# Solvency and Financial Condition Report

## *VidaCaixa at individual level*

## 2020

VidaCaixa

# Content

# Summary

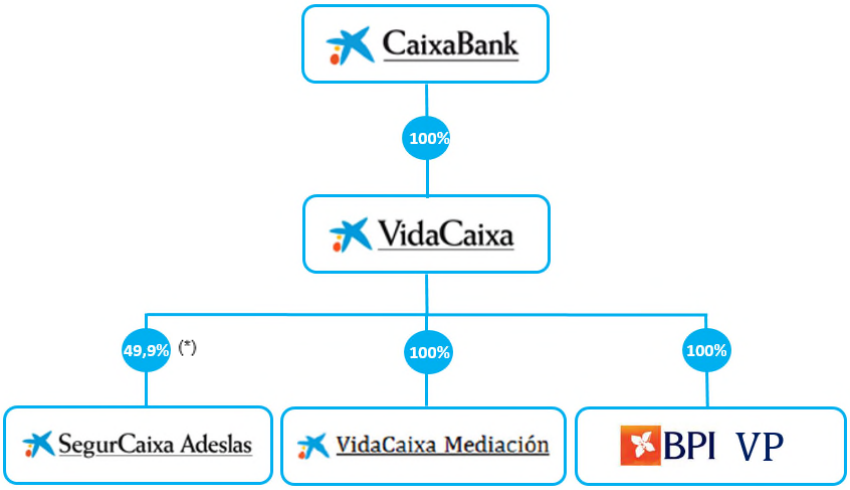
## 1. Activity and results

VidaCaixa, SAU, de Seguros y Reaseguros, hereinafter "VidaCaixa" or "the entity", is an insurance company authorised to carry out life insurance activities and management entity of pension funds and entered in the Administrative Register of Insurance Entities of the Directorate-General of Insurance and Pension Funds.

The external auditor of VidaCaixa is PricewaterhouseCoopers Auditores, SL.

VidaCaixa is a fully-owned company (100%) by its sole shareholder CaixaBank, SA.

On 31 December 2020, VidaCaixa exercises as parent company of CaixaBank's insurer group, made up by VidaCaixa itself and 100% of BPI Vida e Pensões - Companhia de Seguros, SA, and 100% VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculados, SAU. Likewise, VidaCaixa holds a 49.92% participation in SegurCaixa Adeslas, SA, de Seguros y Reaseguros, an entity that operates with non-life insurances.




(*) There is a 0.08% of minority shareholders

The corporate purpose of VidaCaixa is the brokerage of life insurances and reinsurances, as well as other operations under the private insurance regulation, in particular those of insurance or capitalisation, collective pension funds management, pensions and any other authorised by the Regulation, Supervision and Solvency of Insurance and Reinsurance Entities Act, its Regulations and supplementary provisions to which the entity is subject, with prior compliance of the requirements established therein.

VidaCaixa mainly focuses on life insurance transactions, reaching in 2020 a total of 6,960,118 thousand euros in allocated premiums. Likewise, it markets at a secondary level non-life accident and sickness insurances, which represented in 2020 a total of 3,449 thousand euros in allocated premiums.

The company's asset portfolio is made up mainly by Fixed Income. Therefore, most of the income from the investments come from this type of assets.

The company has a very small direct investment in securitisation.

In 2020 the company obtained a profit of 77,946 thousand euros for its pension fund management activity.

It is worth mentioning that VidaCaixa, in agreement with regulations, does not have in its capital the business value of the Pension Funds management it carries out and which is part of the company's activity. This business is of great importance to the company, which has a market share in Spain of 26.3% in December 2020.

On September 17, 2020, the Boards of Directors of CaixaBank and Bankia, SA agreed to approve and sign the common draft of the merger by absorption of Bankia, SA by CaixaBank, SA. The merger is expected to materialise during the first quarter of 2021 (subject to obtaining the corresponding regulatory and administrative authorisations) and that the operational integration between the two entities is executed before the end of 2021.

It is unknown what the exact impact of future pandemics, and of COVID-19 in particular, will be for each of the Company's risks, which will depend on future events and developments that are uncertain, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, including Spain and Portugal. Taking COVID-19 as a reference, there could be high volatility in financial markets, which could experience significant drops. Likewise, the macroeconomic outlook could worsen significantly and with considerable volatility in forward-looking scenarios.

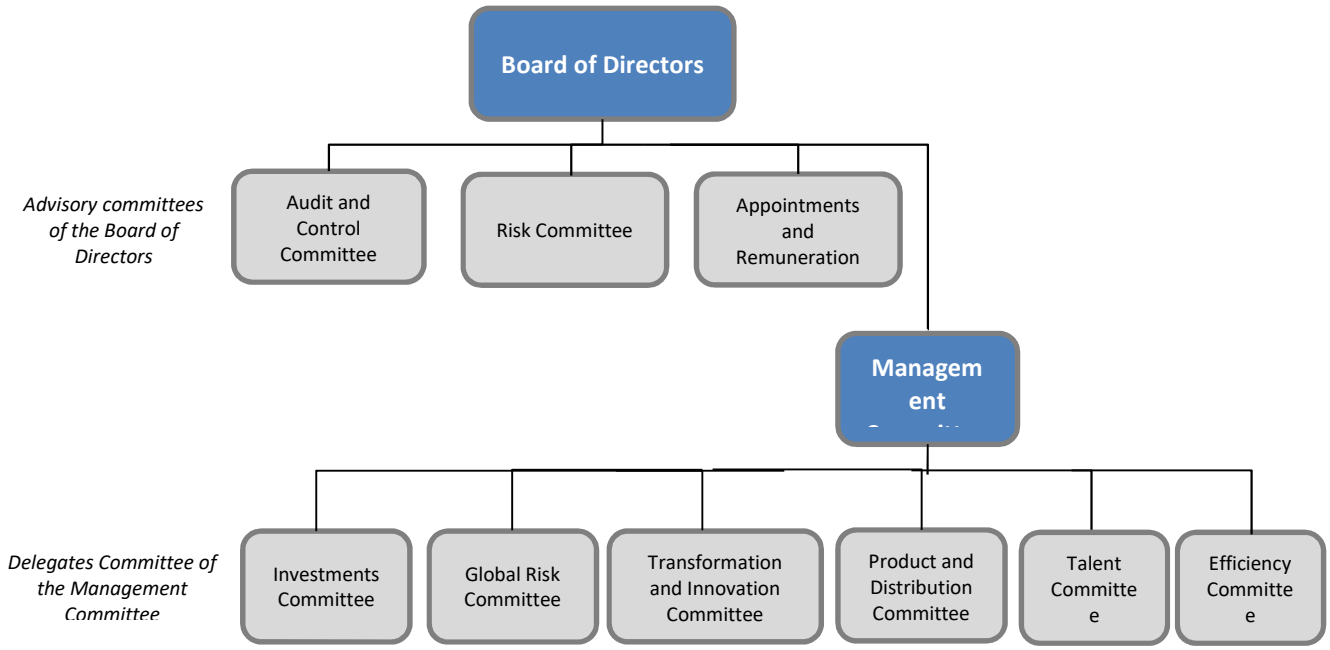
Mitigators: in the specific case of COVID-19, the Company has implemented management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment.

## 2. Governance system

VidaCaixa has a robust governance and internal control system that includes the best practices in the market on risk management and internal control.

To this end, VidaCaixa sets an organisational and functional structure and provides the necessary resources to ensure that its governance system is the most suitable for the nature, volume and complexity of the risks inherent to its activity, and it is continually working towards improvement.

The structure of the bodies of VidaCaixa's governance system is as follows:




In order to assist the Board of Directors in all matters related to the assumption and management of risks, during the 2020 financial year, the establishment of the Risk Committee has been appointed from within. Additionally, some functions of the committees dependent on the Management Committee have been restructured and consequently the Efficiency Committee has been created, whose objective is to improve efficiency within the organization.

The main elements of VidaCaixa's governance system are:

- Risk management system based on mediation, management and control of the risks inherent to the insurance activity carried out by VidaCaixa and included in the organisational structure and in the decision-making processes. It is configured through risk management policies and the effective implementation of the risk management framework, through the following strategic processes:
    - Risk assessment - Identification and evaluation of risks: semi-annual exercise of self-assessment of the risk profile which additionally incorporates an exercise to identify emerging risks.
    - Catalogue of Risks - Taxonomy and definition of risks: List and description of the material risks identified by the Risk Assessment process with annual review. It facilitates both the internal and external monitoring and reporting of risks.
    - RAF - Risk Appetite Framework: Comprehensive and prospective tool, with which the Board of Directors determines the typology and risk thresholds that it is willing to accept to achieve the strategic objectives related to the risks in the catalog.
- Own Risk and Solvency Assessment (ORSA) as a core element of the risk management system. Through this process we carry out a prospective assessment of its global solvency needs. The Board of Directors reviews and approves the ORSA at least once a year.
- Rigorous internal control system, based on the current regulation, and developed under the following three-level control model, in which:
    - The first level of control is formed by the Entity's business areas (risk-taking areas) and its support areas, that is, by the business units and support areas that give rise to exposure to the Entity's risks in the exercise of its activity.

- The second level of control acts independently of the business units, with the function of ensuring the existence of policies and procedures for managing and controlling risks, monitoring their application, assessing the control environment and reporting all the material risks of the VidaCaixa Group. It includes the fundamental functions of Solvency II: risk, actuarial and regulatory compliance management.
- The third level of control is made up of the Internal Audit function that performs independent supervision of the two previous levels of control.

- Remuneration policy approved by the Board of Directors, which covers aspects such as the remuneration of the members of the Board of Directors and the social welfare system of the employees.
- Fit and proper policy approved by the Board of Directors, which covers the fit and proper requirements in the company and the assessment procedures implemented to this end.

During the year no significant transactions have taken place with shareholders, with people that exercise significant influence over the company and with members of the administrative, management or supervisory body that can create a conflict of interest or, where appropriate, the corresponding dispensation has been granted.

VidaCaixa has its computer infrastructure outsourced. VidaCaixa has an outsourcing policy according to Solvency II approved by the Board of Directors.

## 3. Risk profiles

The quantification of the risks under Solvency II, by calculating the Solvency Capital Requirement or SCR, allows significant risks to which VidaCaixa is exposed to be observed.

The risk modules taken into account in the SCR applicable to VidaCaixa are:

- ***market risk***: this is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
- ***counterparty risk***: this is the risk of losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the entity.
- ***life and health underwriting risk***: this is the risk of loss or of adverse change in the value of insurance liabilities, attending to the covered events, due to inadequate pricing and provisioning assumptions.
- ***operational risk***: this is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, including legal risks.
- ***intangible risk***: this is the risk inherent in the nature of the intangible assets, which makes the expected future profits of the intangible asset smaller than those expected under normal circumstances.

Below is the risk profile of VidaCaixa according to the SCR of each risk as of 31 December 2020 and 31 December 2019:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Market SCR | **861,536** | **797,095** |
| Counterparty SCR | **58,064** | **41,603** |

| | | |
|---|---|---|
| Life SCR | **2,147,447** | **2,035,369** |
| Health SCR | **14,050** | **13,907** |
| Diversification effect | **(542,445)** | **(482,135)** |
| **Basic SCR (BSCR)** | **2,538,652** | **2,405,839** |
| **Operational SCR** | **352,991** | **340,106** |
| **Fiscal effect** | **(867,493)** | **(823,783)** |
| **Solvency Capital Requirement (SCR)** | **2,024,150** | **1,922,161** |

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

3.1. Underwriting risk

VidaCaixa, based on the products it markets, is mainly exposed very naturally to life underwriting risks, with the risk arising from non-life insurances being intangible.

The life products marketed by VidaCaixa can be grouped into savings products, risk products and unit linked products, both individual and collective.

Non-life products marketed secondarily correspond to accident and sickness insurances.

The underwriting risk modules taken into account in the calculation of the SCR cover the risks applied to VidaCaixa in the underwriting of life contracts; these are, mortality, longevity and disability risks, portfolio fall risk, expenses risk and catastrophe risk.

In the calculation of the SCR, VidaCaixa applies the standard formula established by the regulation in all the risk modules, except for the modules of longevity and mortality risk for which it applies a partial internal model approved by the DGSFP in December 2015.

VidaCaixa uses the reinsurance to mitigate the underwriting risk, thus reducing its exposure to possible liquidity problems or losses arising from accidents and providing stability to its portfolios.

3.2. Market risk

VidaCaixa, by virtue of the assets in which it intervenes to cover the commitments insured, is mainly and inherently exposed to market risks. These assets can be grouped into public debt, fixed corporate income, properties, variable income, coverage derivatives and deposits.

The modules taken into account in calculating the SCR cover all the market risks that can be applied to VidaCaixa: interest rate risk, differential or spread risk, concentration risk, variable income risk, currency risk and property risk.

Regarding the interest rate risk, VidaCaixa is mainly exposed in savings insurance in which it guarantees an interest rate to the policy holder. The savings insurances marketed by VidaCaixa can be divided into two clearly different groups based on their guarantees:

- Immunised portfolio: this is managed based on the use principles and requirements of the adjustment by union, therefore, the interest rate is mitigated.

- Non-immunised portfolio: this is assessed in Solvency II using volatility adjustment. To guarantee a short-term interest rate, the interest rate assumed is limited.

VidaCaixa limits the exposure to interest rate risk by continuously managing and monitoring the union of asset and liabilities flows using, among other investments, the investment in swaps as a hedge financial instrument.

Regarding the concentration risk, in terms of SCR, VidaCaixa is exposed to the concentration risk from the exposure excess on a threshold, established based on the counterparty credit standing. In order to manage and mitigate the concentration risk, keeping the asset portfolio properly diversified, VidaCaixa exercises ongoing control over the exposures that exceed or nearly exceed said threshold.

Vida Caixa quantifies the market risk in terms of SCR in accordance with the standard formula established by the regulation of Solvency II.

VidaCaixa has established the principle of prudence in the management of investments by using a management policy on investment and concentration risks approved by the Board of Directors, which establishes the universe of authorised securities and the limits and restrictions for each type of investment, as well as the measurement mechanisms and indicators and information on the risks undertaken.

3.3. Counterparty risk

VidaCaixa is exposed to the risk of unexpected default or deterioration in the credit standing of its counterparties and debtors.

VidaCaixa quantifies the counterparty risk in accordance with the standard formula established by the regulation of Solvency II.

In terms of the calculation of the SCR, the exposure to the counterparty risk is divided into these two groups:

- ***type 1 exposure***: mainly reinsurance agreements, certifications, derivatives and treasury in banks.
- ***type 2 exposure***: mainly counterparties without credit standing, credit with intermediaries, holders' debt and mortgages.

VidaCaixa uses the reinsurance to mitigate the underwriting risk. To improve the solvency of the total coverage of reinsurance and mitigate the counterparty risk, the entity diversifies the risk between different reinsurers. If that were not possible, the lower the number of reinsurers, the greater the importance given to their solvency.

Likewise, VidaCaixa has signed with CaixaBank a Credit Support Asset (CSA) agreement as a coverage of the undertaken risk for the financial transactions closed under the Framework Financial Transactions Contract (FFTC). By means of this financial collateral arrangement the parties commit to carry out cash and public debt transfers as collateral of the net risk resulting at any time from the transactions closed under the FFTC.

VidaCaixa has constituted a securities lending agreement with CaixaBank. Under said contract, VidaCaixa (lender) provides securities to CaixaBank (borrower) and receives a commission. Said securities lending has been formalised with an agreement governed by the European Framework Contract. This contract contains the definition of the real collaterals by the borrower in favour of the lender, which are securitisations discountable in the European Central Bank. Therefore, the

characteristics of overcollateralisation, together with the control and governance mechanisms established, allow for the mitigation of the counterparty risk of this transaction.

3.4. Liquidity risk

VidaCaixa's exposure to liquidity risks is not very significant because the aim of the insuring activity lies in keeping the long-term investments in the portfolio, or while the commitment acquired derived from the insurance contracts exists. Also, notwithstanding the foregoing, the financial investments are listed, in general, in liquid markets.

In order to ensure the liquidity and be able to meet all the payment obligations deriving from its activity, VidaCaixa keeps ongoing control on the adequacy between the cash flows of the investments and obligations of the insurance contracts.

The expected benefit included in the future premiums is calculated pursuant article 260.2 of the Delegated Regulation 2015/35 on Solvency II, as the difference between the technical provisions without risk margin and the calculation of the technical bases without risk margin based in the hypothesis that the premiums of the existing insurance and reinsurance contracts that are expected in the future are not collected due to any reason other than the materialisation of the event insured, regardless of the legal or contractual right of the policy holder to cancel the policy. This amount is recognised in the best estimation of the technical provisions.

3.5. Operational risk

The calculation of the SCR for operational risk takes into account the volume of life (except Unit Linked) and non-life transactions, determined from the earned premiums and the technical provisions constituted. Regarding the Unit Linked insurances, only the amount of the annual expenses incurred for this obligation is taken into account.

In any case, the SCR for operational risk is limited to a maximum of 30% of the basic solvency capital requirement.

VidaCaixa quantifies the operational risk in terms of SCR in accordance with the standard formula established by the Solvency II regulation.

In the area of strategic risk processes, the operational risk is defined as the possibility of incurring losses due to failures or the inadequacy of processes, personnel, internal systems or external events. Given the heterogeneity of the nature of operational events, VidaCaixa does not include operational risk as a single element of the Risk Catalog, but has included the following operational risks: conduct, legal and regulatory, technological, information reliability and other operational risks.

In the annual review of the Risk Catalog, carried out in 2020, the scope of the information reliability risk (previously called *financial information reliability*) was expanded to cover both financial and non-financial information.

Although the method used to calculate the capital requirement is the standard formula established by the Solvency II regulations, the measurement and management of operational risk is based on risk-sensitive policies, processes and methodologies, in accordance with the best market practices.

3.6. Other significant risks

As mentioned above, VidaCaixa has a Risk Catalog, within the strategic risk processes, which facilitates the monitoring and reporting of risks with a material impact. In this, the following risks not mentioned above are additionally included:

- **Business Profitability:** Obtaining results below market expectations or the Entity's objectives that ultimately prevent reaching a sustainable level of profitability higher than the cost of capital.

- **Reputational:** Risk of impairment of competitive capacity due to deterioration of trust in the Entity by any of its stakeholders, based on the evaluation that said stakeholders carry out on actions or omissions by or attributed to VidaCaixa, its Senior Management or its Bodies of Government.

**Integration of sustainability risks**

VidaCaixa integrates, within the different risks of the Corporate Risk Catalog, the risks related to the environmental, social and governance (ESG) criteria that result in any ESG event or state which, if it occurs, could have a real or possible negative material effect on the value of the investment or reputational level.

In line with the mission and corporate values (quality, trust and social commitment), VidaCaixa manages investments taking into consideration as the main reference the Principles of Responsible Investment, supported by the United Nations and to which VidaCaixa has adhered since 2009, receiving the maximum rating of A+ in the Category Strategy and Governance for the third consecutive year.

The evaluation of the aforementioned risks is carried out through the *risk assessment* exercise, every six months, described above.

## 4. Valuation for solvency purposes

VidaCaixa values its assets and liabilities following the economic value criterion, pursuant to Article 75 of the Directive 2009/138/EC. Likewise, pursuant to article 15 of the Delegated Regulation 2015/35 the deferred tax of the assets and liabilities included in the technical provisions are recognised.

Below is the economic value of VidaCaixa's assets and liabilities as of 31 December 2020 and 31 December 2019 (in thousands of euros):

| Assets | Solvency II Value December 2020 | Solvency II Value December 2019 |
|---|---|---|
| **Deferred Tax Assets** | **5,818,244** | **5,040,755** |
| **Property, plant and equipment for own use** | **23,511** | **23,384** |
| **Investments (other than index-linked and unit-linked)** | **70,006,196** | **66,757,577** |
| **Assets held for index-linked and unit-linked contracts** | **11,726,133** | **9,636,727** |
| **Recoverable amounts of the reinsurance** | **78,843** | **185,669** |
| **Cash and other equivalent liquid assets** | **81,622** | **95,938** |
| **Remaining assets** | **440,963** | **277,994** |
| **Total Assets** | **88,175,512** | **82,018,044** |

| Liabilities | Solvency II Value December 2020 | Solvency II Value December 2019 |
|---|---|---|
| **Technical Provisions** | **67,925,755** | **63,856,253** |
| **Risk margin** | **1,107,192** | **1,047,287** |
| **Deferred tax liabilities** | **6,621,147** | **5,787,133** |
| **Derivatives** | **7,707,602** | **7,005,951** |
| **Remaining liabilities** | **674,994** | **554,814** |
| **Total Liabilities** | **84,036,690** | **78,251,438** |

| | | |
|---|---|---|
| **Excess of assets over liabilities** | **4,138,822** | **3,766,606** |

VidaCaixa does not use transition measures, this means that it has sufficient financial capacity to fully comply from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measures.

The entity has not used alternative valuation methods to those recognised by the Solvency II Regulation to asses its assets and liabilities in the balance sheet.

Valuation of assets

The bases, methods and main hypotheses used in the valuation of significant assets of VidaCaixa's balance sheet as of 31 December 2020 are consistent with those of the Solvency II regulation.

There are differences between the valuation for the purposes of Solvency II and the valuation in the financial statements. It is worth mentioning the valuation at zero of the goodwill, the advanced commissions and the intangible fixed assets in Solvency II; the deferred tax assets due to the consideration of the fiscal effect of the valuation adjustments made to value the balance in accordance with Solvency II, and the shares valued by the adjusted equity method.

Valuation of the technical Provisions

The valuation of technical provisions for Solvency II purposes corresponds to the current amount that the Entity would have to pay if it immediately transferred its insurance and reinsurance obligations to another insurance company. This is made up of the sum of the best estimate of the liabilities the Entity has with the policy holders together with a risk margin.

The value of the best estimate of the obligations (hereinafter "best estimate liabilities" or "BEL") tries to reflect the average of the probable future cash flows taking into account the time value of money. Its calculation is based on the calculation of the actuarial present value of the cash flows linked to liabilities (benefit payments, bailouts, expenses and profit participation) and to the rights (collection of premiums) associated to each of the policies.

The projection of likely flows used to calculate the best estimate takes into account the uncertainties regarding future cash flows weighted by their probability, considering the different aspects that intervene in their generation and by using realistic hypothesis. All of this is used to calculate the technical provisions in a prudent, reliable and objective way.

Moreover, the risk margin (hereinafter "risk margin" or "RM") is added to the financing cost that the hypothetical buyer of the portfolio sold by VidaCaixa would have to bear to cover the implicit risks of the policies purchased.

In the Financial Statement the technical provisions are calculated based on the fifth additional provision “Calculation system of technical provisions for accounting purposes” of Royal Decree 1060/2015 of 20 November, on governance, supervision and solvency of insuring entities (ROSSEAR, by its Spanish acronym) which references the content of the Regulations on Administration and Supervision of Private Insurance, approved by Royal Decree 2486/1998 of 20 November (ROSSP by its Spanish acronym). While in Solvency II, the calculation of the technical provisions is based on Section 1 “Rules on technical provisions” of the ROSSEAR.

For information purposes, the Company maintains as of December 31, 2020, a mathematical provision by interest rate and tables of 1,697 million. Said provision includes the complementary provision for adaptation to real profitability and the internal longevity model for the commitments assumed prior to the Regulation for the Administration and Supervision of Private Insurance approved by RD 2486/1998 and takes into account the Resolution published by the Regulatory Body dated December 17, 2020 concerning the mortality and survival tables to be used by insurance and reinsurance entities, and which approves the technical guide regarding the supervision criteria with respect to biometric tables (see Section 4.2.c).

The reinsurance ceded is not significant enough in relation to the provisions in total. The amount of the best estimate of the recoverable of the reinsurance ceded is valued by means of the updating of future cash flows weighted by probability and generated based on realist hypothesis, and taking into account an adjustment to consider the losses expected should the counterparty fail to comply based on its credit standing.

