

**SFCR:** Solvency and Financial Condition Report  
**ISFS:** Informe Situación Financiera y de Solvencia

## SOLVENCY AND FINANCIAL CONDITION REPORT

May 2018  
(2017 yearend)

*(Translation originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

**Mediterráneo**

Vida

S.A. de Seguros y Reaseguros

SFCR

MEDITERRÁNEO VIDA S.A. DE SEGUROS Y REASEGUROS, tax identification number A-03359635, with registered office at Edificio Hispania, calle Ausó y Morzó, 16, 03006, Alicante

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## SUMMARY OF THE REPORT

The corporate purpose of Mediterráneo Vida, S.A. de Seguros y Reaseguros (Sole Shareholder Company), ("Mediterráneo Vida", "the Company" or "MV") is to provide all manner of life insurance and reinsurance, including managing collective retirement and pension funds with or without insurance guarantees, and in general, all other forms and practices envisaged in the legislation on insurance and pension funds.

The Company's main lines of business are:

Savings: Insurance with profit participation.  
Unit-linked: Index-linked and unit-linked insurance.  
Risk: Other life risk insurance.  
Annuities: Other life insurance.

In 2014 the Company transferred the rights it had over the Banco Sabadell network for the marketing of pension plans and life insurance, with the exception of collective savings and employment pension plans with the result of not launching new products for individual insurance or pension plans through the Banco Sabadell network. Mediterráneo Vida continues accepting as new premium entries, the regular contractual premiums and, in some portfolios, the extraordinary premiums that the client requests, as well as the renewal premiums for the life-risk business (renewable annual premiums).

The Company has signed quota share reinsurance contracts with SCOR Global Life Reinsurance Ireland, Designated Activity Company, pursuant to which Mediterráneo Vida has ceded 99% of its individual life risk insurance business.

On 15 June 2017, the Company was acquired by the English limited liability company Ember Alpha Limited.

In this regard, it should be noted that the acquisition of the Company by Ember Alpha Limited was not opposed by the Directorate General for Insurance and Pension Funds (DGSFP) on 4 April 2017.

The business plan presented in the non-opposition application approved by DGSFP is being carried out by the Company under the terms referred to in the application.

Business plan has the goal of progressively improving the coverage of the obligations stemming from the insurance contracts through the investment in capital-efficient assets without changing neither the daily interaction of policyholders and insured persons with the Banco Sabadell network, nor their relationship with Mediterráneo Vida, or the terms of their policies. No changes are foreseen in the transactions of Mediterráneo Vida, its management or its information technologies. By contrast, the new investment structure is expected to generate the returns that guarantee the fulfillment of future obligations (both in the short and in the long term) to minimize the risks of reinvestment and to allow the coverage of the long-term liability of Mediterráneo Vida vis-à-vis its policyholders and insured persons. In addition, the Company aims to specialize in the management of long-term guaranteed life insurance in Europe. For this purpose, it will seek the acquisition of specialized companies in this field or the acquisition or reinsurance of portfolios belonging to other insurers. Any transactions of this kind, involving capital will require a previous analysis from the Board and a potential adequacy of its capital and risk profile according to the new risks assumed.

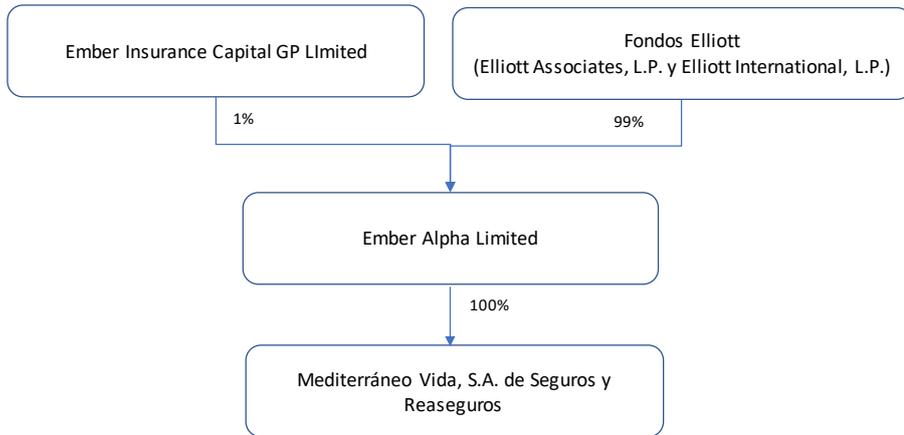
The Group's simplified structure, as well as the shares of the Group held by the companies, are the following:

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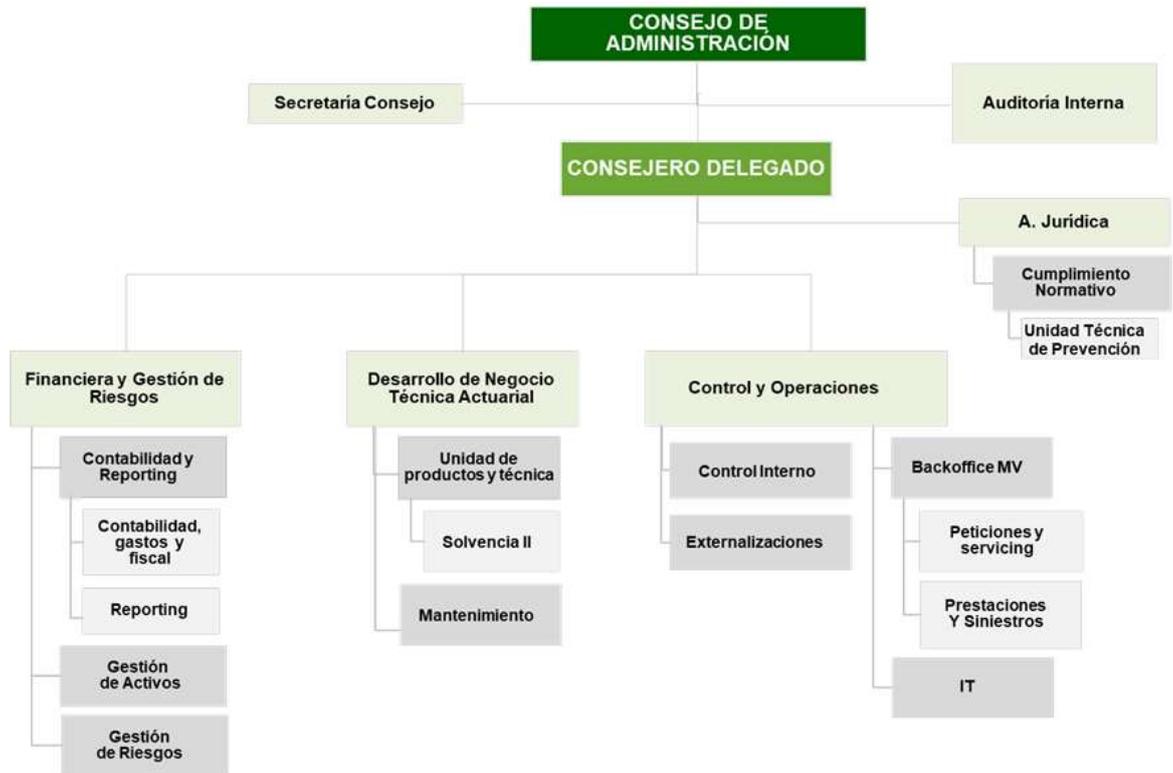
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S.A. de Seguros y Reaseguros

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The Company's organisational chart has the following organisational structure:



The most significant changes in the Company's organisational chart during the period were: the hiring of the Chief Executive Officer, the new appointment of the Control and Operations Director, and the creation of the Legal Department, which will now report to the Regulatory Compliance Division.

A summary is given below of the quantitative data obtained by the Company in 2017 (the benchmark year) and those from the subsequent three-year forecasts for these results, and in the two stressed scenarios (ESC1 and ESC2) and their respective forecasts. In both scenarios, the stressed variables affect both own funds and capital requirements from both assets (based on the adverse scenarios published by the European Insurance and Occupational Pensions Authority, EIOPA) and from liabilities (using the adverse scenarios provided by the Company's Technical Actuarial Department). The stress to which the variables are currently subject in ESC2 is greater than the stress used in ESC1, thus testing the Company's ability to withstand scenarios with various levels of adversity. The

solvency ratios that were obtained range from 354% to 120%, depending on the scenario, based on a 349% baseline ratio at the close of 2017.

