	**(13,541)**
Entries that will not be transferred to the profit and loss account in subsequent periods:	**-**	**-**
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)

	2020 Financial Year	2019 Financial Year (*)
TOTAL RECOGNISED INCOME/(EXPENSES) (A + B)	**895,115**	**826,372**
a) Attributed to the parent company	**895,115**	**826,372**
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 2020 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 mutual fund	Issue premium and reserves	Treasury stock or shares	Profit and loss for the financial year attributed to the parent company	(Interim dividends)	Other equity instruments	Value adjustments	Subsidies, donations and bequests received	Minority interests	Total equity
Final balance 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 criteria	-	-	-	-	-	-	-	-	-	-
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 Recognised Income/(Expenses) financial year 2019	**-**	**-**	**-**	**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) due to business combinations	-	-	-	-	-	-	-	-	-	-
6. Other transactions with partners or owners	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-

CONSOLIDATED ANNUAL ACCOUNTS

cont.

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

	Equity attributed to the parent company									
	Own funds									
	Capital or mutual fund	Issue premium and reserves	Treasury stock or shares	Profit and loss for the financial year attributed to the parent company	(Interim dividends)	Other equity instruments	Value adjustments	Subsidies, donations and bequests received	Minority interests	Total equity
3. Other changes	-	-	-	-	-	-	-	-	-	-
Final balances at 31 December 2019	**1,347,462**	**1,807,433**	**-**	**794,776**	**(666,000)**	**-**	**25,902**	**-**	**-**	**3,309,573**
Adjustments due to changes in accounting criteria	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2020	**1,347,462**	**1,807,433**	**-**	**794,776**	**(666,000)**	**-**	**25,902**	**-**	**-**	**3,309,573**
I. Total Recognised Income/(Expenses) financial year 2020	**-**	**-**	**-**	**887,933**	**-**	**-**	**7,182**	**-**	**-**	**895,115**
II. Transactions with partners or owners	**-**	**-**	**-**	**-**	**(726,410)**	**-**	**-**	**-**	**-**	**(726,410)**
1. Capital increases/(reductions)	-	-	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
3. Distribution of dividends	-		-	-	(726,410)	-	-	-	-	(726,410)
4. Transactions with treasury shares or stock (net)	-	-	-	-	-	-	-	-	-	-
5. Increases/(reductions) due to business combinations	-	-	-	-	-	-	-	-	-	-
6. Other transactions with partners or owners	-	-	-	-	-	-	-	-	-	-

cont.

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

	Equity attributed to the parent company									
	Own funds									
	Capital or mutual fund	Issue premium and reserves	Treasury stock or shares	Profit and loss for the financial year attributed to the parent company	(Interim dividends)	Other equity instruments	Value adjustments	Subsidies, donations and bequests received	Minority interests	Total equity
III. Other variations in equity	**-**	**77,366**	**-**	**(794,776)**	**717,410**	**-**	**-**	**-**	**-**	**-**
1. Payments based on equity instruments	-	-	-	-	-	-	-	-	-	-
2. Transfers between equity items	-	77,366	-	(794,776)	717,410	-	-	-	-	-
3. Other changes	-	-	-	-	-	-	-	-	-	-
Final balances at 31 December 2020	**1,347,462**	**1,884,799**	**-**	**887,933**	**(675,000)**	**-**	**33,084**	**-**	**-**	**3,478,278**

(*) 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 2020.

CONSOLIDATED ANNUAL ACCOUNTS

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

	2020 Financial Year	2019 Financial Year (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	**85,937**	**1,753,835**
1. Insurance activity:	**317,257**	**2,174,308**
(+) Cash receipts from the insurance activity	7,999,424	9,736,384
(-) Cash payments for the insurance activity	(7,682,167)	(7,562,076)
2. Other operating activities:	**(22,035)**	**(259,751)**
(+) Cash receipts from other operating activities	257,090	250,752
(-) Cash payments for other operating activities	(279,125)	(510,503)
3. Receipts/(payments) for corporation tax	**(209,285)**	**(160,722)**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (1 + 2)	**365,619**	**(1,204,775)**
1. Receipts from investment activities:	**30,930,701**	**33,781,833**
(+) Tangible fixed assets	-	-
(+) Property investments	-	-
(+) Intangible fixed assets	-	-
(+) Financial instruments	27,893,534	31,108,981
(+) Holdings	19,458	117
(+) Subsidiaries and other business units	2,749,029	2,331,927
(+) Interest earned	190,189	290,090
(+) Dividends earned	-	-
(+) Other receipts related to investment activities	78,491	50,718

CONSOLIDATED ANNUAL ACCOUNTS

cont.

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

	2020 Financial Year	2019 Financial Year (*)
2. Payments for investment activities:	**(30,565,082)**	**(34,986,608)**
(-) Tangible fixed assets	(39)	(143)
(-) Property investments	-	-
(-) Intangible fixed assets	(207)	(1,898)
(-) Financial instruments	(30,564,575)	(34,981,027)
(-) Holdings	(261)	(295)
(-) Subsidiaries and other business units	-	-
(-) Other payments related to investment activities	-	(3,245)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(538,410)**	**(1,293,881)**
1. Receipts from financing activities:	**100,300**	**122,069**
(+) Subordinated liabilities	-	-
(+) Receipts for issue of equity instruments and capital increase	-	-
(+) Supplementary returns and contributions from partners or mutual associations	-	-
(+) Disposal of treasury stock	-	-
(+) Other receipts related to financing activities	100,300	122,069
2. Payments from financing activities:	**(638,710)**	**(1,415,950)**
(-) Dividends to shareholders	(538,410)	(833,227)
(-) Interest paid	-	-
(-) Subordinated liabilities	-	-
(-) Payments for the return of contributions to shareholders	-	-

CONSOLIDATED ANNUAL ACCOUNTS

cont.

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

	2020 Financial Year	2019 Financial Year (*)
(-) Supplementary calls and return of contributions to partners or mutual associations	-	-
(-) Acquisition of treasury stock	-	-
(-) Other payments related to financing activities	(100,300)	(582,723)
D) EFFECT OF THE VARIATIONS IN EXCHANGE RATES	**-**	**-**
E) NET INCREASE/(DECREASE) OF CASH AND EQUIVALENTS (A + B + C + D)	**(86,854)**	**(744,821)**
F) CASH AND EQUIVALENTS AT THE START OF THE PERIOD	**987,643**	**1,732,464**
G) CASH AND EQUIVALENTS AT THE END OF THE PERIOD	**900,789**	**987,643**

COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF THE PERIOD	2020 Financial Year	2019 Financial Year (*)
(+) Cash and banks	900,789	987,643
(+) Other financial assets	-	-
(-) *Less: Bank overdrafts refundable on demand*	-	-
TOTAL CASH AND EQUIVALENTS AT THE END OF THE PERIOD	**900,789**	**987,643**

(*) 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 2020 financial year.

REPORT

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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 2020 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

Vida-Caixa, S.A.U. de Seguros y Reaseguros (hereinafter, VidaCaixa or the Parent Company) was incorporated by public deed on 5 March 1987 in Spain, 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, 3º 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 of VidaCaixa approved the take-over whereby the latter absorbed VidaCaixa Grupo, S.A.U.

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

Appendix I gives a breakdown of the main figures of the Subsidiary and associate companies that form the Group, as well as the Sole Shareholder of the Parent Company.

On 17 September 2020, the Boards of Directors of CaixaBank and Bankia, S.A. agreed to approve and enter into the project for the merger by absorption of Bankia, S.A. by CaixaBank, S.A. The merger is expected to be completed during the first quarter of 2021 (subject to obtaining the corresponding regulatory and administrative authorisations) and the operational merging of the two banks is expected to be performed before the end of 2021.

Bankia, S.A. has insurance distribution agreements with insurance companies that do not belong to the CaixaBank Group, and the different feasibility alternatives must be analysed and studied once the formal procedures involved in this merger have been completed.

As of 31 December 2020 and 2019, 100% of the shares of VidaCaixa 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 drew up Consolidated Annual Accounts by virtue of article 43.bis of the Commercial Code, as it has control over investee subsidiary companies. At the close of the 2020 financial year, the Group submitted its consolidated annual accounts voluntarily.

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 and earnings. Therefore, specific disclosures regarding environmental issues are not included in this report on the annual accounts. Notwithstanding the foregoing, the comprehensive statement of the Parent Company's investment policy principles incorporates socially responsible investments as set forth in the 2020 Management Report.

As of 31 December 2020, the Group manages 184 pension funds and 3 Voluntary Social Welfare Entities (EPSV to use the Spanish name) with a consolidated rights volume of €35,301,487,000 (€33,703,317,000 as of 31 December 2019). The gross income accrued through management fees for the different funds amounted to €253,865,000 in the 2020 financial year (€248,579,000 in the 2019 financial year), and are accounted for under 'Profit and loss from other activities - Other income'. Likewise, the expenses associated with this management were €172,693,000 (€170,352,000 in the 2019 financial year), presented under 'Earnings 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 CaixaBank Group's financial credit institution known as CaixaBank Payments & Consumer, E.F.C., EP, S.A. and Telefonica Consumer Finance, EFC, S.A., and an exclusive agency contract with Unión de Mutuas Asistencial de Seguros. Finally, the Parent Company has also entered into contracts consisting of the provision of services for the distribution of the insurance products from other insurance companies, under their responsibility, through its distribution network CaixaBank S.A. 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 2020 financial year are the Ombudsman for Unitholders and Associates and the Customer Service (hereinafter, CS).

Following the principles defined by Grupo CaixaBank for the 2020 financial year, this note details the claims in which the Parent Company is the "producer". Basically, these are claims for abusive clauses, profitability and economic losses, discrepancies in contractual conditions, incidents in claims (delays, rejections or non-payment of compensation) and redemptions.

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

Subject of the claims	Ombudsman for Unitholders and Associates	CS	Total
Passive Operations	-	-	**-**
Active Operations	-	-	**-**
Collection and Payment Services	-	-	**-**
Insurance and Pension Funds	128	1,147	**1,275**
Pending processing	2	63	**65**
Total of those admitted	76	867	**943**
Not admitted	50	217	**267**
Total for 2020	**128**	**1,147**	**1,275**

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

Type of resolution	Ombudsman for Unitholders and Associates	CS	Total
Inadmissible	50	217	267
Upheld	2	345	347
Rejected	37	463	500
Partially in favour of the customer	10	59	69
Agreement/Negotiation	-	-	-
Acceptance by the entity	25	-	25
Withdrawn by the customer	2	-	2
Pending resolution	2	63	65
Total for 2020	**128**	**1,147**	**1,275**

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 provoking the claim.

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 (IFRS) 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 development 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 2020 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 by 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 with 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 2020, 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 2020 financial year.

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 operated effectively.

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 of assets, liabilities, income and expenses. The related 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 the accounting estimates are recognised in the period or periods in which they are made. In any case, the end results derived from a situation requiring estimates may differ from what was anticipated and be reflected, prospectively, in the future financial years.

Apart from the process of making systematic estimates and their periodic review, the Directors of the Parent Company make certain value judgements about issues of particular importance in 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 and the assumptions used to allocate part of the unrealised capital gains from the financial investment portfolios allocated as "financial assets available for sale" and as "at fair value through profit and loss" as the greater amount of the life insurance provisions.

These estimates have been made based on the best information available on the date of preparing these consolidated annual accounts, considering the uncertainties existing on that date derived from the impact of COVID-19 on the current economic environment. However, it is possible that events that take place in the future could require adjustments to them, which, according to the applicable standard, would be done prospectively, recognising the effects of the change in the estimate in the corresponding profit and loss account.

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

The following accounting standards have come into forced in 2020:

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

STANDARDS AND INTERPRETATIONS THAT HAVE COME INTO FORCE IN 2020

STANDARDS AND INTERPRETATIONS *	TITLE	APPLICATION DATE
Amendment to IFRS 3	Definition of a business	1 January 2020
Amendment to IAS 39, IFRS 9 and IFRS 7	Interest Rate Benchmark Reform (Phase 1)	1 January 2020
Amendment to IAS 1 and IAS 8	Definition of materiality	1 January 2020
Amendment to IFRS 16	Rental concessions related to COVID-19	1 June 2020
Amendment to the Conceptual framework	Amendment to the Conceptual Framework of the IFRS	1 January 2020

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

- **Amendment to 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.

The Group has not been significantly affected by these amendments to the standards.

In the 2019 financial year, in accordance with that established in EU Regulation 2017/1988, the application of IFRS 9 could be deferred for the 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".

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Grupo VidaCaixa decided to apply this temporary exemption from IFRS 9 to the insurance companies in Grupo Vida-Caixa, 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):

	SPPI*	NOT SPPI	TOTAL
Financial assets not held for trade or managed based on their fair value	**61,893,886**	**-**	**61,893,886**
Financial assets held for trade or managed based on their fair value	**936,460**	**-**	**936,460**

The amount of the change in fair value during the 2020 financial year has been (thousands of euros):

	SPPI*	NOT SPPI	TOTAL
Financial assets not held for trade or managed based on their fair value	**2,866,257**	**-**	**2,866,257**
Financial assets held for trade or managed based on their fair value	**(263,110)**	**-**	**(263,110)**

(*) 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 the investment operations of the Group's insurance business, different fixed income securities include financial swaps that, in accordance with the practice in the sector and the applicable supervision criteria, are accounted for jointly in "Financial assets available for sale", showing the fair value in the upper table.

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 the 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 2020 financial year, the expected loss estimated by the Group amounts to €2,474,000.

• **Amendment to IFRS 16**

As a result of the COVID-19 pandemic, many lessors have offered rent reductions to lessees. These rent reductions are particularly important for retail property leases and, in some cases, are encouraged or required by governments or jurisdictional authorities. The rent reductions include rent holidays or rent reductions for a period of time, possibly followed by an increase in rent payments in future periods.

The IASB has been informed that it could be difficult to practically apply the requirements of IFRS 16 to a potentially high volume of rent reductions related to COVID-19, especially in light of the many challenges those involved are facing during the pandemic. Specifically, lessees have identified difficulties in the current environment in assessing whether COVID-19 related rent reductions are amendments to the lease, in which case the accounting required by the Standard applies.

In this context, an amendment to IFRS 16 has been approved to allow lessees, as a practical solution, to avoid assessing whether the specific rent reductions related to COVID-19 are amendments to the lease. In its place, the lessees who apply the practical solution will account for these rent reductions as if they were not lease amendments. The amendment of the Standard, which does not entail changes for lessors, has an entry into force date of 1 June 2020.

The Group has not identified agreements that may be within the scope of this amendment, so it does not foresee applying the aforementioned practical solution and there will be no equity impact or impact on the presentation of the financial statements derived from it.

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 relevant differences between these standards, mainly in the accounting treatment for the lessee, as the accounting of these agreements by the lessor is not subject to any significant changes.

In this regard, it has chosen not to reassess whether an agreement is a lease or contains a lease component in accordance with the standard’s criteria, applying it exclusively to agreements that had been identified as leases in accordance with the previous standard.

For those leases where the Group acts as lessee, previously classified as operating leases, the Group 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 in the operations, not generating any adjustment to reserves as of 1 January 2019. It also decided to exclude from the scope, in accordance with the simplifications set forth in the new regulatory financial information framework, the lease agreements whose underlying asset is not property and whose term expires within the 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 since 1 January 2019 are the leases on properties (used as offices) that are part of its operating activity.

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The balance of operating lease commitments as of 31 December 2020 in application of IFRS 16 is as follows:

OPERATING LEASE COMMITMENTS (Thousands of euros)

OPERATING LEASE COMMITMENTS AS OF 31 DECEMBER 2020	**2,616**
Discount rate applied (depending on the term)	
Spain	[0.36%]
Portugal	[0.90%]

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 FINANCIAL YEARS STARTING FROM:
Amendment to IAS 39, IFRS 9 and IFRS 7	Interest Rate Benchmark Reform (Phase 2)	1 January 2021
Amendment to IFRS 4	Extension of the temporary exemption of the application of IFRS 9	1 January 2021
IFRS 17	Insurance contracts	1 January 2023

• **Amendment to IAS 39, IFRS 9 and IFRS 7 (Phase 2)**

The IASB has completed its response to the global reform of benchmark interest rates (IBORs) with a series of amendments to IAS 39, IFRS 9 and IFRS 7 - the so-called phase 2 - that complement those issued in 2019.

These amendments are focused on cases in which an entity replaces the previous benchmark interest rate with an alternative benchmark rate and on the effects of the change on the financial statements. To be specific, this includes:

- Changes to contractual cash flows: an entity will not have to derecognise or adjust the book value of financial instruments due to changes required by the reform adopted, but will update the effective interest rate to reflect the change to the alternative benchmark rate;
- Hedge accounting: an entity will not have to discontinue their hedge accounting simply for the sake of making the changes required by the reform if the hedge meets other hedge accounting criteria; and
- Breakdowns: the entity must disclose information on the new risks that emerge from the reform and how to manage the transition to alternative benchmark rates.

These amendments will take effect from 1 January 2021, although early adoption is permitted.