Valuation of other liabilities

The valuation grounds and methods of liabilities other than the Technical Provisions are not significantly different to those used in the Financial Statements. The most significant are those related to deferred tax liabilities due to the consideration of the fiscal effect of the valuation adjustments made to value the balance in accordance with Solvency II and the accounting asymmetry liabilities under Solvency II and they are implicitly found in the calculation of the best estimate of the technical provisions.

Application of the matching adjustment

The matching adjustment of the risk-free curve is a permanent measure established in the Solvency II regulation that includes the best and most common practices applied in the Spanish market since 1999 to manage long-term savings insurances, based on the matching of assets and liabilities flows established in article 33.2 of the RASPI currently developed in the Ministerial Order EHA/339/2007, of 16 February that modifies the Order of 23 December 1998.

These practices not only have proven to be effective at keeping the solvency and stability of the insurance sector but have also allowed us to offer the insured parties long-term savings insurance products.

In a simplified manner, the matching adjustment allows us to value liabilities taking into account the profitability of the assets assigned to their coverage until maturity, for which the valuation curve of the free-risk liabilities is adjusted to the difference in relation to the valuation curve of the assets at market value minus the fundamental credit risk of the assets.

The use of the matching adjustment is subject to prior approval by the supervisory authorities. VidaCaixa received the authorisation of the DGSFP in December 2015.

The principles and requirements of the use of the matching adjustment are found in Article 77 ter of Directive 2009/138/EC.

Complying with these requirements implies the financial immunisation of the portfolios before the interest rate risk.

Likewise, credit risk is contemplated through the use of a lower discount rate in the valuation of the best estimate of the liabilities in relation to the profitability rate of the assets, as the norm establishes, when considering their fundamental credit risk.

The application and compliance with these principles at all times lies in a better risk management and a more robust control of the risks of these portfolios and, therefore, a greater protection for the insured party.

Application of the volatility adjustment

The volatility adjustment of the risk-free curve is a permanent measure, established in the Solvency II regulation, in order to prevent the interest rate structure that will be used in the calculation of the technical provisions from showing the current volatility in the market in its entirety.

Thus, in general, the insurance entities can adjust the risk-free interest rates by using a volatility adjustment calculated regularly by EIOPA.

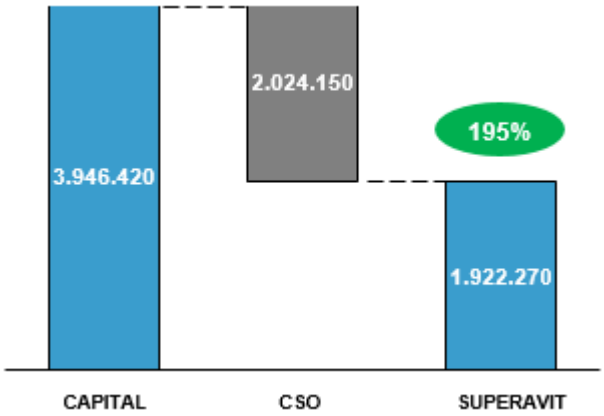
VidaCaixa applies this adjustment in the calculation of the BEL of all the policies grouped in portfolios not valued with the matching adjustment.

## 5. Capital management

VidaCaixa has established as one of its fundamental strategic objectives a sound capital and solvency management. Therefore, it regularly monitors the compliance with the regulatory requirements and limits and the tolerance limits and risk appetite established by the Board of Directors.

VidaCaixa establishes its capital goal in the compliance at all times with the regulatory capital requirements, keeping an adequate solvency margin.

VidaCaixa, as of 31 December 2020, has a coverage ratio for the Solvency Capital Requirements (SCR) of 195% (data in thousand euros):




During 2020 VidaCaixa has complied with the SCR and MCR (minimum capital requirement) at all times.

The entirety of VidaCaixa's Own Funds as of 31 December of 2020 have the maximum quality (Tier 1 unrestricted). VidaCaixa does not have additional Own Funds.

The amount of admissible Own Funds to cover the SCR and the MCR amounts to 3,946,420 thousand euros.

Below are details of the reconciliation between the net equity of the financial statements, the excess of assets over liabilities and the admissible Capital:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Net Book Equity** | **6,014,769** | **5,297,647** |
| Variation Assets Valuation | 3,966,064 | 3,397,342 |
| Variation Liabilities Valuation | (5,842,011) | (4,928,174) |
| **Total Valuation Variation** | **(1,875,947)** | **(1,530,832)** |
| **Excess of Assets over Liabilities** | **4,138,822** | **3,766,606** |
| Adjustment Expected Dividends | (169,484) | (51,410) |
| Adjustment Tier 3 Not Computable | - | - |
| Capital Adjustment Funds Manager | (22,918) | (22,212) |
| **Admissible CAPITAL SOLVENCY II** | **3,946,420** | **3,692,984** |

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measures.

As a Pension Funds manager, VidaCaixa has reserved a part of its Own Funds to said activity, pursuant to the provisions set forth by Article 20 of the Legislative Royal Decree 1/2002, of 29 November by which the consolidated text of the Regulating Law of Pension Plans and Funds, modified by Law 2/2011, of 4 March. These Own Funds are not available to cover the SCR, and therefore VidaCaixa deducts a total of 22,918 thousand euros from its available Own Funds to cover the SCR.

The amounts of the SCR and the MCR as of 31 December 2020 and 31 December 2019 are as follows:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Solvency Capital Requirement (SCR)** | **2,024,150** | **1,922,161** |
| **Minimum Capital Requirement (MCR)** | **910,868** | **864,973** |

VidaCaixa does not use simplified calculations, nor specific parameters to calculate the SCR.

VidaCaixa does not use the equity risk sub-module based on the duration in the calculation of the solvency capital requirement.

Internal Longevity and Mortality Model

VidaCaixa uses a partial internal model for the calculation of the longevity and mortality sub-model of the SCR of Life underwriting. The use of the partial internal model was approved by the DGSFP in December 2015.

Given the turnover and the intrinsic characteristics of VidaCaixa's business, the internal model allows us to have a more realistic vision of the Company's risk profile that the one the standard formula provides.

The purpose of the internal model is obtaining the following results:

- The mortality table corresponding to the experience of the population insured in the company (generational table for longevity risks, with calculation of the improvement factors to be applied and static table for mortality risks).

- The shock percentages for both longevity and mortality (calibrated value in the percentile 99.5% or 0.5% respectively).

The Mortality table is used to calculate the Best Estimate of the entity.

The shock percentages of longevity and mortality are used in the calculation of the SCR with internal model.

Likewise, the internal mode is used extensively and plays a relevant role to evaluate the effect of the possible decisions, when they impact the risk profile of the entity, including the effect on the expected losses and profits and its volatility as a result of said decisions.

The scope of application of the internal model includes all the population insured in the company for mortality or longevity risks, both for Individual insurances and Collective ones.

To integrate the Solvency Capital Requirement of Mortality and Longevity with the other risks, the technique 4 described in annex XVIII, Integration techniques of the partial internal models, of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 is used. This technique uses the same correlation coefficients as those used for the standard formula, both before the Mortality risk and the Longevity risk, and between these and the other risks.

The following process summarises the performance of the internal model to calculate the probability distribution forecast and the solvency capital requirement:

1) Gathering gross data on the population insured in the company
2) Adjustment of mortality percentages
3) Base table
4) Mortality evolution factors
5) Mortality projection
6) Determining Best Estimate mortality table
7) Longevity shock assessment
8) Mortality shock assessment

A level of trust of 99.5% is used for a time horizon of 1 year, the same as the standard formula.

Given the dimension of the population insured by the entity and its time extension, there is a large enough statistics base for the statistical inference.

The independent Validation Team of CaixaBank verifies in the Validation Report submitted in December 2020 that the filters applied are suitable for cleaning the data used in the calibration of the Internal Model since the filters are aimed at obtaining reliable biometric data of the insured parties of VidaCaixa as a whole. Therefore, no relevant data is discarded without a good cause.

Therefore, the data used in the Internal Model is considered adequate and complete, allowing an accurate measure of the exposed and the collection of the necessary biometric data.

# 1. Activity and results

## 1.1. Activity

### 1.1.a. Corporate purpose and legal form of the company

VidaCaixa, SAU de Seguros y Reaseguros, hereinafter "VidaCaixa" or "the entity", with registered offices in Paseo de la Castellana 51, 1º, 28004 Madrid. The Company is registered in the Trade Register of Madrid, tome 36790, sheet 50, page M-658924.

Authorised entity to carry out life insurance activities and management entity of pension funds. Entered in the Administrative Register of Insurance Entities of the Directorate-General of Insurance and Pension Funds under number C-611 and as management entity of pension funds under number G-0021.

### 1.1.b. Name and contact details of the supervisory authority in charge of financial supervision of the company.

Directorate-General of Insurance and Pension Funds, hereinafter "DGSFP", with registered office at Avenida del General Perón número 38, 28020 Madrid.

### 1.1.c. Name and contact details of the external auditor of the company.

PricewaterhouseCoopers Auditores, SL, registered office in Madrid, Torre PwC, Paseo de la Castellana 259 B.

### 1.1.d. Description of the qualified shares holders in the company

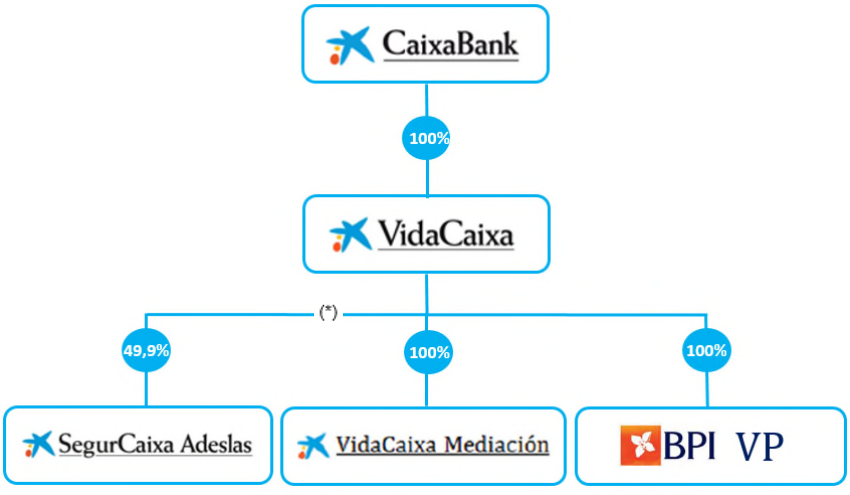
VidaCaixa is a fully-owned company (100%) by its sole shareholder CaixaBank, SA.

### 1.1.e. Position of the company inside the legal structure of the group

As of 31 December 2020, VidaCaixa exercises as parent company of CaixaBank's insurer group, made up by VidaCaixa itself, 100% of BPI Vida e Pensões - Companhia de Seguros, SA, (hereinafter, BPI VP) and 100% of VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculados, SAU.

Likewise, VidaCaixa holds a 49.92% participation in SegurCaixa Adeslas, SA de Seguros y Reaseguros, entity that operates with non-life insurances.

As of 31 December 2020, the group has the following corporate structure:



(*) There is a 0.08% of minority shareholders

As shown, VidaCaixa has three related companies:

- SegurCaixa Adeslas, SA, de Seguros y Reaseguros, located in Spain, 49.92% owned by VidaCaixa.
- VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculada, SAU, located in Spain, 100% owned by VidaCaixa.
- BPI Vida e Pensões - Companhia de Seguros, SA, located in Portugal, invested 100% by VidaCaixa.

### 1.1.f. Lines of business and significant geographical areas

The corporate purpose of VidaCaixa is the brokerage of life insurances and reinsurances, as well as other operations under the private insurance regulation, in particular those of insurance or capitalisation, collective pension funds management, pensions and any other authorised by the Regulation, Supervision and Solvency of Insurance and Reinsurance Entities Act, its Regulations and supplementary provisions to which the entity is subject, with prior compliance of the requirements established therein.

VidaCaixa mainly markets life insurance products classified in the following lines of business pursuant to the Solvency II regulation:

- Insurance with profit participation (Insurance with PP)
- Unit Linked and Index Linked Insurance
- Other life insurance
- Life reinsurance

Likewise, it markets at a secondary level non-life accident and sickness insurances, classified in the following line of business pursuant to the Solvency II regulation:

- Income protection

VidaCaixa's main marketing channel is the distribution network of CaixaBank, SA, considered its own exclusive banking-insurance broker. Moreover, it also operates through the insurance mediation activity carried out by insurance brokers and other related insurance agents and its own network.

The transactions of the Company are mainly distributed throughout the Spanish territory.

### 1.1.g. Significant activities or events during the reference period

In 2020 there are no significant new product launches.

## 1.2. Results on underwriting

VidaCaixa mainly focuses on life insurance transactions.

Find below the results of the underwriting of the life and non-life insurances based on the main business technical parameters, by line of business, as of 31 December 2020.

| ***LIFE INSURANCES***<br>Thousands of euros | Insurance with PP | Unit Linked | Other life insurances | Life reinsurance | Total Life |
|---|---|---|---|---|---|
| Gross Premiums | 96,688 | 2,521,271 | 4,507,416 | 139 | **7,125,513** |
| Ceded reinsurance premiums | 0 | (6,248) | (157,406) | 0 | **(163,654)** |
| **Total earned premiums** | **96,688** | **2,515,023** | **4,350,009** | **139** | **6,961,859** |
| Gross Premiums | 96,688 | 2,519,620 | 4,507,326 | 139 | **7,123,772** |
| Ceded reinsurance premiums | 0 | (6,248) | (157,406) | 0 | **(163,654)** |
| **Total allocated premiums** | **96,688** | **2,513,372** | **4,349,919** | **139** | **6,960,118** |
| Gross claims | 122,558 | 875,524 | 5,279,567 | 6,106 | **6,283,754** |
| Ceded reinsurance claims | 0 | (222) | (87,818) | 0 | **(88,040)** |
| **Total claims** | **122,558** | **875,302** | **5,191,749** | **6,106** | **6,195,715** |
| Variation of other technical provisions | 556,861 | (2,017,498) | (333,259) | 6,113 | **(1,787,782)** |
| Gross variation ceded reinsurance | 0 | 13,978 | (54,043) | 0 | **(40,065)** |
| **Total variation of other technical provisions** | **556,861** | **(2,003,521)** | **(387,302)** | **6,113** | **(1,827,848)** |
| **Technical expenses** | **2,069** | **76,667** | **260,293** | **209** | **339,237** |

| *NON-LIFE INSURANCES*<br><br>Thousands of euros | Income protection |
|---|---|
| Gross Premiums | **17,306** |
| Ceded reinsurance premiums | **(13,886)** |
| **Total earned premiums** | **3,420** |
| Gross Premiums | **18,756** |
| Ceded reinsurance premiums | **(15,307)** |
| **Total allocated premiums** | **3,449** |
| Gross claims | **11,726** |
| Ceded reinsurance claims | **(9,761)** |
| **Total claims** | **1,965** |
| Variation of other technical provisions | **0** |
| Gross variation ceded reinsurance | **0** |
| **Total variation of other technical provisions** | **0** |
| **Technical expenses** | **(946)** |

Find below the results of the underwriting of the life and non-life insurances based on the main business technical parameters, by line of business, as of 31 December 2019.

| *LIFE INSURANCES*<br><br>Thousands of euros | Insurance with PP | Unit Linked | Other life insurances | Life reinsurance | Total Life |
|---|---|---|---|---|---|
| Gross Premiums | 164,050 | 2,344,322 | 6,050,587 | 3,248 | **8,562,207** |
| Ceded reinsurance premiums | 0 | (2,610) | (167,237) | 0 | **(169,847)** |
| **Total earned premiums** | **164,050** | **2,341,712** | **5,883,350** | **3,248** | **8,392,360** |
| Gross Premiums | 164,050 | 2,335,371 | 6,050,879 | 3,248 | **8,553,548** |
| Ceded reinsurance premiums | 0 | (2,610) | (167,237) | 0 | **(169,847)** |
| **Total allocated premiums** | **164,050** | **2,332,761** | **5,883,642** | **3,248** | **8,383,701** |
| Gross claims | 212,212 | 726,006 | 5,416,311 | 14,764 | **6,369,292** |
| Ceded reinsurance claims | 0 | (50) | (95,362) | 0 | **(95,412)** |
| **Total claims** | **212,212** | **725,956** | **5,320,949** | **14,764** | **6,273,880** |
| Variation of other technical provisions | (4,318) | (2,824,247) | (1,348,469) | 11,958 | **(4,165,076)** |
| Gross variation ceded reinsurance | 0 | (3,720) | (50,334) | 0 | **(54,054)** |
| **Total variation of other technical provisions** | **(4,318)** | **(2,827,967)** | **(1,398,803)** | **11,958** | **(4,219,130)** |
| **Technical expenses** | **5,284** | **59,008** | **242,954** | **166** | **307,412** |

| ***NON-LIFE INSURANCES*** | **Income protection** |
|---|---|
| Thousands of euros | |
| Gross Premiums | **18,528** |
| Ceded reinsurance premiums | **(16,459)** |
| **Total earned premiums** | **2,069** |
| Gross Premiums | **18,655** |
| Ceded reinsurance premiums | **(16,432)** |
| **Total allocated premiums** | **2,222** |
| Gross claims | **15,744** |
| Ceded reinsurance claims | **(15,879)** |
| **Total claims** | **(135)** |
| Variation of other technical provisions | **0** |
| Gross variation ceded reinsurance | **0** |
| **Total variation of other technical provisions** | **0** |
| **Technical expenses** | **(595)** |

## 1.3. Return on investments

### 1.3.a. Income and expenses deriving from investments

Below are the income and expenses deriving from the investments, disaggregated by the main financial assets categories, as of 31 December in financial year 2020:

| in thousands of euros | Income from investments | Gains on disposal | Expenses from investments | Losses on disposal |
|---|---|---|---|---|
| Fixed Income | 1,450,631 | 731,628 | 15,622 | 485,817 |
| Variable Income | 304,511 | 1,698,932 | 295,739 | 1,020,694 |
| Properties | 8 | 0 | 0 | 5 |
| Deposits | 1,404 | 0 | 23 | 0 |
| Loans | 369 | 0 | 0 | 0 |
| Liquid assets | 537 | 0 | 2,128 | 0 |
| Other | 23 | 0 | 0 | 0 |
| **Total** | **1,757,483** | **2,430,560** | **313,512** | **1,506,516** |

Below are the income and expenses deriving from the investments, disaggregated by main financial assets categories, as of 31 December in financial year 2019:

| in thousands of euros | Income from investments | Gains on disposal | Expenses from investments | Losses on disposal |
|---|---|---|---|---|
| Fixed Income | 1,522,560 | 426,987 | 49,473 | 82,880 |
| Variable Income | 250,407 | 876,936 | 37,053 | 41,355 |
| Properties | 19 | 0 | 0 | 0 |
| Deposits | 2,523 | 0 | 23 | 0 |
| Loans | 1,042 | 0 | 0 | 0 |
| Liquid assets | 1,026 | 0 | 1,702 | 0 |
| Other | 0 | 0 | 3 | 0 |
| **Total** | **1,777,577** | **1,303,922** | **87,896** | **124,236** |

### 1.3.b. Losses and gains directly recognised in the net equity

Pursuant to the local accounting regulations, the heading of Net Equity of "Adjustments for change in value" registers, without previously being recognised in the income statement, the unrealised capital gains and losses of the financial investments that are accounted for in the heading Assets of "Available-for-sale financial Assets". As of 31 December 2020, this amount totalled 11,034,168 thousand euros, net of taxes (9,350,008 thousand euros, net of taxes on 31 December 2019).

The part of the capital gains and losses of the investments not carried out correspond to insurance transactions financial immunised, which reference its redemption value to the value of the assets assigned, or foresee a participation in the profits of an associated assets portfolio are reclassified from the heading "Adjustments for change in value" to the liabilities heading "Remaining liabilities-Accounting asymmetry liabilities" for their gross amount of the tax effect. As of 31 December 2020, the correction for accounting asymmetries in the net equity amounted to 7,176,015 thousand euros, net of taxes (6,090,032 thousand euros, net of the tax effect as of 31 December 2019).

### 1.3.c. Investment in securitisations

The company has a small direct investment in securitisations. As at 31 December 2020, the value of the securitisations on the balance sheet was zero thousand euros (591thousand euros as at 31 December 2019).

## 1.4. Results of other activities

From the result of other activities, it is worth mentioning the result obtained by the entity for its management of the Pension Funds. Below is the detailed information on the deposits and expenses registered in the profit and loss account as of 31 December 2020 and 31 December 2019 for this activity:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Income from the management of pension funds | 246,759 | 241,637 |
| Expenses from the management of pension funds | (168,813) | (165,587) |
| **Results of the management of pension funds** | **77,946** | **76,050** |

It is worth mentioning that VidaCaixa does not have in its capital the business value of the Pension Funds management it carries out and is part of the company's activity. This business is of great

importance to the company and has a market share in Spain of 26.3% in December 2020 (25.5% in 2019).

Furthermore, it is important to point out that all the leases are considered operating leases. At the end of 2020 the main lease contract that VidaCaixa had entered into as lessor is for the lease of several parking places located in the underground floors of the Torre Sud building located in Calle Juan Gris, 2-8, in Barcelona. The amount from rents collected during 2020 amounted to 10 thousand euros (19 thousand euros in 2019).

## 1.5. Other relevant information

On September 17, 2020, the Boards of Directors of CaixaBank and Bankia, SA agreed to approve and sign the common draft of the merger by absorption of Bankia, SA by CaixaBank, SA. The merger is expected to materialise during the first quarter of 2021 (subject to obtaining the corresponding regulatory and administrative authorisations) and that the operational integration between the two entities is executed before the end of 2021.

It is unknown what the exact impact of future pandemics, and of COVID-19 in particular, will be for each of the Company's risks, which will depend on future events and developments that are uncertain, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, including Spain and Portugal. Taking COVID-19 as a reference, there could be high volatility in financial markets, which could experience significant drops. Likewise, the macroeconomic outlook could worsen significantly and with considerable volatility in forward-looking scenarios.

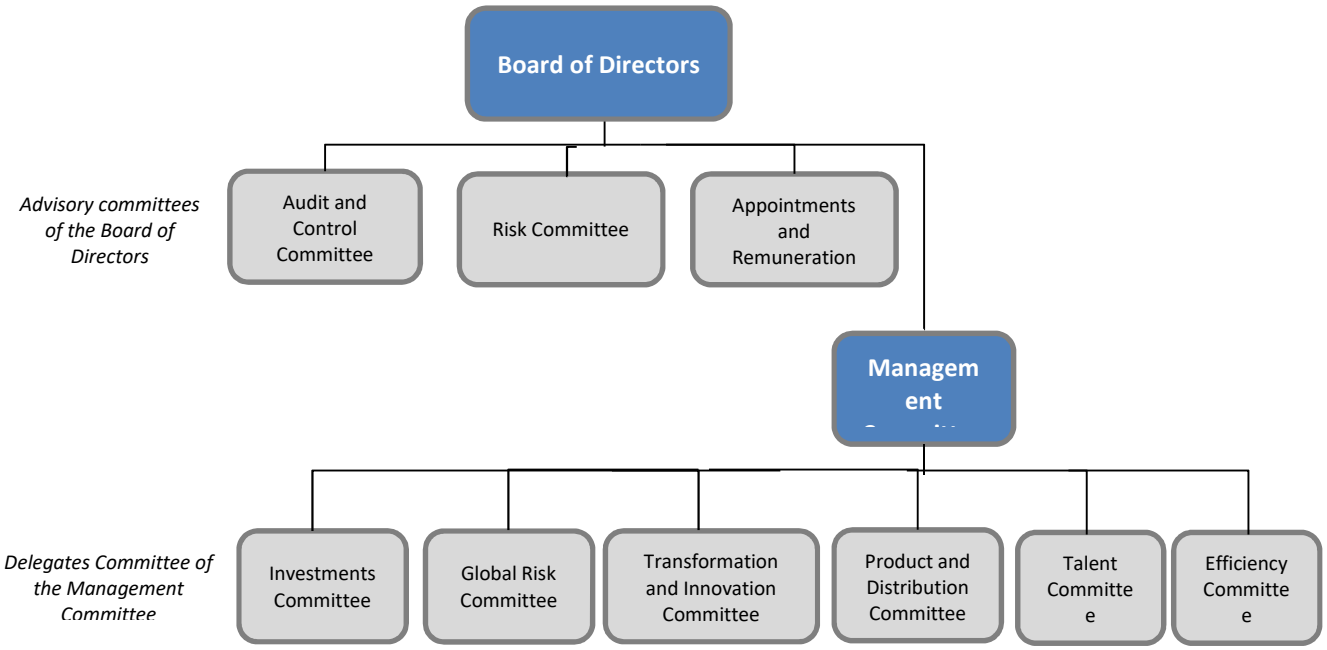
Mitigators: in the specific case of COVID-19, the Company has implemented management initiatives to mitigate the impact on the risk profile due to the deterioration of the economic environment.