### BASELINE SCENARIO

Ratio de Solvencia (miles €)	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.505.678	2.205.577	2.024.267	1.798.865
TOTAL PASIVO	2.219.747	1.968.327	1.799.923	1.602.219
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>285.932</b>	<b>237.250</b>	<b>224.344</b>	<b>196.647</b>
Dividendos y distribuciones previsibles	-30.000	-15.716	-13.552	-12.564
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>255.052</b>	<b>220.654</b>	<b>209.912</b>	<b>183.203</b>
<b>Fondos Propios Admisibles</b>	<b>255.052</b>	<b>220.654</b>	<b>209.912</b>	<b>183.203</b>
Tier 1:	255.052	236.371	239.181	225.036
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	73.141	64.969	59.358	60.011
MCR	32.913	29.236	26.711	27.005
Exceso/Necesidad de Capital	181.911	155.685	150.554	123.192
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>349%</b>	<b>340%</b>	<b>354%</b>	<b>305%</b>
<b>% Cobertura MCR</b>	<b>775%</b>	<b>808%</b>	<b>895%</b>	<b>833%</b>

### ADVERSE SCENARIO 1

Ratio de Solvencia (miles €)	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.298.160	1.998.718	1.793.570	1.564.377
TOTAL PASIVO	2.077.775	1.817.844	1.613.724	1.398.824
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>220.385</b>	<b>180.874</b>	<b>179.847</b>	<b>165.553</b>
Dividendos y distribuciones previsibles	-30.000	-14.677	-11.799	-10.287
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>189.506</b>	<b>165.317</b>	<b>167.168</b>	<b>154.387</b>
<b>Fondos Propios Admisibles</b>	<b>189.506</b>	<b>165.317</b>	<b>167.168</b>	<b>154.387</b>
Tier 1:	189.506	179.994	193.644	191.150
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	61.962	61.226	59.365	53.060
MCR	27.883	27.552	26.714	23.877
Exceso/Necesidad de Capital	127.544	104.092	107.803	101.327
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>306%</b>	<b>270%</b>	<b>282%</b>	<b>291%</b>
<b>% Cobertura MCR</b>	<b>680%</b>	<b>653%</b>	<b>725%</b>	<b>801%</b>

### ADVERSE SCENARIO 2

Ratio de Solvencia (miles €)	2017 Base	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.206.764	2.080.264	2.002.276	1.854.372
TOTAL PASIVO	1.994.461	1.896.114	1.811.587	1.677.613
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>212.302</b>	<b>184.150</b>	<b>190.689</b>	<b>176.760</b>
Dividendos y distribuciones previsibles	-30.000	-15.644	-14.254	-14.173
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>181.423</b>	<b>167.627</b>	<b>175.555</b>	<b>161.708</b>
<b>Fondos Propios Admisibles</b>	<b>181.423</b>	<b>167.627</b>	<b>175.555</b>	<b>161.708</b>
Tier 1:	181.423	181.771	205.454	205.779
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	146.051	138.164	130.520	119.940
MCR	65.723	58.330	55.937	51.736
Exceso/Necesidad de Capital	35.372	29.462	45.035	41.768
	0			
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>124%</b>	<b>121%</b>	<b>135%</b>	<b>135%</b>
<b>% Cobertura MCR</b>	<b>276%</b>	<b>312%</b>	<b>367%</b>	<b>398%</b>

The figures were calculated assuming the forecast of a 30 million euro dividend payout for 2017, although this distribution has yet to be approved by the general shareholders' meeting, and for subsequent years, the distribution of the profits from each year, (the annual profit ranges between 10 and 30 million euros)

## A. Business and Performance

### A.1 Business

Mediterráneo Vida, S.A. de Seguros y Reaseguros (Sole-Shareholder Company) (Mediterráneo Vida, the Company or MV) was incorporated indefinitely as a limited liability company on 31 July 1989.

The Company's corporate purpose includes carrying out any type of life insurance and reinsurance activities, including transactions for managing group retirement and pension funds, with or without an insurance guarantee and, in general, any other insurance and pension fund formats and practices envisaged in prevailing legislation, whereby on 30 November 1989 the Company was authorised for these purposes by the Directorate-General of Insurance and Pension Funds, and is registered in the Special Insurance Companies Registry under no. C-677 and in the Pension Fund Managers Registry under no. G-144. Its main facilities are located in Alicante at Edificio Hispania, calle Ausó y Monzó, 16, 8ª Planta.

In 2014 the Company transferred the rights it had over the Banco Sabadell network for the marketing of pension plans and life insurance, with the exception of collective savings and employment pension plans with the result of not launching new products for individual insurance or pension plans through the Banco Sabadell network. Mediterráneo Vida continues accepting as new premium entries, the regular contractual premiums and, in some portfolios, the extraordinary premiums that the client requests, as well as the renewal premiums for the life-risk business (renewable annual premiums).

The Company's main lines of business are:

Savings: Insurance with profit participation.  
Unit-linked: Index-linked and unit-linked insurance.  
Risk: Other life risk insurance.  
Annuities: Other life insurance.

The authority responsible for the financial supervision of the Company is the Directorate-General of Insurance and Pension Funds that reports to the Spanish Ministry of Economy, Industry and Competitiveness, the contact data for which is:

Address: Paseo de la Castellana, 44 – 28046 Madrid  
Telephone: 902 19 11 11 or 952 24 99 82  
Email: dirseguros@mineco.es

The Company's external auditor is PricewaterhouseCoopers Auditores, S.L, and its contact information is:

Address: Paseo de la Castellana, 259 B. Edificio Torre PwC – 28046 Madrid  
Telephone: 902 021 111

The Company has signed quota share reinsurance contracts with SCOR Global Life Reinsurance Ireland, Designated Activity Company, pursuant to which Mediterráneo Vida has ceded 99% of its individual life risk insurance business.

On 22 June 2016, Banco de Sabadell, S.A. signed a purchase agreement for the shares representing all of the share capital of the Company to the English limited liability company Ember Alpha Limited. The effectiveness of the aforementioned purchase was subject to the non-opposition of the Director-General of Insurance and Pension Funds of the Ministry of Economy, Industry and Competitiveness and the other administrative authorisations being obtained. Having received the aforementioned authorisations, on 15 June 2017, the aforementioned purchase agreement took effect, and the Company was acquired by Ember Alpha Limited.

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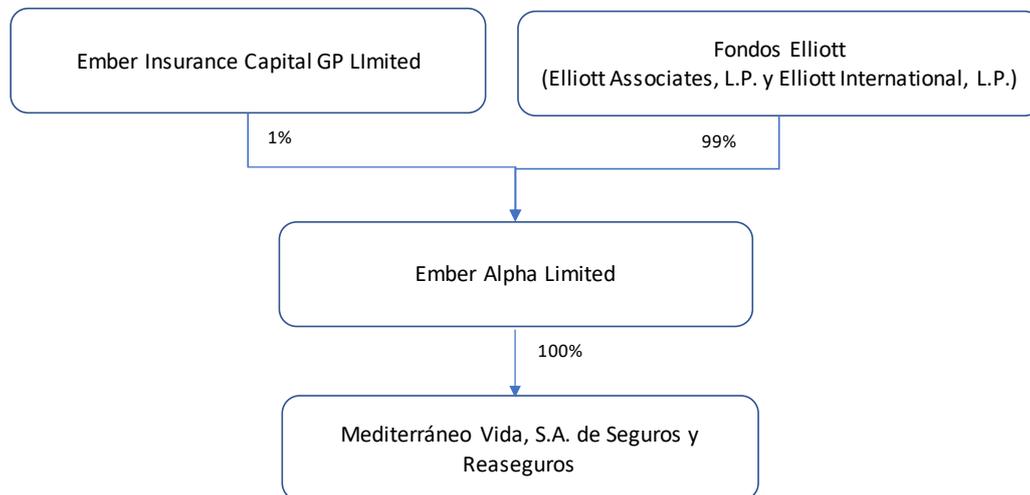
## Vida

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The business plan of the Company Mediterráneo Vida, after its acquisition by Ember Alpha Limited Group, has the goal of progressively improving the coverage of the obligations stemming from the insurance contracts through the investment in capital-efficient assets without changing neither the daily interaction of policyholders and insured persons with the Banco Sabadell network, nor their relationship with Mediterráneo Vida, or the terms of their policies. No changes are foreseen in the transactions of Mediterráneo Vida, its management or its information technologies. By contrast, the new investment structure is expected to generate the returns that guarantee the fulfillment of future obligations (both in the short and in the long term) to minimize the risks of reinvestment and to allow the coverage of the long-term liability of Mediterráneo Vida vis-à-vis its policyholders and insured persons. In addition, the Company aims to specialize in the management of long-term guaranteed life insurance in Europe. For this purpose, it will seek the acquisition of specialized companies in this field or the acquisition or reinsurance of portfolios belonging to other insurers. Any transactions of this kind, involving capital will require a previous analysis from the Board and a potential adequacy of its capital and risk profile according to the new risks assumed.

The Group's simplified structure, as well as the shares of the Group held by the companies, are the following:



## A.2 Underwriting Performance

According to the financial statements, the Company's results compared to those of last year are as follows (thousands of euros):

I. Technical account	2017	2016
I.1 Earned premiums, net of reinsurance	142,161	159,809
a) Accrued premiums	164,011	183,844
a1) Direct insurance	164,011	183,844
a3) Changes in impairment losses on uncollected premiums (+/-)	0	0
b) Reinsurance premiums ceded (-)	-21,866	-24,306
c) Change in the provision for unearned premiums and for unexpired risks (+/-)	144	381
c1) Direct insurance	144	381
d) Change in the provision for unearned premiums, reinsurance ceded (+/-)	-128	-110
I.2. Income from property, plant and equipment and from investments	94,447	91,942
b) Income from financial investments	84,527	88,834
b1) Group companies	0	57
b2) Income from financial investments	84,527	88,777
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	209	0
c1) Property, plant and equipment and investment property	0	0
c2) Financial investments	209	0
d) Profit from property, plant and equipment and from investments	9,711	3,108
d2) Financial investments	9,711	3,108
I.3. Income from investments tied to insurance in which the policyholder bears the investment risk	1,759	2,805
I.4. Other technical income	0	0
I.5. Claims incurred in the year, net of reinsurance	204,395	200,373
a) Benefits and expenses paid	206,801	201,314
a1) Direct insurance	213,373	208,207
a3) Reinsurance ceded (-)	-6,572	-6,893
b) Changes in the provision for claims outstanding (+/-)	-2,810	-1,237
b1) Direct insurance	-4,149	-2,540
b3) Reinsurance ceded (-)	1,339	1,303
c) Expenses attributable to claims	404	296
I.6. Changes in other technical provisions, net of reinsurance (+/-)	44,086	1,475
a) Life insurance provisions	44,975	2,917
a1) Direct insurance	44,047	1,663
a3) Reinsurance ceded (-)	928	1,254
b) Provisions for life insurance policies in which the insurance policyholders bear the investment risk	-930	-1,701
c) Other technical provisions	41	259
I.7. Profit sharing and return of premiums.	7,110	8,302
a) Claims and expenses for profit commission and return of premiums	8,022	9,100
b) Changes in the provision for profit sharing and return of premiums (+/-)	-912	-798
I.8. Net operating expenses	6,295	6,733
a) Acquisition costs	8,601	12,602
b) Changes in deferred acquisition costs	0	0