• **IFRS 17 "Insurance contracts"**

On 25 June 2020, the IASB issued a series of amendments to IFRS 17 to help entities implement the Standard and facilitate the explanation of their financial performance to users of their financial information. The fundamental principles on which the original Standard, issued for the first time in May 2017, were based remain unaffected. The amendments being published now are basically designed to: i) reduce costs by simplifying some requirements in the Standard, ii) make financial performance easier to explain, and iii) facilitate the transition by delaying the date of entry into force of the Standard until 2023 and providing additional help to reduce the effort required when applying IFRS 17 for the first time.

The insurance companies in the Group 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 the Group, for the financial investments of its insurance companies (VidaCaixa and BPI Vida y Pensiones), accepted as of 1 January 2018 due to meeting the conditions established by article 2 of EU Regulation 2017/1988.

No material changes are expected to be made to the project plan during the 2021 financial year, despite the fact that the IASB has delayed the first application of IFRS 17 to 1 January 2023. However, it should be noted that the effects that the crisis caused by COVID-19 could have on the project plan in the short term will be closely monitored.

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.

The Group continues its intensive work to implement this standard, in accordance with the plan already approved in the 2018 financial year and that was subject to updating in 2019; in particular, the work is currently focused on developing the actuarial system and tools for preparing accounting and management information, as well as on testing the first partial results. The implementation of the standard and the assessment of the impact on the Group's financial statements is ongoing.

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 execution 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 2020 financial year present, for comparative 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 2019 financial year.

There has been no significant change in the consolidation perimeter during the 2020 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 Appendix 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 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.

Appendix 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 2020 financial year.

The annual accounts of the subsidiaries are consolidated with Vida-Caixa, 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 fraction 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 'Earnings 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.

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" (thousands of euros):

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Name	Address	Business activity	% Holding		Result		Technical Provisions	Dividends received	Book Value		
			Direct	Mutual Fund	Operating	Net			Cost	Impairment loss for the year	Cumulative impairment
GeroCaixa Pyme EPSV de Empleo	Gran Vía López de Haro, 38. Bilbao	Voluntary Retirement Savings Provider.	100.00%	50	468	468	41,206	-	82	-	-
GeroCaixa EPSV Individual	Gran Vía López de Haro, 38. Bilbao	Voluntary Retirement Savings Provider.	100.00%	50	11,380	11,380	806,984	-	700	-	-
GeroCaixa Privada Pensiones EPSV Asociada	Gran Vía López de Haro, 38. Bilbao	Voluntary Retirement Savings Provider.	100.00%	50	29	29	1,380	-	50	-	-

(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.

Associated entities

Associates are considered non-dependent companies over which the Group has significant influence, that is, 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.

Appendix I includes relevant information about these companies.

In the consolidated annual accounts, the 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 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 the dividends and other equity eliminations have been considered.

The portion corresponding to the Group of discontinued 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.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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 from the 2020 and 2019 financial years, as well as from the period between 31 December 2020 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 possibility 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 aid their understanding. To the extent that it 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 the main segments. The Life insurance segment includes all insurance contracts that guarantee the coverage of a risk that may affect 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 sub-segments: 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, which includes 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 of 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 on 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 the 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 distributed 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 gains and losses derived from these investments have been included within the ordinary earnings of the same segment in question.

The liabilities in each segment include the proportion of liabilities corresponding to the Group's operations that derive from the activities of 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 debts 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, 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 Non-life sub-segments, basically depending on the technical provisions stipulated for each of the weighted 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 the above 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, with the segment in question. In the latter case, a method has been used that is 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 of the 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.

- Financing activities: activities that cause changes to the dimensions and composition of net 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.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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 2020 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 designates the 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 2020 and 2019, 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.

• 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 the issue of whether the risk has been effectively reduced to be determined.

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 yield 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, the 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 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, 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 sub-heading 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 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 the 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 the derivatives not traded in organised markets will be used.

The fair value of the 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 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 considered 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 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 peculiarities of the instrument to be valued and, especially, the different types of risks 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 "Liabilities and accounts payable".

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 the reversals of previously recorded impairment losses, if any, 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 estimation 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, at 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 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 carried out individually and, once there is evidence of the objective loss as a result of an event or group of events with an impact on the 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.

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 in which the policyholder assumes the risk of the investment" and "Expenses from investments subject to insurance in which the policyholder assumes the risk of the investment" headings.

All variable income, fixed income and other instruments that are officially listed, or in 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 considered 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 held in full ownership.

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

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The recognition of these assets is carried out at their acquisition or construction cost, less any accumulated depreciation and, where appropriate, the accumulated amount of impairment losses, but in no case below their residual value. The costs of the 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 in 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 relating to 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 method of systematic straight-line depreciation of the acquisition cost, excluding the residual value and land value in the case of properties, over the following estimated useful lives:

Tangible fixed asset elements	2020 Estimated useful life
Property (excluding land)	50 years
Furniture and installations	Between 3 and 10 years
Transport equipment	In 5 years
Data processing equipment	Between 3 and 10 years
Other tangible fixed assets	Between 4 and 10 years

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 adjusted as appropriate. The recognised book value of an asset is immediately written down to its recoverable amount if the book 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 book values.

As indicated in Note 2.d) of the Report, IFRS 16 on Leases entered into force on 1 January 2019. In those lease agreements in which it appears as lessee, the Group has recognised a tangible right-of-use asset that represents its right to use the underlying leased good, and a lease liability, which represents the present value of its obligation to make payments for leases. While the tangible asset is depreciated over the life of the contract, the liability generates a financial expense. As of 31 December 2019, the Group recorded the rights of use under the heading of intangible fixed assets, whereas at the close of the 2020 financial year they have been recorded as tangible fixed assets. The application of this reclassification has not caused a significant impact on the consolidated financial statements as of 31 December 2020.

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 on their sale as a result of any increases that may occur in the future to their respective market prices.

Lands 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 identifiable and recognisable. Under no circumstance are they amortised, and the existence of internal or external signs of impairment is regularly analysed.

The Group initially values intangible fixed assets at their acquisition or production cost, keeping this cost model in subsequent valuations, less the corresponding accumulated amortisation, if any, and the accumulated 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 sub-heading.

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 expenses of the development teams working on these applications and the part corresponding to the relevant indirect expenses. 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 this 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 was 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.

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 the euro 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 euro that are not intended to hedge equity positions 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 to 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 that may be suffered 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 the 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 2020 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 has been CaixaBank since 1 January 2013.

h) Financial liabilities

Financial liabilities are those debits and payables 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.

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

i) Assets and liabilities derived from insurance and reinsurance contract

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 component associated with insurance contracts, with such dissociation being voluntary for it. In turn, it is estimated that the redemption options issued in favour of the 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 sheet.

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

As of 31 December 2020, the aforementioned liability suitability 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, 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 premiums 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 with the updated Technical Notes of each branch, 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 since 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; and in any case, as long as sufficiency is demonstrated in the annual prescriptive test of liabilities.

With regard to the biometric assumptions, the Company uses high quality biometric tables to calculate the life insurance provision consistently with the pricing of the products, although according to the precepts of article 34.2 of the ROSSP and the recent Resolution on the mortality and survival tables (see paragraph below), there are tests to check the suitability of the tables used given the actual behaviour of the insured group based on the Partial Internal Longevity and Mortality Model, according to the methodology established and reviewed by the Regulatory Body.

In this regard, as indicated on 17 December 2020, the General Directorate of Insurance and Pension Funds published the Resolution regarding the mortality and survival tables to be used by insurance and reinsurance companies, which approves the technical guide regarding the supervision criteria in relation to the biometric tables. This Resolution came into force on 31 December 2020. Therefore, in compliance with the regulatory framework in force at the close of the 2020 financial year contained in the aforementioned Resolution, the Parent Company has established a supplementary provision for the adaptation to mortality and survival tables under the terms indicated in the previous section by means of the Partial Internal Longevity and Mortality Model in its latest calibration, VCMF18C_1oS, as a high quality table that includes the entire estimated technical surcharge to a VaR confidence level of 75%.

As of 31 December 2020, the difference in the value of the technical provisions calculated with the biometric tables used to calculate the premium and the value of the technical provisions calculated applying the VCMF18C_1oS tables to original interest rate conditions amounts to €638 million, and the Parent Company has adapted fully to the precepts of the aforementioned Resolution. The effect of the corresponding annual updating of the biometric assumptions of the Partial Internal Longevity and Mortality

Model, including all technical surcharges, has led to a variation of €5 million at the close of the 2020 financial year for this concept.

<u>Those relating to life insurance where the investment risk is assumed by the policyholder</u>

For presentation purposes, the technical provisions corresponding to those insurance policies where 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 rights (see Note 6).

<u>Those relating to benefits</u>

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 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 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 from 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 2020:

- 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 for 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 estimate is made independently of the valuation method used and taking into account the current regulations.

<u>Provisions for profit sharing and rebates</u>

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.

<u>Other assets and other liabilities</u>

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 their marketing. 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 mobilisations and portfolio decreases.

The possible loss of value in 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. Until the 2019 financial year, these expenses had been recorded under the "Intangible fixed assets - Other intangible fixed assets" heading. In order to seek greater standardisation with the criteria of the CaixaBank Group, its reclassification to this heading in the 2020 financial year has been deemed appropriate.

In addition to the other expenses from the acquisition of pension plans and life insurance contracts, 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.

Reinsurance

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 re-estimated 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.

Each of the Companies in the Group makes predetermined contributions, based on some percentages applied to the base salary of each employee, to these plans, without there being any legal or effective obligation to make additional contributions if the separate entity has been unable to pay the employee remuneration related to the services provided in the current or 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%. If 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 2020 financial year, the contributions made by subsidiaries amounted to €608,000 (€591,000 in 2019).

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 agreement. 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 the same nature.

The financial expenses associated with these contracts are charged to the consolidated profit and loss account 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.

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

During the 2020 and 2019 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 that are 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 during 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 issued, 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 the 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 single 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.

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

The Group performs its insurance activity within the framework of a regulated market subject to frequent regulatory updates.

Both the macroeconomic environment and the evolution of the regulatory changes and their major impacts in the 2020 financial year are explained in detail in the section of the Consolidated Management Report corresponding to the 2020 financial year.

4.1. Governance and Organisation

The Parent Company's Board of Directors is responsible for establishing and supervising the adequacy and effectiveness of the internal control framework, approving for this purpose the Group's corresponding policies, considering the corporate policies of the CaixaBank Group in this context, as well as the main internal control mechanisms and procedures that must be duly disseminated to all staff. It is also responsible for implementing a risk governance framework in line with the Group's risk appetite. It includes the creation of a solid risk culture and the establishment of well-defined responsibilities for the risk taking, management and control functions.

By virtue of the applicable legislation on risk management, the Group is obliged to establish, document and maintain risk management systems and internal control mechanisms appropriate to its organisation:

- that allow it to regularly identify and assess the risks to which it is exposed;
- that establish the Parent Company's Board of Directors as the party responsible for ensuring the existence of an effective, documented and updated risk control system. The Parent Company's Board of Directors is defined as the highest decision-making and representation body of VidaCaixa, being responsible for establishing the internal control policy.
- including, in any case, the development of a suitable Internal Audit function.

The Group's risk measurement and management systems are based on teams with sufficient knowledge and experience, an organisational structure that guarantees the appropriate segregation of tasks and responsibilities, high integration and mechanisation of systems and processes and compliance with all the requirements and limits set by current regulations.

Based on these premises, the risk management performed by the Parent Company is based on prudence and an appropriate balance between the policy of seeking business growth and financial and equity soundness.

The identification and assessment of the risks inherent to the Group is carried out continuously by the operating areas of the Parent Company. The most material inherent risks to which the Group is exposed correspond to the risks involved in financial investments for assets and to the actuarial risks associated with technical provisions for liabilities.

Once the importance of each risk has been established, the priority and most appropriate control frequency are determined in order to manage them.

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 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 pursued by 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:

- Pilar 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 partial 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 6 April 2020, the individual annual reporting for the 2019 financial year and, on 13 July 2020, the consolidated annual reporting for the 2019 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 amounted to €45,014,874,000 and €52,386,100,000, respectively, as of 31 December 2020.

4.2 Strategic risk management processes

The Group has the following strategic risk management processes for the identification, measurement, monitoring, control and reporting of risks:

Risk Assessment

The Parent Company carries out a risk self-assessment exercise on a half-yearly basis in order to:

- Identify, assess, rate and internally communicate significant changes in the inherent risks adopted in its environment and business model.

- Perform a self-assessment of the risk management, control and governance capabilities, as an explicit instrument that helps detect best practices and relative weaknesses in any of the risks.

The result of this self-assessment is reported, at least annually, to the Global Risk Committee first and to the Risk Committee second, to be finally approved by the Board of Directors.

The Risk Assessment is one of the main ways of identifying emerging risks.

Risk Catalogue

The Parent Company has its own Risk Catalogue, aligned with the Corporate Catalogue of the CaixaBank Group, which facilitates the internal and external monitoring and reporting of risks:

The Corporate Risk Catalogue is subject to continuous review, particularly for those risks with a material impact.

At least annually, the Catalogue is submitted to the Global Risk Committee first and to the Risk Committee second, to be finally approved by the Board of Directors.

Risk Appetite Framework

The Risk Appetite Framework (hereinafter, "RAF") is a comprehensive and prospective tool with which the Board of Directors of the Parent Company determines the risk type and thresholds (risk appetite) it is willing to accept to achieve VidaCaixa's strategic objectives in relation to the risks in the catalogue. These objectives are drawn up through metrics and thresholds that allow the development of the activity for the different risks to be monitored. The RAF therefore determines the risk appetite for the performance of the activity.

Business Model Risks	Profitability of the Business	Obtaining results below market expectations or Parent Company targets that ultimately prevent it from reaching a level of sustainable profitability higher than the cost of capital.
	Own resources/ solvency	Restriction of the Parent Company's ability to adapt its volume of own resources to regulatory requirements or a change to its risk profile.
	Liquidity and Financing	Lack of liquid assets, or limitation on the ability to access market information, to satisfy contractual maturities of liabilities, regulatory requirements or the investment needs of the Parent Company.
Specific risks of the Financial Activity	Credit	Losses of value in the Parent Company's assets vis-à-vis a customer or counterparty, due to the impairment of the ability of that customer or counterparty to meet its commitments with the Parent Company.
	Impairment of other assets	Reduction in the book value of the Parent Company's shareholdings and non-financial assets (tangible, intangible, tax-related and other assets).
	Actuarial	Risk of loss or adverse change to the value of the commitments taken on by virtue of insurance or pension contracts with customers or employees as a result of a difference between the estimate for the actuarial variables used in pricing and reserves and their actual level.
	Structural interest rate risk	Negative effect on the financial value of balance sheet items or their financial margin due to changes in the time structure of interest rates and their impact on the Parent Company's assets, liabilities and off-balance sheet instruments not recorded in the trading portfolio.
	Market	Loss of value, with an impact on results or solvency, of a portfolio (set of assets and liabilities) due to unfavourable movements in market prices or rates.

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Operational and Reputational Risk	Conduct	Application of performance criteria contrary to the interests of its customers or other stakeholders, or actions or omissions by the Parent Company not in keeping with the legal and regulatory framework or the internal policies, standards or procedures or codes of conduct, ethical standards or best practices.
	Legal and Regulatory	Potential losses or reduction in the profitability of the Parent Company as a result of changes to the current legislation, incorrect implementation of that legislation in the Parent Company's processes, improper interpretation of it in the different transactions, incorrect management of legal or administrative requests or any lawsuits or claims received.
	Technological	Losses due to the inadequacy or failure of the hardware or software used in the technological infrastructures, due to cyber attacks or other circumstances, which may compromise the availability, integrity, accessibility and security of the data infrastructures.
	Information Reliability	Deficiencies in the accuracy, integrity and criteria for preparing the data and information necessary to assess the Parent Company's financial situation and assets, as well as the information made available to stakeholders and published to the market that offers a holistic view of its positioning in terms of sustainability with the environment and that is directly related to the environmental, social and governance aspects (ESG principles).
	Other operational risks	Losses or damages caused by errors or failures in processes, due to external events or the accidental or malicious actions of third parties unrelated to the Parent Company.
	Reputational	Reduced ability to compete due to any of the Parent Company's stakeholders losing trust in it, based on the assessment made by these stakeholders about the actions or omissions carried out by or attributed to the Parent Company, its senior management, its governing bodies, or due to the bankruptcy of non-consolidated related parties (Step-In risk).

4.3 Internal Control Framework

The internal control framework is the set of strategies, policies, systems and procedures that exist in the CaixaBank Group to ensure the prudent management of the business and an effective and efficient operation. It is carried out through:

- an appropriate identification, measurement and mitigation of the risks to which the Group is or may be exposed,
- the existence of complete, relevant, reliable and timely financial and non-financial information,
- the adoption of sound administrative and accounting procedures and
- compliance with the regulations and supervisory requirements, Codes of Conduct and internal policies, processes and standards.

It is integrated into the Group's internal governance system, in line with the business model and in keeping with: i) the regulations applicable to financial institutions; ii) the EBA Guidelines on Internal Governance of 21 March 2018, which implement the internal governance requirements established in EU Directive 2013/36 of the European Parliament; iii) the recommendations of the CNMV on this matter and iv) other guidelines on supervisory functions applicable to financial institutions.

This corporate internal control framework is also specifically implemented in the Parent Company to comply with the body of regulations under Solvency II indicated in previous paragraphs and IORP II.