# 2. Governance system

## 2.1. General information on the governance system

### 2.1.a. Structure of the administrative, management or supervisory body.

The following chart summarises the structure of VidaCaixa's governance system:




As a reinforcement to the governance structure, CaixaBank's CEO, sole shareholder of VidaCaixa is, at the same time, the President of VidaCaixa. Likewise, the Director General of VidaCaixa is a member of the Board of Directors of the company and, at the same time, the CaixaBank Executive Director of Insurance, participating in different bank committees such as the Management Committee and Global Risks Committee.

Find below a summary of the main duties and responsibilities of VidaCaixa's governing bodies:

| Body | Duties and responsibilities | Periodicity of meetings |
|---|---|---|

| | | |
|---|---|---|
| Board of Directors | In the framework of article 249 bis of the Capital Companies Law: Ultimate responsibility on the risk management and internal control of the entity. Establishing the lines to follow in Internal control policy and the risk management parameters. The supervision of the effective operation of the committees that it has constituted and of the actions of the delegated bodies and of the executives that it has designated. | Minimum 6 annually |
| **Advisory committees of the Board** | | |
| Audit and Control Committee | The Board of Directors has appointed from among its members an Audit and Control Committee which, among other functions, is in charge of supervising the effectiveness of Internal Control, Internal Audit and Risk Management systems. Likewise, it is responsible for supervising compliance with the regulations regarding the Internal Control System of Financial Information (SCIIF). | Minimum 6 annually |
| Risk Committee | The Board of Directors has appointed from among its members a Risk Committee that, among other functions, is in charge of the policies and general principles of assumption and management of risks, which will identify the types of risk that the Company faces, the information and internal control systems that will be used to control and manage the aforementioned risks, as well as the measures envisaged to mitigate the impact of the identified risks, should they materialise. | Minimum 6 annually |
| Appointments and Remuneration Committee | The Board of Directors has appointed its own Appointments and Remuneration Committee in charge, mainly, among other duties, to bring before the Board proposals in the appointment of directors and to propose the Board the remuneration of the directors and the general directors or those who develop top management duties. Also, it is in charge of managing the fit and proper requirements of all persons who effectively run the company or are responsible for other key functions. | Ad-hoc |
| **Steering committees** | | |
| Management Committee | General management of the entity and the compliance with the business goals set by the Board of Directors. In this sense, it is responsible for the design and implementation of the risk management and the internal control systems. Some of its duties have been delegated to the Investments Committee, Global Risk Committee, Operations Committee and Product Committee. | At least fortnightly |
| Investments Committee | General management of investments and in charge of monitoring and controlling the evolution of the entity's investments and their associated risks. | At least monthly |
| Global Risk Committee | Global risks management and their effect on solvency and capital, as well as monitoring and controlling the risk profile and the risk management policies. | At least monthly |
| Transformation and Service Committee | Promote the effective deployment of transformation projects in VidaCaixa's strategy and monitor compliance of service levels with customers and distribution channels. | At least monthly |
| Product and Distribution Committee | It is in charge of the technical approval of new products and campaigns, controlling their associated risks, interests, objectives from the perspective of transparency and customer protection. | At least monthly |
| Efficiency Committee | It is in charge of controlling and monitoring budget planning, promoting and monitoring the improvement in efficiency. | At least monthly |
| Talent Committee | Its main objective is to gain an understanding, analyse and make decisions with a unified criterion, on the key aspects of talent management and development in order to guarantee meritocracy, transparency and diversity. | At least monthly |

Pursuant to the provisions set forth by articles 268, 269, 270, 271 and 272 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, VidaCaixa has adapted its organisational and fictional structure, by developing and providing resources to the organisational

units in charge to carry out the different key functions established by Solvency II (Risk management, actuarial, regulation compliance and internal audit functions).

### 2.1.b. Significant changes in the governance system during the reference period

In order to assist the Board of Directors in all matters related to the assumption and management of risks, during the 2020 financial year, the establishment of the Risk Committee has been appointed from within.

On the other hand, during the 2020 financial year, some functions of the committees dependent on the Management Committee have been restructured and consequently the Efficiency Committee has been created, whose objective is to improve efficiency within the organization.

### 2.1.c. Remuneration policy and practices

#### 2.1.c.i. Principles of the remuneration policy

VidaCaixa has a remuneration policy approved by its Board of Directors.

Pursuant to article 275 of the Commission Delegated Regulation (EU) 2015/35 the remuneration policy must be applied to the company as a whole, and must contain specific mechanisms that take into account the duties and the performance of the administrative, management or supervisory body, of the persons who effectively run the company or are responsible for other key functions and of other personnel categories whose professional activities have a significant impact on the company's risk profile (Identified Collective).

The persons subjected to the Remuneration Policy are the members of the Board of Directors and all the persons currently employed by VidaCaixa who, as such, have a remunerated labour relationship, including those of the Identified Collective.

The remuneration of the employees, established within the general framework defined in the remuneration policy, is approved by the relevant governing bodies of VidaCaixa. The general remuneration principles of VidaCaixa are:

- The total compensation policy focuses on promoting behaviours that ensure the long-term generation of value and the sustainability of the future results.
- The remuneration policy bases its talent recruitment and retention strategy in allowing professionals to participate in a different social and entrepreneurial project, in the possibility of growing professionally and in a total compensation competitive conditions.
- The fixed and social benefit components constitute the predominant part of the remuneration conditions as a whole where, in general, the variable remuneration concept tends to be conservative because it is a potential risk generator.
- The general remuneration principles of VidaCaixa are aligned with the commercial and risk management strategy, the remuneration practices shall promote a prudent risk undertaking and, also, shall not threat the company's ability to keep an adequate base capital.
- The principles established in section 2 of article 275 of the Commission Delegated Regulation (EU) 2015/35 will apply to the remuneration of the members of the Identified Collective of VidaCaixa.

- In accordance with the principles of article 275 of the Commission Delegated Regulation (EU) 2015/35, if so, the variable components of the remuneration of the Identified Collective must be balanced in a way that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration, in order not to have employees that excessively depend on the variable components and allow VidaCaixa use a fully flexible incentive policy, that includes the possibility of not paying any variable component.

### 2.1.c.ii. Performance criteria on the entitlement to share options, shares or variable components of remuneration

The remuneration of the members of the Board of Directors of VidaCaixa without delegate or executive functions only consists of fixed components, with the exclusion of any variable components. Notwithstanding the foregoing, any possible future proposal on the remuneration based on shares should be approved, by following the provisions of the Spanish Corporation Law and the Articles of Association, at VidaCaixa's General Meeting.

### 2.1.c.iii. Supplementary pension plans or early retirement plans aimed at members of the administration, management or supervisory body and persons who perform a key function

VidaCaixa's social welfare system is a combined system of defined contributions for retirement and the benefit defined for disability and death and it is implemented through an employment pension plan and collective life insurance policies.

The contributions of the employees to savings and retirements plans are determined as a predetermined percentage of the fixed retribution; the employee can also decide which part of the bonus payment is allocated as a contribution to said savings and retirement plans.

VidaCaixa's social welfare scheme is not set as a discretional benefit, and it is applied objectively based on the professional access to a certain professional level or in similar circumstances that determine a redefinition of the remuneration conditions. The amounts contributed or the coverage degree of the benefits cannot be determined as part of the variable remunerations pack, since it is not related to the achievement of benchmarks or granted as a prize or similar.

### 2.1.d. Significant transactions with shareholders, with persons that exercises significant influence over the company and with members of the administrative, management or supervisory body.

During the year no significant transactions have taken place with shareholders, with people that exercise significant influence over the company and with members of the administrative, management or supervisory body that can create a conflict of interest or, where appropriate, the corresponding dispensation has been granted.

On 22 September 2020, the Board of Directors agreed to distribute the first dividend on the result of financial year 2020 for the amount of 300,000 thousand euros. Said amount was credited to the Sole Shareholder on 16 October 2020.

On 22 December 2020 the Board of Directors agreed to distribute the second dividend on the result of financial year 2020 for the amount of 375,000 thousand Euros. A part of said dividend (185,000 thousand euros) has been paid to the Sole Shareholder on December 30, 2020 and the remaining amount (190,000 thousand euros) is expected to be paid during the month of March 2021.

Likewise, on 30 March 2020, VidaCaixa proceeded to pay 51,410 thousand euros as the supplementary dividend of the result of 2019 approved in the Minutes according to the decisions by the Sole Shareholder on 8 March 2020.

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

## 2.2. Fit and proper requirements

### 2.2.a. Requirements on applicable qualifications, knowledge and experience

The members of the Board of Directors, the general managers and similar officers and those in charge of the duties that make up VidaCaixa's governance systems (hereinafter "Subjected Positions" and "Functions") must be exercised by persons of recognised commercial and professional honourability and must possess adequate knowledge and experience for the sound and prudent management of VidaCaixa.

In general, the suitability requirements will be those established by article 273 of the Delegated Regulation 2015/35 and remaining applicable rules, supplemented, specified or developed at all times by the criteria the Board of Directors of VidaCaixa established in the exercises of its functions.

In the case of directors that are legal entities the suitability requirements will be applied to both the individual representing the legal entity and, where applicable, the legal entity itself.

### 2.2.b. Process to assess the fit and proper requirements

VidaCaixa has implemented assessment procedures of those who have to exercise Subjected Positions and Functions set forth in the suitability protocol approved by the Board of Directors.

The main aspects of said assessment procedures are as follows:

**1) Assessment Bodies**

The Board of Directors is considered the Assessment Body and, therefore, assume the conditions and functions that both the Delegated Regulation and the Policy assign to them regarding assessment issues, regarding the categories of Subjected Positions and Functions.

If the assessment refers to their own person, the persons subjected to assessment would have to refrain from participating in the creation of the Assessment File and in the proposal, drafting and approval of the Suitability Assessment Report.

**2) Assessment File**

The Assessment File constitutes the document base for the assessment of the Assessment Body and contains all the statements, information and necessary documents for the Assessment Body to examine and issue a reasoned judgment regarding the suitability of the persons assessed.

The content of the File is determined, developed and adjusted at all times by the Appointments and Remuneration Committee of VidaCaixa in compliance with the documents required by the current legislation at the time.

**3) Suitability Assessment Report**

The Suitability Assessment Report contains the conclusion on the result of the assessment process of the assessed person, and it is drafted and approved by the Assessment Body based on the File.

**4) Assessment procedure**

To assess the persons that have to occupy the Subjected Positions and Functions the following procedure is followed:

*4.1) Procedure in the case of appointment:*

The body or person or persons that promote the appointment notify it with enough time to the President of the Board of Directors.

The Appointments and Remuneration Committee creates and submits to the Assessment Body the corresponding Report proposal.

Taking as basis the information in the File, the Assessment Body analyses, formulates and approves the Report on the candidate proposed.

If the conclusion of the Report is negative, VidaCaixa will abstain from appointing or giving office to the proposed candidate.

*4.2) Procedure in the case of re-election*

In the cases in which the re-election of a person subject to assessment is proposed, the same procedure as the one in place in the case of appointments is followed, fully adjusted to the case of re-election.

However, the Assessment Body only has to confirm the applicability of the information in the File or, when necessary, update them.

The Assessment Body drafts and approves its Report taking as basis the confirmation or update of the File.

**5) Continuous assessment**

With the periodicity determined by the Board of Directors at any time which, in any case, will be for a period of time lower or equal to that applicable to the current legislation, if so, VidaCaixa will carry out the continuous assessment of those that exercises Subjected Positions and Functions.

**6) Assessment due to subsequent circumstances**

Those who exercise Subjected Positions and Functions are responsible for immediately notifying the Appointments and Remuneration Committee (by notifying its President) of the occurrence of any fact or circumstance that could affect the suitability assessment for the exercise of their position or function, in the terms in which the suitability is established in the Protocol and the applicable current legislation.

The procedure to follow in cases of assessment due to subsequent circumstances will be the same as the one for the continuous assessment.

## 2.3. Risk management system including risk and solvency self-assessment

### 2.3.1. Risk management system

#### 2.3.1.a. Description of the risk management system

The risk management system of the entity is established through the risk management function which main duties and responsibilities are:

1) General duties

- Attending and independently informing the Board of Directors, the Risk Committee, the Audit and Control Committee, the Global Risk Committee and other fundamental functions where necessary to guarantee the effective functioning of the risk management system.
- Monitoring the effectiveness of the risk management system.
- Establishing and following the strategic policies on risk management.
- Defining and following the risk profile and the risk tolerance limits.
- Identifying, measuring, managing, monitoring, following and informing about risks and their trends.
- Identifying and assessing emerging risks.

- Presenting detailed information on the risk exposures taking into account the strategic decisions.

- Carry out training programs and initiatives to internalize the risk culture.

- The information generated in the risk management framework will be at the disposal of the persons and bodies who effectively run the entity or are responsible for other key functions, who will take it into account in the decision-making process.

2) Supplementary duties for internal risk models

The risk management function undertakes the following supplementary duties and responsibilities regarding total or partial internal models developed by the entity at the time:

- Development and application of the internal model

- Applying the internal models validity policy established by the Board of Directors at the time.

- Documenting the internal model and the possible modifications thereto.

- Testing the use of the internal model

- Informing the Board of Directors, the Risk Committee and the Global Risk Committee about the internal model.

- As long as the entity has internal models, the information on the risk management will be drafter using the internal model, so that the data of the model is taken into account in the decision-making processes, and there is an effective integration of the internal models in the management.

As the essential element of the risk management system, the entity's Board of Directors has approved, monitors and keeps up-to-date the following risk management policies, in accordance with the risk management areas defined by Article 260 section 1 of the Solvency II Delegated Regulation:

- Underwriting and reserving policy

- Assets and liabilities and liquidity risk management policy

- Investment risk and concentration risk management policy

- Operational risk management policy

- Reinsurance policy and other risk mitigation techniques

  Risk management policy in relation to deferred taxes

The risk management methodology will be based on the following strategic processes, described below, which are established corporately at the CaixaBank Group level. Their objective is the identification, measurement, monitoring, control and reporting of material risks, which is why they constitute one of the fundamental pillars of its management strategy.

The result of the strategic processes is reported, at least annually, first to the Global Risk Committee and to the Risk Committee in the second instance, to be finally approved by the Board of Directors.

***Strategic Risk Processes - Risk Assessment***

VidaCaixa carries out a risk self-assessment process every six months, in order to:

- Identify, evaluate, qualify and internally report significant changes in the inherent risks assumed in its environment and business model.
- Carry out a self-assessment of the capacities of management, control and governance of risks, as an explicit instrument that helps detect best practices and relative weaknesses in some of the risks.

Risk Assessment is one of the main sources for identifying emerging risks.

***Strategic Risk Processes - Risk Catalog***

The Risk Catalog is the list of material risks, whereby it facilitates internal and external monitoring and reporting.

It is subject to continuous review, at least annually, particularly on those risks with the most material impact and on previously identified emerging risks.

***Strategic Risk Processes - Risk Appetite Framework***

The Risk Appetite Framework (hereinafter, "risk appetite framework" or "RAF") is a comprehensive and prospective tool with which the Board of Directors determines the type and risk thresholds (risk appetite) that it is willing to accept to achieve VidaCaixa's strategic objectives in relation to the risks in the catalog. These objectives are formalized through the metrics and thresholds that allow monitoring the development of the activity for the different risks.

**2.3.1.b. Implementation and integration of the risk management system in the organisational structure and in the decision-making processes**

The risk management function, which covers the entire organization, assumes the functions linked to the management of risk management policies, risk control procedures and ensures the effective implementation of the risk management framework. The head of the risk management function, as the party responsible for the development and implementation of the risk management and control framework, acts independently of the risk-taking areas, and has direct access to the Governing Bodies, especially the Risk Committee, to whose directors it reports regularly on the situation and expected evolution of the risk profile.

The Board of Directors has the ultimate responsibility on the design and execution of the risk management policy.

Upon delegation by the Board of Directors, the Global Risk Committee executes the risk management policy, managing and controlling the effects on solvency and the capital of the entity.

The risk management, actuarial, compliance verification, and internal audit fundamental functions are represented in the Global Risk Committee.

The main functions of the Global Risk Committee are:

- Approving and proposing the entity's general risk policies and the limit structure by risk type for their approval.
- Reviewing the evolution of the risks undertaken, supervising that the limit structure established has been complied with and obtaining information on any relevant non-compliance.
- Reviewing the most relevant exposures at economic groups, productive sectors, geographical areas and lines of business levels.
- Monitoring the evolution of the regulatory and economic capital and the capital planning, as well as the compliance with the risk profile set.
- Monitoring and analysing the profitability and risk parameters by lines of business.
- Ensuring the existence of proper reporting procedures that guarantee their reliability and integrity and reviewing the information regarding risk management published or distributed by third parties.

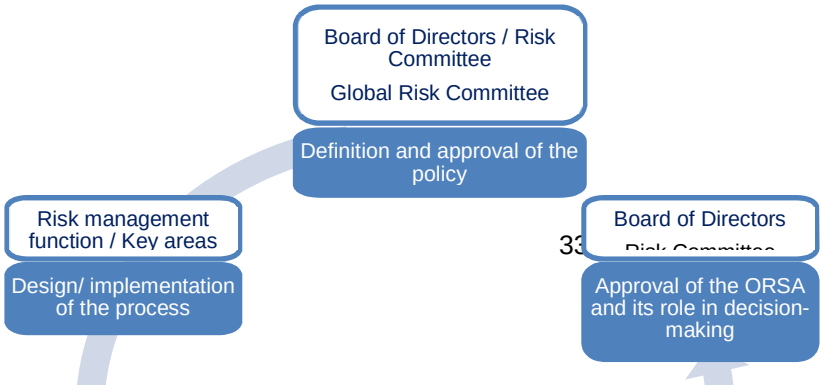
The risk management, actuarial, compliance verification, and internal audit fundamental functions are represented in the Global Risk Committee.

### 2.3.2. Internal risk and solvency assessment

#### 2.3.2.a. Internal risk and solvency assessment process

The internal risk and solvency evaluation process (hereinafter, "own risk and solvency assessment" or "ORSA") is a key element in the decision-making processes at all business levels and its projections are known and taken into account when making decisions.

VidaCaixa considers ORSA as a global process in which the contribution of the existing strategy, the risk management and the solvency management are decisive. It is about contributing quantitative or qualitative analysis and indicators to the decision process. Furthermore, the ORSA carries out additional analyses to achieve a global overview of the future risks and solvency of the entity.



VidaCaixa has the ORSA policy, which aims to establish the general lines that govern the ORSA process.

The Global Risk Committee is in charge of defining and approving the ORSA policy proposal which will be submitted to the Risk Committee and Board of Directors. The Board of Directors, advised by the Risk Committee, will be in charge of reviewing this proposal and, where appropriate, approving it.

The risk management function is in charge of designing and implementing the ORSA process by ensuring it falls within the general lines established by the policy. Likewise, it will be in charge of guaranteeing the planning, selection and coordination of the different areas involved.

The risk management function is also in charge of executing the ORSA process pursuant to the policy, guaranteeing that a relationship is established with other management processes and that all the participating units are coordinated and the different contributions are consolidated in a single ORSA report certifying its global cohesion.

The Global Risk Committee is in charge of validating the process by verifying that it has been executed according to the policy and will analyse the results, methods and hypothesis used, as well as the ORSA report, prior to its final approval, which falls under the responsibility of the Board of Directors, advised by the Risk Committee.

The ORSA is considered as another process of the company. Therefore, Internal Audit, based on its annual audit plan can carry out independent reviews (partial or total) of the process to verify that it complies with ORSA's policy and it has been properly carried out aiming at providing reasonable guarantees to the management and the Board of Directors.

#### 2.3.2.b. Reviewing and approval periodicity of the internal risk and solvency assessment

The VidaCaixa's Board of Directors reviews and approves the internal risk and solvency assessment at least once a year.

However, VidaCaixa shall conduct an extraordinary ORSA when market or internal circumstances cause the risk profile to vary such that the results of the last ORSA have little bearing on the company's risk profile.

Likewise, an extraordinary ORSA will be carried out if the Global Risk Committee considers that there has been a significant change in the risk profile, with an appropriate and proportionate reach based on the change considered.

#### 2.3.2.c. Determination of the internal solvency needs, and interaction between the capital management activities and the risk management system

The ORSA is one of the key elements within VidaCaixa's risk management system.

Through this process VidaCaixa carries out a prospective assessment of its global solvency needs.

One of the axes of the ORSA is the estimation of the Capital and the SCR projected under different stress scenarios. The stress scenarios applied propose shocks in critical variables of VidaCaixa's business, in line with the scenarios applied by EIOPA in the last stress exercises carried out at a European level.

Likewise, inside this process the compliance with the tolerance limits established by the Board of Directors is monitored.

## 2.4. Internal control system

### 2.4.a. Internal control system

The internal control system implemented in the entity is based on the general lines and directives established in the entity's Internal Control policy.

VidaCaixa's internal control framework is structured under the following three-level control model, in which:

- The first level of control is formed by the Entity's business areas (risk-taking areas) and its support areas, that is, by the business units and support areas that give rise to exposure to the Entity's risks in the exercise of its activity.

- The second level of control acts independently of the business units, with the function of ensuring the existence of management policies and procedures, and risk control, to monitor its application, to evaluate the control environment and to report all the material risks of the VidaCaixa Group. It includes the fundamental functions of Solvency II: Risk, Actuarial and Regulatory Compliance Management.

- The third level of control is made up of the Internal Audit function that performs the independent supervision of the two previous levels of control.

The internal control system established in the entity includes, among others, the following internal control bases:

- Segregation of tasks and duties, both among the personnel and among the activities carried out
- Limitation of powers and capacity to authorise transactions
- Computer security procedures
- Contingency plans for the computer and communication systems
- Document archiving
- Traceability of all the operations and all the controls

In addition to the Entity's internal control policy, there are written directives known by the organisation that develop, at different levels, the lines of action established by the Board of Directors, with the most relevant ones being:

- Internal regulations, such as regarding personal data protection (LOPD, by its Spanish acronym), computer security, the prevention of money laundering and terrorist financing, supplier management, recruitment and budget management, etc.
- Processes map: full description of all the processes, sub-processes and activities of the entity.
- Controls map: complete inventory of the internal control procedures implemented in the entity and the assessment of their efficiency, in order to detect weaknesses and deficiencies.
- Computer tool: all the information associated with internal control procedures of the entity is recorded, and this information is kept up-to-date and is notified to all the organisation through a computer tool that automates and provides stability to the system.

### 2.4.b. Implementation of the Compliance Function Regulation

The Entity's regulatory compliance function is located in the Regulatory Compliance Area Management, forming an area independent of the first level of control.

On January 26, 2021, the Vidacaixa Board of Directors appointed the Director of the Regulatory Compliance Area as Head of the Fundamental Function, in order to improve the independence of the Function.

The Regulatory Compliance Function develops its activity independently, and to this end has the necessary human and material resources to properly exercise the duties and responsibilities it has been assigned. Likewise, it has access to the information in needs to properly develop its function and it can request access to all the committees, meetings and forums it deems necessary.

The areas of VidaCaixa must inform about any deficiencies and changes in the risk management systems of the Entity to the Function as, for example, the introduction of new products or features, changes in working procedures, etc.