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c) Administrative expenses	1,379	1,106
d) Fees and share in reinsurance ceded and retroceded	-3,685	-6,975
<b>I.9. Other technical expenses</b>	<b>835</b>	<b>613</b>
c) Other	835	613
<b>I. 10. Expenses from property, plant and equipment and from investments</b>	<b>10,765</b>	<b>12,040</b>
a) Management expenses from property, plant and equipment and from investments	9,344	9,132
a2) Expenses from investments and financial accounts	9,344	9,132
b) Impairment losses on property, plant and equipment and on investments	0	2,874
b3) Impairment loss on investments	0	2,874
c) Losses from property, plant and equipment and from investments	1,421	34
c2) Financial investments	1,421	34
<b>I.11. Expenses from investments tied to insurance in which the policyholder bears the investment risk</b>	<b>1,587</b>	<b>2,685</b>
<b>I.12. Subtotal. (Balance of the Technical Account)</b>	<b>-36,706</b>	<b>22,335</b>

<b>II. Non-technical account</b>	<b>2017</b>	<b>2016</b>
<b>II.1. Income from property, plant and equipment and from investments</b>	<b>5,295</b>	<b>4,913</b>
b) Income from financial investments	5,179	4,691
b1) Group companies	0	11
b2) Income from financial investments	5,179	4,680
b3) Other finance income	0	0
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	0	0
d) Profit from property, plant and equipment and from investments	116	222
d2) Financial investments	116	222
<b>II.2. Expenses from property, plant and equipment and from investments</b>	<b>2,955</b>	<b>2,964</b>
a) Investment management expenses	2,953	2,644
a1) Expenses from investments and financial accounts	2,953	2,644
b) Impairment losses on property, plant and equipment and on investments	1	48
b3) Impairment loss on investments	1	48
c) Losses from property, plant and equipment and from investments	1	272
c2) Financial investments	1	272
<b>II.3. Other income</b>	<b>56,239</b>	<b>13,751</b>
a) Income from pension fund administration	162	165
b) Other income	56,077	13,586
<b>II.4. Other expenses</b>	<b>938</b>	<b>639</b>
a) Expenses for pension fund administration	938	639
b) Other expenses	0	0
<b>II.5 Subtotal. (Balance of the non-technical account) (II.1 - II.2 + II.3 - II.4)</b>	<b>57,641</b>	<b>15,061</b>
<b>II.6 Profit before tax (I.12 + II.5)</b>	<b>20,935</b>	<b>37,396</b>
<b>II.7 Income tax</b>	<b>-5,382</b>	<b>-11,212</b>
<b>II.8. Profit from continuing operations (II.6 - II.7)</b>	<b>15,553</b>	<b>26,184</b>
<b>II.9. Profit/(Loss) from discontinued operations net of tax (+/-)</b>	<b>0</b>	<b>0</b>

<b>II.10. Profit for the year (II.8 + II.9)</b>	15,553	26,184

The Company does not sell new individual insurance products and, therefore, the reduction in premiums in 2017 with respect to 2016 is due entirely to policy lapses.

The increase in changes in the provisions for life insurance at 2017 year end (meaning that provisions at year end were greater than at the beginning of the year) is due to the fact that the Company calculated the mathematical provisions for insurance policies, which at 31 December 2016 was calculated pursuant to article 33.2.a) of the private insurance regulations (mainly life-contingent annuities), applying the interest rate included in article 33.1.a) of the private insurance regulations and this calculation gave rise to an increase in mathematical provisions at 31 December 2017 compared to the mathematical provisions recognised for customers of €66,732 thousand.

Other Income from the non-technical account is explained in section A.4. of this document.

In accordance with the Spanish National Chart of Accounts for Insurance Entities, but using the Solvency II lines of business defined in Annex I of Delegated Regulation (EU) 2015/35, the premiums, claims and expenses by line of business for 2017 and 2016 are:

2017 (data in thousands of euros)	Life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
<b>Earned premiums</b>				
Gross amount	141,128	8	22,875	<b>164,011</b>
Reinsurance ceded (Share of the reinsurance)			21,866	<b>21,866</b>
Net amount	141,128	8	1,009	<b>142,145</b>
<b>Earned premiums</b>				
Gross amount	141,128	8	23,019	<b>164,155</b>
Reinsurance ceded (Share of the reinsurance)			21,994	<b>21,994</b>
Net amount	141,128	8	1,025	<b>142,161</b>
<b>Claims (claims incurred)</b>				
Gross amount	170,960	1,092	37,175	<b>209,227</b>
Reinsurance ceded (Share of the reinsurance)			5,233	<b>5,232.52</b>
Net amount	170,960	1,092	31,942	<b>203,994</b>
<b>Total expenses</b>	7,116	13	952	<b>8,081</b>

2016 (data in thousands of euros)	Life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
<b>Earned premiums</b>				
Gross amount	158,682	50	25,112	<b>183,844</b>
Reinsurance ceded (Share of the reinsurance)			24,306	<b>24,306</b>
Net amount	158,682	50	806	<b>159,538</b>
<b>Earned premiums</b>				
Gross amount	158,682	50	25,493	<b>184,225</b>

Reinsurance ceded (Share of the reinsurance)			24,416	<b>24,416</b>
Net amount	158,682	50	1,077	<b>159,809</b>
<b>Claims (claims incurred)</b>				
Gross amount	164,197	1,847	39,643	<b>205,687</b>
Reinsurance ceded (Share of the reinsurance)			5,590	<b>5,590</b>
Net amount	164,197	1,847	34,053	<b>200,097</b>
<b>Total expenses</b>	<b>10,090</b>	<b>14</b>	<b>954</b>	<b>11,058</b>

### A.3 Investment Performance

The net gains and losses on financial assets recognised in the income statement and in equity, by category, is as follows:

2017	Thousands of euros				
	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Total
Finance income using the amortised cost method	-	-	1,088	77,694	78,782
Change in fair value	77	-	-	-	77
Reversal of impairment	-	-	-	209	209
Impairment losses	-	-	-	-1	-1
Gains on disposal	99	-	-	9,828	9,927
Losses on disposal	-19	-	-	-1,422	-1,441
Net gains/(losses) recognised in profit or loss	157	-	1,088	86,308	87,553
Change in fair value	-	-	-	-33,535	-33,535
Reclassification from equity to gains and losses on disposal	-	-	-	-955	-955
Net gains/(losses) recognised in equity	-	-	-	-34,490	-34,490
Adjustments due to accounting mismatches	-	-	-	83,229	83,229
Net gains/(losses) recognised in equity	-	-	-	48,739	48,739
Total	157	-	1,088	135,047	136,292

2016	Thousands of euros				
	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Total
Finance income using the amortised cost method	-	-	1,594	82,151	83,745
Change in fair value	133	-	-	-	133
Reversal of impairment	-	-	-	-	-
Impairment losses	-	-	-	-2,923	2,923
Gains on disposal	4	-	-	3,330	3,334
Losses on disposal	-29	-	-	-306	-335
Net gains/(losses) recognised in profit or loss	108	-	1,594	82,252	83,954
Change in fair value	-	-	-	27,379	27,379
Reclassification from equity to gains and losses on disposal	-	-	-	-358	-358
Net gains/(losses) recognised in equity	-	-	-	27,021	27,021

# Mediterráneo

## Vida

S.A. de Seguros y Reaseguros

SFCR

Adjustments due to accounting mismatches	-	-	-	-15,083	- 15,083
Net gains/(losses) recognised in equity	-	-	-	11,938	11,938
Total	108	-	1,594	94,190	95,892

After the change in control of the Company, pursuant to the Framework Agreements signed with the Luxembourgian limited liability companies Water International Finance, s.à r.l. (“WIF”) and Water Associates Finance, s.à r.l. (“WAF”), Mediterráneo Vida transferred most of its assets to these companies (see details in Note 4[a]). Based on the accounting rules specified in the insurance company accounting plan approved in Spanish Royal Decree 1317/2008, of 24 July, Mediterráneo Vida continues to recognise them on its balance sheet to the extent that it retains all the risks and rewards associated with the portfolio of financial assets transferred, as WIF and WAF undertook, in accordance with the above agreements, to pay Mediterráneo Vida all the same cash flows generated by the transferred assets or to return the aforementioned assets (or equivalent assets) at any time when Mediterráneo Vida requests that they do so. If there is a default on any of the assets that were transferred, the Luxembourgian companies would not pay Mediterráneo Vida their nominal amount, which means that the Company still retains the market risk of these assets.

WIF and WAF secure the above obligations vis-à-vis Mediterráneo Vida by assigning collateral offered by the Elliott Funds (the collateral) that suffices for Mediterráneo Vida to retain the risk and rewards of the portfolio transferred.

The Company does not have investments in securitised assets.

The results obtained by the Company in the income statement is mainly from financial assets classified as available-for-sale. Available-for-sale financial assets gave rise to finance income of €77,694 thousand.

The change in the fair value of the assets recognised under the Company's equity was a decrease of €34,490 thousand, which was recognised under available-for-sale financial assets, the value of which decreased as a result of the overall increase in interest rates in the year. Additionally, the correction of accounting mismatches reflects an increase in the Company's equity of €83,229 thousand. This increase is due to the reclassification of insurance, which at 31 December 2016 was calculated pursuant to article 33.2. a) of the private insurance regulations — mainly life-contingent annuities (and, therefore, corrected accounting mismatches); and at 31 December 2017 that was calculated in accordance with article 33.1.a) of the private insurance regulations (and, therefore, did not correct accounting mismatches). In sum, the net increase in equity amounted to €48,739 thousand, once the accounting mismatches were corrected.