The guidelines for the CaixaBank Group's internal control framework are contained in the Corporate Internal Control Policy, to which the Parent Company adhered in October 2019, through the adaptation of its own Internal Control Policy, and are set out in line with the guidelines of the regulators and the best practices of the sector based on the "three lines of defence model", specified in the Parent Company with the "three levels of control" model.

First level of control

Formed by the business units and support units which generate the Parent Company's exposure to risks in the exercising of their activity. Its functions are:

• To identify and assess the risks associated with their processes and implement the corresponding controls.
• To implement the standards and procedures established in the risk policies put in place by the critical functions.
• To identify control weaknesses and execute action plans to remedy them.
• To inform the management, business and support areas and the second and third levels of control about the risk and control situation.

Second level of control

Formed by the critical functions of Solvency II: Risk Management, Actuarial and Regulatory Compliance, and the key functions of IORP II: Risk Management and, appropriate, Actuarial. It acts independently from the business units. Its functions are:

• To guarantee that there are processes in place to identify and measure all risks and for their governance and management.
• To ensure the existence of risk management and control policies and procedures and monitor their application.
• To carry out or validate, with a critical vision, the identification and assessment of risks and controls (including emerging risks).
• To report (to governing bodies, senior management and other control or management bodies, the supervisor, the auditor and all other internal or external control environments) the risks, main control weaknesses, as well as the degree of implementation of the action plans and its opinion on the adequacy of the risk control environment.

Third level of control

Internal Audit acts as a third level of control, supervising the actions of the first and second levels of control in order to provide reasonable assurance to senior management and the governing bodies on:

• The effectiveness and efficiency of the Internal Control Systems to mitigate the risks associated with the Group's activities.
• Compliance with the current legislation, with special attention to requests from the supervisory bodies and the proper application of the defined Global Management and Risk Appetite Frameworks.
• Compliance with the internal policies and regulations, and alignment with the best practices and good sectoral customs, for the suitable Internal Governance of the Group.
• The reliability and integrity of the financial and operational information, including the effectiveness of the Internal Control System of Financial Information (SCIIF in Spanish).

With regard to the Group's financial assets, the main risks are:

- Credit risk

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

- 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.

Vida-Caixa 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.

With regard to the Group's insurance liabilities, the main risks are:

- ***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.

- 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 discontinuity, 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 been updated in 2019, and are as follows:

- Underwriting and Constitution of Reserves: In this regard, 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.

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

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Breakdown of the rating as of 31 December 2020 and 2019 (thousands of euros):

	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
AAA/AA+/AA/AA-	20	-	992,617	1,069,498	992,617
A+/A/A-	32,147	-	972,537	53,199,044	516,053
BBB+/BBB/BBB-	85,855	-	2,952,519	7,195,157	2,468,828
"INVESTMENT GRADE"	**118,022**	**-**	**4,917,673**	**61,463,699**	**3,977,498**
Valuation changes for impairment losses					
BB+/BB/BB-	-	-	143,003	206,995	143,003
B+/B/B-	-	-	-	-	-
CCC+/CCC/CCC-	-	-	-	-	-
No rating	548,670	141	9,391,362	36,450	4,758,314
"NON-INVESTMENT GRADE"	**548,670**	**141**	**9,534,365**	**243,445**	**4,901,317**
Valuation changes for impairment losses					
Total	**666,692**	**141**	**14,452,038**	**61,707,144**	**8,878,815**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
AAA/AA+/AA/AA-	26	-	566,848	1,013,404	558,878
A+/A/A-	36,439	-	1,343,905	51,381,323	424,406
BBB+/BBB/BBB-	382,456	-	2,676,894	6,087,872	2,404,793
"INVESTMENT GRADE"	**418,921**	**-**	**4,587,647**	**58,482,599**	**3,388,077**
Valuation changes for impairment losses					
BB+/BB/BB-	-	-	64,948	129,099	64,948
B+/B/B-	-	-	-	-	-
CCC+/CCC/CCC-	-	-	-	-	-
No rating	442,789	139	7,817,287	72,610	4,012,793
"NON-INVESTMENT GRADE"	**442,789**	**139**	**7,882,235**	**201,709**	**4,077,741**
Valuation changes for impairment losses					
Total	**861,710**	**139**	**12,469,882**	**58,684,308**	**7,465,818**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Different risk diversification measures, whether by country or by sector, are also taken into account as investment criteria. The figures as of 31 December 2020 and 2019 are (thousands of euros):

Geographical diversification

2020 Financial Year

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Germany	-	-	856,114	785,370	575,767
Australia	-	-	407	6,904	407
Austria	-	-	1,308	27,843	1,308
Belgium	-	-	15,171	39,342	10,098
Brazil	-	-	-	-	-
Canada	-	-	11,290	9,479	11,290
Curaçao	-	-	-	4,345	-
Denmark	-	-	12,932	26,976	12,932
Slovakia	-	-	-	-	-
Spain	467,754	-	2,082,546	49,575,212	1,542,883
United States	588	-	1,938,395	880,405	740,846
Finland	-	-	9,086	68,860	9,086
France	14	-	992,550	1,168,230	823,722
Guernsey	-	-	76	-	76
Netherlands	5	-	247,874	931,514	199,425
Ireland	-	-	2,510,700	101,681	1,905,485

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

cont.

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Jersey	-	-	2,082	-	2,082
Cayman Islands	-	-	-	5,999	-
Italy	-	-	1,055,092	6,602,183	809,279
Japan	-	-	140,380	-	101,527
Luxembourg	-	-	3,604,493	182,252	1,414,125
Mexico	-	-	1,888	26,037	1,888
Nigeria	-	-	-	4,024	-
Norway	-	-	5,468	49,525	5,468
Portugal	187,464	141	564,011	501,432	383,345
United Kingdom	10,867	-	274,209	605,449	207,407
Czech Republic	-	-	-	3,964	-
Sweden	-	-	50,249	19,956	50,249
Switzerland	-	-	67,620	80,086	62,023
Venezuela	-	-	-	-	-
Slovenia	-	-	32	-	32
South Korea	-	-	202	-	202
New Zealand	-	-	7,863	-	7,863
Iceland	-	-	-	-	-
Angola	-	-	-	76	-
TOTAL COUNTRIES	**666,692**	**141**	**14,452,038**	**61,707,144**	**8,878,815**

2019 Financial Year

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Germany	-	-	470,336	763,811	358,113
Australia	-	-	4,092	-	4,092
Austria	-	-	1,682	27,539	1,682
Belgium	-	-	11,843	29,319	8,627
Brazil	-	-	-	-	-
Canada	-	-	18,286	10,080	18,286
Curaçao	-	-	-	6,377	-
Denmark	-	-	13,536	26,506	13,536
Slovakia	-	-	-	1,014	-
Spain	309,117	-	1,724,229	48,466,898	1,135,394
United States	-	-	2,080,639	803,173	689,683
Finland	-	-	901	67,655	901
France	-	-	547,717	813,383	457,367
Guernsey	-	-	113	-	113
Netherlands	79,942	-	161,221	716,567	145,784
Ireland	-	-	1,522,156	104,022	1,130,076
Jersey	-	-	1,586	-	1,586
Cayman Islands	-	-	-	6,024	-
Italy	-	-	1,026,253	5,789,363	911,869

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

cont.

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Japan	-	-	124,827	-	89,210
Luxembourg	-	-	3,191,791	146,404	1,526,968
Mexico	-	-	1,897	26,558	1,897
Nigeria	-	-	-	4,461	-
Norway	-	-	14,607	41,794	6,637
Portugal	460,674	139	1,195,959	284,607	691,341
United Kingdom	11,978	-	244,668	492,644	168,160
Czech Republic	-	-	-	4,079	-
Sweden	-	-	39,188	20,719	39,188
Switzerland	-	-	64,572	31,235	57,525
Venezuela	-	-	-	-	-
Slovenia	-	-	-	-	-
South Korea	-	-	202	-	202
New Zealand	-	-	7,581	-	7,581
Iceland	-	-	-	-	-
Angola				76	
TOTAL COUNTRIES	**861,710**	**139**	**12,469,882**	**58,684,308**	**7,465,818**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

SECTOR DIVERSIFICATION

2020 Financial Year

	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Communication	60,000	-	558,999	893,617	**196,852**
Non-cyclical consumption	7,097	-	848,465	589,564	**448,384**
Energy	3,000	-	138,665	333,436	**100,876**
Finance	490,947	141	8,398,949	(1,056,815)	**4,776,967**
Public sector	2,138	-	3,980,790	57,855,276	**3,061,984**
Industrial	64,150	-	338,408	1,148,665	**197,206**
Raw materials	-	-	82,328	61,385	**32,949**
Utilities	39,360	-	105,434	1,882,016	**63,597**
TOTAL	**666,692**	**141**	**14.452.038**	**61,707,144**	**8,878,815**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

2019 Financial Year

	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Communication	60,000	-	427,510	822,394	**142,071**
Non-cyclical consumption	54,036	-	745,968	471,053	**372,533**
Energy	-	-	108,434	197,643	**59,341**
Finance	606,016	139	7,294,375	(864,961)	**4,323,075**
Public sector	5,558	-	3,413,135	55,304,296	**2,265,062**
Industrial	81,500	-	277,290	1,080,243	**168,995**
Raw materials	-	-	71,508	35,366	**34,702**
Utilities	54,600	-	131,662	1,638,274	**100,039**
TOTAL	**861,710**	**139**	**12,469,882**	**58,684,308**	**7,465,818**

5. VARIATIONS IN ASSOCIATED, GROUP AND MULTI-GROUP COMPANIES

Transactions carried out during the 2020 financial year

5.a) Distribution of reserves and other contributions of the shareholders of SegurCaixa Adeslas S.A. de Seguros y Reaseguros

On 16 December 2020, SegurCaixa Adeslas S.A. de Seguros y Reaseguros (hereinafter, "Segurcaixa Adeslas") proceeded to distribute reserves and other contributions of the shareholders for an amount of €86,544,000. As a result of this distribution, and considering that the stake in this company was 49.9%, VidaCaixa received a total of €43,207,000. Of this amount, the Company considered €19,341,000 as a decrease in the net book value of the stake in SegurCaixa Adeslas. This was due to considering that the balance 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. The remaining amount, €23,866,000, was considered a dividend received and is recorded under the heading "Income from Tangible Fixed Assets and Investments" of the Technical - Non-Life Insurance Account corresponding to the 2020 financial year.

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 companies that have led to variations in the consolidation perimeter.

6. FINANCIAL ASSETS

BREAKDOWN OF CASH AND EQUIVALENT LIQUID ASSETS (thousands of euros):

	31/12/2020	31/12/2019
Cash	637,172	502,641
Foreign currency current accounts	263,617	485,002
Other demand deposits	-	-
TOTAL	**900,789**	**987,643**
Of which: linked to investments by life policyholders who assume the risk of the investment*:	**501,945**	**391,605**

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

The breakdown of financial assets based on the inputs used in their valuation, as of 31 December 2020, is as follows (thousands of euros):

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES ALLOCATED TO THE INSURANCE BUSINESS

		31/12/2020 FAIR VALUE				31/12/2019 FAIR VALUE		
	TOTAL	Level 1	Level 2 (*)	Level 3	TOTAL	Level 1	Level 2 (*)	Level3
FINANCIAL ASSETS								
Other financial assets at fair value through profit and loss	**14,452,038**	**14,231,078**	**135,966**	**84,994**	**12,469,882**	**12,380,400**	**33,755**	**55,727**
Equity instruments	4,633,048	4,629,355	-	3,693	3,804,494	3,777,161	27,333	-
Debt securities	936,460	936,414	46	-	1,199,570	1,199,517	53	-
Investments by life policyholders who assume the risk of the investment	8,878,815	8,665,309	132,205	81,301	7,465,818	7,403,722	6,369	55,727
Other	3,715	-	3,715	-	-	-	-	-
Financial assets available for sale	**61,707,144**	**65,616,267**	**(3,957,552)**	**48,429**	**58,684,308**	**60,173,544**	**(1,542,387)**	**53,151**
Equity instruments	1,865	929	936	-	1,762	1,275	487	-
Debt securities	61,705,279	65,615,338	(3,958,488)	48,429	58,682,546	60,172,269	(1,542,874)	53,151
Loans and receivables								
Debt securities								
Loans and other								
FINANCIAL LIABILITIES								
Other financial liabilities at fair value through profit and loss								

(*) 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.

6.a) Financial Investments

Financial assets held to trade

Presented below is a breakdown of the financial assets classified into the held to trade category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

BREAKDOWN OF FINANCIAL ASSETS HELD TO TRADE

	31/12/2020	31/12/2019
Equity instruments	**-**	**-**
Shares in investment funds		
Financial investments in capital		
Debt securities	**141**	**139**
Spanish public debt		
Foreign public debt		
Issued by credit institutions		
Other Spanish issuers		
Other foreign issuers	141	139
Guarantees		
TOTAL	**141**	**139**

Presented below is the movement experienced by the financial assets classified into the held to trade category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

MOVEMENTS OF EQUITY INSTRUMENTS

	2020	2019
Adjusted balance, start of the financial year	**139**	**134**
Plus:		
Purchases		
Interest		
Less:		
Sales and amortisations		
Revaluations against earnings	**2**	**5**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**141**	**139**

Financial assets at fair value through profit and loss:

Presented below is the breakdown of the financial assets classified into the fair value through profit and loss category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

BREAKDOWN OF OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS*

	31/12/2020	31/12/2019
Equity instruments	**9,279,992**	**7,689,657**
Shares in investment funds	5,549,693	4,854,658
Financial investments in capital	3,370,299	2,834,999
Debt securities	**5,127,713**	**4,387,209**
Spanish public debt	1,825,871	1,438,306
Foreign public debt	2,445,985	2,229,297
Issued by credit institutions	249,925	369,939
Other Spanish issuers	108,855	75,797
Other foreign issuers	497,077	273,870
Guarantees	44,333	393,016
TOTAL	**14,452,038**	**12,469,882**
Of which: linked to investments by life policyholders who assume the risk of the investment*:	**8,878,815**	**7,465,818**
Equity instruments	4,646,944	3,885,163
Debt securities	4,191,253	3,187,639
Derivatives and guarantees	40,618	393,016

(*) The balance of the "Other financial assets at fair value through profit and loss" heading includes, in addition to the assets linked to the Renta Vitalicia Inversión Flexible (PVI) product, certain assets corresponding to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately.

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

As of 31 December 2020, the amount accrued and not collected from explicit interest in favour of policyholders who assume the risk of the investment related to fixed income securities and current accounts amounted to €19,930,000 and are recorded in the "Other Assets - Accruals and deferrals" account of the accompanying balance sheet.

The provision for life insurance when the risk of the investment is assumed by the policyholder stands at €9,334,331,000 as of 31 December 2020.

Presented below is the movement experienced by the financial assets classified into the fair value through profit and loss category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

MOVEMENTS OF EQUITY INSTRUMENTS

	2020	2019
Adjusted balance, start of the financial year	**7,689,657**	**5,200,716**
Plus:		
Purchases	6,259,792	4,591,258
Less:		
Sales	(4,966,292)	(3,244,997)
Revaluations against earnings	**296,835**	**1,142,680**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**9,279,992**	**7,689,657**

MOVEMENTS OF DEBT SECURITIES

	2020	2019
Adjusted balance, start of the financial year	**4,387,209**	**3,330,518**
Plus:	-	-
Purchases	9,629,465	10,204,081
Interest	296,501	38,325
Less:	**-**	**-**
Sales and amortisations	(9,221,865)	(9,156,124)
Revaluations against earnings	**36,403**	**(29,591)**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**5,127,713**	**4,387,209**

In addition to the assets linked to investments on behalf of life policyholders who assume the risk of the investment, this heading includes the assets corresponding to managing the Renta Vitalicia Inversión Flexible product (See Note 1).

Given that the Parent Company has recorded the changes in the fair value of these assets through the profit and loss account during the 2020 and 2019 financial years symmetrically with changes in the life insurance provision of these insurance policies, there has been no accounting asymmetry that must be corrected.

Debt securities corresponding to BPI Vida mainly include public debt from the eurozone.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

During the 2020 financial year, net capital gains of €213,476,000 (net capital gains of €771,289,000 in 2019) 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 recorded 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.

In the 2020 financial year, the income net of expenses from investments by policyholders who assume the risk of the investment amounts to €245,709,000 (€612,385,000 in 2019). This income corresponds to earnings from the realisation of investments, the changes in the value of assets and the interest recognised through applying the effective interest rate method.

Most revaluations recognised with a charge to the 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 2020, the Group does not hold any hybrid instruments.