Reporting to the administrative and management bodies is the main obligation of the Regulatory Compliance Function. To this end, the Regulatory Compliance Function reports directly to the Risk Committee and to VidaCaixa's Audit and Control Committee, in their condition as delegated

committees of the Board of Directors. Moreover, VidaCaixa's Regulatory Compliance Function will report to CaixaBank's Regulatory Compliance Function, in view of its functional dependence.

## 2.5. Internal Audit Function

### 2.5.a. Implementation of the Audit function

VidaCaixa's Internal Audit is an independent and objective assurance and consultation activity, conceived to add value and improve activities. It contributes to achieving VidaCaixa's strategic objectives by providing a systematic and disciplined approach to the evaluation and improvement of the risk management and control processes, and corporate governance.

Internal Audit acts as a third level of control, supervising the actions of the first and second level of control in order to provide reasonable assurance to Senior Management and the Governing Bodies on:

- The efficiency and effectiveness of the Internal Control Systems for the mitigation of the risks associated to the activities of the Entity.
- The compliance with the current legislation, paying special attention to the requirements of the Supervisory Bodies, and the proper application of the Global Management and Risk Appetite Frameworks defined.
- The compliance with internal policies and regulations, and alignment with the best practices and good sectoral uses, for a proper Internal Governance of the Group.
- The reliability and integrity of the financial and operative information including the effectiveness of the Internal Control System on the Financial Information (ICSFI).

All, to help safeguard the assets, giving support to the Group by issuing recommendations on value and following up their appropriate implementation which favours obtaining the strategic goals and improving the control environment.

VidaCaixa's Internal Audits has the responsibility of the function over all the activities and businesses developed by the VidaCaixa Group, the companies over which it has effective control, including the activities sub-contracted to third parties. All these activities are carried out in a coordinated way between the VidaCaixa's Internal Audit team and CaixaBank's.

Internal Audit has a policy approved by the Board of Directors, which is reviewed annually.

### 2.5.b. Independence and objectivity of the Audit function

In order to establish and preserve the independence of the function, Internal Audit functionally depends on the Chairperson of the Audit and Control Committee of the Board of Directors, without prejudice to the fact that they must report to the Chairman of the Board of Directors for proper compliance of their functions.

The Board of Directors approves the appointment, removal and remuneration of the Director of Internal Audit of VidaCaixa in accordance with established internal procedures. The Internal Audit Policy, the Annual Audit Plan resulting from risk assessment, and the requested technical and

financial human resources will also be submitted for approval to the Board of Directors, after review and proposal by the Audit and Control Committee.

When deemed appropriate, the topics discussed in the Audit and Control Committee will be reported to the Board of Directors.

In the exercise of its functions, Internal Audit will apply the methodology and operating procedures applicable at the CaixaBank Group level.

In relation to the above, Internal Audit may act at the request of the Audit and Control Committee or on its own initiative. Furthermore, the Board of Directors and Senior Management / Management Committee can commission specific tasks of their interest, or at the request of the Supervisory Bodies of the activities of CaixaBank Group.

Internal Audit has full, free and unlimited access to all the company's persons, goods, files, data, systems, applications, documents, meetings and forums deemed necessary for the performance of its duties. The information requested must be provided within a reasonable period of time and should be accurate and full. To this end, Internal Audit will be able to require permanent access to data and computer systems, and to the use of specific audit tools to carry out independent tests and validations.

The Internal Audit Department will inform the Audit and Control Committee of any attempt to hinder the performance of its functions and of those situations regarding the level of risk assumed in which an agreement with Senior Management is not reached. Likewise, when the Committee deems it necessary, it will hold private meetings with the Internal Audit Directorate without the presence of members of Management to discuss specific results of work, as well as operational and budgetary aspects that could affect the Internal Audit function.

The Management and the personnel of the Internal Audit must not be responsible for the activities susceptible to be audited. In particular, the personnel of the Internal Audit assesses and recommends, but does not design, install or operate existing or future systems, processes and controls. In the same way, the members of Internal Audit will attend the organization's different Committees within the role of independent auditor, without assuming management/decision responsibilities. This independence promotes the delivery of impartial and unbiased judgements.

Once a year the Internal Audit Management will ratify before the Audit and Control Committee the independence of the Internal Audit Function within the Organisation. Likewise, the Internal Audit Department of CaixaBank will ratify the independence of the Internal Audit function of the CaixaBank Group.

The Management and the Internal Audit team of VidaCaixa work together with the Internal Audit of CaixaBank. The results of the audits are assessed jointly and are notified in a consensual manner with CaixaBank's Internal Audit.

In addition, in order to avoid possible conflicts of interest, the Internal Audit Management will establish an appropriate assignment rotation among the Internal Audit personnel.

In line with the EIOPA guidelines on Governance Systems, Internal Audit should be informed of serious deficiencies and important changes in the Entity's internal control systems, such as the introduction of new products or functionalities, changes and work procedures, new systems or detection of security deficiencies.

Additionally, cases of suspected fraud or any other illegal activity or physical or logical security issues must be notified to the Internal Audit function.

## 2.6. Actuarial function

The regulations on Solvency II sets the actuarial function as a fundamental function together with the risk management function, the regulatory compliance function and the internal audit function.

Inside the organisation of the Entity, the actuarial function is separated from the area responsible for carrying out at first instance the calculation of the technical provision and the recoverable reinsurance amounts, in order to maintain its independence.

The actuarial function is made up of people who have obtained an advanced university degree specialised in actuarial and financing sciences. It develops its activity independently, and to this end has the necessary human and material resources to properly exercise the duties and responsibilities legally established. It also has access to the information it needs.

The activities carried out by the actuarial function, from a regulatory point of view, focus on the analysis and validation of the technical provisions, as the basic activity, since it decides on the underwriting policy, the adequacy of the reinsurance agreements and on contributing to the effective application of the risk management system.

This contribution is made, within the scope of the technical provisions and the recoverable reinsurance amount, by revising the quality of the data involved in the calculation, adapting the hypothesis, methodology and models used by analysing the suitability of the suggested changes and the limitations or weaknesses that may arise.

The actuarial function presents the results of its verification activities, its analysis and its recommendations before the Global Risk Committee, where it also carries out a regular monitoring of the state of said recommendations.

Likewise, the Actuarial Function prepares an annual report, in which it gathers all the tasks carried out during the year, the results achieved and the possible deficiencies found and recommendations to remedy them. This report is addressed to the Board of Directors of the entity.

## 2.7. Outsourcing

VidaCaixa has a risk management outsourcing policy, aligned with the CaixaBank Group corporate policy and maintaining those aspects required by Solvency II, which is developed through internal standards.

The objective of said policy is to establish a methodological framework that sets out the criteria, parameters (both conceptual and decision-making) and mandatory aspects for outsourcing the activities of VidaCaixa.

At least all core Solvency II functions are considered critical functions.

As of 31 December 2020, it has a critical or important outsourced service: computer infrastructure.

Within the framework of the outsourcing policy, the outsourced services are revised in order to assess whether some of them could be linked to some critical or significant function or activity.

## 2.8. Assessment of the suitability of the governance system in regards to the nature, volume and complexity of the risks inherent to its activity.

VidaCaixa sets an organisational and fictional structure and has the necessary resources to ensure that its governance system is the most suitable for the nature, volume and complexity of the risks inherent to its activity.

VidaCaixa continuously works to improve its risk management system and Internal Control with a firm determination to pick at all times the best practices in the market.

## 2.9. Other relevant information

There is no other relevant information for this financial year.

# 3. Risk profiles

The quantification of the risks under Solvency II, by calculating the Solvency Capital Requirement or SCR, allows significant risks to which VidaCaixa is exposed to be observed. The risk modules taken into account in the SCR applicable to VidaCaixa are:

- ***market risk***: this is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

- ***counterparty risk***: this is the risk of losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the entity.

- ***life and health underwriting risk***: this is the risk of loss or of adverse change in the value of insurance liabilities, attending to the covered events, due to inadequate pricing and provisioning assumptions.

- ***operational risk***: this is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, including legal risks.

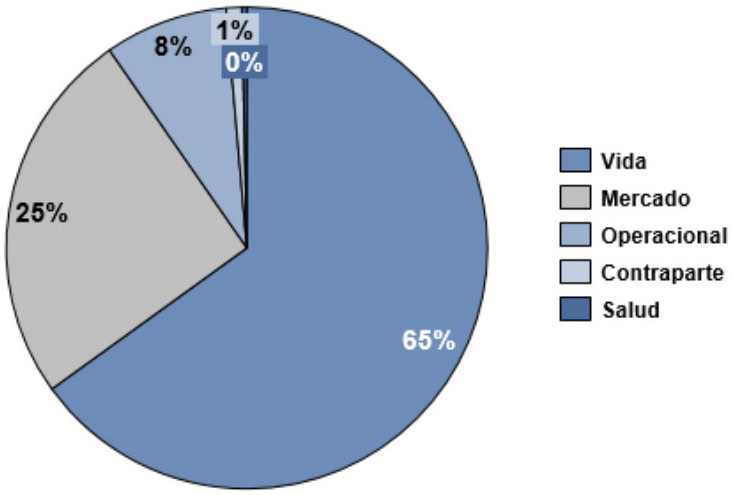
- ***intangible risk***: this is the risk inherent in the nature of the intangible assets, which makes the expected future profits of the intangible asset smaller than those expected under normal circumstances.

Below is the risk profile of VidaCaixa at individual level and according to the SCR of each risk as of 31 December 2020 and 31 December 2019:

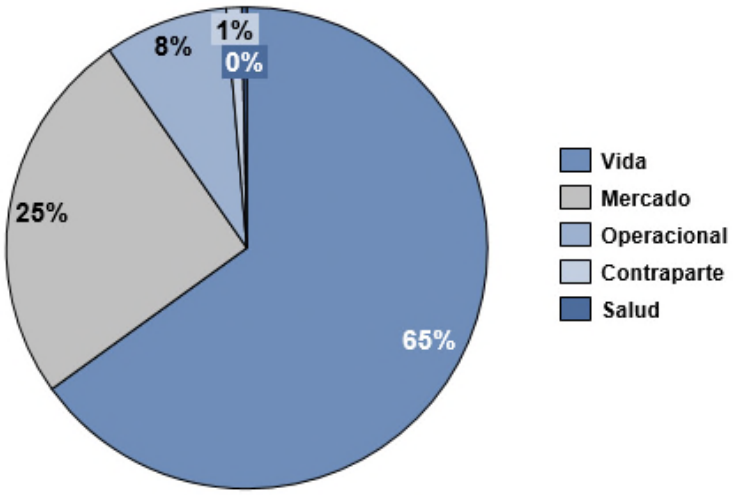
| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Market SCR | **861,536** | **797,095** |
| Counterparty SCR | **58,064** | **41,603** |
| Life SCR | **2,147,447** | **2,035,369** |
| Health SCR | **14,050** | **13,907** |
| Diversification effect | **(542,445)** | **(482,135)** |
| **Basic SCR (BSCR)** | **2,538,652** | **2,405,839** |
| | | |
| **Operational SCR** | **352,991** | **340,106** |
| **Fiscal effect** | **(867,493)** | **(823,783)** |
| | | |
| **Solvency Capital Requirement (SCR)** | **2,024,150** | **1,922,161** |

Graphically, without taking into consideration the diversification or the tax effect:

**2020**




**2019**




Additionally, VidaCaixa contemplates an identification and evaluation of the risks that are not considered in the calculation of the SCR, through the strategic risk processes, as described in *3.4. Liquidity Risk, 3.5. Operational Risk* and in *3.6. Other significant risks*

## 3.1. Underwriting risk

### 3.1.a. Exposure to underwriting risks

VidaCaixa's exposure to underwriting risks basically corresponds to life insurances, being impossible to be exposed to such risk by non-life insurances.

The life products marketed by VidaCaixa can be grouped as follows:

- ***individual savings products***: mainly immediate or deferred life pensions (individual products that in exchange for a contribution allow you to receive a pension) and systematic savings products, saving-investment products or retirement savings products. They are guaranteed return products that allow for unique periodic or extraordinary contributions.

- ***collective savings products***: life or temporary pensions, immediate or deferred, as well as survival capitals, mainly aimed at hedging pension obligations of the companies with its employees, and allow for single or extraordinary contributions.

- ***individual risk products***: annually renewable or temporary products with coverage for death and, to a lower extent, absolute or permanent disability, severe health condition and death by accident. All of them can be paid in annual, monthly or single premiums.

- ***collective risk products***: products to cover the provisions of pension obligations of the companies, SMEs and the self-employed mainly due to or disability in its different degrees, allowing for single or by instalments premiums.

- ***individual unit-linked products***: investment savings products that invest in asset portfolios with different profiles, in which the holder assumes the risk of the investments. They allow for single, periodic or extraordinary contributions.

- ***collective unit-linked products***: investment savings products to cover the provision of pension obligations of companies, assuming the holder the risk of the investment, which allow for single or extraordinary contributions.

Non-life products marketed secondarily correspond to accident and sickness insurances.

The following table shows the exposure for each line of business as of 31 December 2020:

| In thousands of euros | **Technical provisions calculated as a whole** | **Best estimate** | **Risk margin** | **Total technical provisions** |
|---|---|---|---|---|
| Insurance with PP | - | 2,772,024 | 57,429 | **2,829,453** |
| Other life insurance | - | 54,015,913 | 982,200 | **54,998,113** |
| Accepted Life Reinsurance | - | 503 | 5 | **508** |
| Unit Linked and Index Linked | 11,652,465 | (526,551) | 66,706 | **11,192,620** |
| **Total Life** | **11,652,465** | **56,261,889** | **1,106,340** | **69,020,694** |
| **Total Non-life** | **-** | **11,401** | **852** | **12,253** |
| **Total Company** | **11,652,465** | **56,273,290** | **1,107,192** | **69,032,947** |

The following table shows the exposure for each line of business as of 31 December 2019:

| In thousands of euros | Technical provisions calculated as a whole | Best estimate | Risk margin | Total technical provisions |
|---|---|---|---|---|
| Insurance with PP | - | 3,358,425 | 56,482 | **3,414,906** |
| Other life insurance | - | 51,340,402 | 928,546 | **52,268,948** |
| Accepted Life Reinsurance | - | 8,166 | 187 | **8,353** |
| Unit Linked and Index Linked | 9,597,021 | (463,725) | 61,180 | **9,194,477** |
| **Total Life** | **9,597,021** | **54,243,269** | **1,046,395** | **64,886,685** |
| **Total Non-life** | **-** | **15,963** | **892** | **16,855** |
| **Total Company** | **9,597,021** | **54,259,232** | **1,047,287** | **64,903,540** |

### 3.1.b. Underwriting risks assessment

VidaCaixa, based on the products it markets, is mainly exposed very naturally to life underwriting risks, with the risk arising from non-life insurances being intangible.

The underwriting risk modules taken into account in the calculation of the SCR cover the risks applied to VidaCaixa in the underwriting of life contracts:

- ***mortality, longevity and disability risks***: they are loss biometric risks due to changes in the level, trend or volatility of the real mortality, longevity and disability rates in relation to the hypothesis used in the pricing and provisioning of the products.
- ***portfolio downside risk***: it is the risk of expected future returns loss or of increase of expected future losses due to changes in the level, trend or volatility of the real cancellation, renewal and redemption rates exercised by policy holders, in relation to the downside hypothesis applied in the constitution of reserves.
- ***expenses risks***: it is the risk of loss due to changes in the level, trend or volatility of the operational recurrent costs of the insurance or reinsurance contracts in relation to the expenses passed on in the pricing and provisioning of the products.
- ***catastrophe risk***: it is the risk of loss due to extraordinary events.

In the calculation of the SCR, VidaCaixa applies the standard formula established by the regulation in all the risk modules, except for the modules of longevity and mortality risk for which it applies a partial internal model approved by the DGSFP in December 2015.

The quantitative assessment of the underwriting risk undertaken in terms of SCR is the following:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Life SCR** | **2,147,447** | **2,035,369** |

VidaCaixa applies several techniques to manage these risks, such as, among other, establishing underwriting controls, portfolio withholding systems and the analysis of the adequacy of the technical margin. Likewise, the continuous monitoring of mortality risks by using the partial internal model of longevity and mortality allows us to manage them.

### 3.1.c. Techniques used to reduce risks

VidaCaixa uses the reinsurance to mitigate the underwriting risk, thus reducing its exposure to possible liquidity problems or losses arising from accidents and providing stability to its portfolios.

At least once a year the general guidelines of the reinsurance policy are established and updated. They establish the reinsurance management procedures, the selection of the reinsurers and the monitoring of the reinsurance programme.

In accordance with the reinsurance policy, VidaCaixa has approved a minimum required rating for reinsures for contracts other than those of service delivery.

### 3.1.d. Risk sensitivity

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

In the development of the ORSA process of 2020 several adverse scenarios were tested on the underwriting risks, and their impact on global solvency needs was analysed.

## 3.2. Market risk

### 3.2.a. Exposure to market risks

VidaCaixa, by virtue of the assets in which it intervenes to cover the commitments insured, is mainly and inherently exposed to market risks.

These assets can be grouped in the following general typologies:

- ***public debt***: sovereign and central bank debt, as well as certain bonds from supranational issuers and the like, which is no exposed to market risk.
- ***fixed corporative and financial income***: bonds and debentures from private issuers, securitisations, structured products and credit derivatives.
- ***properties***: land, buildings and rights over real estate property, as well as direct or indirect holdings in real estate companies.
- ***variable income***: global variable income shares (listed in regulated markets of the OECD or the EEA), shares in another variable income (not listed, from emerging countries, etc.), shares in related companies and shares in investment funds.
- ***deposits and cash***: long and short-term deposits in credit institutions, as well as cash and cash equivalents.
- **derivatives**: they correspond, mostly, to the hedging swaps used to mitigate the interest rate, inflation and currency risk.

The following table shows, in general, the market value of the investments exposed to market risk for each asset type as of 31 December 2020:

| Assets | Thousands of euros |
|---|---|

| | |
|---|---|
| Public debt | 59,342,056 |
| Fixed Corporate Income | 7,380,520 |
| Properties | 20,504 |
| Variable Income | 573,440 |
| Deposits | 36,810 |
| Cash and cash equivalents | 81,622 |
| Derivatives | (5,037,038) |

The following table shows, in general, the market value of the investments exposed to market risk for each asset type as of 31 December 2019:

| Assets | Thousands of euros |
|---|---|
| Public debt | 56,992,288 |
| Fixed Corporate Income | 6,655,857 |
| Properties | 21,059 |
| Variable Income | 555,550 |
| Deposits | 38,817 |
| Cash and cash equivalents | 95,938 |
| Derivatives | (4,492,371) |

### 3.2.b. Interest rate risk

VidaCaixa is mainly exposed to the interest rate risk in savings insurances in which it an interest rate is guaranteed to the policy holder.

The savings insurances marketed by VidaCaixa can be divided into two clearly different groups based on their guarantees:

- ***immunised portfolio***: those policies or policy groups which redemption value depends on the market value of the acquired assets for their coverage. This implies that for each transaction VidaCaixa perfectly identifies the associated investment portfolio since the cash flows arising from this portfolio align with the likely cash flows of the liabilities, and can be used as a reference when managing them.

  The immunised portfolio is managed based on the use principles and requirements of the matching adjustment, which was authorised by the DGSFP on December 2015, and therefore, the interest rate is mitigated.

- ***non-immunised portfolio***: those policies or policy groups where at least once a year an additional supplementary interest is guaranteed, being it possible to participate in the profits of the portfolio and the redemption value equal to the mathematical provision, as well as the unit linked products.

  Due to the fact that the renewal of the interest rate is adjusted to the situation of the markets for each period, the interest rate risk undertaken is limited.

  The non-immunised portfolio is assessed in Solvency II using volatility adjustment.

The following table shows, in general, the distribution of the market value of the investment portfolios as of 31 December 2020:

| Portfolio | Allocation | Thousands of euros |
|---|---|---|
| Immunised portfolio | Long-term guaranteed savings | 52,386,100 |
| Non-immunised portfolio | Short-term guaranteed savings | 7,163,764 |
| | Risk | 730,085 |
| | Unit Linked | 11,652 |

The following table shows, in general, the distribution of the market value of the investment portfolios as of 31 December 2019:

| Portfolio | Allocation | Thousands of euros |
|---|---|---|
| Immunised portfolio | Long-term guaranteed savings | 50,829,457 |
| Non-immunised portfolio | Short-term guaranteed savings | 6,489,684 |
| | Risk | 701,261 |
| | Unit Linked | 9,597 |

### 3.2.c. Concentration risk

In terms of SCR, VidaCaixa is exposed to the concentration risk from the exposure excess on a threshold, established based on the credit standing of the counterparty.

In order to manage and mitigate the concentration risk, keeping the asset portfolio properly diversified, VidaCaixa exercises ongoing control over the exposures that exceed or nearly exceed said threshold.

The following table shows the exposure excess in market value as of 31 December 2020:

| Asset Types | Exposure (in thousands €) |
|---|---|
| Excess in Fixed Corporate Income | 26,234 |
| Participations | 284,528 |

The following table shows the exposure excess in market value as of 31 December 2019:

| Asset Types | Exposure (in thousands €) |
|---|---|
| Excess in Fixed Corporate Income | 26,661 |
| Participations | 275,618 |

### 3.2.d. Market risks assessment

The modules taken into account in calculating the SCR cover all the markets risks that can be applied to VidaCaixa:

- ***interest rate risk***: the risk of loss due to a fall in the value of the investments caused by changes in the interest rates, taking into account the matching of the assets and liabilities flows.
- ***spread risk***: the risk of loss due to a fall in the value of the investments due to changes in the credit spread of the bonds issued by private issuers over the bonds issued by public issuers, motivated by market sensitivity or speculation, not by the situation of the bond issuer.
- ***concentration risk***: the additional loss risk due to lack of diversification in the portfolios of the assets or for an excessive exposure to the risk of default of an associated issuer or group of issuers.
- ***variable income risk***: the risk of loss due to a fall in the value of the investments caused by changes in the market price of the shares.
- ***foreign exchange risk***: the risk of loss due to a fall in the value of the investments caused by changes in the foreign exchange rates.
- ***real-estate risk***: the risk of loss due to a fall in the value of the investments caused by changes in the prices of the properties.

Vida Caixa quantifies the market risk in terms of SCR in accordance with the standard formula established by the regulation of Solvency II.

The quantitative assessment of the market risk undertaken in terms of SCR is the following:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Market SCR** | **861,536** | **797,095** |

Market SCR includes a capital add-on of 5,317 thousand euros as of 31 December 2020. This add-on includes the risks associated with the guarantees offered by two products:

- The unit link with guarantees marketed by the entity from July 2018 onwards over the value of the investment in the event of the demise of the insured and not covered by the standard cover.
- The unit link with guarantees marketed by the entity from October 2019 onwards over the value of the investment in the event of the demise or disability of the insured and not covered by the standard cover.

The continuous market risk management, through assets and liabilities management and investment policies, have a positive effect on the assessment of the risks undertaken.

### 3.2.e. Investment of the assets according to the prudence principle

VidaCaixa has established the principle of prudence in the management of investments by using a management policy on investment and concentration risks approved by the Board of Directors, which establishes the universe of authorised securities and the limits and restrictions for each type of investment, as well as the measurement mechanisms and indicators and information on the risks undertaken.

Said universe of authorised securities adjusts to the structure and approach of the VidaCaixa's investment management, in relation to the prudent nature and long term of the investment and the criticality of the liquidity, based on the following general criteria, always pursuant to the provisions of the current legislation:

- ***geographic criterion***: entities that generate underlying credit risk will have to reside in authorised countries.
- ***solvency criterion***: the underlying credit risk of the securities will have the minimum authorised consideration.
- ***liquidity criterion***: the underlying credit risk of the securities will have certain minimum issuance and contracting volumes.

Within the universe of authorised securities, VidaCaixa mainly invests in a medium and short-term horizon, equipping itself with the necessary means and resources for a correct analysis of the investments taken into account the nature of its activity, the risk tolerance limits approved, its solvency position and its long-term exposure to the risk.