### A.4 Performance of other activities

In 2017 the Company recognised certain extraordinary income under other income from the non-technical account amounting to €56,070 thousand corresponding to the payment by Banco Sabadell of the earn-out pursuant to the agreements for the Company's sale. This earn-out relates to the current value of the future earn-out for compliance with the established objectives linked to compliance with the business plan in accordance with the agreement signed in 2014 for the assignment of exclusive rights to the Zurich Group.

In 2016 the Company obtained certain extraordinary income amounting to €13,582 thousand as a basic earn-out.

On 31 March 2017, the Company signed an operating lease agreement with Gestión de Activos Castellana 40, S.L. to lease the premises in the office building located at Edificio Hispania, calle Ausó y Monzó, 16, 03006 Alicante. The term of the lease is four years starting from 1 April 2017.

Once the initially agreed term has elapsed, the agreement will have a mandatory one-year extension. The agreed price will be revised each year based on the changes in the Consumer Price Index.

On 31 August 2017, the Company signed an operating lease agreement with Banco Sabadell to lease the premises in the office building located at calle Óscar Esplá, 37, 03007 Alicante.

The income statement includes operating lease expenses corresponding to the lease of premises amounting to €121 thousand (€85 thousand in 2016).

## B. System of Governance

### General information on the system of governance

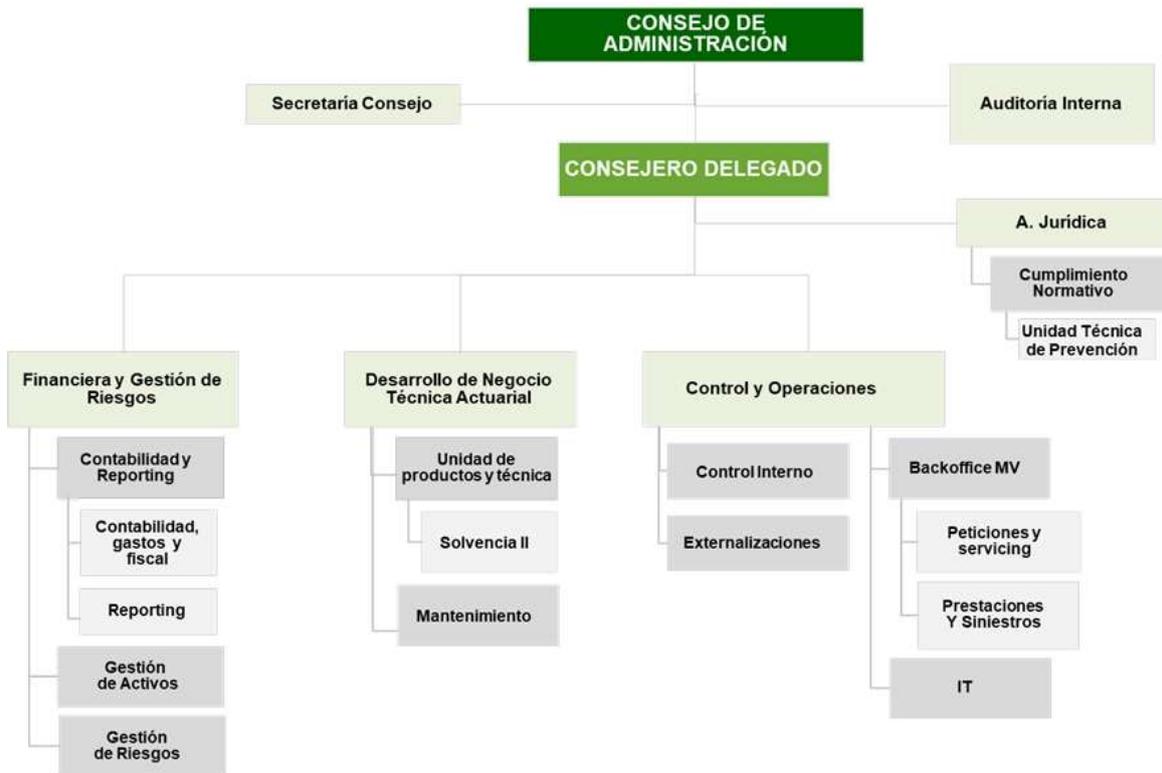
The Company's system of governance includes the following key functions, supported by its various policies that are subject to at least an annual review by the Board of Directors.

- Risk Management Function.
- Compliance Function
- Actuarial Function.
- Internal Audit Function.

These key functions have sufficient resources with the proper independence to perform their duties, reporting directly to the Company's Board of Directors to provide it any information they may consider appropriate, especially in the form of the reports they prepare.

The Company has a specific unit related to the Internal Control System, which reports to the Control and Operations Department. The Board of Directors has approved this unit's policy, which is in adherence to the new Solvency II system. This unit is in charge of ensuring compliance with the outsourcing policy and for compliance with the requirements of fitness, accuracy and continuity.

The Company's organisational chart has the following organisational structure:



The most significant changes in the Company's organisational chart during the period were: the hiring of the Chief Executive Officer, the new appointment of the Control and Operations Director, and the creation of the Legal Department, which will now report to the Regulatory Compliance Division.

### Functions of the Administrative Bodies, Executive Committees, other Committees and Key Functions of the Company.

### **Governance and Administration of the Company**

Pursuant to the Company's articles of association, its governing bodies are: the General Shareholders Meeting and the Board of Directors.

The General Meeting has the authority to decide on all of the matters attributed to it by law or under the by-laws. In particular, and for illustrative purposes only, it is responsible for appointing and removing administrators and auditors; approving the management report and annual financial statements, and resolving on how profits/losses should be allocated; authorising operations not included in the corporate purpose; amending the by-laws; and deciding on transformation, mergers, spinning-off, or total transfers of the company's assets and liabilities.

As of the date of this Report, the Board of Directors is made up of eight directors: a Chair, a Chief Executive Officer, two Independent Directors, three non-executive directors, and a non-director secretary. The position of director is unremunerated, except for the Chief Executive Officer and the independent directors, whose positions will be remunerated.

Directors are not required to be shareholders in order to be appointed to the Board of Directors. In any event, directors must be persons with recognised honour and experience in the finance and insurance industries, meeting the qualifications of professional experience and the other conditions required under the law on regulation, oversight and solvency of insurance and reinsurance companies, and the other applicable legislation.

The Board of Directors is supported by the Audit, Remunerations, Business Development and Regulation Committees.

These committees have the following duties:

#### **Audit Committee**

The Audit Committee is comprised four members: two independent directors, one of which is the Chair of the Committee, a non-executive director, and the non-director secretary.

The main functions of the Audit Committee are the following:

- a) To report to the shareholders at the General Meeting regarding issues raised in relation to matters for which the Committee is responsible and, in particular, regarding the results of the external audit.
- b) To monitor the effectiveness of the Company's internal control, internal audit and risk management systems, and to identify any significant weaknesses in the internal control system identified by the auditor. To this end, the committee may submit any proposals to the Board of Directors it considers appropriate.
- c) To supervise the process of preparing financial information and submitting it to the Board of Directors, and for proposing any recommendations the committee may consider appropriate in this field.
- d) Sending the Board of Directors proposals for selecting, appointing, re-electing and replacing the auditor. The Committee will also have authority over any issues that might affect the auditor's independence, and over any other matters related to how the audit is performed
- e) Prior to the audit, the Committee must annually issue a report on whether the independence of the external auditor is compromised.
- f) To inform the Board of Directors of all the matters envisaged in the law and the Articles of Association.

h) To ensure compliance with the laws, regulations and internal procedures applicable to the Company.

### Remunerations Committee

There are three members of the Remunerations Committee: the Chair of the Board of Directors, and two non-executive directors, one of whom is the chair of the committee.

This committee has the following duties:

- Supervising, monitoring, and reviewing the Company's remuneration policy
- Submitting proposals to the Board of Directors for any modifications to the remuneration policy and the bonus system applicable to the Company's employees.
- Assessing the skills, expertise and experience necessary for being a member of the Board of Directors, Chief Executive Officer, a senior manager, or a key manager.
- Reporting on proposals for appointment or removal, and on the contracts of new senior managers.

### Business Development Committee

There are three members of the Business Development Committee: the Chair of the Board of Directors, and two non-executive directors, one of whom is the chair of the committee.

This committee's main duties and responsibilities are:

- Analysing any business opportunities for the Company.
- Analysing the terms of business offers submitted to or offered by the Company.
- Analysing the economic and technical terms of any bids from third parties to provide services to the Company.

### Regulation Committee

The Regulation Committee is comprised four members: two independent directors, one of which is the Chair of the Committee, and two non-executive directors.

This committee's main duties and responsibilities are:

- Analysing any changes in Spanish, European or international legislation that might affect the Company, and submitting recommendations to the Board of Directors on measures and changes in the Company's internal policies and procedures.
- Receiving information from the Company's Compliance Department on any changes that are expected or that occurred recently in Spanish, European or international legislation.
- Receiving periodic information from the Compliance Department on the tasks for supervising and overseeing compliance with the mandatory policies in the Company, proposing any actions it CONSIDERS APPROPRIATE TO THE BOARD OF DIRECTORS.

### C.E.O.

- Promoting the strategies approved by the Board of Directors.

- Defining and implementing the policies and measures resolved by the Board of Directors, including strategic and regulatory ones.
- Setting objectives and ensuring they are followed, and applying the corrective measures necessary in the event of any deviations from them.
- Leading and coordinating personnel, ensuring their correct professional development and personal motivation, in a way that improves the efficiency, performance and quality of the work they perform.
- Ensuring the internal control and risk management procedures implemented in the Company are duly documented.
- Publicising the compliance culture within the organisation.
- Assessing the effectiveness of controls on the Company's organisation and procedures.
- Ensuring regulatory compliance.

### Asset-Liability Committee (ALCO)

The Asset-Liability Committee is comprised seven members: Four directors, among them the Chair of the Board and the Managing Director and three executives from the Company; the Control and Operations Manager, the Financial and Risk Management Manager and the Technical Actuarial Manager.