Financial assets available for sale

Presented below is a breakdown of the financial assets classified into the available for sale category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

BREAKDOWN OF FINANCIAL ASSETS AVAILABLE FOR SALE

	31/12/2020	31/12/2019
Equity instruments	**1,865**	**1,762**
Shares in investment funds	418	489
Financial investments in capital	1,447	1,273
Debt securities	**61,705,279**	**58,682,546**
Spanish public debt	51,033,841	49,426,613
Foreign public debt	6,678,544	5,705,427
Issued by credit institutions	(2,237,176)	(2,027,156)
Other Spanish issuers	2,430,107	2,377,845
Other foreign issuers	3,799,963	3,199,817
TOTAL	**61,707,144**	**56,684,308**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Presented below is the movement experienced by the financial assets classified into the available for sale category, all valued and recorded at market value in the 2020 and 2019 financial years (thousands of euros):

MOVEMENTS OF EQUITY INSTRUMENTS

	2020	2019
Adjusted balance, start of the financial year	**1,762**	**456**
Plus:		
Purchases	165	1.183
Less:		
Sales	(25)	-
Revaluations against earnings	**(37)**	**123**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**1,865**	**1,762**

As of 31 December 2020, the Group maintains its stakes in the company called "Tecnologías de la información y redes para las entidades aseguradoras, S.A." (€518,000), in the mutual fund of various Voluntary Retirement Savings Providers (€832,000) and has acquired some participations in CaixaBank, S.A. (€21,000).

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

MOVEMENTS OF DEBT SECURITIES

	2020	2019
Adjusted balance, start of the financial year	**58,682,546**	**50,745,906**
Plus:		
Purchases	7,766,892	11,079,465
Interest	(407,486)	(389,981)
Less:		
Sales and amortisations	(6,760,922)	(8,048,850)
Revaluations against reserves	22,570	4,988
Amounts transferred to the profit and loss account	(208,584)	(342,146)
Of which: profit on sale	253,769	417,122
Of which: loss on sale	(51,041)	(76,710)
Revaluations against technical provisions	**2,610,263**	**5,633,164**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**61,705,279**	**58,682,546**

The amount of explicit interest from fixed income accrued and not collected as of 31 December 2020 amounts to €783,136,000 (€929,667,000 at the close of the 2019 financial year) and 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" (see Note 22) and other institutions, 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.

At 31 December 2020, 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 between 2021 and 2070. Although the Group has the valuation of these swaps and the bonds with which they are associated, it performs a joint valuation of them according to that indicated in Note 3.b.

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 the 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 quarterly renewable amount. As of 31 December 2020, the amount for guarantees stands at €6,378,305,000 and it consists of financial assets from negotiable public debt issued by the Spanish Government and by Spanish regional debt securities.

Loans and receivables

Presented below is a breakdown of the financial assets classified into the loans and receivables portfolio category, all valued and recorded at amortised cost in the 2020 and 2019 financial years (thousands of euros):

BREAKDOWN OF LOANS AND RECEIVABLES 31-12-2020

	GROSS BALANCE	VALUATION ADJUSTMENTS			BALANCE IN BALANCE SHEET
		PROVISIONS FOR PREMIUMS PENDING COLLECTION/IMPAIRMENT FUND	INTEREST/ACCRUED AND UNWRITTEN PREMIUMS	OTHERS	
Debt securities	**188,607**	**-**	**-**	**-**	**188,607**
Loans	**18,757**	**-**	**-**	**-**	**18,757**
Policy advances	10,269	-	-	-	10,269
Loans to group companies and associates	8,488	-	-	-	8,488
Deposits in credit institutions	**37,877**	**-**	**-**	**-**	**37,877**
Credits from direct insurance transactions	**63,942**	**(4,714)**	**3,971**	**-**	**63,199**
Policyholders	26,876	(4,714)	3,971	-	26,133
Brokers	37,066	-	-	-	37,066
Credits from reinsurance transactions	**18,710**	**-**	**-**	**-**	**18,710**
Credits from coinsurance transactions	**228**	**-**	**-**	**-**	**228**
Other credits	**339,314**	**-**	**-**	**-**	**339,314**
Credits with Public Administrations	10,278	-	-	-	10,278
Remaining credits	329,036	-	-	-	329,036
Total	**667,435**	**(4,714)**	**3,971**	**-**	**666,692**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN OF LOANS AND RECEIVABLES 31-12-2019

	GROSS BALANCE	VALUATION ADJUSTMENTS			BALANCE IN BALANCE SHEET
		PROVISIONS FOR PREMIUMS PENDING COLLECTION/IMPAIRMENT FUND	INTEREST/ACCRUED AND UNWRITTEN PREMIUMS	OTHERS	
Debt securities	**345,082**	**-**	**-**	**-**	**345,082**
Loans	**16,750**	**-**	**-**	**-**	**16,750**
Policy advances	10,651	-	-	-	10,651
Loans to group companies and associates	6,099	-	-	-	6,099
Deposits in credit institutions	**236,326**	**-**	**-**	**-**	**236,326**
Credits from direct insurance transactions	**32,877**	**(4,789)**	**3,464**	**-**	**31,552**
Policyholders	30,001	(4,789)	3,464	-	28,676
Brokers	2,876	-	-	-	2,876
Credits from reinsurance transactions	**19,110**	**-**	**-**	**-**	**19,110**
Credits from coinsurance transactions	**1,578**	**-**	**-**	**-**	**1,578**
Other credits	**211,312**	**-**	**-**	**-**	**211,312**
Credits with Public Administrations	9,775	-	-	-	9,775
Remaining credits	201,537	-	-	-	201,537
Total	**863,035**	**(4,789)**	**3,464**	**-**	**861,710**

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 2020, the Parent Company holds amounts of €14,003,000 in the “Loans and receivables - Receivables” heading of the attached balance sheet for outstanding collections and payments with the reinsurer. In terms of the reinsurance share in the technical provisions, see note 15.

Presented below is the movement experienced by the debt securities, loans granted and deposits in credit institutions that are not listed on an active market, all valued and recorded at their amortised cost in the 2020 and 2019 financial years (thousands of euros):

MOVEMENTS OF DEBT SECURITIES

	2020	2019
Adjusted balance, start of the financial year	**345,082**	**630,713**
Plus:		
Purchases	974,036	15,006
Interest	789	-
Less:		
Sales and amortisations	(1,131,300)	(300,637)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**188,607**	**345,082**

Through BPI Vida, the Group has recorded €188,607,000 in the “Debt securities” sub-heading, which corresponds mainly to corporate debt issues of companies in Portugal (€173,018,000) and Spain (€15,000,000). The maturities of the debt securities recorded in this sub-heading range between the years 2021 and 2025 and their fair value as of 31 December 2020 is €190,539,000.

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

MOVEMENTS OF LOANS (with Group Companies)

	2020	2019
Adjusted balance, start of the financial year	**6,099**	**712,156**
Plus:		
Purchases	21,342	-
Interest	(3,420)	(3,194)
Less:		
Sales and amortisations	(15,533)	(702,863)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**8,488**	**6,099**

The balance of the “Loans and receivables - Loans and deposits” heading mainly contains the deposits whose duration from their acquisition date is greater than 3 months.

The amount recorded at 31 December 2020 corresponds to the accrual of the securities loan arranged with CaixaBank for an amount of €2,139,000 and to other balances with Group companies for an amount of €6,349,000 (see Note 20).

MOVEMENTS OF DEPOSITS IN CREDIT INSTITUTIONS

	2020	2019
Adjusted balance, start of the financial year	**236,326**	**307,540**
Plus:		
Purchases	30,100	493,945
Interest	(1,969)	-
Less:		
Sales and amortisations	(226,580)	(565,159)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR *	**37,877**	**236,326**

The balance of the “Deposits in credit institutions” sub-heading contains 50 deposits arranged by the Parent Company with Santander, BBVA and Royal Bank of Scotland that amount to a total of €25,895,000. The maturities of these deposits range between the years 2022 and 2044 and their weighted average IRR amounts to 5.49%. Moreover, through BPI Vida, the Group has recorded €11,982,000 of deposits in credit institutions, all contracted with Banco BPI. All the deposits mature in 2021 and their weighted average IRR amounts to -0.46%.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

MOVEMENTS OF THE PROVISION FOR OUTSTANDING PREMIUMS

	2020	2019
Adjusted balance, start of the financial year	**(4,789)**	**(4,522)**
Endowments	(4,714)	(4,789)
Applications	4,789	4,522
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(4,714)**	**(4,789)**

El detalle de los 'Otros créditos' del balance a 31 de diciembre de 2020 y 2019 es el siguiente (en miles de euros):

BREAKDOWN OF OTHER CREDITS

	31/12/2020	31/12/2019
Credits with Public Administrations	**10,278**	**9,775**
Public Finance VAT receivables	16	21
Public Finance withholding receivables	10,262	9,754
Remaining credits	**329,036**	**201,537**
Receivables from pension fund fees	33,258	33,656
Other miscellaneous receivables	151,558	91,608
Loans to staff	1,365	1,358
Pay advances	-	-
Securities receivables	12,596	11,142
Other Spanish issuers	-	-
Loans to group companies and associates (Note 20)	130,259	63,773
TOTAL	**339,314**	**211,312**

The "Remaining credits - Other miscellaneous receivables" heading, as of 31 December 2020, includes €134,688,000 corresponding to the estimated earn-out with Mutua Madrileña Automovilística for the 2020 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 Company for the acquisition of SegurCaixa shares, which was drawn up in the share acquisition agreement of 16 June 2011.

Held-to-maturity investments

During the 2020 and 2019 financial years, the Company has not allocated financial assets to this portfolio.

6.b) Other aspects related to Financial Investments

The breakdown of income from fixed assets and investments in the profit and loss accounts for the 2020 and 2019 financial years is as follows (thousands of euros):

BREAKDOWN OF INCOME FROM FIXED ASSETS AND INVESTMENTS (*)

	2020			2019		
	Non-Life technical account	Life technical account	Non-technical account	Non-Life technical account	Life technical account	Non-technical account
Income from property investments	-	-	10	-	-	19
Income from financial investments	-	1,556,712	11,226	-	1,652,524	8,386
Yield on equity instruments	-	(4,450)	-	-	(4,481)	-
Yield on debt instruments	-	1,560,380	11,226	-	1,656,647	8,386
Other yields	-	782	-	-	358	-
Applications of value corrections for impairment of tangible fixed assets and investments	-	-	8	-	-	-
From tangible fixed assets and property investments	-	-	8	-	-	-
From financial investments	-	-	-	-	-	-
Profits from the disposal of tangible fixed assets and investments	219,740	2,298,842	140,073	191,995	1,240,011	79,880
From tangible fixed assets and property investments	-	-	-	-	-	-
From financial investments	219,740	2,298,842	140,073	191,995	1,240,011	79,880
TOTAL	**219,740**	**3,855,554**	**151,317**	**191,996**	**2,892,535**	**88,285**

(*) This does not include the income derived from the Unit Linked operations that are recorded in the "Income from investments subject to insurance in which the policyholder assumes the risk of the investment" chapter of the technical life account of the profit and loss account.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

AVERAGE RETURN ON THE PARENT COMPANY'S ASSETS

	2020	2019
Cash and equivalent liquid assets	-	-
Financial assets held to trade - Debt securities	-	-
Financial assets at fair value through profit and loss - Debt securities	-	-
Financial assets available for sale - Debt securities	2.79%	3.55%
Loans and receivables	-	-
Debt securities	-	-
Deposits in credit institutions	5.42%	2.88%

The breakdown of expenses from fixed assets and investments in the profit and loss accounts for the 2020 and 2019 financial years is as follows (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN OF EXPENSES FROM FIXED ASSETS AND INVESTMENTS (*)

	2020 Non-Life technical account	2020 Life technical account	2020 Non-technical account	2019 Non-Life technical account	2019 Life technical account	2019 Non-technical account
Management expenses from tangible fixed assets and investments	**3**	**354,150**	**1,032**	**-**	**118,272**	**364**
Expenses from tangible fixed assets and property investments	-	-	-	-	-	-
Expenses from investments and financial accounts	3	354,150	1,032	-	118,272	364
Value corrections for tangible fixed assets and investments	**-**	**335**	**-**	**-**	**226**	**-**
Depreciation of tangible fixed assets and property investments	-	335	-	-	226	-
Impairment of tangible fixed assets and property investments	-	-	-	-	-	-
Impairment of financial investments	-	-	-	-	-	-
Losses from the disposal of tangible fixed assets and investments	**-**	**1,512,890**	**370**	**-**	**140,460**	**358**
From tangible fixed assets and property investments	-	-	5	-	-	-
From financial investments	-	1,512,890	365	-	140,460	358
TOTAL	**3**	**1,867,375**	**1,402**	**-**	**258,958**	**722**

(*) This does not include the expenses derived from the Unit Linked operations that are recorded in the "Expenses from investments subject to insurance in which the policyholder assumes the risk of the investment" chapter of the technical life account of the profit and loss account.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

The breakdown by maturity of the financial instruments classified in the different portfolios as of 31 December 2020 and 2019 is as follows (thousands of euros):

RESIDUAL TERM OF THE TRANSACTIONS 31-12-2020

	DEMAND	<1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	> 5 YEARS	TOTAL
Financial assets available for sale	-	7,505	79,909	2,081,072	9,399,594	50,137,199	61,705,279
Other financial assets at fair value through profit and loss	-	280,423	823,399	765,743	2,326,058	932,090	5,127,713
Loans and receivables	514,719	-	14,138	4,009	96,185	37,640	666,691
TOTAL ASSETS	**514,719**	**287,928**	**917,446**	**2,850,824**	**11,821,837**	**51,106,929**	**67,499,683**

7. JOINT VENTURE

At the close of the 2020 financial year, the Group is not involved in any significant Joint Ventures.

8. SHARES IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The breakdown of entities accounted for using the equity method is attached in Appendix I.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

The movement produced during the 2020 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	Thousands of euros				
	Balances 31.12.2019	Entries and exits from consolidation perimeter	Increases from earnings for the financial year	Other variations	Balances 31.12.2020
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	996,481	-	6,682	(19,341)	983,822
Gross total	996,481	-	6,682	(19,341)	983,822
Impairment losses	-	-	-	-	-
Net total	**996,481**	**-**	**6,682**	**(19,341)**	**983,822**

On 16 December 2020, SegurCaixa Adeslas S.A. de Seguros y Reaseguros (hereinafter, "Segurcaixa Adeslas") proceeded to distribute the reserves and other contributions from mutual associations for an amount of €86,544,000. As a result of this distribution, and considering that the stake in this company was 49.9%, VidaCaixa received a total of €43,207,000. Of this amount, the Parent Company considered €19,341,000 as a decrease in the net book value of the stake in SegurCaixa Adeslas. This was due to considering that this balance 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. The remaining amount, €23,866,000, was considered a dividend received and is recorded under the "Income from tangible fixed assets and investments" heading of the Company's Technical - Non-Life Insurance Account corresponding to the 2020 financial year.

With a minimum frequency of each year, the Parent Company performs an impairment test on the holdings in entities valued using the equity method. The methodology used to determine the value recoverable by the Parent Company is based on the DDM (Dividend Discount Model), considering the minimum regulatory capital. This model, widely accepted by the economic community, is based on the forecasting of dividends expected to be earned by the Parent Company for the coming financial years. In order to determine the residual value from the forecasts, a growth rate of 1.5% has been used based on estimates of the most relevant macroeconomic variables applied to the Parent Company's activity. A discount rate of 8.24% 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.

9. TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS

The movement in the 2020 and 2019 financial years, as well as the most significant information affecting these headings, was as follows (thousands of euros):

	2020			2019		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	Total
Cost						
Balance at the start of the financial year	17,839	13,906	31,745	17,839	12,868	30,707
Additions	-	1,335	1,335	-	1,371	1,371
Removals	-	(27)	(27)	-	(333)	(333)
Transfers	-	3,039	3,039	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**17,839**	**18,253**	**36,092**	**17,839**	**13,906**	**31,745**
Cumulative depreciation						
Balance at the start of the financial year	(2,576)	(8,391)	(10,967)	(2,302)	(7,466)	(9,768)
Additions	(272)	(1,555)	(1,805)	(274)	(1,258)	(1,532)
Removals	-	22	-	-	333	333
Transfers	-	(224)	(224)	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(2,848)**	**(10,148)**	**(12,996)**	**(2,576)**	**(8,391)**	**(10,967)**
Impairment fund						
Balance at the start of the financial year	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

cont.

	2020			2019		
	LAND AND BUILDINGS	**FIXTURES, INSTALLATIONS AND OTHER**	**Total**	**LAND AND BUILDINGS**	**FIXTURES, INSTALLATIONS AND OTHER**	**Total**
Endowments	-	-	-	-	-	-
Availabilities	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**-**	**-**	**-**	**-**	**-**	**-**
TANGIBLE FIXED ASSETS	**14,991**	**8,105**	**23,096**	**15,263**	**5,515**	**20,778**
Cost						
Balance at the start of the financial year	802	-	802	802	-	802
Additions	-	-	-	-	-	-
Removals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**802**	**-**	**802**	**802**	**-**	**802**
Cumulative depreciation						
Balance at the start of the financial year	(38)	-	(38)	(38)	-	(38)
Additions	(2)	-	(2)	-	-	-
Removals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(40)**	**-**	**(40)**	**(38)**	**-**	**(38)**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

cont.

	2020			2019		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	Total
Impairment fund						
Balance at the start of the financial year	(21)	-	(21)	-	-	-
Endowments	-	-	-	(21)	-	(21)
Availabilities	-	-	-	-	-	-
Uses	-	-	-	-	-	-
Transfers	8	-	8	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(13)**	**-**	**(13)**	**(21)**	**-**	**(21)**
REAL ESTATE INVESTMENTS	**749**	**-**	**749**	**743**	**-**	**743**

As of 31 December 2020 and 2019, 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 2020 and 2019 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 properties located in calle Juan Gris, 2 - 8, Barcelona, Edificio "Torre Sur". These properties were subject to a mortgage, subrogated with Banif, S.A. , with a maturity date of 17 June 2019 (see Note 13).