### 3.2.f. Techniques used to reduce risks

VidaCaixa limits the exposure to interest rate risk by continuously managing and monitoring the union of asset and liabilities flows using, among other investments, the investment in swaps as a hedge financial instrument.

### 3.2.g. Risk sensitivity

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

In the development of the ORSA process of 2020 several adverse scenarios were tested on the market risks, and their impact on the global solvency needs was analysed.

## 3.3. Counterparty risk

### 3.3.a. Exposure to counterparty risks

VidaCaixa is exposed to the risk of unexpected default or deterioration in the credit standing of its counterparties and debtors.

In terms of the calculation of the SCR, the exposure to the counterparty risk is divided into these two groups:

- ***type 1 exposure***: mainly reinsurance agreements, derivatives and treasury in banks.
- ***type 2 exposure***: mainly counterparties without credit standing, credit with intermediaries, holders' debt and mortgages.

The following table shows in market value both types of exposure as of 31 December 2020:

| Exposure | Thousands of euros |
|---|---|
| Type 1 | 600,912 |
| Type 2 | 55,024 |

The following table shows in market value both types of exposure as of 31 December 2019:

| Exposure | Thousands of euros |
|---|---|
| Type 1 | 711,683 |
| Type 2 | 33,196 |

The Type 1 exposure includes, mainly, the exposure in Derivatives, the exposure in cash equivalent assets and the exposure in reinsurance retrievable.

To calculate the Type 1 exposure, Article 192 of the Delegated Regulation 2015/35 is taken into account. It indicates that the loss due to default will be expressed net from liabilities as long as the contractual agreement with the counterparty meets the qualitative criteria detailed in articles 209 and 210.

In the particular case of exposures through swaps, VidaCaixa has positive exposures (assets) and negative exposures (liabilities) with different counterparties. These exposures only compensate each other when they are transactions subject to a framework contract (ISDA or FFTC). Otherwise, the transactions in negative are not compensated.

### 3.3.b. Credit risks assessment

VidaCaixa quantifies the counterparty risk in accordance with the standard formula established by the regulation of Solvency II.

The quantitative assessment of the counterparty risk undertaken in terms of SCR is the following:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Counterparty SCR** | **58,064** | **41,603** |

### 3.3.c. Techniques used to reduce risks

During 2016 VidaCaixa constituted a securities loan contract with CaixaBank. Under said contract, VidaCaixa (lender) provides securities to CaixaBank (borrower) and receives a commission. The characteristics, conditions and requirements of this transaction are specified in the in appeal (and its annexes) submitted to the DGSFP in March 2016.

Said securities loan has been formalised with an agreement governed by the European Framework Contract. This contract contains the definition of the real collaterals by the borrower in favour of the lender, which are securitisations discountable in the European Central Bank.

Therefore, the characteristics of collateralisation, together with the control and governance mechanisms established, allow for the mitigation of the counterparty risk of this transaction.

The following table summarises market values as of 31 December 2020:

| Assets | Thousands of euros | Overcollateralisation |
|---|---|---|
| Securities lending | 3,109,827 | 108% |
| Collateral (securitisations) | 3,361,141 | |

The following table summarises market values as of 31 December 2019:

| Assets | Thousands of euros | Overcollateralisation |
|---|---|---|
| Securities lending | 6,933,983 | 110% |
| Collateral (securitisations) | 7,653,963 | |

VidaCaixa uses the reinsurance to mitigate the underwriting risk. To improve the solvency of the total coverage of reinsurance and mitigate the counterparty risk, the entity diversifies the risk between different reinsurers. If that were not possible, the lower the number of reinsurers, the greater the importance given to their solvency.

Likewise, VidaCaixa has signed with CaixaBank a Credit Support Asset (CSA) agreement as a coverage of the undertaken risk for the financial transactions closed under the Framework Financial Transactions Contract (FFTC). By means of this financial collateral arrangement the

parties commit to carry out cash and public debt transfers as collateral of the net risk resulting at any time from the transactions closed under the FFTC. Currently it is being done weekly.

### 3.3.d. Risk sensitivity

Within the framework of the internal assessment process of risks and solvency (ORSA), VidaCaixa analyses the impact of a number of adverse hypothetical scenarios that propose shocks in critical business variables, carrying out a prospective internal assessment with a time horizon of at least three years.

In the development of the ORSA process of 2020 several adverse scenarios were tested on the counterparty risks, and their impact on global solvency needs was analysed.

## 3.4. Liquidity risk

### 3.4.a. Exposure to liquidity risks

Liquidity risk refers to the possibility of not being able to disinvest in a financial instrument fast enough or without incurring in significant additional costs, the moment you have to face a payment obligation.

VidaCaixa's exposure to liquidity risks is not very significant because the aim of the insuring activity lies in keeping the long-term investments in the portfolio, or while the commitment acquired derived from the insurance contracts exists. Also, notwithstanding the foregoing, the financial investments are listed, in general, in liquid markets.

### 3.4.b. Liquidity risks assessment

In order to ensure the liquidity and be able to meet all the payment obligations deriving from its activity, VidaCaixa keeps ongoing control on the adequacy between the cash flows of the investments and obligations of the insurance contracts.

Likewise, in accordance with the assets and liabilities management policy, VidaCaixa applies the following management mechanisms, among other, to control and delimit the liquidity risk:

- monitoring the situation of the cash flow statements of the company's main individual and collective savings portfolios.
- monitoring the situation of the partial durations of the individual savings portfolios.
- estimating the coverage needs based on the new production and its effect on the calculation of the partial durations of each portfolio.
- monitoring the situation of the individual savings portfolios coverage.

### 3.4.c. Techniques used to reduce risks

Does not apply because it is not a quantifiable risk in SCR terms.

### 3.4.d. Expected profits included in future premiums

The expected benefit included in the future premiums is calculated pursuant article 260.2 of the Delegated Regulation 2015/35 on Solvency II, as the difference between the technical provisions without risk margin and the calculation of the technical bases without risk margin based in the

hypothesis that the premiums of the existing insurance and reinsurance contracts that are expected in the future are not collected due to any reason other than the materialisation of the event insured, regardless of the legal or contractual right of the policy holder to cancel the policy.

The expected profits included in the future premiums as of 31 December 2020 and 31 December 2019 amount to 2,054,901 thousand euros and 2,068,864 thousand euros, respectively. This amount is recognised in the best estimation of the technical provisions.

Consequently, it is also recognized in the calculation of the SCR subscription, and specifically in the calculation of the SCR fall, which includes the risk of loss of future benefits due to variations in the level, trend or volatility of real cancellation and surrender rates exercised by the policyholders, which means a higher SCR of 1,089 million euros before diversification and tax effect.

As such, the amount of the expected benefit included in the future premiums must be understood in its entirety, that is, by the amount recognized in the technical provisions and by the amount recognized in the Solvency Capital Requirement.

### 3.4.e. Risk sensitivity

In accordance with the assets and liabilities management policy, VidaCaixa carries out a regular follow-up of the evolution of the matching of assets and liabilities flows, which allows managing the sensitivity of the portfolios before variations in the profitability and duration of the assets and liabilities masses, and anticipate possible cash flow discrepancies.

## 3.5. Operational risk

### 3.5.a. Exposure to operational risks

The calculation of the SCR for operational risk takes into account the volume of life (except Unit Linked) and non-life transactions, determined from the earned premiums and the technical provisions constituted. Regarding the Unit Linked insurances, only the amount of the annual expenses incurred for this obligation is taken into account.

In any case, the SCR for operational risk is limited to a maximum of 30% of the basic solvency capital requirement.

The following table shows the exposure to operational risk:

| Component | 2020 | 2019 |
|---|---|---|
| Earned premiums in the last twelve months of Life | 7,123,772 | 8,546,855 |
| Earned premiums in the twelve months prior to the last twelve months of Life | 8,546,855 | 8,200,512 |
| Earned premiums in the last twelve months of Non-Life | 18,756 | 25,351 |
| Earned premiums in the twelve months prior to the last twelve months of Non-Life | 25,351 | 16,765 |
| Life BEL | 67,914,355 | 63,840,290 |
| Non-Life BEL | 11,401 | 15,963 |

In the Risk Catalog, operational risk is defined as the possibility of incurring losses due to failures or the lack of adequacy of processes, personnel, internal systems or external events. Given the heterogeneity of the nature of operational events, VidaCaixa does not include operational risk as a single element of the Risk Catalog, and instead has included the following operational risks:

- Conduct - Application of performance criteria contrary to the interests of its clients or other stakeholders, or actions or omissions on the part of VidaCaixa that are not part of the legal and regulatory framework, or the internal policies, standards or procedures, or the codes of conduct and ethical and good practice standards.

- Legal and regulatory - Potential losses or a decrease in the Group's profitability as a result of changes in current legislation, incorrect implementation of said legislation in VidaCaixa processes, inadequate interpretation of it in the different operations, incorrect management of the judicial or administrative requirements or of the demands or claims received.

- Technological - Losses due to the inadequacy or failure of the hardware or software of the technological infrastructures, due to cyberattacks or other circumstances, which may compromise the availability, integrity, accessibility and security of the infrastructures and data.

- Information reliability - Deficiencies in the accuracy, completeness and criteria for preparing the data needed to evaluate VidaCaixa's financial and equity situation, as well as that information made available to stakeholders and published on the market that offers a holistic vision of the positioning in terms of sustainability with the environment and that is directly related to environmental, social and governance aspects (ESG principles).

- Other operational risks - Loss or damage caused by errors or failures in processes, by external events or by the accidental or malicious action of third parties outside VidaCaixa. It includes, among others, risk factors related to outsourcing, the use of quantitative models (model risk), the custody of securities or external fraud.

In the annual review of the Corporate Risk Catalog, carried out in 2020, the scope of the information reliability risk (previously called *financial information reliability*) was expanded to cover both financial and non-financial information.

### 3.5.b. Operational risks assessment

VidaCaixa quantifies the operational risk in terms of SCR in accordance with the standard formula established by the Solvency II regulation.

The quantitative assessment of the operational risk undertaken in terms of SCR is the following:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Operational SCR** | **352,991** | **340,106** |

Although the method used to calculate the capital requirement is the standard formula established by the Solvency II regulations, the measurement and management of operational risk is based on risk-sensitive policies, processes and methodologies, in accordance with the best market practices. In this context, the measurement of operational risk is carried out additionally through:

- Qualitative measurement: Annual self-assessment that allows obtaining knowledge of the risk profile

- Quantitative measurement: The internal operational loss database is one of the axes on which operational risk management is articulated. An operational event is the materialisation of an identified operational risk, an event that causes an operational loss. It is the concept on which the whole data model of the internal database pivots. Loss events are defined as each of the individual economic impacts corresponding to an operational loss or recovery.

- Operational Risk Indicators (KRIs) for some risk typologies, allowing:
  i. anticipate the evolution of operational risks and promote a forward-looking vision in operational risk management
  ii. provide information on the evolution of the operational risk profile, as well as its causes.

  Its nature is not intended to be a direct result of risk exposure, but rather to be metrics through which operational risk can be identified and actively managed.

### 3.5.c. Techniques used to reduce operational risks

VidaCaixa does not apply mitigation techniques for the operational risk when calculating the SCR.

In order to mitigate operational risk, within the scope of the management described above, action plans may be defined whenever points of improvement are detected in the operational processes and control structures.

### 3.5.d. Risk sensitivity

VidaCaixa takes into account the operational risk of all the ORSA processes it carries out, proportional to the fact that the operational risk has a delimited importance in the entity's profile risk.

Additionally, an annual operating loss budgeting exercise is carried out that covers the entire management perimeter, and allows monthly monitoring to analyse and correct, if applicable, possible deviations.

## 3.6. Other significant risks

VidaCaixa has a Risk Catalog, within the strategic risk processes, which facilitates the monitoring and reporting of risks with a material impact. In this, the following risks not contemplated in the previous sub-chapters are additionally included:

- **Business Profitability:** Obtaining results below market expectations or the Entity's objectives that ultimately prevent reaching a sustainable level of profitability higher than the cost of capital.

- **Reputational:** Risk of impairment of competitive capacity due to deterioration of trust in the Entity by any of its stakeholders, based on the evaluation that said stakeholders carry out on actions or omissions by or attributed to VidaCaixa, its Senior Management or its Bodies of Government.

**Integration of sustainability risks**

VidaCaixa integrates, within the different risks of the Corporate Risk Catalog, the risks related to the environmental, social and governance (ESG) criteria that result in any ESG event or state which, if it occurs, could have a real or possible negative material effect on the value of the investment or reputational level.

In line with the mission and corporate values (quality, trust and social commitment), VidaCaixa manages investments taking into consideration as the main reference the PRI[1], to which it has adhered since 2009, receiving the maximum rating of A+ in the Category Strategy and Governance for the third consecutive year.

The approach to socially responsible investment (SRI) is carried out, on the one hand, by integrating the ESG criteria into the construction and management of investment portfolios, and on the other, by promoting the improvement of the ESG positioning of the companies in the portfolio through exercising the rules of dialogue (engagement) and voting (proxy voting).

[1] *The Principles for Responsible Investment (PRI) initiative is an international network of investors working together to put six Principles for Responsible Investment into practice. Its objective is to disseminate the implications of ESG factors for investors and to support signatories in incorporating these considerations into their investment and decision processes. By applying these principles, the signatories contribute to the development of a more sustainable global financial system. PRI has the support of the United Nations*

VidaCaixa supports its governance model on a set of specific policies and regulations that establish the guidelines for the integration of ESG criteria mentioned above. In this context, their integration allows for better management of investment risks, while reinforcing control of reputational risks.

In the Sustainability and Socially Responsible Investment Report, published annually on the VidaCaixa website, details of the integration and strategy in this area are presented.

**Risk assessment**

The evaluation of the aforementioned risks is carried out through the risk assessment exercise, every six months, so as to:

- Identify, evaluate, qualify and internally report significant changes in the inherent risks assumed in its environment and business model.

- Carry out a self-assessment of the capacities of management, control and governance of risks, as an explicit instrument that helps detect best practices and relative weaknesses in some of the risks.

## 3.7. Other relevant information

There is no other relevant information for this financial year.

# 4. Valuation for Solvency II purposes

In Solvency II the assets and liabilities are valued based on the provisions set forth by Article 75 of Directive 2009/138/EC. Likewise, pursuant to article 15 of the Delegated Regulation 2015/35 the deferred tax of the assets and liabilities included in the technical provisions are recognised.

Find below summarised and detailed information on the market value of the entity's assets and liabilities as sown in the economic balance:

Amounts in thousands of euros

| Assets | Solvency II Value December 2020 | Solvency II Value December 2019 |
|---|---|---|
| **Goodwill** | **-** | **-** |
| **Advanced commissions and other acquisition costs** | **-** | **-** |
| **Intangible fixed assets** | **-** | **-** |
| **Deferred Tax Assets** | **5,818,244** | **5,040,755** |
| **Property, plant and equipment for own use** | **23,511** | **23,384** |
| **Investments (other than index-linked and unit-linked)** | **70,006,196** | **66,757,577** |
| Property (other than for own use) | 2,388 | 2,402 |
| Participations | 571,689 | 554,041 |
| Shares | 1,751 | 1,508 |
| Bonds | 66,722,576 | 63,646,738 |
| Investment funds | 418 | **489** |
| Derivatives | 2,670,564 | 2,513,581 |
| Deposits other than cash equivalent assets | 36,810 | 38,817 |
| **Assets held for index-linked and unit-linked contracts** | **11,726,133** | **9,636,727** |
| **Loans and mortgages with and without collaterals** | **11,899** | **12,580** |
| **Recoverable amounts of the reinsurance** | **78,843** | **185,669** |
| **Loans for direct insurance and coinsurance operations** | **63,382** | **33,862** |
| **Loans for coinsurance operations** | **18,710** | **18,378** |
| **Other loans** | **335,254** | **207,508** |
| **Cash and other equivalent liquid assets** | **81,622** | **95,938** |
| **Other assets, not elsewhere shown** | **11,718** | **5,666** |
| **Total Assets** | **88,175,512** | **82,018,044** |

| Liabilities | Solvency II Value December 2020 | Solvency II Value December 2019 |
|---|---|---|
| **Technical provisions - health (similar to non-life insurances)** | **12,253** | **16,855** |
| **Technical provisions - life (excluding health and index-linked and unit-linked)** | **57,828,075** | **55,692,208** |
| **Technical provisions - index-linked and unit-linked** | **11,192,620** | **9,194,477** |
| **Deposits from ceded reinsurance** | **1,611** | **1,350** |
| **Deferred tax liabilities** | **6,621,147** | **5,787,133** |
| **Derivatives** | **7,707,602** | **7,005,951** |
| **Debts owed to credit institutions** | **0** | **0** |
| **Payables from insurance and coinsurance operations** | **53,358** | **16,881** |
| **Payables from reinsurance operations** | **3,640** | **5,178** |
| **Other debts and payables** | **616,383** | **527,576** |
| **Other liabilities, not elsewhere shown** | **1** | **3,829** |
| **Total Liabilities** | **84,036,690** | **78,251,438** |

| | | |
|---|---|---|
| **Excess of assets over liabilities** | **4,138,822** | **3,766,606** |

## 4.1. Valuation of assets

### 4.1.a. Value for Solvency II purposes

The bases, methods and main hypotheses used in the valuation of significant assets on the balance sheet of VidaCaixa as of 31 December 2020 are:

- **Goodwill:** The goodwill value in Solvency II is zero. The valuation adjustment carried out only generates deferred assets linked by the tax-deductible amount of the goodwill.

- **Advanced commissions**: These assets have a value equal to zero in Solvency II.

- **Intangible fixed assets:** These assets have a value equal to zero in Solvency II, unless they can be sold separately and it can be proven which identical or similar assets bear value. VidaCaixa, following a conservative criterion has not allocated an economic value to these assets and has valued them in the balance sheet at zero.

- **Property, plant and equipment for own use and Property (other than for own use):** In Solvency II these assets are valued at fair value. This fair value is obtained from duly updated appraisals.

- **Deferred tax assets:** In Solvency II, as well as in the financial statements, only those deferred tax assets for which it is likely that the Company will obtain future tax profits against which make them effective are recognised. **Participations:** The amount of the participations is 99% made up of the shares in SegurCaixa Adeslas (49.92% of the capital) and in BPI VP (100% of the capital). These shares are valued in accordance with the adjusted equity method established by Article 13 of the Delegated Regulation 2015/35 on Solvency: The adjusted equity method will require the participating company to value its participation in related companies based its share in the excess of assets over the liabilities of the related company.

  The adjustment of the participation valuation is not considered to be deductible, thus no deferred tax asset is associated to this adjustment.

- **Financial investments:** They are valued at fair value determined in accordance with the methods put forth in the Solvency II regulation, pursuant to the following applicable hierarchy:

  1. First, from the listed prices in active markets.

  2. Second, by using valuation techniques in which the hypothesis considered correspond to observable market data, directly or indirectly, or prices listed in active markets for similar instruments.

  3. Third, through valuation techniques in which some of the main hypothesis are not backed by data observable in the markets.

  The derivatives mainly correspond to the hedging swaps used to mitigate the interest rate risk.

### 4.1.b. Differences between the valuation in Solvency II and the valuation in the financial statements

Below is the value of the assets in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as of 31 December 2020:

Amounts in thousands of euros

| Assets | Solvency II Value | Financial Statement Value | |
|---|---|---|---|
| **Goodwill** | **-** | **52,649** | (a) |
| **Advanced commissions and other acquisition costs** | **-** | **71,925** | (b) |
| **Intangible fixed assets** | **-** | **95,259** | (c) |
| **Deferred Tax Assets** | **5,818,244** | **4,204,020** | (d) |
| **Property, plant and equipment for own use** | **23,511** | **20,388** | |
| **Investments (other than index-linked and unit-linked)** | **70,006,196** | **69,480,051** | |
| Property (other than for own use) | 2,388 | 749 | |
| Participations | 571,689 | 894,327 | (e) |
| Shares | 1,751 | 1,385 | |
| Bonds | 66,722,576 | 65,882,908 | (f) |
| *Public debt* | *59,342,056* | *58,602,082* | *(f)* |
| *Private debt* | *7,380,520* | *7,280,826* | *(f)* |
| *Securitisation of assets* | *0* | *0* | |
| Investment funds | 418 | 418 | |
| Derivatives | 2,670,564 | 2,674,369 | (f) |
| Deposits other than cash equivalent assets | 36,810 | 25,895 | (g) |
| **Assets held for index-linked and unit-linked contracts** | **11,726,133** | **11,712,551** | |
| **Loans and mortgages with and without collaterals** | **11,899** | **11,899** | |
| Advances against policies | 10,269 | 10,269 | |
| To individuals | 1,630 | 1,630 | |
| Other | - | - | |
| **Recoverable amounts of the reinsurance** | **78,843** | **130,697** | |
| *Non-life insurances and health insurances similar to insurances* | *11,037* | *13,709* | |
| *Life insurances, and health insurances similar to life, excluding health and* | *71,807* | *116,988* | |
| *Life insurances index-linked and unit-linked* | *(4,001)* | - | |
| **Loans for direct insurance and coinsurance operations** | **63,382** | **63,382** | (h) |
| **Loans for coinsurance operations** | **18,710** | **18,710** | |
| **Other loans** | **335,254** | **335,254** | |
| **Cash and other equivalent liquid assets** | **81,622** | **81,622** | |
| **Other assets, not elsewhere shown** | **11,718** | **793,304** | (i) |
| **Total Assets** | **88,175,512** | **87,071,711** | |

Below is the value of the assets in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as of 31 December 2019:

Amounts in thousands of euros

| Assets | Solvency II Value | Financial Statement Value | |
|---|---|---|---|
| **Goodwill** | **-** | **77,573** | (a) |
| **Advanced commissions and other acquisition costs** | **-** | **70,360** | (b) |
| **Intangible fixed assets** | **-** | **90,940** | (c) |
| **Deferred Tax Assets** | **5,040,755** | **3,601,986** | (d) |
| **Property, plant and equipment for own use** | **23,384** | **20,660** | |
| **Investments (other than index-linked and unit-linked)** | **66,757,577** | **66,241,762** | |
| Property (other than for own use) | 2,402 | 743 | |
| Participations | 554,041 | 913,668 | (e) |
| Shares | 1,508 | 1,206 | |
| Bonds | 63,646,738 | 62,790,792 | (f) |
| *Public debt* | *56,990,290* | *56,236,162* | *(f)* |
| *Private debt* | *6,655,857* | *6,554,039* | *(f)* |
| *Securitisation of assets* | *591* | *592* | |
| Investment funds | 489 | 489 | |
| Derivatives | 2,513,581 | 2,506,983 | (f) |
| Deposits other than cash equivalent assets | 38,817 | 27,881 | (g) |
| **Assets held for index-linked and unit-linked contracts** | **9,636,727** | **9,626,305** | |
| **Loans and mortgages with and without collaterals** | **12,580** | **12,545** | |
| Advances against policies | 10,651 | 10,651 | |
| To individuals | 1,686 | 1,686 | |
| Other | 243 | 208 | |
| **Recoverable amounts of the reinsurance** | **185,669** | **174,316** | |
| *Non-life insurances and health insurances similar to insurances* | *13,773* | *15,238* | |
| *Life insurances, and health insurances similar to life, excluding health and* | *173,955* | *159,078* | |
| *Life insurances index-linked and unit-linked* | *(2,059)* | - | |
| **Loans for direct insurance and coinsurance operations** | **33,862** | **33,862** | (h) |
| **Loans for coinsurance operations** | **18,378** | **18,378** | |
| **Other loans** | **207,508** | **207,508** | |
| **Cash and other equivalent liquid assets** | **95,938** | **95,938** | |
| **Other assets, not elsewhere shown** | **5,666** | **932,003** | (i) |
| **Total Assets** | **82,018,044** | **78,634,142** | |

(a) **Goodwill:** It is valued at zero.

(b) **Advanced commissions:** They are valued at zero.

(c) **Intangible fixed assets:** They are valued at zero.