The main responsibilities and functions of the Asset-Liability Committee are the following:

- To analyse the composition and performance of the asset and liability portfolios.
- To monitor the secured agreements signed by the Company.
- To analyse how changes in the markets affect the assets and liabilities on the balance sheet (ALM), establishing simulations that make it possible to measure the impact on the financial statements, differentiating between: Capital and Balance Sheet Risk
- To analyse how changes in the markets affect the assets and liabilities on the balance sheet, establishing simulations that make it possible to measure the impact on regulatory capital.
- To take decisions to adapt the Company's situation to the objectives defined in investment and risk matters, analysing the impact of investment and divestment decisions at a corporate level.
- To analyse the solvency ratio, coverage of provisions, real return on assets held as coverage, as well as the assignment of investments of Own Funds.
- To analyse the evolution of product margins.
- To approve proposals for new products and commercial activities, once the rates of assets, liabilities, commissions, price and return are analysed.
- To approve and review, at least annually, the policies of the Risk Management Function, the Actuarial Function, ORSA, Capital Management and the Company's Investment Policy
- Likewise, this Committee will also be responsible for the tasks with which they are charged in the aforementioned policies.

### Policyholder Investment Risk Committee

The Policyholder Investment Risk Committee is comprised five members: two Company executives (the Control and Operations Manager and the Financial and Risk Management Manager), two representatives from Sabadell Asset Management, S.A., S.G.I.I.C., S.U. and a representative from Previsión Empresarial de Banco Sabadell.

The main responsibilities and functions of the Policyholder Investment Risk Committee are the following:

- To monitor and analyse compliance with the legal limits and the investment policy for fixed-income and equity.
- To analyse the volumes managed based on product type.
- To analyse the profitability of pension funds, as well as that of products in which the policyholder assumes the risk.
- To make comparisons with the industry (Inverco) and benchmark the group pension funds to determine its position within the sector.

### Claims and Losses Committee

The Claims and Losses Committee is comprised five members: the Customer Service provider (service outsourced to Benedicto y Asociados Asesores S.L.) and four members from the Company.

The main responsibilities and functions of the Claims and Losses Committee are the following:

- To assess and monitor any administrative, judicial and extra-judicial claims lodged against the company.
- To progressively reduce, through proactive actions, the processing time for the proceedings in progress.
- To assess any problematic or unusual claims, and those that might not be covered legally or contractually.
- To make improvements to the general, specific and special terms and conditions of the products sold by the Company in order to avoid claims.
- To analyse the reasons why claims have been rejected.
- Control and monitor the indemnities paid for losses in order to perform checks on claims and reserves.
- To strengthen the internal controls established in the Company to combat fraud.

### Risk Management Function

Its responsibilities are to:

- Ensure the comprehensive, standardised and consistent management of the risks to which the Company is exposed and, therefore, coordinate the entire identification, assessment, monitoring, control and mitigation process for significant risks, subject to the guidelines established by the Board of Directors and the regulations in force.
- Coordinate compliance with the Risk Management Policy, as well as the other policies for which it is responsible.

- Coordinate Risk Management with the heads of the other Units and the owners of the business processes that are identified on the Company's risk map — the latter of whom are responsible for their ongoing identification, mitigation and assessment.
- Coordinate calculation of the Solvency Capital Requirement (SCR), and the Minimum Capital Requirement (MCR) in each one of their modules, as well as the strategic economic and reputation capital.
- Propose the risk indicators it considers necessary to comply with the Risk Appetite approved by the Board.
- Monitor the Tolerance and Risk Appetite Limits.
- Coordinate the quarterly risk management report.
- Coordinate the Own Risk and Solvency Assessment (ORSA) report.
- Coordinate preparation of the Solvency and Financial Condition Report (SFCR) and Regular Supervisory Report (RSR).

### Compliance Function

Its responsibilities are to:

- Advise the Board of Directors on compliance with the legal, regulatory and administrative provisions that affect Mediterráneo Vida and on compliance with the Entity's own internal regulations. This will also entail assessing the impact of any change in the legal environment on the Entity's operations and determining and assessing the compliance risk.
- Prepare and execute a Compliance Plan.
- Perform verification tests, to ensure that the Entity's policy, documents and processes are in line with regulations. Monitor the areas of improvement detected.
- Work together with the Risk Management Function to ensure that all of the regulatory risks are taken into account in the Internal Control System, specifically:
  - Coordinate the identification of regulatory risks.
  - Assess compliance risk.
  - Implement checks in the processes to cover compliance risk.
  - Foster a corporate culture of compliance, by promoting the internal rules and codes.
  - Advise on planning regulatory training activities.
- Prepare an annual report on the Compliance Function containing a conclusion with respect to the Company's condition with regard to compliance.
- Properly manage the budget allocated, as well as the Compliance Function's resources.
- Communicate to the other key functions at Mediterráneo Vida any events that are relevant for meeting their respective objectives.

### Actuarial Function

Its responsibilities are to:

- Coordinate the calculation of the technical provisions.

- Assess the adequacy of the methodologies and base models used, as well as the assumptions used to calculate the technical provisions.
- Assess the sufficiency and quality of the data used in the calculation of the technical provisions with regard to their adequacy, integrity and accuracy.
- Report to the Board of Directors regarding the reliability, adequacy and sufficiency of the calculation of the technical provisions.
- Rule on the general underwriting policy and the adequacy of the reinsurance contracts.
- Contribute to the effective application of the risk management system, in particular with respect to modelling the underwriting risk on which calculation of the minimum capital requirements and the solvency capital requirements are based, as well as the internal assessment of the risks under its responsibility and solvency risk — ORSA process.
- Introduce comparison mechanisms to compare the best estimates with experience.
- Participate in the launch or modification of products in order to advise on the sufficiency of their premiums and the reinsurance contracts applicable to them.

### Internal Audit Function

Its responsibilities are to:

- Develop a multi-year plan for audit activities using an appropriate methodology based on the risk, including any significant aspect concerning risk management and the control system.
- Implement the Annual Audit Plan, including any special tasks or projects required by the Board of Directors, the Audit Committee and Management.
- Ensure that those conducting the internal audit have sufficient expertise, experience and professional qualifications
- Issue periodic reports to the Audit Committee and Management, summarising the results of the audit activities.
- Analyse the scope and degree of collaboration with the work of the external auditors and regulators in order to ensure optimal coverage of the organisation's audit at a reasonable overall cost.
- The head of the Audit Function should issue a periodic assessment of the degree of adequacy and efficacy of the internal risk management, control and governance processes, informing the Audit Committee of:
  - the development and results of the Audit Plan and any other special work that arises,
  - the recommendations proposed and their degree of implementation,
  - the adequacy and sufficiency of Management's resources and systems to carry out its mission.

### Internal Control Body

This Body is responsible for applying the policies and procedures related to the prevention of money laundering and terrorist financing.

Among others, it will have the following functions:

- To prepare and periodically review the risk exposure analysis report

- To prepare and update the prevention of money laundering and terrorist financing manual and submit it to the Board of Directors for approval.
- To promote training and work together with the Company to prepare annual training plans on this material.
- To analyse suspicious transactions detected by employees in order to determine whether or not to report them to the Executive Service (SEPBLAC).
- To take decisions regarding whether or not to perform certain transactions.
- To annually prepare an explanatory report that contains all of the actions taken in relation to the prevention of money laundering.

The Company has its own internal audit department. In any event, the Internal Control Body will operate organically and functionally separate from the aforementioned department, although it may request that certain members thereof attend meetings, who under no circumstances will have voting rights.

The Internal Control Body will meet on a quarterly basis, without prejudice to any extraordinary meeting held when the situation so requires.

### Compensation and Benefits Policy

The basic principles of the compensation and benefits policy are the following:

- It should be based on the position occupied by each employee and the level of responsibility assumed by the employee in it.
- It should adhere to objective criteria and follow the principle of internal equality and non-discrimination.
- It will focus on preventing conflicts of interest and productivity, and on ensuring the independence of the affected parties.
- It should be compatible with adequate and effective risk management, without offering incentives or implementing measures that would lead to the Company's risk tolerance limits being exceeded.
- It should be in line with the objectives, values and interests defined by the Board of Directors, with the possibility of revising the policy each year due to any changes in the corporate strategy.
- It will ensure there is an adequate fixed component in the total remuneration, taking into account the responsibility and characteristics inherent to the position.
- It will promote employee training, retention and commitment.
- It will pay special attention to the performance of employees whose professional activities have a significant effect on the Company's risk profile.
- Personnel subject to the remuneration policy may not be covered against the disadvantageous effects of the policy's application.

The elements of the remuneration system used by the Company are:

**Fixed Remuneration:** The remuneration all employees are paid for performing their ordinary activities, and that depends on the description and evaluation of their post. It is therefore the most stable element of the remuneration.

**Variable Remuneration:** This is the remuneration paid to employees for achieving the objectives set for them. This element should be an incentive for reaching objectives, and payment of this remuneration will be based on whether these individual and team objectives are met.

**Deferred Variable Remuneration:** This is remuneration that is paid to the employees who effectively lead the company or who perform other key functions or who are included under other personnel categories with professional activities that significantly affect the Company's risk profile. The Remunerations Committee will determine which group will receive this remuneration on an annual basis.

As a general rule, the remuneration paid in accordance with these principles will adhere to the criteria of moderation and appropriateness in accordance with the Company's profits, and it must strengthen the Company's strategic objectives, whilst also helping manage its risk effectively and ensuring its future solvency.

There were no personnel groups that received variable remuneration in Mediterráneo Vida in 2017.

The members of the administrative, managing or supervising body, and those performing fundamental functions who do not possess supplemental pension plans or early retirement plans.