The following table contains a breakdown of the land and buildings owned by the Company as of 31 December 2020, providing the following information for each element: classification as a tangible fixed asset (own use) or property investment (rented or for sale), gross accounting value, cumulative depreciation, net accounting value, capital gains, location, valuation, valuation company and valuation date (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

<table>
<tr><th>LOCATION</th><th>CLASSIFICATION</th><th>GROSS BOOK VALUE</th><th>CUMULATIVE DEPRECIATION</th><th>IMPAIRMENT FUND</th><th>LAST VALUATION DATE</th><th>VALUATION COMPANY</th><th>VALUATION (*)</th><th>CAPITAL GAIN</th></tr>
<tr><td>Sainz de Baranda 57 piso 7 28009 Madrid</td><td>Property investment</td><td>489</td><td>(40)</td><td>(13)</td><td>19/10/20</td><td>Gesvalt</td><td>436</td><td>-</td></tr>
<tr><td>Parcela 318-03, Teguise (Las Palmas)</td><td>Property investment</td><td rowspan="2">313</td><td>-</td><td rowspan="2">-</td><td>5/10/20</td><td>Euroval</td><td>976</td><td rowspan="2">1,639</td></tr>
<tr><td>Parcela 318-04, Teguise (Las Palmas)</td><td>Property investment</td><td>-</td><td>5/10/20</td><td>Euroval</td><td>976</td></tr>
<tr><td>Juan Gris 2-8 CP 08014 Barcelona</td><td>Property investment</td><td>17,839</td><td>(2,848)</td><td>-</td><td>5/10/20</td><td>TINSA</td><td>18,116</td><td>3,125</td></tr>
</table>

(*) Valuation provided by the valuation companies authorised for the valuation of properties in the mortgage market 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.

During the 2020 financial year, the Parent Company's different properties and lands have been valued. The valuations obtained for them allowed the reversal of impaired amounts for the value of €8,000.

At the end of the 2020 and 2019 financial years, the Group had fully amortised tangible fixed assets and property investments still in use, according to the following breakdown (thousands of euros):

OTHER INFORMATION ON TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS

	31/12/20	**31/12/19**
Fully amortised/depreciated assets in use	1,843	1,705
- Furniture and installations	-	-
- Software	1,843	1,705
Commitments to acquire tangible assets	Not significant	Not significant
Assets with ownership restrictions	Not significant	Not significant
Assets covered by insurance policies	100%	100%

10. INTANGIBLE FIXED ASSETS

The composition of intangible fixed assets as of 31 December 2020 and 2019 is detailed below (thousands of euros):

	CGU	REMAINING USEFUL LIFE	31/12/2020	31/12/2019
Goodwill			**583,577**	**583,577**
Acquisition of la Caixa Gestión de Pensiones, E.G.F.P., S.A.U.	Vida y Pensiones		3,408	3,408
Acquisition of Fortis (2008)			330,929	330,929
Acquisition of Banca Cívica (2013)			249,240	249,240
Other intangible assets			**103,546**	**174,400**
Software		1 to 15 years	64,590	49,104
Other intangible assets (generated by mergers/acquisitions)			37,991	121,911
"la Caixa" Gestión de Pensiones		-	-	290
Banca Cívica Vida y Pensiones		2 years	12,994	20,421
Caja Sol Vida y Pensiones		2 years	3,130	4,521
Caja Canarias Vida y Pensiones		2 years	1,928	2,785
Caja Guadalajara		3 years	276	365
Banco Valencia Funds		3 years	518	681
Barclays Vida y Pensiones – Pension funds		5.5 years	4,410	5,224
Barclays Vida y Pensiones – Risk Portfolio		6 years	7,472	8,756

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

	CGU	REMAINING USEFUL LIFE	31/12/2020	31/12/2019
Mediterráneo Vida Funds		8,75 years	279	311
BPI Vida			6,984	9,806
Acquisition expenses			-	68,751
Administrative concessions		40 years	965	989
Rights of use for leases		5 -10 years	-	2,396
TOTAL			**687,123**	**757,977**

The movement in this heading during the 2020 and 2019 financial years is attached in Appendices II and III, respectively.

The breakdown of Goodwill, depending on the companies in which it originates and its nature, is as follows:

	Thousands of euros	
Goodwill	31.12.2020	31.12.2019
la Caixa Gestión de 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
Total	**583,577**	**583,577**

As of 31 December 2020 and 2019, 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 Vida-Caixa, 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 Vida-Caixa, 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 Vida-Caixa, 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 €249,240,000.

The goodwill arising from these operations has been allocated to the cash-generating 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), 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 to determine the residual value from the forecasts, a growth rate of 1.5% has been used based on estimates of the most relevant macroeconomic variables applied to the Parent Company's activity. A discount rate of 8.81% 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 2020, no reasonably possible change in the key assumptions for forecast income and expenses would lead to book value exceeding fair value.

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%. 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 2020 financial year amounts to €9,674,000.

- 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 Vida-Caixa, 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 2020 financial year has amounted to €290,000, recorded in the "Other Expenses" heading of the Non-Technical Account.

- 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 Vida-Caixa, 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 from 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 2020 financial year amounts to €90,000.

- In February 2014, Vida-Caixa, S.A.U. proceeded to integrate the pension plans contained in the agreement known as "Acuerdo de movilización de Planes de pensiones entre Bankia Mediación, Operador de Bancaseguros Vinculado S.A.U.; CaixaBank, S.A.; Vida-Caixa, 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 endowment for amortisation of the assets during the 2020 financial year amounts to €164,000.

- 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, €8,111,000, as intangible fixed assets. The endowment for amortisation of the assets during the 2020 financial year amounts to €810,000.

- 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. The gross amount finally capitalised by 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 2020 financial year amounts to €1,281,000.

- 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 Management Company of 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 2020 financial year amounts to €32,000.

- On 29 December 2017, the Parent Company acquired a 100% stake in BPI Vida. As a result of this, a total intangible asset of €15,449,000 was identified, corresponding to the customer portfolio of pension funds amounting to €2,680,000 with a useful life of 10 years, and a portfolio of insured parties of the entity itself amounting to €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 2020 financial year amounted to €268,000. The endowment for amortisation of the asset corresponding to the portfolio of insured parties during the 2020 financial year amounts to €2,554,000.

The right to use a part of the land, owned by Barcelona City Council, on which "Edificio Torre Sur" is located, purchased in the 2010 financial year, was recorded as an administrative concession. €1,221,000 capitalised during the 2010 financial year was recorded. The Parent Company is amortising this asset over a period of 50 years from the start of the concession.

This heading also contains computer software, where the Group records the costs incurred in the acquisition and development of computer programs in this account, so long as they are expected to be in use for several years. The 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 2020 and 2019 financial years, the Group had fully amortised intangible fixed assets still in use, according to the following breakdown (thousands of euros):

	31/12/2020	31/12/2019
Fully amortised/depreciated assets in use	**3**	**3**
- Computer software	3	3
Commitments to acquire intangible assets	-	-
Assets with ownership restrictions	-	-

11. LEASES

11.1 The Group acting as lessor

At the close of the 2020 and 2019 financial years, the main lease agreement that the Group had entered into in the role of lessor was 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 2020 and 2019 financial years amounted to €10,000 and €19,000 respectively.

11.2 The Group acting as lessee

As indicated in Notes 2.d) and 9, 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 2020 and 2019 financial years, the main lease agreements that the Parent Company had entered into in its role as lessee were as follows:

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- 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 financial year amounted to €348,000. 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 during the 2020 and 2019 financial years for these offices amounted to €543,000 and €228,000, respectively.

Additionally, in BPI Vida, at the close of the 2020 and 2019 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, 11-6ª planta in Lisbon. This lease is perpetual. The amounts for rent paid during the 2020 and 2019 financial years amounted to €225,000 respectively.

As of 31 December 2020 and 2019, 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 Minimum payments	Thousands of euros 2020	2019
Less than 1 year	65	72
Between 1 and 5 years	2,749	2,085
More than 5 years	-	-
Total	**2,814**	**2,157**

The amount of the operating lease and sublease payments recognised as expenses and income respectively during the 2020 and 2019 financial years is as follows:

	Thousands of euros 2020	2019
Lease payments	797	811
(Sublease fees)	-	-
Total	**797**	**811**

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, therefore, the balances to be settled for these concepts are recorded in Debts with Group Companies under the "Debits and payables" heading of the attached balanced sheet. The profits determined according to the tax legislation for this consolidated tax group are subject to a 30% tax rate on the tax base in the 2020 financial year.

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.

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 2020 and 2019, 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 2020, the Group has deferred tax assets and liabilities amounting to €239,607,000 and €264,936,000 respectively, €214,834,000 and €263,286,000 as of 31 December 2019, 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 2020 financial year.

d) Taxes charged to equity and deferred taxes

The breakdown of the balance of deferred tax assets recorded as of 31 December 2020 and 2019 under the "Tax assets - Deferred tax assets" heading is as follows (thousands of euros):

MOVEMENT OF DEFERRED TAX ASSETS

	31/12/2019	REGULARIZATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2020
Deduction for reinvestment earn-out SegurCaixa Adeslas (SCA)	65,839	-	-	-	65,839
Deduction for internal double taxation of capital gains on sale of shares	18,580	-	-	(3,131)	15,449
Deduction for double internal taxation of dividends (SCA)	79,066	-	-	(6,679)	72,387
Business combination with Morgan Stanley Gestión, SGIIC, SA	749	-	371	-	1,120
Amortisation/depreciation of assets (RDL 16/2012)	528	-	-	(124)	404
Assets at fair value through changes in equity	8,836	-	2,681	(26)	11,491
Tax losses pending offsetting	13,949	-	-	-	13,949
SAREB losses	4,600	559	-	-	5,159
Deduction for R&D (Art. 35 Corporation Tax Law)	-	1,672	-	-	1,672
Other*	10,215	-	35,343	(4,670)	40,888
Standardisation of technical provisions	12,472	-	-	(1,223)	11,249
TOTAL	**214,834**	**2,231**	**38,395**	**(15,853)**	**239,607**

(*) As of 31 December 2020, it includes €29,987,000 for the provision of rates and tables.

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.

The breakdown of the balance recorded at 31 December 2020 and 2019 under the “Tax liabilities - Deferred tax liabilities” heading is as follows (thousands of euros):

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MOVEMENT OF DEFERRED TAX LIABILITIES

	31/12/2019	REGULARIZATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2020
Amortisation of intangible assets	(12,851)	-	-	1,850	(11,001)
Assets at fair value through changes in equity	(19,443)	-	(2,590)	-	(22,033)
Standardisation of technical provisions	(217,678)	-	432	-	(217,246)
Others	(13,314)	-	-	(1,342)	(14,656)
TOTAL	**(263,286)**	**-**	**(2,158)**	**508**	**(264,936)**

The deferred tax associated with the standardisation of technical provisions in the 2020 financial year is related to the valuation standardisation adjustments emerging from the results of the Liability Adequacy Test in the technical provisions.

e) Reconciliation between the accounting result and the tax expense

The reconciliation between the accounting result and the tax expense corresponding to Corporation Tax in the 2020 and 2019 financial years is as follows (thousands of euros):

RECONCILIATION BETWEEN THE ACCOUNTING RESULT AND TAX EXPENSE

	2020	2019
Pre-tax profit or loss	**1,111,790**	**1,011,008**
Increases/decreases for permanent differences	-	-
Accounting amortisation of goodwill	23,398	23,398
Dividends and capital gains without tax (including earn-out)	(350,263)	(221,780)
Other increases	10,948	5,364
Other decreases	(1)	(89)
Result with taxation	-	-
Tax payable by the CaixaBank Tax Group	(228,985)	(221,502)
Tax payable by BPI Vida	(1,183)	(1,421)
Deductions and allowances	4,667	4,760
Corporation tax payable for the financial year	-	-
Tax adjustments	1,644	1,931
Tax adjustments expenses recognised in reserve accounts	-	-
Corporation tax CaixaBank Tax Group	**(222,674)**	**(214,810)**
Corporation tax BPI Vida	**(1,183)**	**(1,422)**
PROFIT/LOSS AFTER TAX	**887,933**	**794,776**

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 2020 financial year, the verification actions for the 2013 to 2015 financial years of the tax group to which the Parent Company belongs were completed. The certificates signed to express disagreement by the tax group, corresponding to corporation tax, are pending resolution, but no material impact is expected for Grupo VidaCaixa. As in previous inspections, 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.”.

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.

13. DEBITS AND PAYABLES

The breakdown of debits and payables derived from insurance, reinsurance and coinsurance contracts, together with other debts, as of 31 December 2020 and 2019, is as follows (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN OF DEBITS AND PAYABLES ON 31-12-2020 AND 31-12-2019

	BALANCE IN BALANCE SHEET 2020	BALANCE IN BALANCE SHEET 2019
Subordinated liabilities	-	-
Deposits received from assigned reinsurance	1,611	1,350
Debts from insurance transactions	51,504	28,175
1. Debts with insured parties	825	475
2. Debts with brokers	50,337	27,111
3. Conditional debts	342	589
Debts from reinsurance transactions	3,945	5,178
Debts from coinsurance transactions	1,701	1,750
Bonds and other negotiable securities	-	-
Debts with credit institutions	0	-
Debts from preparatory operations for insurance contracts	157	415
Other debts:	640,170	531,298
1. Debt with Public Administrations	26,718	35,025
2. Other debts with Group companies and associates	494,139	389,972
3. Rest of other debt	119,313	106,301
TOTAL	**699,088**	**568,166**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

The following items are included within the "Other debts" sub-heading as of 31 December 2020 and 2019 (thousands of euros):

BREAKDOWN OF OTHER DEBTS

	31/12/2020	31/12/2019
Debt with Public Administrations	**26,718**	**35,025**
Public Finance VAT payable	639	260
Public Finance withholdings payable	23,758	32,589
Social Security Bodies	803	773
Other Public Administrations	1,518	1,403
Other debts with Group companies and associates	**494,139**	**389,972**
Debts with CaixaBank for CT fiscal consolidation	248,979	217,021
Other debt	55,160	31,951
- Of which: linked to the marketing commission to be paid to CaixaBank	14,236	-
Interim dividend	190,000	141,000
Rest of other debt	**119,313**	**106,301**
Deposits received	25	25
Other debt	119,288	106,276
- Of which: linked to investments by life policyholders who assume the risk of the investment	-	-
TOTAL	**640,170**	**531,298**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

As of 31 December 2020, the amount recorded in the "Other debt - Other debts with Group companies and associates" heading includes €190,000,000 corresponding to the second payment of the interim dividend approved by the Parent Company's Board of Directors held on 22 December 2020.

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.

PAYMENTS MADE AND OUTSTANDING ON THE CLOSING DATE OF THE BALANCE SHEET (thousands of euros)

	2020
Total payments made	79,506
Total payments pending	1
TOTAL PAYMENTS FOR THE FINANCIAL YEAR	**79,507**

AVERAGE PAYMENT TIME AND RATIOS FOR SUPPLIERS

	2020
Average term for payment to suppliers	27.07
Ratio of transactions paid	27.07
Ratio of transactions pending payment	38.85

In accordance with the ICAC Resolution, to calculate the average period for paying 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 period for paying 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.

Debt 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 2020 and 2019 financial years amounted to €12,113,000 and €16,618,000 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 2020 and 2019, the collateral guarantees held through this contract amounted to €3,361,141,000 and €7,653,963,000 respectively.

As of 31 December 2020, the Group has no open debt positions from temporary asset assignment transactions.

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:

FOREIGN CURRENCY POSITIONS

	31.12.2020	31.12.2019
Cash and equivalent liquid assets	263,617	485,002
Other financial assets at fair value through profit and loss	4,999,296	4,068,487
Financial assets available for sale (includes financial swap flows)	226,053	192,560
Loans and receivables	-	-
TOTAL ASSETS IN FOREIGN CURRENCY	**5,488,966**	**4,746,049**
Of which: linked to investments by life policyholders who assume the risk of the investment*	2,187,971	1,683,228
Debits and payables	-	-
Technical provisions	129,875	100,963
Other liabilities	-	-
TOTAL LIABILITIES IN FOREIGN CURRENCY	**129,875**	**100,963**

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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.