(d) **Deferred tax assets:** The variation in this balance is the consequence of considering the tax effect (considering a 30% tax rate) of the negative adjustments done on the assets (this is, they reduce the assets) and the positive adjustments done on the liabilities (considering positive adjustments those that increase the passive) as long as they are considered tax deductible.

(e) **Participations**: in the Financial Statements, the entities of the Group and the Associated entities have been valued at cost, reducing if the accumulated impairment losses are applied. In Solvency II, SegurCaixa Adeslas and BPI VP, since they are insurance entities, have been valued for the proportional part of the excess of assets over liabilities (49.92% in the case of SegurCaixa Adeslas and 100% in the case of BPI VP). This valuation implies a negative adjustment over the total value of the shares. This adjustment is considered not tax deductible, so it does not generate associated deferred tax assets.

(f) **Bonds and derivatives:** The existing differences between these balances in the Financial Statement and Solvency II are not only valuation differences but are also caused by the reclassification of accrued and not-yet-due interests carried out. Said interests in the financial statement are allocated in the Accounting accruals, however in Solvency II are considered a major amount of the investment, and are deducted from Remaining assets.

Likewise, it is worth mentioning that the Derivatives are classified separately in the assets or liabilities based on their market value. However, in the accounting balance they are allocated in the assets due to its aggregated market value.

(g) **Deposits:** While in Solvency II they are valued at fair value, in the Financial Statement they are valued at amortised cost.

(h) **Loans for direct insurance and coinsurance operations:** within this heading the accrued non-issued premiums are classified in the financial statements. In Solvency II, they are 0 given that the Technical Provisions in Solvency II already include these amounts.

(i) **Other assets:** The variation of the valuation between the Financial Statement and the economic balance of Solvency II is mainly due to the reclassification mentioned in section (f) above. Said interests, in the Financial Statement, were classified under Accruals. However, in Solvency II, they are included in the total amount of the investment.

## 4.2. Valuation of the technical provisions

### 4.2.a. Value for Solvency II purposes of the technical provisions by line of business

The valuation of technical provisions for Solvency II purposes corresponds to the current amount that the Entity would have to pay if it immediately transferred its insurance and reinsurance obligations to another insurance company. This is made up of the sum of the best estimate of the liabilities the Entity has with the policy holders together with a risk margin.

The value of the best estimate of the obligations (hereinafter "best estimate liabilities" or "BEL") tries to reflect the average of the probable future cash flows taking into account the time value of money.

Moreover, the risk margin (hereinafter "risk margin" or "RM") is added to the financing cost that the hypothetical buyer of the portfolio sold by VidaCaixa would have to bear to cover the implicit risks of the policies purchased.

The policy portfolio of VidaCaixa is made up mainly by long-term guaranteed savings insurances, whether individual or collective, as well as risk policy, whether associated to mortgage or personal financing banking products or not.

There is a small number of policies with profit participation.

The policies in which the holder undertakes the investment risk (Unit Linked) are also part of the business. Within the product there exist modalities in which the entity offers temporary guarantees over the investment, specifically, the family of the so called guaranteed minimum death benefit (GMDB) or guaranteed minimum death and disability benefit (GMDDB) offering temporarily a minimum capital in the event of the demise of the insured.

In a residual way accident or sickness insurance portfolios.

Based on the composition of the portfolio and, in accordance with Directive 2009/138 of the European Parliament and the Council, all the policies have been classified in different lines of business.

The breakdown of the technical provisions (BEL plus RM) by lines of business as of 31 December 2020 is detailed below:

| In thousands of euros | Technical provisions calculated as a whole | Best estimate | Risk margin | Total technical provisions |
|---|---|---|---|---|
| Insurance with PP | - | 2,772,024 | 57,429 | **2,829,453** |
| Other life insurance | - | 54,015,913 | 982,200 | **54,998,113** |
| Accepted Life Reinsurance | - | 503 | 5 | **508** |
| Unit Linked and Index Linked | 11,652,465 | (526,551) | 66,706 | **11,192,620** |
| **Total Life** | **11,652,465** | **56,261,889** | **1,106,340** | **69,020,694** |
| **Total Non-life** | **-** | **11,401** | **852** | **12,253** |
| **Total Company** | **11,652,465** | **56,273,290** | **1,107,192** | **69,032,947** |

The breakdown of the technical provisions (BEL plus RM) by lines of business as of 31 December 2019 is detailed below:

| In thousands of euros | Technical provisions calculated as a whole | Best estimate | Risk margin | Total technical provisions |
|---|---|---|---|---|
| Insurance with PP | - | 3,358,425 | 56,482 | **3,414,906** |
| Other life insurance | - | 51,340,402 | 928,546 | **52,268,948** |
| Accepted Life Reinsurance | - | 8,166 | 187 | **8,353** |
| Unit Linked and Index Linked | 9,597,021 | (463,725) | 61,180 | **9,194,477** |
| **Total Life** | **9,597,021** | **54,243,269** | **1,046,395** | **64,886,685** |
| **Total Non-life** | **-** | **15,963** | **892** | **16,855** |
| **Total Company** | **9,597,021** | **54,259,232** | **1,047,287** | **64,903,540** |

***Calculation of the best estimate of the provisions***

It is based in the calculation of the actuarial present value of the cash flows linked to liabilities (benefit payments, bailouts, expenses and profit participation) and to the rights (collection of premiums) associated to each of the policies.

In said calculation, the policies are grouped in homogeneous risk groups taking into account their characteristics, mainly whether they are financially immunised or not the type of insurance to which they belong (savings, risk or unit linked), the contract date, and its term (short or long term).

The generation of probable flows is carried out policy by policy in individual insurances and accession to accession in collective insurances. The entity has automatic processes that collect the technical parameters, biometric and economic data of the policies and accessions that reside in the management applications after underwriting them, thus guaranteeing the sufficiency and quality of the data as well as the consistency of the process.

The actuarial methodology and formulation used is based on the one in the Technical Note of the products, which guarantees that the generation process is equivalent to the one used to calculate the accounting provisions.

Likewise, a replica of the calculation and reconciliation with the accounting information is carried out on the same processes in order to give more strength, consistency and traceability to the calculation process used.

To value the technical provisions for Solvency II purposes the following hypothesis have been used:

- ***Longevity and mortality hypothesis:***

  To determine the BEL, the own experience mortality table resulting from a statistical process on the partial internal model of mortality and longevity of the entity has been used as the best longevity/mortality estimation and, therefore, it is consistent thereto.

- ***Disability hypothesis:***

  For the disability risk widely-accepted sectorial tables are used. The parameters for the valuation of the BEL will be determined taking into account the systematic measurement of the risk regarding the verification of its representativeness and sufficiency.

- ***Portfolio downside hypothesis:***

  The projection of likely business flows uses as best future rescue hypothesis the one arising from the statistical process of the company based on the systematic analysis of its own experience.

- ***Expenses hypothesis:***

  The recurrent expenses per each business and type of operations have been considered, based on the accounting data on classification and allocation of each of them.

- ***Discount curves***:

  Based on the characteristics of each homogeneous risk group, the calculation of the BEL uses a risk-free curve provided periodically by EIOPA and corrected in each case by the matching or volatility adjustment found in the current legislation.

- ***Limits of the contract***:

  In general terms, the calculation contemplates as limit the time period established in the policies.

In renewable temporary contracts:

- If the insurer has unilateral control over the rights to terminate the contract, to reject demandable premiums or to modify the premiums or the required performance based on the contract so that the premiums fully reflect the risks, the limit will be that of the temporality in effect without later renewal and with the following renewal if it is within two months away.

- However, if the insuring entity does not have said unilateral rights, the extension of the contractual limit will be adopted taking into account future renewals, except for the coverages of cancer, heart attack and serious illnesses from the end of April 2019.

- ***Options and guarantees***:

  VidaCaixa takes into account the options and guarantees included in the insurance contracts such as, among others, the redemption value or the guarantees in the Unit Linked when calculating the BEL.

- ***Simplifications:***

  In compliance with article 21 of the Delegated Regulation 2015/35 on Solvency II, VidaCaixa uses certain approximations in the valuation of the technical provisions, mainly for coinsurance contracts. The use of simplifications represents less than 2.11% of the BEL as of 31 December 2020 (less 1.85% of the BEL on 31 December 2019). If risk margin is taken into account, it represents 1.74% of BEL as of December 31, 2020 (1.79% of BEL as of December 31, 2019).

- ***Future management decisions***

  No hypotheses have been considered regarding future management performances since they are not applicable.

***Risk margin calculation***

In relation to calculating the risk margin, Article 58 of the Delegated Regulation (EU) 2015/35 from the Commission, allows the use of simplified methods, VidaCaixa Group uses method 3 within the hierarchy of simplified methods which the Regulation allows as the most suitable alternative for calculating the risk margin. This method reflects the nature, volume and complexity of the risks underlying VidaCaixa's insurance obligations.

Method 3 consists in calculating by approximation the discounted sum of all the future required solvency capitals in a single step, without the approximation of the required solvency capitals for each future year separately.

Based on the analysis carried out, VidaCaixa considers that the calculation using the method 3 fairly reflect the financing costs of an amount of admissible own funds equal to the necessary required solvency capitals to assume the insurance obligations during the validity period, as specified in section 5 of article 77, regarding the calculation of technical provision, of Directive 2009/138/EC of the European Parliament and Council.

### 4.2.b. Uncertainty level related to the value of the technical provisions

The projection of likely flows used to calculate the best estimate takes into account the uncertainties regarding future cash flows weighted by their probability, considering the different

aspects that intervene in their generation and by using realistic hypothesis. All of this is used to calculate the technical provisions in a prudent, reliable and objective way.

### 4.2.c. Differences between the valuation in Solvency II and the valuation in the financial statements by line of business

In the Financial Statement the technical provisions are calculated based on the fifth additional provision “Calculation system of technical provisions for accounting purposes” of Royal Decree 1060/2015 of 20 November, on governance, supervision and solvency of insuring entities (ROSSEAR, by its Spanish acronym) which references the content of the Regulations on Administration and Supervision of Private Insurance, approved by Royal Decree 2486/1998 of 20 November (ROSSP by its Spanish acronym).

On December 17, 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 entities, which approves the technical guide regarding supervision criteria with respect to biometric tables. Said Resolution entered into force on December 31, 2020. In this respect, in compliance with the regulatory framework in force at the end of the 2020 financial year included in the aforementioned Resolution, the Company has established a provision of 1,697 million euros for adaptation to mortality and survival tables in the terms indicated in the previous section through the Partial Internal Longevity and Mortality Model "VCMF18 (1st Order VAR75%)" and, where appropriate, endow the supplementary provision for interest rates.

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 by applying the “VCMF18 (1st Order VAR75%)” tables amounts to 683 million euros.

The impact of moving from the “VCMF17 (1st Order)” tables applied at the close of the 2019 financial year to the “VCMF18_1os” tables applied at the close of the 2020 financial year has meant an application of 5 million euros.

Regarding the joint calculation of supplementary provision by types and tables, it has gone from 1,527 million at December 31, 2019 to 1,697 million at December 31, 2020, with said impact being included in the Company's income statement for the year 2020.

On the other hand, in Solvency II, the calculation of technical provisions is based on Title III, Chapter II, Section 1 “Standards on technical provisions” of the ROSSEAR.

The best estimate of the provisions in Solvency II includes the value of the investments associated to the liabilities portfolios using the discount curve used to update the flows. In the Financial Statement, however, the value of the investments is recorded through the accounting asymmetry liabilities.

Below is the value of the technical provisions in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as of 31 December 2020. As a criterion of homogeneity and to facilitate the comparability of the Solvency II values with the accounting values in the Financial Statements, VidaCaixa relates in this report the accounting asymmetries within the accounting value of the provisions when compared with the Solvency II value:

| In thousands of euros | Solvency II Value | Financial Statement Value |
|---|---|---|
| **Technical provisions - Health insurances (similar to non-life insurances)** | **12,253** | **18,897** |
| TP calculated as a whole | - | - |
| Best estimate (BE) | 11,401 | - |

| | | |
|---|---|---|
| Risk Margin (RM) | 852 | - |
| **Technical provisions - Life insurances (excluding health and index-linked and unit-linked)** | **57,828,075** | **45,158,153** |
| TP calculated as a whole | - | - |
| Best estimate (BE) | 56,788,441 | - |
| Risk Margin (RM) | 1,039,634 | - |
| **Accounting asymmetries and adjustments for change in value** | **-** | **15,769,356** |
| **Technical provisions - index-linked and unit-linked** | **11,192,620** | **11,652,465** |
| TP calculated as a whole | 11,652,465 | - |
| Best estimate (BE) | (526,551) | - |
| Risk Margin (RM) | 66,706 | - |
| **Total** | **69,032,948** | **72,598,871** |

Below is the value of the technical provisions in Solvency II compared to their value in the financial statements, based on the valuation adjustments made, as of 31 December 2019: As a criterion of homogeneity and to facilitate the comparability of the Solvency II values with the accounting values in the Financial Statements, VidaCaixa relates in this report the accounting asymmetries within the accounting value of the provisions when compared with the Solvency II value:

| In thousands of euros | Solvency II Value | Financial Statement Value |
|---|---|---|
| **Technical provisions - Health insurances (similar to non-life insurances)** | **16,855** | **18,849** |
| TP calculated as a whole | - | - |
| Best estimate (BE) | 15,963 | - |
| Risk margin (RM) | 892 | - |
| **Technical provisions - Life insurances (excluding health and index-linked and unit-linked)** | **55,692,208** | **45,139,210** |
| TP calculated as a whole | - | - |
| Best estimate (BE) | 54,706,993 | - |
| Risk Margin (RM) | 985,215 | - |
| **Accounting asymmetries and adjustments for change in value** | **-** | **13,380,552** |
| **Technical provisions - index-linked and unit-linked** | **9,194,477** | **9,596,813** |
| TP calculated as a whole | 9,597,021 | - |
| Best estimate (BE) | (463,725) | - |
| Risk Margin (RM) | 61,180 | - |
| **Total** | **64,903,540** | **68,135,423** |

The balance in “Financial Statement Value”, and not in that of the Annual accounts, includes the amount of accounting mismatches.

### 4.2.d. Application of the matching adjustment

The matching adjustment of the risk-free curve is a permanent measure established in the Solvency II regulation that includes the best and most common practices applied in the Spanish market since 1999 to manage long-term savings insurances, based on the matching of assets and liabilities flows established in article 33.2 of the RASPI currently developed in the Ministerial Order EHA/339/2007, of 16 February that modifies the Order of 23 December 1998.

These practices not only have proven to be effective at keeping the solvency and stability of the insurance sector but have also allowed us to offer the insured parties long-term savings insurance products.

In a simplified manner, the matching adjustment allows us to value liabilities taking into account the profitability of the assets assigned to their coverage until maturity, for which the valuation curve of the free-risk liabilities is adjusted to the difference in relation to the valuation curve of the assets at market value minus the fundamental credit risk of the assets.

The use of the matching adjustment is subject to prior approval by the supervisory authorities. VidaCaixa received in December 2015 the authorisation of the DGSFP to sue the matching adjustment in long-term immunised guaranteed savings portfolios.

The principles and requirements of the use of the matching adjustment are found in Article 77b of Directive 2009/138/EC are:

- The assets portfolio is made up by bonds and obligations and other cash flow assets with similar characteristics, to cover the best estimate of the insurance or reinsurance obligations portfolio.

- This assignation is kept throughout the life of the obligations, except to maintain the replication of the expected cash flows between assets and liabilities when these cash flows have substantially changed.

- The insurance obligations portfolio to which the matching adjustment is applied and the assets portfolio assigned are identified, organised and managed separately in relation to other activities of the companies.

- The assets portfolio assigned can be used to cover losses arising from other activities of the companies.

- The expected cash flows of the assets portfolio assigned replicate each and every of the expected cash flows of the insurance and reinsurance obligations portfolio in the same currency and no lack of matching brings significant risks regarding the risks inherent to the insurance or reinsurance activities to which the matching adjustment is applied.

- Contracts on which the insurance and reinsurance obligations portfolio is based do not give rise to the payment of future premiums.

- The only underwriting risks associated to the insurance and reinsurance obligations portfolio are the longevity, expenses, revision and mortality risks.

- If the underwriting risks associated to the insurance and reinsurance obligations portfolio includes the mortality risk, the best estimate of said portfolio does not increase in over 5% in the case of an impact on the mortality risk.

- Contracts on which the insurance and reinsurance obligations portfolio is based do not include any option for the policy holder or only include the insurance redemption option when the value of said redemption does not exceed the value of the assets, assigned to the insurance and reinsurance obligations the moment in which said redemption option is exercised.

- The cash flows of the assets portfolio assigned are fixed and cannot be modified by the issuers of the assets nor third parties.

- The insurance and reinsurance obligations of an insurance o reinsurance contract are not divided in several parts when they make up the insurance and reinsurance obligations portfolio.

Complying with the requirements indicated above implies the financial immunisation of said portfolios before the interest rate risk.

Likewise, credit risk is contemplated through the use of a lower discount rate in the valuation of the best estimate of the liabilities in relation to the profitability rate of the assets, as the norm establishes, when considering their fundamental credit risk.

The application and compliance with these principles at all times lies in a better risk management and a more robust control of the risks of these portfolios and, therefore, a greater protection for the insured party.

Failing to comply with these requirements would imply the no application of the matching adjustment, and this would represent in the case of the VidaCaixa Group an increase in the valuation of the technical provisions under Solvency II of 2,048,717 thousand euros (2,131,874 thousand euros on 31 December 2019).

As shown, it is obvious the total inconsistency that would represent not applying the matching adjustment in the valuation of long-term immunised portfolios, since the profitability of the assets assigned to its hedging until maturity would not be taken into account.

In conclusion, the matching adjustment established in the regulation strengthens the risk management and it is fundamental for the proper valuation of the guaranteed savings products under Solvency II.

#### 4.2.e. Application of the volatility adjustment

The volatility adjustment of the risk-free curve is a permanent measure, established in the Solvency II regulation, in order to prevent the interest rate structure that will be used in the calculation of the technical provisions from showing the current volatility in the market in its entirety.

Thus, in general, the insurance entities can adjust the risk-free interest rates by using a volatility adjustment calculated regularly by EIOPA.

VidaCaixa applies this adjustment in the calculation of the BEL of all the policies grouped in non-immunised portfolios.

Not applying the volatility adjustment would have a reduced impact on the technical provisions of Solvency II as of 31 December 2020, of 17,354 thousand euros (–2,433 thousand euros as at 31 December 2019).

#### 4.2.f. Application of the transitional measure on the interest rate without risk

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

#### 4.2.g. Application of the transitional measure on the technical provisions

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

#### 4.2.h. Retrievable amounts from reinsurance contracts and entities with special purpose

The reinsurance ceded is not significant enough in relation to the provisions in total. The amount of the best estimate of the recoverable of the reinsurance ceded is valued by means of the updating of future cash flows weighted by probability and generated based on realist hypothesis,

and taking into account an adjustment to consider the losses expected should the counterparty fail to comply based on its credit standing.

The entity is provided with a specific reinsurance cover for the said guarantees of certain modalities Unit Linked, being in this case significant with regard to its provisions.

#### 4.2.i. Significant changes in the hypothesis used in calculating the technical provisions

The company has established an annual hypothesis cycle for calculating the BEL. Based on this cycle, the modifications to be made to the hypothesis for its analysis and approval are proposed annually to the Global Risk Committee.

Within this cycle, during 2020 the following hypotheses have been updated:

- Mortality and longevity hypothesis (4th quarter)
- Portfolio downside hypothesis (1st quarter)
- Expenses hypothesis (1st quarter)

according to the annual calibration of the experience updating.

No methodological changes.

## 4.3. Valuation of other liabilities

### 4.3.a. Value of other liabilities for Solvency II purposes

The valuation grounds and methods of liabilities other than the Technical Provisions are not significantly different to those used in the Financial Statements. We proceed to detail the valuation methods and bases for the most significant items:

- **Deferred tax liabilities:** Deferred tax liabilities in Solvency II have been obtained from the deferred tax liabilities in the Financial Statement plus the tax effect of those positive adjustments (this is, those which generate profit for the company) carried out to obtain the economic balance under the criteria of Solvency II.

- **Derivatives**: mainly correspond to the hedging swaps used to mitigate the interest rate risk.

### 4.3.b. Differences between the valuation in Solvency II and the valuation in the financial statements.

Below, following the remaining liabilities other than Technical Provisions, is the value in Solvency II compared to their value in the Financial Statements on 31 December 2020:

In thousands of euros

| Remaining Liabilities | Solvency II Value | Financial Statement Value | |
|---|---|---|---|
| Deposits from ceded reinsurance | **1,611** | **1,611** | |
| Deferred tax liabilities | **6,621,147** | **5,650,003** | (a) |
| Derivatives | **7,707,602** | **7,611,074** | (b) |
| Debts owed to credit institutions | **0** | **0** | |
| Payables from insurance and coinsurance operations | **53,358** | **53,358** | |
| Payables from reinsurance operations | **3,640** | **3,640** | |
| Other debts and payables | **616,383** | **616,383** | |
| Other liabilities, not elsewhere shown | **1** | **10,291,358** | (c) |

| Total Remaining Liabilities | 15,003,742 | 24,227,427 |
|---|---|---|

Below, after the remaining liabilities other than Technical Provisions, is the value in Solvency II compared to their value in the Financial Statements on 31 December 2019:

In thousands of euros

| Remaining Liabilities | Solvency II Value | Financial Statement Value | |
|---|---|---|---|
| Deposits from ceded reinsurance | **1,350** | **1,350** | |
| Deferred tax liabilities | **5,787,133** | **4,817,062** | (a) |
| Derivatives | **7,005,951** | **7,035,521** | (b) |
| Debts owed to credit institutions | **0** | **0** | |
| Payables from insurance and coinsurance operations | **16,881** | **16,881** | |
| Payables from reinsurance operations | **5,178** | **5,178** | |
| Other debts and payables | **527,576** | **527,576** | |
| Other liabilities, not elsewhere shown | **3,829** | **8,748,258** | (c) |
| **Total Remaining Liabilities** | **13,347,898** | **18,581,833** | |

a) **Deferred tax liabilities:** The variation in this balance between the economic balance Solvency II and the Financial Statement, is only due to considering the tax effect (considering a 30% tax rate) of the positive adjustments done on the assets (this is, they increase the assets) and the negative adjustments done on the liabilities (considering negative adjustments those that reduce the passive).

b) **Derivatives:** The existing differences between these balances in the Financial Statement and Solvency II are not only valuation differences but are also caused by the reclassification of accrued and not-yet-due interests carried out. Said interests in the financial statement are allocated in the Accounting accruals, however in Solvency II are considered a major amount of the investment, and are deducted from Remaining assets.

   Likewise, it is worth mentioning that the Derivatives are classified separately in the assets or liabilities based on their market value. However, in the accounting balance they are allocated in the assets due to its aggregated market value.

c) **Other liabilities:** The variation of the valuation between the Financial Statement and the value of Solvency II is mainly due to the removal of the accounting asymmetry liabilities and accrued anticipated income, which are accounting concepts that under Solvency II are implicit in the calculation of the best estimate of the technical provisions.

## 4.4. Alternative valuation methods

The entity has not used alternative valuation methods to those recognised by the Solvency II Regulation to asses its assets and liabilities in the balance sheet.

## 4.5. Other relevant information

Does not apply.

# 5. Capital management

## 5.1. Own Funds

### 5.1.a. Own funds management goals, policies and processes

VidaCaixa establishes its capital goal in the compliance at all times with the regulatory capital requirements, keeping an adequate solvency margin. To this end, it develops the following management and control processes:

- Monitoring and analysis of the economic balance and SCR magnitudes. This monitoring is carried out at Global Risk Committee and Board of Directors level.
- Monitoring a risk appetite framework, by using the tolerance limits established by the Board of Directors, in order to foresee and detect non-desirable evolutions and ensure its compliance at all times. This monitoring is carried out at Global Risk Committee and Board of Directors level.
- Development of the prospective internal risk and solvency assessment (ORSA) process, which assesses the capital goal compliance throughout the time horizon projected. If the results of the process showed the need to cover the capital requirements during the period projected, VidaCaixa will assess the possible actions to be adopted to cover them, which may include acts on the business goals, risk profile or capital management.
- Analysis of the characteristics of Own Funds available to determine their fitness and classification in Tiers pursuant to the Delegated Regulation (EU) 2015/35.