In 2017, the members of the Board of Directors did not perform any transactions with the Company or other group companies that were outside the normal course of business or were not on an arm's length basis. There were also no significant transactions with shareholders or with parties that exercise significant influence on the Company.

Pursuant to the Company's articles of association, the position of director is not remunerated, except for the Chief Executive Officer and any directors classified as independent. The maximum amount of the annual remuneration for all of the independent directors is approved by the General Shareholders Meeting, with the Board empowered to distribute this sum among the independent directors.

## B.2 Fit and proper requirements

The persons who effectively run the Company or have other key functions will be commercially and professionally honourable, and they will have the proper expertise and experience to manage the Company in a proper and prudent manner.

The following persons must be fit and proper:

- Members of the Board of Directors and the Company's effective Management.
- Heads of key functions.
- Other relevant personnel (managers and unit heads) not included in the above sections.
- Heads of outsourced key functions.

Persons who have the appropriate professional qualifications, skills and experience to ensure healthy and prudent management of their responsibilities will be **fit**.

Those who have obtained higher or ongoing training on matters specific to their responsibilities and, particularly, on insurance and financial subjects and have experience that demonstrates they have the necessary skills to govern the Company will be presumed to be professionally qualified.

As a general rule, members of the Board of Directors will collectively have the appropriate qualifications, experience and knowledge at least regarding:

- a) Insurance and financial markets.

- b) Business strategies and models.
- c) The governance system.
- d) Financial and actuarial analysis.
- e) The regulatory framework.

Those who have a personal history marked by observance of commercial and corporate laws and other regulations governing economic activity and the business world, and of good commercial, financial and insurance practices will be **proper**.

In any event, individuals will be considered not to have this proper history if they have a criminal record or if they have unpaid administrative fines on the administrative record for banking, insurance activity violations, or money laundering or consumer protection violations, or those who are prohibited from holding the position pursuant to Spanish Law 22/2003, of 9 July, on Insolvency (*Ley Concursal*), if the probation period stipulated in the insolvency judgment has not been completed.

The Company has a procedure for assessing whether those who run the company and have other key functions, both when they are appointed to a specific position and while they hold that position, are fit and proper.

- **Assessment of whether a person is fit** includes an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and will take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person.
- **Assessment of whether a person is proper** includes an assessment of that person's honesty based on evidence regarding their character and business conduct including any criminal, financial and supervisory aspects relevant for the purposes of the assessment.

### B.3 Risk-Management System

Risk Management is an ongoing activity aimed at identifying, measuring, controlling, managing and communicating the risks to which, at an individual, aggregate and functional level, the Company is or could be exposed to through the necessary strategies, processes and procedures.

Risk management must be an ongoing process that is constantly being developed that is included in the Company's strategy and in the application of that strategy. Likewise, it should methodically address all of the risks associated with the activities of Mediterráneo Vida.

The services of the Risk Management Function will include assessing the risks to which the Company is exposed, thereby enabling the aforementioned function to provide an objective conclusion to the Board of Directors in accordance with the risk appetite defined for Mediterráneo Vida.

The main objectives of the risk management policy are the following:

- To guarantee that there is an adequate and sufficient risk management system.
- To monitor that, through the standardised and efficient application of the policies and procedures that compose the risk management system, the risks are managed in an adequate manner, enabling Mediterráneo Vida to achieve its strategic objectives.

- To coordinate the identification of the risks to which the Company is exposed.
- To measure the impact, economic and otherwise, that the materialisation of the risks could have.
- To maintain the various risks to which the Company is exposed under control by adequately monitoring them.
- To manage the risks, understood as mitigating them by specifying limits and controls to minimise their impact or frequency.
- To maintain the flow of communication and communicate any event and information related to the risks among the various levels of Mediterráneo Vida.

The risks to which the Company is exposed will be managed by assessing the quantitative risk indicators. These indicators are divided into two blocks, the first block includes indicators that provide an overarching perspective regarding the Company's exposure to risk and the second block includes the risk indicators in a more specific manner.

The head of the Risk Management Unit calculates, monitors and controls the risk indicators. Furthermore, the Company has a document called "Strategy and Risk Appetite", detailing all of the risk indicators and their tolerance limits.

### Block I: Overarching Risk Indicators

- Solvency Ratio: measures the Company's capacity to handle expected or unexpected losses with its own funds. The solvency ratio is defined as the ratio between Own Funds and the Global SCR calculated in accordance with the standard formula.
- Liquidity Coverage Ratio: measures the capacity to meet payment obligations with liquid assets held by the Company. The liquidity coverage ratio is defined as total liquid assets<sup>1</sup>/total technical provisions.
- Investment Ratio: measures the relationship between capital use due to market risk and the market value of the total portfolio. The investment ratio is defined as the quotient obtained from dividing the Market SCR by the Market Value of the investments.
- Portfolio Rating: measures the overall credit rating of the portfolio assessing the average rating of the assets that compose it.

The aforementioned quantitative indicators will be used in order to offer an overview of the Company's overall level of compliance with respect to the target set when establishing the Risk Appetite, which will be described in more detail in the following section.

### Block II: Specific Risk Indicators

- Market Ratio: is the quotient obtained from dividing Market SCR by Global SCR as an expression of the weight that market risk has with respect to the total risk to which the Company is exposed.

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<sup>1</sup> The liquid assets category includes the assets that meet, at least, one of these conditions:

- I. Government bonds with a rating equal to or greater than that of the Kingdom of Spain.
- II. Issuances greater than €500 million

- **Life Ratio:** is the quotient obtained from dividing Life SCR by Global SCR as an expression of the weight that life underwriting risk has with respect to the total risk to which the Company is exposed.
- **Counterparty Ratio:** is the quotient obtained from dividing Counterparty SCR by Global SCR as an expression of the weight that counterparty risk has with respect to the total risk to which the Company is exposed.
- **Operational Ratio:** is the quotient obtained from dividing Operational SCR by Global SCR as an expression of the weight that operational risk has with respect to the total risk to which the Company is exposed.
- **Reputational Ratio:** measures the weight that reputational risk has with respect to Global Economic Capital.
- **Strategic Ratio:** measures the weight that strategic risk has with respect to Global Economic Capital.
- **Credit Rating Principle:** Reinsurance business arrangements are only made with companies that have a minimum credit rating, greater than or equal to "BBB-" in accordance with a recognised rating agency and in accordance with the Strategy and Risk Appetite Document.

The risk appetite is dynamic and may change over time, depending on the changes in the strategy based on the results of the ORSA process. When necessary, the Risk Management Function will propose changes to the business strategy or the Company's risk tolerance framework.

The head of the Risk Management Unit evaluates the risk appetite and tolerance limits, and through the management of risk indicators will assess the compliance with or deviations from the limits established.

In addition to the aforementioned risk indicators, the Company will monitor the counterparty risk that may arise from the transfer of the assets to WIF and WAF and may be generated by the framework agreements signed. These framework agreements give rise to counterparty risk that is monitored on a monthly basis to verify that it does not exceed the threshold established between the two parties

Monitoring of the risks is recorded and available to all members of the Company through two types of reports. The main purpose of these reports is to keep the Company's Board of Directors informed regarding these types of risks and communicate to the rest of the Company the exposure to the risk profile.

- ORSA Report:  
The ORSA report contains the results of the process of prospectively internally assessing the risks.
- Quarterly risk reports and annual reporting to the Board of Directors:  
This report compiles, on a quarterly basis, the monitoring of the risk indicators identified in this policy.

These reports are reported directly by the Risk Management Function to the Board of Directors after they have been approved by Asset-Liability and Risk Committee (ALCOyR).

The Function's annual reports, as well as any other communication considered important by the head of the Function, are reported directly to the Board of Directors, thereby evidencing its independence. These communications may not be modified by other Company Bodies or Units, although they may be analysed by them.

### Internal assessment of risks and solvency

The objective of the ORSA Policy is to inform the Company of its present and future position with respect to its material risks, both from a quantitative and qualitative perspective, and in relation to its risk appetite. The Company is thus able to manage its risks and its business, taking decisions based on the results of the prospective risk assessments.

To that end, the Company has equipped itself with a series of instruments that facilitate this work:

- A risk appetite framework, specified by a series of indicators and risk tolerance thresholds that are both quantitative and qualitative.
- A prospective risk assessment system that takes into account not only the risks mentioned in Pillar I of the Directive, but also others that are considered relevant for the Company. These include strategic, reputational and liquidity risk.

The Company's overall risk profile is obtained from this system.

The prospective assessment of risks includes a projection of the capital requirements and the Own Funds eligible to cover these requirements.

- A system for reporting the results of the process in which the risk appetite is monitored by comparing it to the risk profile, which is carried out by preparation of the ORSA Report.

The Risk Management Unit is responsible for executing the processes that are approved to carry out the internal assessment of the risks and solvency.

The Head of Risk Management reports hierarchically and functionally to the Financial and Risk Management Manager.

The Board of Directors and the heads of each one of the Business areas must be aware, thanks to the results obtained in the ORSA process, of the risks to which the Company is exposed.

Thanks to this knowledge, the Company acts in a dynamic and coordinated manner when faced with an adverse risk event, since the entire Company will act in accordance with the risk appetite established by the Board of Directors. In addition, the results of the risk self-assessments will be taken into account when taking strategic and business monitoring decisions.

The aforementioned structure is considered adequate based on the principle of proportionality, and the nature and complexity of the Company's operations.

The Company's internal risks are assessed quantitatively through the Pillar I standard formula for risks, with an adjustment made for Operational Risk, based on a risk map and qualitatively through the assessment questionnaires.

Since the Company assesses its ongoing compliance with the capital requirements and the requirements regarding technical provisions by applying the volatility adjustment, it also carries out the aforementioned assessment by reducing the volatility adjustment to zero<sup>2</sup>.

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<sup>2</sup> The criteria regarding the application of the volatility adjustment are contained in Appendix I of the Risk Management Function Policy.