The amount broken down by currency of the main items on the balance sheet is as follows (thousands of euros):

BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET -31-12-2020

	LOANS AND RECEIVABLES	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	CASH	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
US dollars	-	4,435,753	88,017	219,027	1,970,529
Pounds sterling	-	4,308	137,670	706	47,308
Swiss francs	-	40,666	-	655	40,666
Norwegian krone	-	2,438	-	619	2,438
Danish krone	-	11,017	-	345	11,017
Swedish krona	-	15,685	-	931	15,685
Japanese yen	-	446,429	366	41,334	100,328
TOTAL	**-**	**4,999,296**	**226,053**	**263,617**	**2,187,971**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET -31-12-2019

	LOANS AND RECEIVABLES	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	CASH	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
US dollars	-	3,500,188	80,737	379,943	1,423,752
Pounds sterling	-	70,185	111,352	633	70,185
Swiss francs	-	38,023	-	80	38,023
Norwegian krone	-	3,602	-	49	3,602
Danish krone	-	11,503	-	49	11,503
Swedish krona	-	20,462	-	83	20,462
Japanese yen	-	424,524	471	104,165	115,701
TOTAL	**-**	**4,068,487**	**192,560**	**485,002**	**1,683,228**

15. TECHNICAL PROVISIONS

The breakdown of the provisions constituted as of 31 December 2020 and their movement compared to the financial year ended on 31 December 2019, together with the participation of reinsurance in these, is shown below (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

MOVEMENT OF THE TECHNICAL PROVISIONS OF DIRECT BUSINESS AND REINSURANCE ACCEPTED

	31/12/2018	ENDOWMENTS	APPLICATIONS	31/12/2019	ENDOWMENTS	APPLICATIONS	31/12/2020
Provision for unearned premiums	3,561	3,434	(3,561)	3,434	1,984	(3,434)	1,984
Provision for ongoing risks	-	-	-	-	-	-	-
Provision for life insurance						-	
- Provision for unearned premiums	51,650	60,309	(51,650)	60,309	62,462	(60,309)	62,462
- Provision for ongoing risks	-	-	-	-	-	-	-
- Mathematical provision	54,905,046	61,673,184	(53,310,052)	63,268,178	65,729,612	(63,268,178)	65,729,612
- Provision for life insurance when the risk of the investment is assumed by the policyholder*	6,337,819	6,025,533	(4,503,957)	7,859,395	9,334,331	(7,859,395)	9,334,331
Provision for benefits	671,417	720,618	(671,268)	720,767	988,332	(720,767)	988,332
Provisions for profit sharing and rebates	22,132	38,931	(21,977)	39,086	87,086	(39,086)	87,086
Other provisions	109	-	(49)	60	92	(60)	92
TOTAL	**61,991,734**	**68,522,009**	**(58,562,514)**	**71,951,229**	**76,203,899**	**(71,951,229)**	**76,203,899**

MOVEMENT OF THE SHARE OF THE REINSURER IN THE TECHNICAL PROVISIONS

	31/12/2018	ENDOWMENTS	APPLICATIONS	31/12/2019	ENDOWMENTS	APPLICATIONS	31/12/2020
Provision for unearned premiums	(2,725)	(2,753)	2,725	(2,753)	(1,373)	2,753	(1,373)
Provision for life insurance	(205,218)	(151,164)	205,218	(151,164)	(111,098)	151,164	(111,098)
Provision for benefits	(16,860)	(20,399)	16,860	(20,399)	(18,359)	20,399	(18,359)
Other provisions	-	-	-	-	(235)	-	(235)
TOTAL	**(224,803)**	**(174,316)**	**224,803**	**(174,316)**	**(131,065)**	**174,316**	**(131,065)**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

On 17 December 2020, the General Directorate of Insurance and Pension Funds published the Resolution regarding the mortality and survival tables to be used by insurance and reinsurance companies, which approves the technical guide regarding the supervision criteria in relation to the biometric tables (See Note 3, section i.2).

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 0.59% for the 2020 financial year, see resolution dated 2 January 2020). As of 31 December 2020, the Group holds a complementary provision of €18 million for this item due to the effect of this calculation.

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

The liability suitability 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 redemptions 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.

The breakdown of the net premiums accrued and technical provisions as of 31 December 2020, based on the different businesses included within the life and non-life segments, is as follows (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN OF NET PREMIUMS AND TECHNICAL PROVISIONS

	2020			2019		
	Non-Life technical account	**Life technical account**	**TOTAL**	**Non-Life technical account**	**Life technical account**	**TOTAL**
Net premiums:						
Direct Insurance Premiums	17,304	7,170,797	7,188,101	18,527	8,650,094	8,668,621
Accepted Reinsurance Premiums	-	139	139	-	3,248	3,248
Ceded Reinsurance Premiums	(13,886)	(163,979)	(177,865)	(16,459)	(169,847)	(186,306)
	-	-	0	-	-	0
TOTAL	**3,418**	**7,006,957**	**7,010,375**	**2,068**	**8,483,495**	**8,485,563**
Provision for unearned premiums and ongoing risks	653	62,421	63,074	681	60,309	60,990
Provision for the Financial Year, Direct Insurance*	1,984	62,462	64,446	3,434	60,257	63,691
Provision for the Financial Year, Accepted Reinsurance	-	-	-	-	52	52
Provision for the Financial Year, Ceded Reinsurance	(1,331)	(41)	(1,372)	(2,753)	-	(2,753)
Mathematical provision, of benefits and other techniques	4,535	76,005,225	76,009,760	2,929	71,712,993	71,715,922
Provision for the Financial Year, Direct Insurance*	16,913	76,122,037	76,138,950	15,414	71,864,689	71,880,103
Provision for the Financial Year, Accepted Reinsurance	-	503	503	-	7,382	7,382
Provision for the Financial Year, Ceded Reinsurance	(12,378)	(117,315)	(129,693)	(12,485)	(159,078)	(171,563)
TOTAL	**5,188**	**76,067,646**	**76,072,834**	**3,610**	**71,773,302**	**71,776,912**

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

	31.12.2020	31.12.2019
Balance Start of the Financial Year	13,329,578	8,076,820
Net movement due to allocation of net latent capital gains charged to equity	2,395,330	5,252,758
Balance End of the Financial Year	15,724,908	13,329,578

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, in this case, are duly valued and recorded, where appropriate, in the provisions for benefits, that individually imply damages or 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.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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 2020 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.

a) Share capital and issue premium

As of 31 December 2020, the Parent Company’s share capital amounts to €1,347,462,000 represented by 224,203,300 shares, each with a par value of €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 2020 are as follows:

	Percentage Shareholding
CaixaBank, S.A. (direct shareholding)	100%

	31/12/2020	31/12/2019
Number of subscribed and paid-up shares (units) *	224,203,300	224,203,300
Par value per share (euros)	6.01	6.01

(*) All the shares are represented by book entries and they are all equal in terms of rights

As of 31 December 2020, 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 for 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 2020, 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 2020 and 31 December 2019, as well as the movements occurred during the financial year.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

The breakdown of each type of reserve as of 31 December 2020 and 2019 is as follows (thousands of euros):

	31/12/2020	31/12/2019
Reserves attributed to the parent company of the Group		
Legal reserve	269,492	269,492
Voluntary reserve	1,382,954	1,357,301
Other unavailable reserves	-	-
Other Consolidation reserves assigned to the Parent Company	-	-
Reserves in companies consolidated through the full integration method	11,159	8,537
Reserves in companies accounted for using the equity	221,194	172,103
TOTAL	**1,884,799**	**1,807,433**

b.1) Legal reserve

Pursuant to the Spanish Capital Companies Law, 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 already 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 2020 and 2019, 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 31.12.2019	**1,705**	**6,832**	**8,537**
Distribution of the profit from the 2019 financial year	298	4,373	4,671
Interim dividends from 2019 earnings	-	-	-
Reclassification to Parent Company	-	-	-
Consolidation adjustments	-	(2,049)	(2,049)
De-registrations for sales and dissolution			
Balances as of 31.12.2020	**2,003**	**9,156**	**11,159**

Reserves of companies accounted for using the equity method	SegurCaixa Adeslas
Balances as of 31.12.2019	**172,103**
Distribution of the profit from the 2019 financial year	191,995
Interim dividends from 2019 earnings	(134,246)
Supplementary dividend from 2018 earnings	(8,658)
Variation of shareholdings	-
Consolidation reserves accounted for using the equity method	-
Balances as of 31.12.2020	**22,194**

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 (thousands of euros):

	2020
Balance for distribution	844,484
Distribution:	
To Dividends	844,484
of which: interim dividend	675,000
del que: dividendo complementario	169,484
To reserves	-
To legal reserve	-
To voluntary reserve	-
NET PROFIT FOR THE FINANCIAL YEAR	**844,484**

	EUROS PER SHARE	AMOUNT PAID IN CASH	ANNOUNCEMENT DATE	PAYMENT DATE
Supplementary dividend from the 2019 financial year	0.23	51,410	08-04-20	30-04-20
1st Interim dividend from the 2020 financial year	1.34	300,000	22-09-20	16-10-20
2nd Interim dividend from the 2020 financial year	1.67	375,000	22-12-20	(*)
TOTAL		**726,410**		

(*) €185,000,000 on 30 December 2020 and €190,000,000 in March 2021 recorded under the "Debits and payables - Other debts" heading

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 of the Parent Company drew up the following accounting statements of sufficient liquidity for its distribution (thousands of euros):

SUFFICIENCY OF LIQUIDITY AND PROFIT/LOSS OF THE PARENT COMPANY

	31.08.2020	30.11.2020
Net profit	309,740	680,464
Endowment of 10% of the profit to legal reserve	-	-
Endowment of 5% of the Goodwill to Unavailable Reserves	-	-
EARNINGS TO DISTRIBUTE 2020 FINANCIAL YEAR	**309,740**	**680,464**
Interim dividends paid for 2020 to CaixaBank, SA	-	(300,000)
EARNINGS TO DISTRIBUTE (100%)	**309,740**	**380,464**
Balance of cash and financial investments	1,391,407	1,134,834
Expected current collections	33,228,053	33,228,053
Expected current payments	(33,706,579)	(33,706,579)
WORKING CAPITAL	**912,881**	**656,308**
Interim dividend		
REMAINING LIQUIDITY	**912,881**	**656,308**

The dividend distribution decision adopted is based on an exhaustive and thoughtful analysis of the Parent Company's situation and does not compromise either its future solvency or the protection of the interests of the policyholders or insured parties, and is made within the context of the supervisors' recommendations on this matter. In this regard, the Parent Company, within the framework of the dialogue with the supervisor, has communicated the dividends proposal and has presented the necessary data and analyses to allow the aforementioned aspects to be verified.

The distribution of earning from the 2019 financial year, which was approved by the Sole Shareholder on 8 April 2020, was as follows (thousands of euros):

DISTRIBUTION OF EARNINGS 2019

	2019
Balance for distribution	**717,410**
Distribution:	
To Dividends	717,410
of which: interim dividend	666,000
of which: supplementary dividend	51,410
To reserves	-
To legal reserve	-
To voluntary reserve	**-**
NET PROFIT FOR THE FINANCIAL YEAR	**717,410**

The figures for the 2019 financial year in the above table, corresponding to the distribution approved by the Sole Shareholder, are presented solely and exclusively for comparison purposes.

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 €5,473,459,000, the Group has considered that they must be assigned to policyholders, so they were assigned on 31 December 2020, 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 €10,251,450,000, the Group has considered that they must be assigned to policyholders, so they were assigned on 31 December 2020, increasing the amount of mathematical provisions.

18. MINORITY INTERESTS

As of 31 December 2020 and 2019, 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.

19. INFORMATION ON INSURANCE CONTRACTS, BY SEGMENT

The total volume of premiums accrued from direct insurance and reinsurance accepted during the 2020 and 2019 financial years amounted to €7,188,241,000 and €8,671,869,000 respectively.

The breakdown of premiums allocated for the 2020 and 2019 financial year as well as all other income and expense items, based on the main segments and sub-segments defined, is as follows (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

BREAKDOWN BY BRANCH OF TECHNICAL INCOME AND EXPENSES

	NON-LIFE				LIFE	
	ACCIDENT		ILLNESS			
	2020	2019	2020	2019	2020	2019
Premiums allocated (Direct and accepted)	**15,612**	**14,945**	**3,144**	**3,709**	**7,168,877**	**8,644,416**
Premiums accruing net of cancellations and rebates	14,304	14,542	3,000	3,985	7,170,937	8,653,342
+/- Variation in provisions for unearned premiums	1,308	403	142	(277)	(2,134)	(8,658)
+/- Variation in provisions for ongoing risks	-	-	-	-	-	-
+/- Variation in provisions for premiums pending collection	-	-	2	1	74	(268)
Reinsurance premiums (Ceded and retroceded)	**(15,177)**	**(16,056)**	**(131)**	**(376)**	**(163,938)**	**(169,847)**
Premiums accruing net of cancellations and rebates	(13,911)	(15,801)	25	(658)	(163,979)	(169,847)
Variation in provisions for unearned premiums	(1,266)	(255)	(156)	282	41	-
PREMIUMS ALLOCATED TO THE FINANCIAL YEAR, NET OF REINSURANCE	**435**	**(1,111)**	**3,013**	**3,333**	**7,004,939**	**8,474,569**
Loss Rate (Direct and accepted)	**(9,765)**	**(15,067)**	**(2,182)**	**(940)**	**(6,832,986)**	**(6,592,914)**
Benefits and expenses attributable to benefits	(9,660)	(12,152)	(2,003)	(850)	(6,594,420)	(6,546,755)
+/- Variation in technical provisions for benefits	(105)	(2,915)	(179)	(90)	(238,566)	(46,159)
Loss Rate (Ceded and retroceded)	**9,761**	**15,879**	**-**	**-**	**88,131**	**95,412**
Benefits and expenses paid	9,867	11,534	-	-	90,116	96,218
+/- Variation in technical provisions for benefits	(106)	4,345	-	-	(1,985)	(806)
LOSS RATE FOR THE FINANCIAL YEAR, NET OF REINSURANCE	**(4)**	**812**	**(2,182)**	**(940)**	**(6,744,855)**	**(6,497,502)**
+/- Variation in other technical provisions net of reinsurance	**-**	**-**	**-**	**-**	**(1,418,608)**	**(4,209,964)**
Sharing in profits and rebates	**(2,043)**	**(413)**	**26**	**(473)**	**(85,106)**	**(66,324)**

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Cont.

	NON-LIFE				LIFE	
	ACCIDENT		ILLNESS			
	2020	2019	2020	2019	2020	2019
Benefits and expenses for sharing in profits	(781)	(450)	-	(163)	(38,342)	(49,642)
Variation in the provision for sharing in profits and rebates	(1,262)	37	26	(310)	(46,764)	(16,682)
Profit (loss) from investments	**219,741**	**191,994**	**(3)**	**-**	**2,233,888**	**3,252,961**
Income from tangible fixed assets and investments	219,741	191,994	-	-	5,454,468	3,822,288
Expenses from tangible fixed assets and investments	-	-	(3)	-	(3,220,580)	(569,327)
Acquisition expenses (Direct and accepted)	**(1,894)**	**(1,990)**	**(83)**	**(395)**	**(257,214)**	**(246,768)**
Administration expenses (Direct and accepted)	**(177)**	**(165)**	**(5)**	**(3)**	**(161,306)**	**(154,833)**
Other technical expenses (Direct and accepted)	**(225)**	**(165)**	**(76)**	**(37)**	**(28,855)**	**(21,748)**
Fees and participations in assigned reinsurance ceded and retroceded (Ceded and retroceded)	**3,631**	**3,614**	**-**	**-**	**120,011**	**123,728**
OPERATING EXPENSES AND OTHER NET TECHNICAL EXPENSES	**219,033**	**192,875**	**(141)**	**(908)**	**402,810**	**(1,322,948)**
PROFIT (LOSS) OF THE TECHNICAL ACCOUNT	**219,464**	**192,576**	**690**	**1,485**	**662,894**	**654,119**

The following concepts are included in the profit and loss account of the "Earnings from other activities" heading corresponding to the 2020 and 2019 financial years, under the "other income" and "other expenses" items (thousands of euros):

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

	2020	2019
Income from pension fund management	253,864	248,578
Expenses associated with the marketing of pension funds	(172,693)	(170,352)
Other non-technical revenues and expenses	(2,344)	(2,961)
PROFIT AND LOSS FROM OTHER REVENUES AND EXPENSES OF THE NON-TECHNICAL ACCOUNT	**78,827**	**75,265**

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 2020 and 2019 financial years (thousands of euros):

	2020	2019
By type of contract	**7,170,797**	**8,650,094**
Premiums for individual contracts	6,134,616	6,985,470
Premiums for group insurance contracts	1,036,181	1,664,624
By type of premium payment	**7,170,797**	**8,650,094**
Regular premiums	2,441,912	2,397,239
Single premiums	4,728,885	6,252,855
By type of profit sharing	**7,170,797**	**8,650,094**
Premiums from contracts without profit sharing	5,214,460	7,062,183
Premiums from contracts with profit sharing	100,829	277,741
Premiums from contracts in which the investment risk lies with the policyholders	1,855,508	1,310,170
TOTAL	**7,170,797**	**8,650,094**

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 main technical conditions of the forms of life insurance, representing more than 5% of the premiums or provisions in the life branch, specifying the first-rate biometric pricing 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:

2020 Financial Year

Form and type of coverage	Technical Interest Rate	Biometric Table (*)	Profit sharing		Thousands of euros		
			Does it have this? Yes/No	Distribution method	Premiums	Mathematical provision (*)	Amount of profit sharing provision
PVI	1.97%	(1)	No	No	2,099,488	25,774,382	0
Pension 2000	6.82%	(2)	Yes	Yes, Mathematical provision	37,332	4,919,804	0
PAA/PIAS	0.07%	(5)	No	No	1,381,243	5,283,322	0
Collective Insurance	Variable	(3)	Yes	Yes, Benefits	901,777	9,487,041	85,776
PPA	2.49%	(4)	No	No	96,288	1,143,072	0
Unit Link (**)	-	(6)	No	No	2,278,411	9,972,238	0

(*) The pricing biometric tables specified in the Technical Notes are indicated, as well as the mathematical provision derived from the application of these tables (see Note 3.i.2) with regard to compliance with the Resolution of 17 December 2020 of the DGSFP.
(**) The balance of premiums and mathematical provision of the UL products of BPI Vida is included.