### 5.1.b. Structure, amount and quality of the own funds

The entirety of VidaCaixa's Own Funds as of 31 December of 2020 have the maximum quality (**Tier 1 unrestricted**).

| In thousands of euros | Tier 1 | Tier 2 | Tier 3 | Total |
|---|---|---|---|---|
| Basic own funds | **3,946,420** | **-** | **-** | **3,946,420** |
| Supplementary own funds | **-** | **-** | **-** | **-** |
| **Available own funds** | **3,946,420** | **-** | **-** | **3,946,420** |
| **Admissible own funds SCR** | **3,946,420** | **-** | **-** | **3,946,420** |
| **Admissible own funds MCR** | **3,946,420** | **-** | **-** | **3,946,420** |

The entirety of VidaCaixa's Own Funds as of 31 December of 2019 have the maximum quality (**Tier 1 unrestricted**).

| In thousands of euros | Tier 1 | Tier 2 | Tier 3 | Total |
|---|---|---|---|---|
| Basic own funds | **3,692,984** | **-** | **-** | **3,692,984** |
| Supplementary own funds | **-** | **-** | **-** | **-** |
| **Available own funds** | **3,692,984** | **-** | **-** | **3,692,984** |
| **Admissible own funds SCR** | **3,692,984** | **-** | **-** | **3,692,984** |
| **Admissible own funds MCR** | **3,692,984** | **-** | **-** | **3,692,984** |

The composition of the Own Funds is detailed below:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Share Capital | **1,347,462** | **1,347,462** |
| Reconciliation reserve | **2,621,876** | **2,367,734** |
| Unavailable own funds Pension Funds manager | **(22,918)** | **(22,212)** |
| Supplementary own funds | **-** | **-** |
| **Total Available own funds** | **3,946,420** | **3,692,984** |

The reconciliation reserve is, in time, made up by the following elements:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Excess of assets over liabilities | **4,138,822** | **3,766,606** |
| Expected Dividends | **(169,484)** | **(51,410)** |
| Other basic own fund items (Share Capital) | **(1,347,462)** | **(1,347,462)** |
| **Reconciliation reserve** | **2,621,876** | **2,367,734** |

The reconciliation reserve is essentially made up of the excess of assets over liabilities from the balance sheet as of 31 December 2020, adjusted to the share capital and expected dividends.

### 5.1.c. Admissible amount of own funds to cover the solvency capital requirement

The amount of eligible Own Funds to cover SCR, as at 31 December 2020, totals 3,946,420 thousand euros (3,692,984 thousand euros as at 31 December 2019).

### 5.1.d. Admissible amount of own funds to cover the minimum capital requirement

The amount of admissible Own Funds to cover MCR, as of 31 December 2020, totals 3,946,420 thousand euros (3,692,984 thousand euros as of 31 December 2019).

### 5.1.e. Significant differences between the net equity in the financial statement and the excess of assets over liabilities calculated for solvency purposes.

Below are details of the reconciliation between the net equity of the financial statements, the excess of assets over liabilities and the admissible Capital:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Net Book Equity** | **6,014,769** | **5,297,647** |
| Variation Assets Valuation | 3,966,064 | 3,397,342 |
| Variation Liabilities Valuation | (5,842,011) | (4,928,174) |
| **Total Valuation Variation** | **(1,875,947)** | **(1,530,832)** |
| **Excess of Assets over Liabilities** | **4,138,822** | **3,766,606** |
| Adjustment Expected Dividends | (169,484) | (51,410) |
| Adjustment Tier 3 Not Computable | - | - |
| Capital Adjustment Funds Manager | (22,918) | (22,212) |
| **Admissible CAPITAL SOLVENCY II** | **3,946,420** | **3,692,984** |

### 5.1.f. Application of the transition provisions set forth by article 308 b, sections 9 and 10, of Directive 2009/138/EC

VidaCaixa does not use transition measures, this means that it fully complies from the very first moment with the capital requirements of Solvency II and does not apply any kind of interim measure.

### 5.1.g. Supplementary own funds

VidaCaixa does not have additional Own Funds.

### 5.1.h. Deducted items of the own funds and significant restrictions that affect the availability and transferability of the own funds

As a Pension Funds manager, VidaCaixa has reserved a part of its Own Funds to said activity, pursuant to the provisions set forth by Article 20 of the Legislative Royal Decree 1/2002, of 29 November by which the consolidated text of the Regulating Law of Pension Plans and Funds, modified by Law 2/2011, of 4 March. These Own Funds are not available to cover the SCR, and therefore VidaCaixa deducts a total of 22,918 thousand euros (22,212 thousand euros in 2019) from its available Own Funds to cover the SCR.

Pursuant to Article 77 of Directive 2009/238 of Solvency II, the insurance or reinsurance obligations portfolio to which the matching adjustment is applied and the assigned assets portfolio are identified, organised and managed separately with respect to other activities of the companies, and the assigned assets portfolio cannot be used to cover the losses arising from the company's other activities, therefore creating a limited availability fund with respect to the entity's remaining business.

The main effects are a lower available capital, due to the non-transferability of the Own Funds, and a greater required capital, due to the loss of the diversification effect and the increase of the concentration risk in the calculation of the RSC.

VidaCaixa has developed management processes and procedures for the information and calculations, which ensures the compliances with all the regulatory provisions for calculating and adjusting the own funds and the solvency capital requirement for the limited availability fund and the rest of the entity's business.

### 5.1.i Information on deferred taxes

As of December 31, 2020, the entity has net deferred tax liabilities. The deferred tax assets and liabilities recorded in the Economic Balance are shown in section 4.1.a and section 4.3.b respectively.

## 5.2. Solvency capital requirement and minimum capital requirement

### 5.2.a. Amounts of the solvency capital requirement and the minimum capital requirement

Below are the amounts of the SCR and the MCR as of 31 December 2020 and 31 December 2019:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| **Solvency Capital Requirement (SCR)** | **2,024,150** | **1,922,161** |
| **Minimum Capital Requirement (MCR)** | **910,868** | **864,973** |

### 5.2.b. Amount of the solvency capital requirement of the company broken down by modules

Below are the amounts of the SCR broken down by modules as of 31 December 2020 and on 31 December 2019:

| In thousands of euros | December 2020 | December 2019 |
|---|---|---|
| Market SCR | **861,536** | **797,095** |
| Counterparty SCR | **58,064** | **41,603** |

| | | |
|---|---|---|
| Life SCR | **2,147,447** | **2,035,369** |
| Health SCR | **14,050** | **13,907** |
| Diversification effect | **(542,445)** | **(482,135)** |
| **Basic SCR (BSCR)** | **2,538,652** | **2,405,839** |
| **Operational SCR** | **352,991** | **340,106** |
| **Fiscal effect** | **(867,493)** | **(823,783)** |
| **Solvency Capital Requirement (SCR)** | **2,024,150** | **1,922,161** |

### 5.2.c. Simplified calculations

VidaCaixa does not use simplified calculations to calculate the SCR.

### 5.2.d. Specific parameters

VidaCaixa does not use specific parameters to calculate the SCR.

### 5.2.e. Use of the option foreseen in article 51, section 2, third paragraph, of the Directive 2009/138/EC

VidaCaixa does not apply the option provided in article 51, section 2, third paragraph, of the Directive 2009/138/EC.

### 5.2.f. Impact of any specific parameter used and amount of any capital add-on applied to the solvency capital requirement

As mentioned above, the Market SCR of VidaCaixa includes an addition of capital of 5,317 thousand euros as of 31 December 2020 to cover the risks associated with the guarantees offered by the unit link with guarantees over the value of the investment in the event of the demise of the insured and not covered by the standard cover (2,272 thousand euros as of 31 December 2019).

VidaCaixa does not use specific parameters to calculate the SCR.

### 5.2.g. Data used to calculate the minimum capital requirement

Below are the main concepts applied to calculating the MCR as of 31 December 2020:

**Health Business**

| Result $MCR_{(NL,NL)}$ | Best net estimate and Technical provisions calculated as a whole | Net earned premiums last 12 months |
|---|---|---|
| 338 | 364 | 3,420 |

**Life Business**

| Result $MCR_{(L,L)}$ | Best net estimate and Technical provisions calculated as a whole | Net capital at total risk |
|---|---|---|
| 1,490,654 | 67,846,548 | 253,347,895 |

**Calculation global MCR**

| | |
|---|---|
| Lineal MCR | 1,490,992 |
| MCR | 2,024,150 |
| MCR maximum level | 910,868 |
| MCR minimum level | 506,038 |
| Combined MCR | 910,868 |
| MCR absolute minimum | 6,200 |
| **Minimum capital requirement** | 910,868 |

Below are the main concepts applied to calculating the MCR as of 31 December 2019:

**Health Business**

| Result $MCR_{(NL,NL)}$ | Best net estimate and Technical provisions calculated as a whole | Net earned premiums last 12 months |
|---|---|---|
| 463 | 2,191 | 2,069 |

**Life Business**

| Result $MCR_{(L,L)}$ | Best net estimate and Technical provisions calculated as a whole | Net capital at total risk |
|---|---|---|
| 1,426,818 | 63,668,393 | 234,203,518 |

**Calculation global MCR**

| | |
|---|---|
| Lineal MCR | 1,427,281 |
| MCR | 1,922,161 |
| MCR maximum level | 864,973 |
| MCR minimum level | 480,540 |
| Combined MCR | 864,973 |
| MCR absolute minimum | 6,200 |
| **Minimum capital requirement** | **864,973** |

### 5.2.h. Significant changes in the solvency capital requirement and minimum capital requirement

No significant changes have been made in the calculation method of the SCR or MCR.

### 5.2.i. Information regarding the loss-absorbing capacity of deferred taxes

The tax effect on the CSO or notional deferred taxes for the loss-absorbing capacity of deferred taxes as of December 31, 2020 is reported in Annex S.25.02.21 in this report. Based on the risk management policy in relation to the entity's deferred taxes, these notional deferred taxes are offset with net deferred tax liabilities recorded in the Economic Balance Sheet (section 4.3.b), as well as with future taxable profits under the principle of business continuity.

## 5.3. Use of the equity risk sub-module based on the duration in the calculation of the solvency capital requirement

### 5.3.a. Approval by the supervisory authority

VidaCaixa does not use this option.

### 5.3.b. Amount of the capital requirement for duration–based equity risk sub-module

VidaCaixa does not use this option.

## 5.4. Differences between the standard formula and the internal model used

### 5.4.a. Ends for which its internal model is used

The purpose of the internal model is obtaining the following results:

- The mortality table corresponding to the experience of the population insured in the company (generational table with calculation of the improvement factors to be applied between generations, with the exception of risk policies where contractual limits apply within the current year where the base table is used.

- The shock percentages for both longevity and mortality (calibrated value in the percentile 99.5% or 0.5% respectively).

The Mortality table is used to calculate the Best Estimate of the entity.

The shock percentages of longevity and mortality are used in the calculation of the SCR with internal model.

Likewise, the internal mode is used extensively and plays a relevant role to evaluate the effect of the possible decisions, when they impact the risk profile of the entity, including the effect on the expected losses and profits and its volatility as a result of said decisions.

The uses of the internal model can be divided in two blocks based on whether the use is relative to risk management or to making management decisions.

As uses of the internal model related to risk management, the results of the internal model are taken into account when formulating risk strategies, including setting risk tolerance limits, reporting, etc.

As uses of the Internal Model for making management decision, the internal model is used to back decisions regarding the launch of new products, modifications in prices, collective policy quotes and changes in products, capital allocation, etc.

### 5.4.b. Scope of application of the internal model in terms of activity segments and risk categories

The scope of application of the internal model includes all the population insured in the company for mortality or longevity risks, both for Individual insurances and Collective ones.

Given the turnover and the intrinsic characteristics of VidaCaixa's business, the internal model allows us to have a more realistic vision of the Company's risk profile that the one the standard formula provides.

### 5.4.c. Integration technique of the partial internal model in the standard formula

To integrate the Solvency Capital Requirement of Mortality and Longevity with the other risks, the technique 4 described in annex XVIII, Integration techniques of the partial internal models, of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 is used. This technique uses the same correlation coefficients as those used for the standard formula, both before the Mortality risk and the Longevity risk, and between these and the other risks.

Given that the correlations used are the same as the ones in the formula standard, and the solvency capital requirement complies with the following principles:

- The Solvency Capital Requirement is based on the company's continuity business principle.
- It is calibrated at a 99.5% trust level.
- It covers a time horizon of 1 year.

### 5.4.d. Methods used in the internal model to calculate the probability distribution forecast and the solvency capital requirement

The following process summarises the performance of the internal model to this end:

1) Gathering gross data on the population insured in the company

The data on the policies and insured parties is collected from the company's management applications. Said data is uploaded to a database and are processed so that each person is only treated once per continuous time period. With the data on deaths and exposures processed, the gross probability of death of the different years under observation separately (since 1999) and the gross probability of death of the last 5 years.

2) Adjustment of mortality percentages

The gross probability of death is adjusted to a mortality law, that is, the gross data is adjusted to a mathematical expression that applies the behaviour observed of the company's mortality.

3) Base table

It is the death probability data adjusted for the last 5 years. To obtain a generational table the improvement factors obtained in the following steps will be applied.

4) Mortality evolution factors

The adjusted data of the percentages of mortality for the different years under observation shows how this death probability evolves for each age group throughout the different years under

observation. They starting hypothesis is that the evolution factors of this death probability follow a normal distribution.

5) Mortality projection

Once finished the base and evolution of the mortality, through a stochastic process projection the expected survival values are obtained following the deviation observed based on the distribution of both variables. This is, starting from a theoretical value of people at the beginning of each calculation, it is determined based on the base probability of death and its evolution how many people will reach a certain age alive.

6) Determining Best Estimate mortality table

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 50% of the cases. With these values the mathematical equation that is adjusted to the projection of this value for each age is calculated, being this the improvement factor to be applied. This value is the one that will be used on the base table to carry out the creation of the generation table of best estimate.

7) Longevity shock assessment

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 99.5% of the cases (simulations with greater number of survivors per age and duration). The resulting value is the average of the values obtained at 99.5% for the age group and durations calculated.

8) Mortality shock assessment

Due to having obtained different survival values for each age and duration, they can be organised from higher to lower and derive the value corresponding to 0.5% of the cases (simulations with lower number of survivors per age and duration). The resulting value is the average of the values obtained at 0.5% for the age group and durations calculated.

### 5.4.e. Measurement of the risk and time horizon used in the internal model

The same as for the standard formula are used, this is a level of trust of 99.5% is used for a time horizon of 1 year.

### 5.4.f. Nature and suitability of the data used in the internal model

Given the dimension of the population insured by the entity and its time extension, there is a large enough statistics base for the statistical inference.

The following process summarises the performance of the internal model to this end:

1) It starts from the databases that arise from the own computer applications of policy management and marketing, which constantly undergo accuracy and robustness tests on which certain filters are applied.

2) Once the filters have been applied, the data is loaded to an operation tool.

3) The information loaded is cleaned by applying validations.

4) Once the data is cleaned the calculations of the model are generated.

The independent Validation Team of CaixaBank verifies in the Validation Report that the filters applied are suitable for cleaning the data used in the calibration of the Internal Model since the filters are aimed at obtaining reliable biometric data of the insured parties of VidaCaixa as a whole, therefore, no data is discarded without a good cause.

Therefore, the data used in the Internal Model is considered adequate and complete, allowing an accurate measure of the exposed and the collection of the necessary biometric data.

## 5.5. Non-compliance with the minimum capital requirement or the solvency capital requirement

During 2020, VidaCaixa has complied with the SCR and MCR at all times.

## 5.6. Other relevant information

Not considered.

# 6. Information templates (QRTs)

**S.02.01.02**
**Balance sheet**

| Assets | Solvency II Value |
|---|---|
| **Goodwill** | |
| **Advanced commissions and other acquisition costs** | |
| **Intangible fixed assets** | 0.00 |
| **Deferred Tax Assets** | 5,818,243,982.50 |
| **Assets and reimbursement rights long-term compensations to personnel** | 0.00 |
| **Property, plant and equipment for own use** | 23,510,825.01 |
| **Investments (other than index-linked and unit-linked)** | 70,006,196,449.89 |
| Property (other than for own use) | 2,387,988.51 |
| Participations | 571,689,197.10 |
| Shares | 1,750,677.94 |
| *Shares - listed* | 15,186.03 |
| *Shares - unlisted* | 1,735,491.91 |
| Bonds | 66,722,576,325.01 |
| *Public debt* | 59,342,056,192.94 |
| *Private debt* | 7,380,520,132.07 |
| *Structured financial assets* | 0.00 |
| *Securitisation of assets* | 0.00 |
| Investment funds | 418,034.41 |
| Derivatives | 2,670,564,256.01 |
| Deposits other than cash equivalent assets | 36,809,970.91 |
| Other Investments | 0.00 |
| **Assets held for index-linked and unit-linked contracts** | 11,726,132,953.27 |
| **Loans and mortgages with and without collaterals** | 11,899,829.59 |
| Advances against policies | 10,269,430.87 |
| To individuals | 1,630,398.72 |
| Other | 0.00 |
| **Recoverable amounts of the reinsurance** | 78,843,226.68 |
| Non-life insurances and health insurances similar to insurances other than life | 11,037,037.04 |
| *Insurances other than life insurances, excluding health* | 0.00 |
| *Health insurances similar to non-life insurances* | 11,037,037.04 |
| Life insurances, and health insurances similar to life, excluding health and "index-linked" and "unit-linked" | 71,806,964.68 |
| *Insurances similar to life insurances* | 0.00 |
| *Life insurances, excluding health and index-linked and unit-linked* | 71,806,964.68 |
| Life insurances index-linked and unit-linked | –4,000,775.04 |
| **Deposits constituted by accepted reinsurance** | 0.00 |
| **Loans for direct insurance and coinsurance operations** | 63,382,155.01 |
| **Loans for coinsurance operations** | 18,709,915.33 |
| **Other loans** | 335,253,697.00 |
| **Own shares** | 0.00 |
| **Shareholders and members for called capital** | 0.00 |
| **Cash and other equivalent liquid assets** | 81,621,692.17 |
| **Other assets, not elsewhere shown** | 11,717,663.20 |
| **Total Assets** | **88,175,512,389.65** |

**S.02.01.02**
**Balance sheet (continuation)**

| Liabilities | Solvency II Value |
|---|---|
| **Technical provisions - non-life insurances** | 12,252,852.42 |
| **Technical provisions - other than life (Excluding sickness)** | 0.00 |
| *TP calculated as a whole* | 0.00 |
| *Best estimate* | 0.00 |
| *Risk margin* | 0.00 |
| **Technical provisions - health (similar to non-life insurances)** | 12,252,852.42 |
| *TP calculated as a whole* | 0.00 |
| *Best estimate* | 11,400,697.57 |
| *Risk margin* | 852,154.85 |
| **Technical provisions - life (excluding index-linked and unit-linked)** | 57,828,074,505.05 |
| **Technical provisions - health (similar to life insurances)** | 0.00 |
| *TP calculated as a whole* | 0.00 |
| *Best estimate* | 0.00 |
| *Risk margin* | 0.00 |
| **Technical provisions - life (excluding health and index-linked and unit-linked)** | 57,828,074,505.05 |
| *TP calculated as a whole* | 0.00 |
| *Best estimate* | 56,788,440,756.79 |
| *Risk margin* | 1,039,633,748.26 |
| **Technical provisions - index-linked and unit-linked** | 11,192,619,611.53 |
| *TP calculated as a whole* | 11,652,464,896.64 |
| *Best estimate* | –526,551,104.70 |
| *Risk margin* | 66,705,819.59 |
| **Other technical provisions** | |
| **Contingent liabilities** | 0.00 |
| **Other non-technical provisions** | 1,000.00 |
| **Provision for pensions and similar obligations** | 0.00 |
| **Deposits from ceded reinsurance** | 1,611,177.02 |
| **Deferred tax liabilities** | 6,621,147,273.02 |
| **Derivatives** | 7,707,601,917.46 |
| **Debts owed to credit institutions** | 10.00 |
| **Financial liabilities other than debts owed to credit institutions** | 0.00 |
| **Payables from insurance and coinsurance operations** | 53,358,056.98 |
| **Payables from reinsurance operations** | 3,639,871.80 |
| **Other debts and payables** | 616,382,831.79 |
| **Subordinated liabilities** | 0.00 |
| *Subordinated liabilities no in the basic own funds* | 0.00 |
| *Subordinated liabilities in the basic own funds* | 0.00 |
| **Other liabilities, not elsewhere shown** | 856.16 |
| **Total Liabilities** | **84,036,689,963.23** |

| | |
|---|---|
| **Excess of assets over liabilities** | **4,138,822,426.42** |

**S.05.01.02**
**Premiums, claims ad expenses by line of business**

| | Non-life insurance and proportional reinsurance obligations | Total |
|---|---|---|
| | Income protection insurance | |
| **Earned premiums** | | |
| Direct insurance - gross | 17,305,900.39 | 17,305,900.39 |
| Proportional reinsurance accepted - Gross | 0.00 | 0.00 |
| Non-proportional reinsurance accepted - Gross | | 0.00 |
| Ceded reinsurance (Reinsurance share) | 13,885,759.30 | 13,885,759.30 |
| Net amount | 3,420,141.09 | 3,420,141.09 |
| **Allocated premiums** | | |
| Direct insurance - gross | 18,756,028.85 | 18,756,028.85 |
| Proportional reinsurance accepted - Gross | 0.00 | 0.00 |
| Non-proportional reinsurance accepted - Gross | | 0.00 |
| Ceded reinsurance (Reinsurance share) | 15,307,424.62 | 15,307,424.62 |
| Net amount | 3,448,604.23 | 3,448,604.23 |
| **Claim rate (Incurred claims)** | | |
| Direct insurance - gross | 11,725,606.24 | 11,725,606.24 |
| Proportional reinsurance accepted - Gross | 0.00 | 0.00 |
| Non-proportional reinsurance accepted - Gross | | 0.00 |
| Ceded reinsurance (Reinsurance share) | 9,760,659.75 | 9,760,659.75 |
| Net amount | 1,964,946.49 | 1,964,946.49 |
| **Variation of other technical provisions** | | |
| Direct insurance - gross | 0.00 | 0.00 |
| Proportional reinsurance accepted - Gross | 0.00 | 0.00 |
| Non-proportional reinsurance accepted - Gross | | 0.00 |
| Ceded reinsurance (Reinsurance share) | 0.00 | 0.00 |
| Net amount | 0.00 | 0.00 |
| **Technical expenses** | –945,532.48 | –945,532.48 |
| **Other expenses** | | 0.00 |
| **Total expenses** | | –945,532.48 |