On the other hand, for the risks characteristic of Pillar II, reputational and strategic risk, a qualitative assessment is carried out through questionnaires and another quantitative assessment through the use of adjustments through weightings.

During the process of internally assessing all risks, projections are made both regarding the economic balance sheet and capital consumption in keeping with the Company's budgets, in order to analyse the risks prospectively.

The amount of eligible Own Funds is also determined, in order to assess through ratios, the Company's solvency at short and medium term.

The methodologies used to establish the risk profile and the risk appetite are documented in the document entitled "Strategy and Risk Appetite".

Thus, the Company is aware well in advance of the risks to which it will be exposed in the future so that it efficiently manages and plans the capital in line with its risk appetite.

The periodic ORSA process has the following characteristics:

- Both the Board of Directors and Management play an active role in the prospective internal assessment of risks, guiding and verifying that the assessment has been carried out.
- It complies with the overall solvency requirements taking into account the specific risk profile, the approved risk tolerance limits and the Company's commercial strategy.
- As a complement to the preceding point, the process assesses the ongoing and perspective compliance with the capital requirements envisaged.
- It is capable of detecting the extent to which its risk profile deviates from the solvency capital requirement calculated using the standard formula.
- It uses methods proportionate to the nature, volume and complexity of the risks inherent to its activity and that make it possible to determine and adequately assess the risks facing it at short and medium term and those to which it is or could be exposed.
- The Company's ORSA process forms an integral part of its strategic plan and considers all of the relevant risks that threaten the achievement of the objectives in relation to the present and future capital requirements established in accordance with the aforementioned plan.

The head of the Risk Management Unit is responsible for preparing the ORSA report and to do so, has the support of the following units:

- The Accounting and Reporting Unit, providing the balance sheet, own funds and investment book data.
- The Internal Control Unit will be responsible for facilitating the quantification of the operational risks.
- The Actuarial Function, responsible for facilitating the flows of the various estimates for determining the liabilities, as well as the SCR that are the basis for underwriting.

Once the ORSA process is complete and the corresponding report is prepared, and that report has been approved by the Asset-Liability Committee (ALCO) it is reported to the Board of Directors.

The aforementioned report will be sent to the Directorate-General of Insurance and Pension Funds together with the certificate of approval issued by the Board of Directors.

It will also be sent to the key Functions and the Company's other relevant personnel (Managers and Unit Heads).

Communications will be made through written notifications sent by email or another reliable alternative that leaves a record that it has been sent and received.

This communication promotes appropriate integration in the decision-making process and will make it possible for the proper measures to be taken to control the risks.

The ORSA process is annual, however, there are circumstances that would require the Company to perform an extraordinary internal risk assessment. Extraordinary assessments will be performed if a special event occurs that could affect the Company's risk profile.

Specifically, a new assessment is carried out when the following events occur:

- Start-up of business in new branches, if it has a significant impact on the Company's business as a whole.
- Completion of business in a certain branch, if it has a significant impact on the Company's business as a whole.
- A regulatory change that impacts the Company.
- A significant change in the economic environment.
- A new positioning of the Company in the market through mergers and/or acquisitions.

### B.4 Internal Control System

Internal control is the group of processes that are established by the Board of Directors and carried out on an on-going basis by the Managing Director and the Company's other staff to obtain reasonable security regarding:

- The efficacy and efficiency of operations.
- The protection of assets.
- The reliability and completeness of the financial and non-financial information.
- Adequate risk management in accordance with the Company's strategic objectives.
- Compliance with the applicable laws and internal policies and procedures.

The Internal Control System will include the review, identification and valuation of the risks that are of particular relevance to the Company. Furthermore, the necessary controls will be defined and outlined for the aforementioned risks in order to mitigate them in an effort to guarantee that carrying out the operations will not, under any circumstances, jeopardise the solvency of Mediterráneo Vida and, as a result, the rights of the insured persons.

In accordance with the system implemented to communicate the information to all levels of the organisation, the Internal Control System will make it possible to identify the risks and define the controls that result in the communication not flowing in the direction indicated in the procedures.

The ultimate objective of the Internal Control System is to identify failures and aid in guiding the specific action plans to resolve possible errors or significant shortcomings in the Company's processes and structures.

The Company's Internal Control System is based on the integration of the following five components:

- Control environment
- Risk assessment
- Risk control
- Information and communication
- Supervision

The Company carries out internal controls in keeping with the risks arising from its activity and the operating processes, ensuring that all personnel is responsible for their function in the Internal Control System and to that end, it has the following lines of defence:

- The operating areas and the heads thereof are responsible for identifying the risks to which the Company is or could be exposed and for establishing the necessary controls to mitigate the risks.
- The Compliance, Actuarial and Risk Management Functions monitor and control risk management to ensure that it is carried out properly.
- Internal Control must assess whether the processes carried out comply with the policies and procedures established by the various units of the Company, guaranteeing that the Internal Control System is effective.
- Lastly, the Internal Audit Function is in charge of offering independent assurance regarding internal control and the system of governance. The conclusions and recommendations arising from the Internal Audit will be communicated to the Audit Committee, the Board of Directors and Management. The Board of Directors will determine what actions must be adopted with respect to each one and will guarantee that the aforementioned actions are carried out.

At least once a year, the Head of Internal Control will report to the Control and Operations Department and the Audit Committee on the Internal Control System's level of compliance. This will include reviewing, identifying and assessing the Company's relevant risks, as well as the action plans and corrective measures.

Likewise, the Company's Internal Control System has a Compliance Verification Function, the duties of which are described above.

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial losses or loss of reputation that the Company may endure as a result of failing to comply with laws and other regulations, rules and internal and external standards or administrative requirements applicable to its activity.

### **B.5 Internal Audit Function**

The company has an Internal Audit Policy that explains and details the competencies and responsibilities of the Internal Audit Function; it is an independent and objective activity for assurance and consultation purposes, created to add value and improve the Company's operations and it helps the Company achieve its objectives by providing a systematic and disciplined focus to assess and improve the efficiency of the risk management, control and governance processes.

Until the date of the acquisition of the Company, the Internal Audit Function was outsourced to Banco Sabadell's Internal Audit Department. This function is currently outsourced to Deloitte Advisory, S.L. y Mediterráneo Vida has appointed, as required by the applicable regulations, a person responsible for supervising this function in the Company itself, who has the experience and knowledge necessary to exercise this supervision.

The mission of the Internal Audit Function is to advise and offer assurance to the Board of Directors and Management regarding the governance, identification, assessment and risk management processes and that the controls established in all of the Company's activities are effective and adequate to achieve its business objectives efficiently, as well as to protect the organisation's assets, reputation and sustainability.

In accordance with the aforementioned mission, the main role of the audit function is focused on assessing and assuring the efficacy and efficiency of the systems and processes of governance, risk management and internal control, implemented by Management.

Therefore, it is a supervisory function that cannot be replaced at the level of control exercised by executive management of the risks, activities and business areas.

Likewise, the Internal Audit Function works together with the supervisory bodies to guarantee proper compliance with the various regulations that affect the activity.

The scope of the Internal Audit work is focused on determining whether the processes in the systems of governance, identification, risk management and control are properly designed and executed by Management and work to ensure that:

- The risks are identified and managed appropriately.
- The material financial, administrative and operating information is complete, precise, reliable and appropriate.
- Employee actions are carried out in accordance with the applicable policies, rules, procedures, regulations and laws.
- Resources are acquired economically, are used efficiently and protected adequately.
- The programmes and plans are implemented and the objectives achieved.
- The quality and ongoing improvement of the organisation's control process are promoted.
- The legal and regulatory matters that impact the organisation are recognised and addressed appropriately.

Internal Audit provides support to the Audit Committee of Mediterráneo Vida and the supervision of the proper design, implementation and effective functioning of the systems of governance and risk management and control. Furthermore, Internal Audit will serve as a tool for communication between the Audit Committee and the rest of the Company.

The Internal Audit Function must precisely identify the areas to be audited, as well as the main subjects of the review. Therefore, audit plans will be prepared on a multi-year basis based on a documented analysis of the audit risk and will be subject to possible reviews to be adapted to the significant modifications that require it.

The head of Mediterráneo Vida's Internal Audit Function is functionally dependent on the Company's Audit Committee that grants the head thereof independence from the rest of the Company's management and positions the function at an appropriate level within the Company, providing it with the necessary support (communication, resource management, etc.) for its activity. The reports, and

any other communication that the function head considers important, are reported directly to the Company's Audit Committee, without prejudice to the fact that the aforementioned function may report to the Board of Directors if the head thereof considers it appropriate and/or at the request of the Board's Audit Committee. These communications may not be modified by other Company bodies or areas, although they may be analysed by them.

The Internal Audit Function is functionally dependent and supervised by the Audit Committee of Mediterráneo Vida in relation to the following matters:

- a) Approval of the focus, methodology and plans of the Internal Audit Department, ensuring that its activity is focused mainly on the Company's relevant risks.
- b) Assessment of the level of compliance with the Internal Audit plans and the implementation of its recommendations, supervising the appointment and replacement of the function head.
- a) Supervision of the independence of the Internal Audit Department and ensuring that it has sufficient resources and the appropriate professional qualifications to carry out its function.
- d) Assessment of the results of each audit and the responses of Management to its recommendations, mediating in the event of a discrepancy between them.

The Internal Audit Function will report to the Company's General Management and ultimately to the Company's Audit Committee and/or the Board of Directors regarding any attempt to hinder the performance of its functions.

At least once a year, the Internal Audit Function must prepare an Activities Report with the results of the activities envisaged in the Internal Audit Plan.

### **B.6 Actuarial Function.**

The Actuarial Function is an activity that consists of assessing and coordinating the calculation of technical aspects of the insurance business and its risks based on statistical, actuarial, mathematical and financial techniques.