(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.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

2019 Financial Year

Form and type of coverage	Technical Interest Rate	Biometric Table (*)	Profit sharing		Thousands of euros		
			Does it have this? Yes/No	Distribution method	Premiums	Mathematical provision (*)	Amount of profit sharing provision
PVI	2.08%	(1)	No	No	3,481,974	24,960,877	0
Pension 2000	6.84%	(2)	Yes	Yes, Mathematical provision	39,523	4,845,634	0
PAA/PIAS	0.07%	(5)	No	No	1,422,529	4,902,906	0
Collective Insurance	Variable	(3)	Yes	Yes, Benefits	1,505,865	9,552,139	37,840
PPA	2.58%	(4)	No	No	46,278	1,291,208	0
Unit Link (**)	-	(6)	No	No	1,310,171	7,776,718	0

(*) The pricing biometric tables specified in the Technical Notes are indicated, as well as the mathematical provision derived from the application of these tables (see Note 3.i.2) with regard to compliance with the Resolution of 17 December 2020 of the DGSFP.

(**) The mathematical provision balance of the UL products of BPI Vida is included.

(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.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

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 Pension Funds 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 2020 and 2019 for these cases is detailed below (in thousands of euros):

FINANCIAL DURATION AND ACTUAL PROFITABILITY OF THE ASSETS

	BOOK VALUE		ACTUAL RETURN (%)		FINANCIAL DURATION (YEARS)		% EXCLUDED *	
	2020	2019	2020	2019	2020	2019	2020	2019
Portfolio prior to 1 January 1999. (Second transitory provision of ROSSP).	6,913,979	7,007,920	5.49%	5.52%	14.17	14.03	-	-
Immunised portfolio. (Art. 33.2 ROSSP).	30,471,755	30,911,281	3.23%	3.40%	11.06	10.87	-	-
Portfolio after 1 January 1999. (Art. 33.1 ROSSP).	6,599,992	6,144,459	2.05%	1.48%	2.56	1.75	-	-

(*) % of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments).

FINANCIAL DURATION AND ACTUAL PROFITABILITY OF THE LIABILITIES

	BOOK VALUE		AVERAGE INTEREST (%)		FINANCIAL DURATION (YEARS)	
	2020	2019	2020	2019	2020	2019
Portfolio prior to 1 January 1999. (Second transitory provision of ROSSP).	7,080,778	6,979,558	5.11%	5.36%	14.45	14.11
Immunised portfolio. (Art. 33.2 ROSSP).	29,986,653	30,467,045	2.18%	2.33%	11.17	10.90
Portfolio after 1 January 1999. (Art. 33,1 ROSSP).	6,609,198	6,402,139	1.49%	1.33%	2.14	2.28

c) Technical earnings by year of occurrence

The payments made during the 2020 financial year for claims opened in 2019 or previous years amount to €2,618,000. Likewise, payments amounting to €997,000 were made during the 2019 financial year for claims opened in 2018 and previous years. The provision for benefits constituted as of 31 December 2019 and 31 December 2018 was sufficient.

d) Other expenses by segment

The breakdown of the allocation of endowments made, by segment and sub-segment, 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 2020 and 2019 financial years, as well as their allocation in the profit and loss account by segment and sub-segment (thousands of euros):

	2020				2019			
	Non-Life technical account	Life technical account	Non-technical account	TOTAL	Non-Life technical account	Life technical account	Non-technical account	TOTAL
Wages and salaries	450	29,649	8,531	38,630	221	20,888	13,913	35,022
Compensation	4	263	83	350	9	495	158	662
Social Security	102	6,581	1,948	8,631	97	5,960	1,782	7,839
Contributions to pension plans	20	207	379	606	20	178	365	563
Life insurance premiums paid	-	1,017	-	1,017	-	974	-	974
Other staff expenses	59	3,559	1,110	4,728	57	3,379	1,045	4,481
TOTAL	**635**	**41,276**	**12,051**	**53,962**	**404**	**31,874**	**17,263**	**49,541**
Of which:	**635**	**41,276**	**12,051**	**53,962**	**404**	**31,874**	**17,263**	**49,541**
Allocated to benefits	153	3,902	-	4,055	132	3,011	-	3,143
Of acquisition	142	10,828	-	10,970	85	7,430	-	7,515
Of administration	129	9,724	32	9,885	85	8,639	31	8,755

	2020				2019			
	Non-Life technical account	Life technical account	Non-technical account	TOTAL	Non-Life technical account	Life technical account	Non-technical account	TOTAL
Allocated to investments	2	3,159	-	3,161	-	709	-	709
Other technical expenses	209	13,663	-	13,872	102	12,085	-	12,187
Non-technical expenses	-	-	12,019	12,019	-	-	17,232	17,232

20. Details of related parties

The breakdown of transactions and balances with related parties during the 2020 and 2019 financial years is as follows (thousands of euros):

	Parent Company		Other group companies and associates	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
ASSET				
Cash and banks	632,926	803,805	-	-
Equity instruments				
- Financial investments in capital	21	35	895,235	914,215
Deposits and repos in credit institutions	2,138	5,558	173,127	161,051
Other receivables with group companies and associates	-	-	130,259	61,174
TOTAL	**635,085**	**809,398**	**1,198,621**	**1,136,440**
LIABILITIES				
Debt securities	4,887,736	4,423,478	-	-
Insurance policies	2,650,129	2,651,724	29,277	10,569

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

	Parent Company		Other group companies and associates	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Hedge derivatives	-	-	12,090	11,126
Insurance operations	-	-	14,447	13,458
Group receivables and payables	253,657	210,271	2,295	-
Corporation tax	249,089	217,154	-	-
TOTAL	**8,040,611**	**7,502,627**	**58,109**	**35,153**
PROFIT AND LOSS				
Income from sales made	365	19,147	-	-
Expenses from sales made	(2)	(35,832)	-	-
Operating expenses			(28,776)	(26,240)
Financial income/expenses	7,945	(40,251)	3,953	2,961
Dividends and other profits	1	1	215,058	142,903
Reinsurance income	-	-	13,176	15,148
Reinsurance expenses	-	-	(13,910)	(15,351)
Other Expenses	(415,067)	(396,897)	(655)	(608)
Other Income	234,280	1,062,039	45,850	32,928
TOTAL	**(172,478)**	**608,207**	**234,696**	**151,741**
OTHERS				
Guarantees and collateral received	(3,011,141)	2,637,972	-	-
TOTAL	**(3,011,141)**	**2,637,972**	**-**	**-**

The financial income and expenses broken down correspond to the financial income and expenses accrued with the Parent Company, CaixaBank, in relation to returns from the bank deposits arranged with this Institution, collections of coupons from fixed income whose issuer is CaixaBank, collections and payments of financial swap transactions arranged with related parties without considering the underlying asset or collateral linked to that swap and the accruals and deferrals of interest, explicit and implicit, derived from each of the categories of assets indicated above, as well as the fees accrued from the loan of securities.

With regard to the financial swap transactions, the income and expenses with the related party only reflect the swap with CaixaBank without considering the underlying asset with third parties, in such a way that the image is not representative of these transactions as a whole. Considering the aforementioned structure as a whole, the amounts relating to the 2020 and 2019 financial years would correspond to €347,953,000 and €372,642,000, respectively.

The fees from the marketing of products accrued by CaixaBank are included within the "Other expenses" heading, amounting to €415,067,000.

The items comprising the "Other income" balance correspond to premiums for insurance contracts, whose policyholder is CaixaBank. This amount includes €93,136,000 whose policyholders are the Control Committees of the "Pensions Caixa 30, Fondo de Pensiones" and "Pensions Caixa 135, Fondo de Pensiones" pension funds. The remainder corresponds to CaixaBank policies with its employees.

The balance of interim dividends of SegurCaixa Adeslas, amounting to €130,259,000, is included in "Other receivables with group companies and associates", the income from which has been recorded under the "Income from tangible fixed assets and investments" heading of the Technical Non-Life Insurance Account.

The "Insurance policies" section includes mathematical provisions amounting to €1,379,015,000, whose policyholders are the Control Committees of the "Pensions Caixa 30, Fondo de pensiones" and "Pensions Caixa 135, Fondos de Pensions" pension funds.

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 2020 and 2019 financial years, distributed by professional category and gender, is as follows:

	2020 (*)			2019		
	MEN	WOMEN	OF WHICH: WITH A DISABILITY GREATER THAN OR EQUAL TO 33%	MEN	WOMEN	OF WHICH: WITH A DISABILITY GREATER THAN OR EQUAL TO 33%
Managers	14	8	-	14	12	-
Middle management	45	36	-	39	32	-
Agents	241	309	1	222	279	1
TOTAL	**300**	**353**	**1**	**275**	**323**	**1**

Likewise, the distribution by gender at the end of the 2020 and 2019 financial years, broken down by category and gender, is as follows:

	31/12/2020		31/12/2019	
Categories	MEN	WOMEN	MEN	WOMEN
Management	13	9	14	8
Technical staff and middle management	46	35	42	36
Administrative and sales staff	248	314	241	299
Total	**307**	**358**	**297**	**343**

b) Remuneration and other benefits to the Board of Directors and Senior Management

The remuneration accrued during the 2020 financial year by the members of the Board of Directors and Senior Management of Vida-Caixa S.A.U., classified by concept, was as follows (thousands of euros):

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

REMUNERATION OF THE BOARD OF DIRECTORS (thousands of euros)

	2020	2019
Remuneration for membership of the Board	2,491	2,580
Fixed remuneration	2,232	2,272
Variable remuneration	259	308
In cash	259	308
Share-based compensation systems	-	-
Other long-term benefits	-	-
Other items	151	146
of which life insurance premiums	151	146
TOTAL	**2,642**	**2,726**
Composition of the Board of Directors		
Women	4	3
Men	11	11

During the 2020 financial year, 2 people joined and 1 person left the Parent Company's Board of Directors. During the 2019 financial year, 3 people joined and 3 people left the aforementioned Board of Directors.

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) has arranged a Civil Liability policy for the period between 1 January and 31 December 2020, which provides coverage to the Directors of the Company.

REMUNERATION OF THE SENIOR MANAGEMENT (thousands of euros)

	2020	2019
Salaries (*)	2,995	2,602
Insurance Premiums	363	350
Termination payments	-	500
Other positions in Group companies	-	-
TOTAL	**3,358**	**3,452**
Composition of the Senior Management		
Women	2	2
Men	7	7

(*) This amount includes the total fixed and variable remuneration accrued by the Senior Management, with the exception of the CEO-Managing Director whose remuneration is included within that of the Board of Directors. It includes both 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.

As of 31 December 2020 and 2019 it includes 9 Senior Management positions (not including the CEO - Managing Director).

c) Other information regarding the Board of Directors of the Parent Company

Article 27 of the Regulations of VidaCaixa's Board of Directors governs the situations of conflict of interest applicable to all directors, establishing that the director must avoid situations that may entail a conflict of interest between the Company and the Director or their related persons, adopting the necessary measures for this.

The duty to avoid situations of conflict of interest imposes certain obligations on the director such as refraining from: i) directly or indirectly carrying out transactions with VidaCaixa except for ordinary transactions made under standard conditions for all customers and of little relevance; ii) using the Company's name or invoking their status as Director to unduly influence the carrying out of private transactions; iii) using the Company's assets, including its confidential information, or using their position within the Company to obtain a financial advantage or for any private purposes; iv) taking advantage of the Company's business opportunities; v) obtaining advantages or remuneration from third parties other than the Company and its group that are associated with performing their position, unless it is a matter of mere courtesy, and vi) performing activities independently or for another party that in any way place them in a conflict with the interests of the Company.

The aforementioned obligations may be waived in exceptional cases, requiring the approval of the General Meeting in some cases.

In any case, the directors must notify VidaCaixa's Board of Directors of any situation of conflict, direct or indirect, that they or persons related to them could have with the Company's interests, which will be reported in the annual accounts, as established in article 229.3 of the Capital Companies Act.

The Directors who were 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 Parent company any situation of conflict, direct or indirect, that they or people related to them could have with the interests of the Company, in compliance with good governance practices and in order to strengthen its transparency.

During the 2020 financial year, no Director has reported any situation that could place them in a conflict of interest with the Group, although on the following occasions, the Directors refrained from intervening and voting in the discussion of matters at the meetings of the Parent Company's Board of Directors:

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
CORRESPONDING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Board Member	Subject
Gortázar Rotaeche, Gonzalo	Abstention from discussing and voting on the agreement regarding his reelection as a member of VidaCaixa's Board of Directors.
Muniesa Arantegui, Tomás	-
Allende Fernández, Víctor Manuel	-
Capella Pifarré, Natividad Pilar	Abstention from discussing and voting on the agreement regarding his appointment as a member of VidaCaixa's Risk Committee.
Deulofeu Xicoira, Jordi	-
Del Hoyo López, Esperanza	Abstention from discussing and voting on the agreement regarding her appointment as a member of VidaCaixa's Risk Committee.
Ibarz Alegría, Javier	Abstention from discussing and voting on the agreement regarding his reelection as a member of VidaCaixa's VidaCaixa's Board of Directors.
	Abstention from discussing and voting on the agreement regarding his reelection as a member of VidaCaixa's Appointments and Remuneration Committee.
Leal Villalba, José María	-
Rosell Lastortras, Juan	-
Villaseca Marco, Rafael	-
Jiménez Baena, Paloma	-
Valle T-Figueras, Francisco Javier	Abstention from discussing and voting on the agreement regarding the variable remuneration of the Director-Managing Director corresponding to the 2019 financial year.
	Abstention from discussing and voting on the agreement regarding the targets for the Director-Managing Director corresponding to the 2020 financial year.
García-Valdecasas Serra, Francisco	Abstention from discussing and voting on the agreement regarding his status of 'independent' director.
	Abstention from discussing and voting on the agreement regarding his appointment as member of VidaCaixa's Audit and Control Committee.
Pescador Castrillo, María Dolores	Abstention from discussing and voting on the agreement regarding her appointment as a member of VidaCaixa's Risk Committee.
	Abstention from discussing and voting on the agreement regarding her appointment as chair of VidaCaixa's Risk Committee.
García Sanz, Francisco Javier	-

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 for 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 with the status 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 in 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 in 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.

d) 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.

e) Fees for auditors

During the 2020 and 2019 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 (thousands of euros), were as follows (excl. VAT):

	2020	2019
Audit (PwC)	**401**	**395**
Audits	329	326
Limited review	72	69
Other services	**231**	**227**
Reports on procedures agreed	231	227
TOTAL	**632**	**622**

f) Communication with Regulatory Bodies

On 7 November 2017, the General Directorate of Insurance and Pension Funds informed the Vidacaixa of the start of an ongoing review of the Company. During the financial year, there have been regular meetings and 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 information requested about this has been provided. On 24 December 2020, it received the notification of resolution from the Regulatory Body, informing it that the file has been dismissed and archived.

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 notified by the Regulatory Body, with the Parent Company submitting its comments on this on 27 June 2019. On 27 November 2019, a new request for additional information was received in view of the Parent Company's comments in order 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 Pension Funds is reviewing this documentation, and has not communicated any conclusions or new requests.

On 19 January 2017, the General Directorate of Insurance and Pension Funds informed Vida-Caixa, 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 comments were submitted in defence of the interests of the Parent Company on 7 May 2019. New additional information requests have been received during the 2019 financial year, which were fulfilled by the Company on 30 October 2019 and 24 December 2019 respectively. The General Directorate of Insurance and Pension Funds 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, the Parent company was notified of the conclusions of the proceeding, with the Regulatory Body highlighting some improvements with no material impact on its annual accounts.

On 30 October 2019, a notification was received from the Supervisory Body, through which a Financial Supervision Procedure was started to assess the determination, in calculating the best estimate, of the limits of the contract for temporary annual renewable (TAR) life-risk insurance policies marketed by the Parent Company. On 29 January 2021, this Company was notified of the conclusions of the proceeding, with the Regulatory Body highlighting some improvements with no material impact on its annual accounts.

On 3 February 2020, the Parent Company received notification of the start of a supervision to assess the management of contributions and benefits in 11 individual pension plans throughout 2019. All requested information has been provided by the Company. The Regulatory Body is reviewing this information and has not communicated any conclusions or new requests.

On 9 September 2020, the Parent Company received notification of the start of a supervision regarding the pension plan business model implemented by this Company. All requested information has been presented. On 14 December 2020, it was notified of the archiving of the file by the Regulatory Body.

On 25 January 2021, a request was received from the Regulator to carry out a supervision regarding the investments of the pension funds managed by the institution. All requested information was provided by the institution. The Regulatory Body is reviewing this information and has not communicated any conclusions or new requests.