**S.05.01.02**

**Premiums, claims ad expenses by line of business**

| | Life insurance obligations | | | Life reinsurance obligations . | Total |
|---|---|---|---|---|---|
| | Insurance with profit participation | Unit Linked and Index Linked Insurance | Other life insurance | Life reinsurance | |
| **Earned premiums** | | | | | |
| Gross amount | 96,687,699.16 | 2,521,270,514.03 | 4,507,415,646.49 | 139,344.20 | 7,125,513,203.88 |
| Ceded reinsurance (Reinsurance share) | 0.00 | 6,247,754.87 | 157,406,397.68 | 0.00 | 163,654,152.55 |
| Net amount | 96,687,699.16 | 2,515,022,759.16 | 4,350,009,248.81 | 139,344.20 | 6,961,859,051.33 |
| **Allocated premiums** | | | | | |
| Gross amount | 96,687,699.16 | 2,519,619,856.31 | 4,507,325,567.98 | 139,344.20 | 7,123,772,467.65 |
| Ceded reinsurance (Reinsurance share) | 0.00 | 6,247,754.87 | 157,406,397.68 | 0.00 | 163,654,152.55 |
| Net amount | 96,687,699.16 | 2,513,372,101.44 | 4,349,919,170.30 | 139,344.20 | 6,960,118,315.10 |
| **Claim rate (Incurred claims)** | | | | | |
| Gross amount | 122,557,768.81 | 875,523,770.55 | 5,279,566,716.72 | 6,106,080.74 | 6,283,754,336.82 |
| Ceded reinsurance (Reinsurance share) | 0.00 | 221,501.49 | 87,818,042.81 | 0.00 | 88,039,544.30 |
| Net amount | 122,557,768.81 | 875,302,269.06 | 5,191,748,673.91 | 6,106,080.74 | 6,195,714,792.52 |
| **Variation of other technical provisions** | | | | | |
| Gross amount | 556,861,431.83 | –2,017,498,436.56 | –333,258,645.93 | 6,113,317.32 | –1,787,782,333.34 |
| Ceded reinsurance (Reinsurance share) | 0.00 | –13,977,742.64 | 54,042,953.39 | 0.00 | 40,065,210.75 |
| Net amount | 556,861,431.83 | –2,003,520,693.92 | –387,301,599.32 | 6,113,317.32 | –1,827,847,544.09 |
| **Technical expenses** | 2,068,592.39 | 76,667,158.74 | 260,292,690.71 | 208,699.90 | 339,237,141.74 |
| **Other expenses** | | | | | 0.00 |
| **Total expenses** | | | | | 339,237,141.74 |

**S.05.02.01**
**Premiums, claims ad expenses by countries**

| | Country of Origin | Five main countries (by amount of gross earned premiums) - non-life obligations | | | | | Total of the five main countries and country of origin |
|---|---|---|---|---|---|---|---|
| | | - | - | - | - | - | |
| **Earned premiums** | | | | | | | |
| Direct insurance - gross | 17,305,900.39 | - | - | - | - | - | 17,305,900.39 |
| Proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Non-proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Ceded reinsurance (Reinsurance share) | 13,885,759.30 | - | - | - | - | - | 13,885,759.30 |
| Net amount | 3,420,141.09 | - | - | - | - | - | 3,420,141.09 |
| **Allocated premiums** | | | | | | | |
| Direct insurance - gross | 18,756,028.85 | - | - | - | - | - | 18,756,028.85 |
| Proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Non-proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Ceded reinsurance (Reinsurance share) | 15,307,424.62 | - | - | - | - | - | 15,307,424.62 |
| Net amount | 3,448,604.23 | - | - | - | - | - | 3,448,604.23 |
| **Claim rate (Incurred claims)** | | | | | | | |
| Direct insurance - gross | 11,725,606.24 | - | - | - | - | - | 11,725,606.24 |
| Proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Non-proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Ceded reinsurance (Reinsurance share) | 9,760,659.75 | - | - | - | - | - | 9,760,659.75 |
| Net amount | 1,964,946.49 | - | - | - | - | - | 1,964,946.49 |
| **Variation of other technical provisions** | | | | | | | |
| Direct insurance - gross | 0.00 | - | - | - | - | - | 0.00 |
| Proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Non-proportional reinsurance accepted - Gross | 0.00 | - | - | - | - | - | 0.00 |
| Ceded reinsurance (Reinsurance share) | 0.00 | - | - | - | - | - | 0.00 |
| Net amount | 0.00 | - | - | - | - | - | 0.00 |
| **Technical expenses** | –945,532.48 | - | - | - | - | - | –945,532.48 |
| **Other expenses** | | | | | | | 0.00 |
| **Total expenses** | | | | | | | –945,532.48 |

**S.05.02.01**
**Premiums, claims ad expenses by countries**

| | Country of Origin | Five main countries (by amount of gross earned premiums) - life obligations | | | | | Total of the five main countries and country of origin |
|---|---|---|---|---|---|---|---|
| | | - | - | - | - | - | |
| **Earned premiums** | | | | | | | |
| Gross amount | 7,125,513,203.88 | - | - | - | - | - | 7,125,513,203.88 |
| Ceded reinsurance (Reinsurance share) | 163,654,152.55 | - | - | - | - | - | 163,654,152.55 |
| Net amount | 6,961,859,051.33 | - | - | - | - | - | 6,961,859,051.33 |
| **Allocated premiums** | | | | | | | |
| Gross amount | 7,123,772,467.65 | - | - | - | - | - | 7,123,772,467.65 |
| Ceded reinsurance (Reinsurance share) | 163,654,152.55 | - | - | - | - | - | 163,654,152.55 |
| Net amount | 6,960,118,315.10 | - | - | - | - | - | 6,960,118,315.10 |
| **Claim rate (Incurred claims)** | | | | | | | |
| Gross amount | 6,283,754,336.82 | - | - | - | - | - | 6,283,754,336.82 |
| Ceded reinsurance (Reinsurance share) | 88,039,544.30 | - | - | - | - | - | 88,039,544.30 |
| Net amount | 6,195,714,792.52 | - | - | - | - | - | 6,195,714,792.52 |
| **Variation of other technical provisions** | | | | | | | |
| Gross amount | –1,787,782,333.34 | - | - | - | - | - | –1,787,782,333.34 |
| Ceded reinsurance (Reinsurance share) | 40,065,210.75 | - | - | - | - | - | 40,065,210.75 |
| Net amount | –1,827,847,544.09 | - | - | - | - | - | –1,827,847,544.09 |
| **Technical expenses** | 339,237,141.74 | - | - | - | - | - | 339,237,141.74 |
| **Other expenses** | | | | | | | 0.00 |
| **Total expenses** | | | | | | | 339,237,141.74 |

**S.12.01.02**
**Technical provisions for life and sickness SLT**

| | Insurances with profit participation | Unit-linked and index-linked insurances | | | Other life insurances | | | Accepted reinsurance | Total (life other than health, incl. Unit-Linked) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Contracts without options and guarantees | Contracts with options and guarantees | | Contracts without options and guarantees | Contracts with options and guarantees | | |
| **Technical provisions calculated as a whole** | 0.00 | 11,652,464,896.64 | | | 0.00 | | | 0.00 | 11,652,464,896.64 |
| **Technical provisions calculated as the sum of a best estimate and a risk margin** | | | | | | | | | |
| **Best estimation:** | | | | | | | | | |
| Gross | 2,772,024,203.69 | | –51,055,742.95 | –475,495,361.75 | | 1,280,113,894.30 | 52,735,799,013.72 | 503,645.08 | 56,261,889,652.09 |
| Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default | 69,516.86 | | 94,327.34 | –4,095,102.38 | | 93,330,609.87 | –21,593,162.05 | 0.00 | 67,806,189.64 |
| Best estimate minus recoverable amounts of the reinsurance, SPV and limited reinsurance | 2,771,954,686.83 | | –51,150,070.29 | –471,400,259.37 | | 1,186,783,284.43 | 52,757,392,175.77 | 503,645.08 | 56,194,083,462.45 |
| **Risk margin** | 57,429,062.41 | 66,705,819.59 | | | 982,199,927.24 | | | 4,758.60 | 1,106,339,567.85 |
| **Total technical provisions** | 2,829,453,266.10 | 11,192,619,611.53 | | | 54,998,112,835.26 | | | 508,403.68 | 69,020,694,116.58 |

**S.17.01.02**
**Technical provisions for non-life**

| | Direct insurance and proportional reinsurance | Total |
|---|---|---|
| | Income protection insurance | |
| **Technical provisions calculated as a whole** | 0.00 | 0.00 |
| Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default, corresponding to the TTPP as a whole | 0.00 | 0.00 |
| **Technical provisions calculated as the sum of a best estimate and a risk margin** | | |
| **Best estimation:** | | |
| Premium provisions | | |
| Gross | –3,256,036.50 | –3,256,036.50 |
| Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default | –1,205,531.74 | –1,205,531.74 |
| Best net estimate of premium provisions | –2,050,504.76 | –2,050,504.76 |
| **Claims provisions** | | |
| Gross | 14,656,734.07 | 14,656,734.07 |
| Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default | 12,242,568.78 | 12,242,568.78 |
| Best net estimate of claims provisions | 2,414,165.29 | 2,414,165.29 |
| **Total best gross estimate** | 11,400,697.57 | 11,400,697.57 |
| **Total best net estimate** | 363,660.53 | 363,660.53 |
| **Risk margin:** | 852,154.85 | 852,154.85 |
| **Amount of the transitional measure on the technical provisions** | | |
| Technical provisions calculated as a whole | 0.00 | 0.00 |
| Best estimate | 0.00 | 0.00 |
| Risk margin | 0.00 | 0.00 |
| **TOTAL TECHNICAL PROVISIONS:** | | |
| Total technical provisions | 12,252,852.42 | 12,252,852.42 |
| Total retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default | 11,037,037.04 | 11,037,037.04 |
| Total technical provisions minus retrievable amounts of reinsurance, SPV and limited reinsurance, after the corresponding adjustment to the expected losses for counterparty default | 1,215,815.38 | 1,215,815.38 |

**S.19.01.21**
**Siniestros en seguros de no vida**

**Total de actividades de no vida**

| Año de accidente / Año de suscripción | Año de accidente |
|---|---|

| | Año de evolución | | | | | | | | | | | En el año en curso | Suma de años (acumulado) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | |
| Previo | | | | | | | | | | | 0,00 | 0,00 | 0,00 |
| N-9 | 1.402.497,66 | 2.872.119,57 | 907.427,22 | 354.428,55 | 165.447,32 | 158.565,60 | 82.582,71 | 43.000,00 | 0,00 | 25.192,37 | | 25.192,37 | 6.011.261,00 |
| N-8 | 2.204.384,74 | 3.494.503,81 | 1.160.862,87 | 610.645,88 | 360.950,86 | 120.859,08 | 37.817,45 | 0,00 | 60.011,72 | | | 60.011,72 | 8.050.036,41 |
| N-7 | 1.740.470,85 | 2.090.205,10 | 1.019.396,54 | 631.063,43 | 103.714,30 | 692.280,74 | 82.511,50 | 0,00 | | | | 0,00 | 6.359.642,46 |
| N-6 | 3.502.512,72 | 2.373.539,54 | 1.754.518,15 | 389.354,10 | 234.986,21 | 230.135,97 | 86.000,00 | | | | | 86.000,00 | 8.571.046,69 |
| N-5 | 2.600.917,76 | 3.891.479,52 | 1.054.389,60 | 605.913,65 | 265.809,89 | 34.794,69 | | | | | | 34.794,69 | 8.453.305,11 |
| N-4 | 2.848.269,89 | 3.152.684,37 | 1.379.441,56 | 538.777,06 | 413.396,74 | | | | | | | 413.396,74 | 8.332.569,62 |
| N-3 | 5.452.507,66 | 3.726.469,26 | 1.830.126,49 | 1.148.458,44 | | | | | | | | 1.148.458,44 | 12.157.561,85 |
| N-2 | 4.556.562,79 | 3.731.431,62 | 1.169.374,52 | | | | | | | | | 1.169.374,52 | 9.457.368,93 |
| N-1 | 5.894.583,01 | 4.322.553,12 | | | | | | | | | | 4.322.553,12 | 10.217.136,13 |
| N | 4.181.681,74 | | | | | | | | | | | 4.181.681,74 | 4.181.681,74 |
| | | | | | | | | | | | Total | 11.441.463,34 | 81.791.609,95 |

| | Año de evolución | | | | | | | | | | | Final del año (datos |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | |
| Previo | | | | | | | | | | | 8.089,45 | 8.089,45 |
| N-9 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 1.758.609,08 | 308.639,66 | 68.566,69 | 4.326,57 | 10.668,03 | | 10.668,03 |
| N-8 | 0,00 | 0,00 | 0,00 | 0,00 | 911.960,67 | 614.582,85 | 234.815,60 | 18.463,98 | 5.187,77 | | | 5.187,77 |
| N-7 | 0,00 | 0,00 | 0,00 | 2.115.755,25 | 1.228.953,34 | 279.665,15 | 49.068,14 | 22.081,28 | | | | 22.081,28 |
| N-6 | 0,00 | 0,00 | 1.696.379,24 | 1.278.716,33 | 403.955,12 | 86.751,64 | 55.421,94 | | | | | 55.421,94 |
| N-5 | 0,00 | 3.256.369,96 | 1.151.759,64 | 763.215,42 | 128.008,33 | 98.255,35 | | | | | | 98.255,35 |
| N-4 | 2.592.822,28 | 1.449.903,57 | 1.498.993,77 | 195.321,12 | 142.728,28 | | | | | | | 142.728,28 |
| N-3 | 2.383.571,39 | 2.714.770,55 | 401.893,76 | 231.779,67 | | | | | | | | 231.779,67 |
| N-2 | 5.880.864,78 | 713.334,23 | 450.480,76 | | | | | | | | | 450.480,76 |
| N-1 | 12.761.077,75 | 815.529,21 | | | | | | | | | | 815.529,21 |
| N | 12.816.512,79 | | | | | | | | | | | 12.816.512,79 |
| | | | | | | | | | | | Total | 14.656.734,54 |

**S.22.01.21**

**Impact of long-term guarantee measures and transitional measures**

| | Amount with long-term guarantee measures and transitional measures | Impact of the transitional measure on the technical provisions | Impact of the transitional measure on the interest rate | Impact of the volatility adjustment set to zero | Impact of the matching adjustment set to zero |
|---|---|---|---|---|---|
| Technical provisions | 69,032,946,969.00 | 0.00 | 0.00 | 17,353,578.48 | 2,048,716,896.45 |
| Basic own funds | 3,946,419,836.20 | 0.00 | 0.00 | –12,147,504.93 | –1,434,101,827.51 |
| Own funds admissible to cover the solvency capital requirement | 3,946,419,836.20 | 0.00 | 0.00 | –12,147,504.93 | –1,434,101,827.51 |
| Solvency capital requirement | 2,024,150,311.71 | 0.00 | 0.00 | 4,100,625.38 | –334,975,899.18 |
| Own funds admissible to cover the minimum capital requirement | 3,946,419,836.20 | 0.00 | 0.00 | –12,147,504.93 | –1,434,101,827.51 |
| Minimum capital requirement | 910,867,640.27 | 0.00 | 0.00 | 1,845,281.42 | –150,739,154.63 |

**S.23.01.01**
**Own funds**

| | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|
| **Basic own funds before deduction for participations in another financial sector in accordance with article 68 of the Delegated Regulation (EU) 2015/35** | | | | | |
| Ordinary share capital (gross of own shares) | 1,347,461,833.00 | 1,347,461,833.00 | | 0.00 | |
| Share premium account related to ordinary share capital | 0.00 | 0.00 | | 0.00 | |
| Initial mutual funds, members' contributions or the equivalent basic own funds element for mutual and mutual-type undertakings | 0.00 | 0.00 | | 0.00 | |
| Subordinated mutual member accounts | 0.00 | | 0.00 | 0.00 | 0.00 |
| Surplus funds | 0.00 | 0.00 | | | |
| Preference shares | 0.00 | | 0.00 | 0.00 | 0.00 |
| Share premiums related to preference shares | 0.00 | | 0.00 | 0.00 | 0.00 |
| Reconciliation reserve | 2,621,876,365.45 | 2,621,876,365.45 | | | |
| Subordinated liabilities | 0.00 | | 0.00 | 0.00 | 0.00 |
| Amount equal to the value of the net deferred tax assets | 0.00 | | | | 0.00 |
| Other items of the own funds approved by the supervisory authority as basic own funds not specified above | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as own funds of the Solvency II** | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as own funds of the Solvency II | 22,918,362.25 | | | | |
| **Deductions** | | | | | |
| Deductions for participations in financial and credit institutions | 0.00 | 0.00 | 0.00 | 0.00 | |
| **Total basic own funds after deductions** | 3,946,419,836.20 | 3,946,419,836.20 | 0.00 | 0.00 | 0.00 |
| **Supplementary own funds** | | | | | |
| **Total supplementary own funds** | 0.00 | | | 0.00 | 0.00 |
| **Available and admissible own funds** | | | | | |
| Total available own funds to cover the SCR | 3,946,419,836.20 | 3,946,419,836.20 | 0.00 | 0.00 | 0.00 |
| Total available own funds to cover the MCR | 3,946,419,836.20 | 3,946,419,836.20 | 0.00 | 0.00 | |
| Total admissible own funds to cover the SCR | 3,946,419,836.20 | 3,946,419,836.20 | 0.00 | 0.00 | 0.00 |
| Total admissible own funds to cover the MCR | 3,946,419,836.20 | 3,946,419,836.20 | 0.00 | 0.00 | |
| **SCR** | 2,024,150,311.71 | | | | |
| **MCR** | 910,867,640.27 | | | | |
| **Ratio between admissible own funds and SCR** | 1.95 | | | | |
| **Ratio between admissible own funds and MCR** | 4.33 | | | | |

| | |
|---|---|
| **Reconciliation reserve** | |
| Excess of assets over liabilities | 4,138,822,426.42 |
| Own shares (held directly and indirectly) | 0.00 |
| Foreseeable dividends, distributions and charges | 169,484,227.97 |
| Other basic own fund items | 1,347,461,833.00 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds | 0.00 |
| **Reconciliation reserve** | 2,621,876,365.45 |
| **Expected profits** | |
| Expected profits included in future premiums - Life business | 2,054,900,659.69 |
| Expected profits included in future premiums - Non-life business | 0.00 |
| **Total expected profits included in future premiums** | 2,054,900,659.69 |

**S.25.02.21**
**Solvency capital requirement - for companies that use the standard formula and a partial internal model**

| Unique number of the component | Components description | Calculation of the solvency capital requirement | Modelled amount | Specific parameters of the company | Simplifications |
|---|---|---|---|---|---|
| 1 | Market Risk | 856,219,478.13 | 0.00 | - | - |
| 2 | Counterparty default risk | 58,064,043.67 | 0.00 | - | - |
| 3 | Life underwriting risk | 2,147,447,186.19 | 445,188,399.66 | - | - |
| 4 | Sickness underwriting risk | 14,050,440.90 | 0.00 | - | - |
| 5 | Non–life underwriting risk | 0.00 | 0.00 | - | - |
| 6 | Intangible assets risk | 0.00 | 0.00 | - | - |
| 7 | Operational risk | 352,990,576.25 | 0.00 | - | - |
| 8 | Loss absorbing capacity of technical provisions (negative amount) | 0.00 | 0.00 | - | - |
| 9 | Loss absorbing capacity of deferred taxes (negative amount) | –866,690,104.56 | 0.00 | - | - |

| **Calculation of the solvency capital requirement** | |
|---|---|
| Total of undiversified components | 2,562,081,620.58 |
| Diversification | –539,804,709.93 |
| Capital requirement for activities developed pursuant to Article 4 of Directive 2003/41/EC | 0.00 |
| **Solvency capital requirement, excluding capital add-ons** | 2,022,276,910.65 |
| Set capital add-ons | 1,873,401.07 |
| **Solvency capital requirement** | 2,024,150,311.71 |
| **Other information on SCR** | |
| Amount/Estimate of the overall loss-absorbing capacity of technical provisions | 0.00 |
| Amount/Estimate of the overall loss-absorbing capacity for deferred taxes | –866,690,104.56 |
| Capital requirement for duration–based equity risk sub-module | 0.00 |
| Total amount of notional solvency capital requirements for the remaining part | 1,250,182,608.59 |
| Total amount of notional solvency capital requirements for ring-fenced funds (other than those of the activities developed in accordance with article 4 of the Directive 2003/41/EC [transition measure]) | 0.00 |
| Total amount of notional solvency capital requirements for matching adjustment portfolios | 773,967,703.13 |
| Diversification effects due to the aggregation of the notional SCR for ring-fenced funds for the purposes of article 304 | 0.00 |

**S.28.02.01**

**Capital mínimo obligatorio — Actividad de seguro tanto de vida como de no vida**

| | Actividades de no vida | Actividades de vida |
|---|---|---|
| | Resultado $MCR_{(NL,NL)}$ | Resultado $MCR_{(NL,L)}$ |
| **Componente de la fórmula lineal correspondiente a obligaciones de seguro y reaseguro de no vida** | 338.351,52 | 0,00 |

| | Actividades de no vida | | Actividades de vida | |
|---|---|---|---|---|
| | Mejor estimación neta (de reaseguro/ entidades con cometido especial) y PT calculadas como un todo | Primas devengadas netas (de reaseguro) en los últimos 12 meses | Mejor estimación neta (de reaseguro/ entidades con cometido especial) y PT calculadas como un todo | Primas devengadas netas (de reaseguro) en los últimos 12 meses |
| Seguro y reaseguro proporcional de gastos médicos | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de protección de ingresos | 363.660,53 | 3.420.141,09 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de accidentes laborales | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de responsabilidad civil de vehículos automóv | 0,00 | 0,00 | 0,00 | 0,00 |
| Otro seguro y reaseguro proporcional de vehículos automóviles | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional marítimo, de aviación y transporte | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de incendio y otros daños a los bienes | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de responsabilidad civil general | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de crédito y caución | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de defensa jurídica | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de asistencia | 0,00 | 0,00 | 0,00 | 0,00 |
| Seguro y reaseguro proporcional de pérdidas pecuniarias diversas | 0,00 | 0,00 | 0,00 | 0,00 |
| Reaseguro no proporcional de enfermedad | 0,00 | 0,00 | 0,00 | 0,00 |
| Reaseguro no proporcional de responsabilidad civil por daños | 0,00 | 0,00 | 0,00 | 0,00 |
| Reaseguro no proporcional marítimo, de aviación y transporte | 0,00 | 0,00 | 0,00 | 0,00 |
| Reaseguro no proporcional de daños a los bienes | 0,00 | 0,00 | 0,00 | 0,00 |

| | Actividades de no vida<br>Resultado $MCR_{(L,NL)}$ | Actividades de vida<br>Resultado $MCR_{(L,L)}$ |
|---|---|---|
| **Componente de la fórmula lineal correspondiente a las obligaciones de** | 0,00 | 1.490.653.513,10 |

| | Non-life activities | | Life activities | |
|---|---|---|---|---|
| | Mejor estimación neta (de reaseguro/ entidades con cometido especial) y PT calculadas como un todo | Capital en riesgo total neto (de reaseguro/entidades con cometido especial) | Mejor estimación neta (de reaseguro/ entidades con cometido especial) y PT calculadas como un todo | Capital en riesgo total neto (de reaseguro/entidades con cometido especial) |
| Obligaciones con participación en beneficios — prestaciones garantizadas | 0,00 | | 2.771.954.686,83 | |
| Obligaciones con participación en beneficios — futuras prestaciones discrecior | 0,00 | | 0,00 | |
| Obligaciones de seguro vinculado a índices y a fondos de inversión | 0,00 | | 11.129.914.566,98 | |
| Otras obligaciones de (rea)seguro de vida y de enfermedad | 0,00 | | 53.944.679.105,28 | |
| Capital en riesgo total por obligaciones de (rea)seguro de vida | | 0,00 | | 253.347.895.017,33 |

| **Cálculo del MCR global** | |
|---|---|
| MCR lineal | 1.490.991.864,63 |
| SCR | 2.024.150.311,71 |
| Nivel máximo del MCR | 910.867.640,27 |
| Nivel mínimo del MCR | 506.037.577,93 |
| MCR combinado | 910.867.640,27 |
| Mínimo absoluto del MCR | 6.200.000,00 |
| **Capital mínimo obligatorio** | 910.867.640,27 |

| **Cálculo del MCR nocional no vida y vida** | Actividades de no vida | Actividades de vida |
|---|---|---|
| MCR lineal nocional | 338.351,52 | 1.490.653.513,10 |
| SCR nocional, excluida la adición de capital (cálculo anual o último) | 459.341,43 | 2.023.690.970,28 |
| Nivel máximo del MCR nocional | 206.703,64 | 910.660.936,63 |
| Nivel mínimo del MCR nocional | 114.835,36 | 505.922.742,57 |
| MCR combinado nocional | 206.703,64 | 910.660.936,63 |
| Mínimo absoluto del MCR nocional | 2.500.000,00 | 3.700.000,00 |
| MCR nocional | 2.500.000,00 | 910.660.936,63 |