The Directors of the Parent Company do not expect any significant aspects to emerge from these reviews that will affect the annual accounts, the aforementioned Fund or the Parent Company.

g) Pandemics and other external operating events

The exact impact of future pandemics, and of COVID-19 in particular, on each of the Group's risks is unclear. This will depend on future events and developments that are uncertain, including actions to contain or treat the illness and mitigate its impact on the economies of the countries affected, among which are Spain and Portugal. Using COVID-19 as a reference, there could be high volatility in the financial markets, which could experience significant falls. The macroeconomic outlook could also worsen significantly and with considerable volatility in future scenarios.

Mitigating factors: in the specific case of COVID-19, the Parent Company has implemented management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment.

During the COVID-19 crisis, the Parent Company has endeavoured to mitigate the impact of the pandemic on its customers, promoting measures such as the non-exclusion of any customer with life-risk insurance, as well as extending coverage in the event of default due to reasons derived from the pandemic.

These measures were supplemented with the launch of a free temporary disability coverage due to COVID-19 for the self-employed, the robotisation of unemployment payment procedures due to COVID-19 and the largest contribution in the sector. The Insurance Group led by Vidacaixa has contributed €8.5 million to the policy to insure healthcare professionals through UNESPA.

22. SUBSEQUENT EVENTS

In the period elapsed after 31 December 2020 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.

APPENDIX I

LIST OF SUBSIDIARIES AND ASSOCIATES AS OF 31.12.2020 (thousands of euros)

			% Holding		Summarised financial information		
Company name	**Address**	**Business activity**	**Direct**	**Indirect**	**Equity**	**Result**	**Book Value**
GROUP COMPANIES:							
VIDACAIXA MEDIACION, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADOS	P.º Recoletos 37, 3ª.Madrid	Private insurance agent as related insurance agency company.	100.00%	-	3,538	258	3,277
BPI VIDA Y PENSIONES	Rua Braamcamp, 11- 6º 1250-049 LISBOA	Insurance company	100.00%	-	146,444	3,568	135,104
GEROCAIXA PYME EPSV DE EMPLEO	Gran Vía López de Haro, 38. Bilbao	Occupational Voluntary Retirement Savings Provider	100.00%	-	41,206	468	82
GEROCAIXA EPSV INDIVIDUAL	Gran Vía López de Haro, 38. Bilbao	Individual Voluntary Retirement Savings Provider	100.00%	-	806,984	11,380	700
GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA	Gran Vía López de Haro, 38. Bilbao	Association Voluntary Retirement Savings Provider	100.00%	-	1,380	29	50
CAIXABANK	Pintor Sorolla, 2-4, Valencia	Banking	0.00%	-	21,673,849	688,241	21
ASSOCIATED COMPANIES:							
SEGURCAIXA ADESLAS	Paseo de la Castellana 259-C de Madrid	Insurance company	49.92%	-	696,352	443,470	755,946

APPENDIX II

MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2020 FINANCIAL YEAR

	Thousands of euros												
	Goodwill			Other intangible fixed assets									
	Consolidated goodwill	Merger goodwill	Economic rights derived from the portfolio of policies acquired from brokers	Consolidated intangible assets	Merger intangible assets	Brand	Customer portfolio	Concessions	Computer software	Pension fund expenses	Expenses from marketing other non-life insurance policies	Other expenses from the acquisition of pension funds and life insurance contracts	Total Itangible fixed assets
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 December 2019	**-**	**-**	**-**	**(5,500)**	**(173,206)**	**-**	**-**	**(231)**	**(8,758)**	**-**	**(278,048)**	**(679)**	**(466,422)**
Net book value at 31 December 2019	**-**	**583,577**	**-**	**9,806**	**43,354**	**-**	**-**	**989**	**49,104**	**-**	**68,751**	**3,385**	**758,966**
Additions	-	-	-	-	-	-	-	-	22,913	-	-	-	22,913
Changes in the consolidation method (cost)	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	(16)	-	-	-	(16)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the financial year	-	-	-	(2,822)	(12,347)	-	-	(24)	(7,411)	-	-	-	(22,604)
Changes in the consolidation method (amortisation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals in amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	(68,751)	(3,385)	(72,136)
Impairment losses/applications	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2020	**-**	**583,577**	**-**	**15,306**	**216,560**	**-**	**-**	**1,220**	**80,759**	**-**	**278,048**	**679**	**1,176,149**
Cumulative amortisation at 31 December 2020	**-**	**-**	**-**	**(8,322)**	**(185,553)**	**-**	**-**	**(255)**	**(16,169)**	**-**	**(278,048)**	**(679)**	**(489,026)**
Net book value at 31 December 2020	**-**	**583,577**	**-**	**6,984**	**31,007**	**-**	**-**	**965**	**64,590**	**-**	**-**	**-**	**687,123**

APPENDIX III

MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2019 FINANCIAL YEAR

	Thousands of euros												
	Goodwill		Other intangible fixed assets										
	Consolidated goodwill	Merger goodwill	Economic rights derived from the portfolio of policies acquired from brokers	Consolidated intangible assets	Merger intangible assets	Brand	Customer portfolio	Concessions	Computer software	Pension fund expenses	Expenses from mar-keting other non-life insurance policies	Other expen-ses from the acquisition of pension funds and life insurance contracts	Total Itangible 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 December 2018	**-**	**-**	**-**	**(2,679)**	**(160,600)**	**-**	**-**	**(206)**	**(5,712)**	**-**	**(251,164)**	**-**	**(420,361)**
Net book value at 31 December 2018	**-**	**583,577**	**-**	**12,627**	**55,641**	**-**	**-**	**1,014**	**26,311**	**-**	**61,713**	**-**	**740,883**
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 (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 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**

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

• MACROECONOMIC ENVIRONMENT

Global economy

In 2020, COVID-19 and the restrictions on activity necessary to contain it plunged the world into an abrupt and widespread recession (an estimated fall in global GDP of 4.1%). Its economic impact was strongly felt throughout the first half of the year. Among the emerging economies, China's GDP contracted by 10% quarter-on-quarter in Q1, whereas the advanced economies suffered severe drops in Q2 (USA: -9% quarter-on-quarter; Eurozone: -11.8%; Japan: -8.2%; United Kingdom: -19.8%). Following these drops, the easing of mobility restrictions triggered an economic recovery and in Q3 the GDP of the main international economies rebounded significantly (USA: +7.4% quarter-on-quarter; Eurozone: +12.7%; Japan: +5%; United Kingdom: +15.5%). However, activity still remains far below its pre-pandemic levels (China being the exception) and, in fact, indicators suggest that the recovery was slowing down in the final stretch of 2020, as COVID-19 infections picked up again. Even so, the new outbreaks are being tackled with limited measures and the situation is different, in a positive sense, to that experienced last spring. However, the world economy is expected to continue to operate in an environment of great uncertainty.

The evolution of the pandemic and the medical advances will continue to be the main determinants of the scenario in the coming quarters. On the one hand, uncertainty and the mobility restrictions being implemented locally to tackle outbreaks will limit the capacity to recover economic activity in the coming months. On the other, the latest medical advances, and particularly the development of vaccines with high efficacy, should result in the gradual vaccination of significant segments of the population as soon as the first half of 2021, which would provide the foundations for an improvement in sentiment and drive recovery. Consequently, 2021 is expected to see a substantial rebound in economic activity (global growth of 5.5%).

In this context, it is worth remembering that all spheres of economic policy have reacted strongly to these circumstances in 2020. In the case of the USA, the measures have been very noticeable in both fiscal and monetary terms, two areas that will continue to play a key role in the coming quarters. Specifically, after aggressively cutting rates to 0.00% –0.25% and launching a wide range of measures (notably the large-scale purchases of assets), in August the Fed indicated that it will maintain an accommodative policy for a long period of time (even after the economy has recovered). In fact, it modified its strategic framework and indicated that, in the future, it will temporarily tolerate inflation above 2%.

Likewise, it is worth highlighting the approval of the Recovery Plan proposed by the European Commission (the so-called NGEU, Next Generation EU), which will support a synchronised recovery at the European level. The funds (€360 billion in loans and €390 billion in transfers) represent an amount large enough to support economic recovery in the short term. The Plan also offers incentives to transform and modernise economies (with an emphasis on technological and environmental transition) and contains elements (such as the issuance of community debt in significant volumes) that could lay the foundations for a leap forward in European construction.

The Next Generation EU (NGEU) Recovery Plan seeks to significantly contribute to the climate neutrality of the European economy. This is why the European Commission will require its Member States to allocate a minimum of 37% of the European recovery funds to support the climate goals.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

• REGULATORY ENVIRONMENT

The regulatory system on which the Group's business model is based is fundamental to its development, in relation to both management and methodological processes. As a result, regulatory analysis represents an important point on its agenda.

Many of the regulatory and supervisory developments for the 2020 financial year are related to the range of flexibility measures implemented by the financial authorities on a global, European and national level to respond to the crisis caused by COVID-19. These measures include both operational relief measures to promote the reorganisation of the work (both of the insurance companies and the authorities themselves) and regulatory measures to make it easier for insurance companies to provide a response to support the economy in the face of the emergency shutdown caused by the health crisis.

The key regulatory measures include:

On a national level, it is worth highlighting the approval and entry into force of different Royal Decree-Laws (RDL) on urgent extraordinary measures to address the economic and social impact of COVID-19.

In addition to the regulatory and supervisory developments responding to the crisis caused by the COVID-19 pandemic, the authorities progressed with the regulatory initiatives they had started previously, established their strategies and proposed initiatives in priority areas.

It is worth highlighting the following developments affecting the insurance sector:

On 5 February, Royal Decree-Law 3/2020 was published in the Official State Gazette, which transposes the EU regulations on the Insurance Distribution Directive (IDD) and, in part, that of occupational pension plans and funds (IORP II).

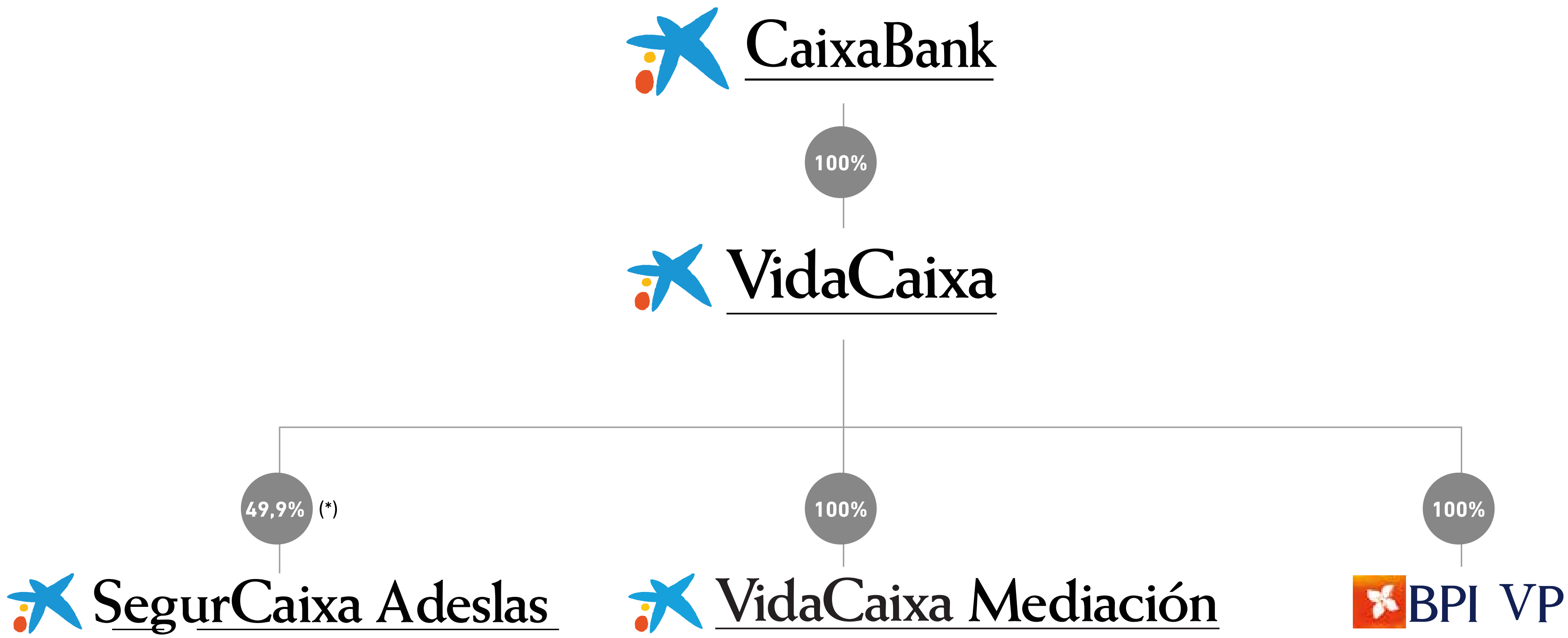
On 16 October, Law 5/2020, of 15 October, on the Financial Transactions Tax was published in the Official State Gazette.

On 17 December 2020, the General Directorate of Insurance and Pension Funds published the Resolution regarding the mortality and survival tables to be used by insurance and reinsurance companies, which approves the technical guide regarding the supervision criteria in relation to the biometric tables.

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.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

As of 31 December 2020, the Group has the following structure:



(*) There is 0.08% held by minority shareholders

In the 2020 financial year, Grupo VidaCaixa earned a consolidated profit of €888 million, with a 11.7% increase compared to the previous financial year due to the excellent performance in all the businesses in which it operates.

Marketed premiums and contributions registered a fall of 18.5%, standing at €9,609 million. The great strength of the business based on portfolio management is what has allowed us to continue to make a net profit despite the lower premiums obtained in the financial year.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

ACTIVITY: PREMIUMS, CONTRIBUTIONS AND MANAGED FUNDS
Total VidaCaixa Grupo

	Millions of euros	4Q 2019	4Q 2020	Var. 20/19
PREMIUMS AND	Life-Risk and Accidents	968	1,070	10.5%
	Risk (Individual + Company) Sub-total	**968**	**1,070**	**10.5%**
	Life-Savings Insurance	8,444	6,604	-21.8%
	Pension Plans	2,373	1,935	-18.5%
	Savings (Individual + Company) Sub-total	**10,817**	**8,539**	**-21.1%**
	Total Risk and Savings (Individual + Company)	**11,785**	**9,609**	**-18.5%**
Managed Funds	Life Insurance	59,307	61,164	3.1%
	Pension Plans and EPSV	33,703	35,303	4.7%
	Total Customer Funds Managed (Individual + Company)	**93,010**	**96,467**	**3.7%**
	Consolidated Net Profit/(Loss) of the VidaCaixa Group	**795**	**888**	**11.7%**

In 2020, the Group managed a volume of resources totalling €96,467 million, a figure that has grown by 3.7% compared to the previous year despite the commercial stagnation seen in the months during the pandemic. Of this figure, €35,303 million corresponds to pension plans and EPSV, with a 4.7% increase.

The rest, €61,164 million, corresponds to life insurance policies, with an 3.1% increase compared to the same period in the previous year.

In total, the insurance group has more than 5 million customers in Spain and Portugal who are mainly individuals, in addition to a large part of the business sector that includes over one million large companies and collectives, and over 300,000 SMEs and self-employed customers. VidaCaixa led the insurance sector with a market share of 12.1%.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

In Portugal, BPI Vida is the third largest entity in pension plans and life insurance, with a market share of 13.6% and 11.8%, respectively.

Moreover, Vidacaixa had a workforce of 620 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 in the field of reducing waste generated and energy consumption. In line with the 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 coherence, profitability, security, liquidity and dispersion. In turn, the main financial risks for the assets are considered:

Market Risk: 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.

Credit Risk: 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.

Liquidity Risk: 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 for 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 FOR THE 2020 FINANCIAL YEAR

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 the 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 promote the fight against climate change and encourage greater transparency and an improvement in terms of equality in them, thereby enhancing its commitment to sustainable development. VidaCaixa has voted in more than 380 General Shareholders' Meetings 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.

Note 4 of the attached Report details the Group's Risk Management and includes the Catalogue of Risks that affect it, as well as the Internal Control systems implemented.

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. Making use of the dispensation included in the regulations mentioned above, the Group presents the non-financial information corresponding to it in the CaixaBank Group's Consolidated Management Report which is available in the CaixaBank Group's Consolidated Annual Accounts for the financial year ended on 31 December 2020, 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 2020 financial year the Parent Company has reduced the number of shares in CaixaBank, S.A. to 4,785 shares amounting to €14,000. As of 31 December 2020, the Company owns 7,228 shares in CaixaBank, S.A., whose amount totals €21,000 and whose acquisition is intended to remunerate the Company's Senior Management.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

Regarding research and development, it is worth noting that the Group continues its digital transformation process, which has become one of its main challenges. The aim is for this transformation to cover everything from the first steps in saving 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 2020 financial year was 27.07 days.

In the future, the Group plans to retain 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.

Since the end of the financial year on 31 December 2020 until the date of drawing up this consolidated management report, there have been no subsequent events of special relevance that have not been disclosed in the attached report.

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

During the 2020 financial year, 2 people joined and 1 person left the Parent Company's Board of Directors. 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
	Victor Manuel Allende Fernández
	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
	Esperanza Del Hoyo López
	Francisco Javier García Sanz
Managing Director (director):	Francisco Javier Valle T-Figueras
Secretary (non-director):	Óscar Figueres Fortuna
Vice-secretary (non-director)	Pablo Pernía Martín