The Actuarial Function provides the necessary support to the Company's effective management: members of the Board of Directors and General Management to manage the risks of Mediterráneo Vida, in particular underwriting risk and reinsurance risk, i.e., risk of loss or adverse change in the value of the insurance liabilities due to the inadequacy of the pricing and provisioning assumptions.

The Company's Actuarial Function is carried out by the Technical and Actuarial Department with the support of the Products and Technical Unit.

While performing its activities, the Actuarial Function must coordinate with other units, since it must use the information and documentation generated by them. In this regard, a cooperative working relationship between the Actuarial Function and the rest of the Company's units is beneficial for proper management.

To carry out its activity, the Actuarial Function is authorised to request the information it considers relevant. In the event that the party responsible for the aforementioned information considers the information confidential, express authorisation will be required for which the corresponding authorisation mechanisms will be implemented. The information requested must be provided within a reasonable period and must be reliable and complete. In this regard, the Actuarial Function may also request permanent access to computer data and systems that are relevant to it.

The Actuarial Function will communicate to the Company's other key functions the events that are relevant for meeting their objectives.

In order to promote joint risk management, the Actuarial Function will be represented on the Losses and Claims Committee, the Asset-Liability Committee and on the Management Committee, Established at the Company.

The Actuarial Function will be obligated to safeguard and protect the Company's interests, assuming the following responsibilities:

- Maintain, update and enrich knowledge, rules, techniques, disciplines, methodologies and tools that enable it to handle its responsibilities and meet its objectives with the highest levels of quality.
- Have and develop the professional qualities necessary to establish good relationships throughout the company, and have good communication skills, both verbal and written, in order to clearly and effectively transmit its objectives, assessments, conclusions and recommendations.
- Provide actuarial advice when necessary.
- Properly manage the budget, as well as the funds allocated.
- Communicate to the Company's other key functions the events that are relevant for meeting their respective objectives.

The Actuarial Function will issue an actuarial report on an annual basis. The report issued by the Actuarial Function, as well as any other communication considered important by the Function head, will be reported directly to the Company's Board of Directors, thereby evidencing its independence from the governance function.

### B.7 Outsourcing

The Company has approved an outsourcing policy, the goal of which is to ensure that the Company's function heads and General Management are informed of and control the outsourcing activity. This policy will mitigate the exposure to risks in order to guarantee that a solid and coherent focus is adopted with respect to the outsourcing process.

The Company will guarantee that when outsourcing critical functions or activities, the risk tolerated does not increase and outsourcing may not be carried out in a manner that:

- Clearly endangers the quality of the system of governance.
- Unnecessarily increases operational risk.
- Diminishes the supervisory capacity of authorities to verify that the company complies with its obligations.
- Affects the provision of an ongoing and satisfactory service to insurance policyholders.

The Company has appointed a person at the organisation with general responsibility over the outsourced service/activity that has sufficient knowledge and experience regarding the activity in question to assess the performance and results of the service provider.

If the outsourced activity is a key function, the Company will appoint a person from the organisation who complies with the fit and proper requirements. Likewise, the procedures for determining whether a person is fit and proper should be applied to assess whether persons employed by the service provider to carry out a fundamental outsourced function are fit and proper. Since the Company has outsourced the Internal Audit Function to Deloitte Advisory, S.L., the person appointed as the head of the aforementioned Function is the Control and Operations Manager.

Mediterráneo Vida's the Control and Operations Department, together with the Internal Control Unit, will be responsible for guaranteeing that the outsourcing policy is applied. They must ensure that the contracting of outsourced services does not increase operational risk, does not endanger the system of governance, does not diminish the authority's supervisory capacity and does not affect the capacity to provide the service.

In order to comply with the requirements of Solvency II it is established, among other matters, that the Company must assume the following responsibilities:

- Appoint a person from the organisation with general responsibility over the outsourced function or activity.
- Determine which functions or activities are considered critical or important.
- Established a procedure for selecting suppliers.
- Identify and define the requirements that all outsourcing agreements must contain to be in line with Solvency II and ensure that they are included in the procedure for outsourcing services.
- Adapt the procedures related to outsourcing functions.
- Guarantee that the supplier complies with the fit and proper requirements defined in the fit and proper policy.
- Ensure that the outsourcing of the services does not hinder the inspection work.
- If necessary, on an annual basis, propose changes to the outsourcing policy to the Board of Directors.

The individual appointed as head of the outsourcing functions or activities will be obligated to safeguard and protect the Company's interests, assuming the following responsibilities:

- Maintain, update and enrich knowledge, rules, techniques, disciplines, methodologies and tools that enable it to handle its responsibilities and meet its objectives with the highest levels of quality.
- Establish and monitor that the necessary quality levels are met to guarantee that the work is rendered in accordance with the Company's requirements and establish and monitor how they will be measured.
- Communicate to the Company's other key functions the events that are relevant for meeting their respective objectives.
- Collaborate with the Risk Management Function to identify and evaluate the compliance risks.

The Head of Internal Control will keep a record of all of the functions or activities outsourced, together with the relevant supporting documentation and correspondence with the regulator.

If the Company outsources certain of the Key Functions (Audit, Risk Management, Compliance and Actuarial), the function heads must inform the Board of Directors with respect to the status and performance of these functions. The Board of Directors must be informed with a frequency that guarantees that the Board can properly monitor performance.



### C. Risk Profile

With respect to the exposure to risk, the Company does not have off-balance-sheet exposures and has not entered into contractual agreements to transfer risk to special-purpose vehicles.

In each section of the risk profile the quantitative results of the stress and sensitivity tests for each risk category are included separately.

During the ORSA process, the quantitative use of capital is planned in accordance with two processes, the prospective process (projections) and the stress test process (adverse scenarios).

#### Projections process

Mediterráneo Vida projects the capital requirements for each risk module with the exception of the Pillar II risks that are excluded from this capital projection due to the ambiguity regarding the choice of variables to be used for their projection.

The methodology followed for projecting the various SCR sub-modules, within the context of what is presumed to be the most likely scenario — consistent with the Company's economic terms and current situation — and in accordance with the expected performance of the business in the coming three years is described below.

The assessment of the control environment will be monitored for Pillar II risks or those classified as non-quantifiable. The capital plan projections can only be credible if they assume that the control environment of the business is solid enough to prevent significant operating losses or other specific material risks.

The own funds will also be projected through the projection of the economic balance sheet, as the difference between assets and liabilities. The risk appetite indicators for Mediterráneo Vida's overall risk can thereby be projected.

Thus, the methodology used to prepare these projections is based on asset and liability protection. Based on these projections and with the corresponding calculations, the new capital consumption and the new economic balance sheet are obtained, thereby replicating the entire process and minimising the deviations arising from future estimates.

#### Stress test process

The vision for the future must contemplate, not only the possibility that the most probable scenario will occur, but also the alternative situations that may give rise to critical situations that put the Company's solvency at risk. To carry out this exercise, two scenarios are analysed, stressing certain of the variables that compose them. The variables that have been subjected to stress affect the behaviour of the asset, as well as the liability.

#### Selection of the adverse scenarios for assets:

To conduct stress tests on its assets, the Company used the document published by the EIOPA entitled "IORP Stress Test 2017", prepared together with the ESRB (European Systemic Risk Board). This document describes the specifications for assessing events that have a low probability of occurring, but that are nonetheless plausible in the financial markets.

Specifically, the stress scenario published by EIOPA in its 2017 stress test report chosen by Mediterráneo Vida as a basis for addressing the two adverse scenarios described in the ORSA process, base year 2017, is the adverse scenario the report designates as the “**adverse market scenario**”.

The variables included in the calculation of the adverse scenarios are: Spanish and Italian government bond stresses (expansions of the spreads by 75 to 200 basis points) and financial and non-financial corporate bond stresses (expansions of the spreads by 38 to 600 basis points). Moreover, Scenario 2 envisages the corporate assets’ rating dropping by one step.

### **Selection of the adverse scenarios for liabilities:**

To carry out the adverse scenarios for liabilities, the Technical and Actuarial Department determines and provides the already stressed data necessary for the base year.

The variables included in the calculation of the adverse scenarios for the underwriting SCR include both increases and decreases of lapse rates. Scenario 1 thus envisages the bailout rate increasing by 50% above its current level, and Scenario 2 envisages it decreasing down to the lowest observed rates.

## **C.1 Underwriting risk**

Underwriting or provisioning risk is the risk of loss or adverse change in the value of the insurance liabilities, due to the inadequacy of the pricing and provisioning assumptions. During the last year, the calculation methodology has not undergone changes.

The life underwriting risk module reflects the risk arising from life insurance obligations based on the events covered and the processes followed in the performance of the activity.

The Company uses the measurement of life underwriting risks established in Directive 2009/138/EC of Solvency II. Therefore, for life risks, the underwriting sub-modules or sub-risks are taken into account, specifically: mortality, longevity, disability and catastrophe, plus the business risk sub-modules: expenses and surrenders.

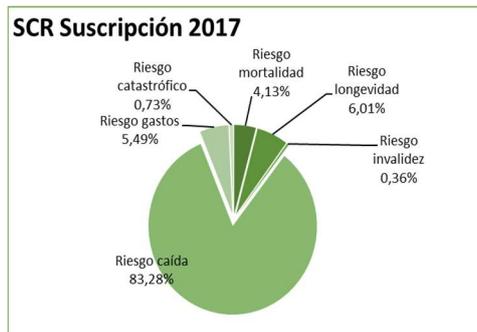
The sub-modules into which underwriting risk is divided are:

- **Mortality risk**: this sub-module affects all liabilities the net value of which is sensitive to an increase in mortality rates.
- **Longevity risk**: this sub-module affects all liabilities the net value of which is sensitive to a decrease in mortality rates.
- **Disability risk**: this sub-module affects all liabilities the net value of which is sensitive to an increase in disability, health and morbidity rates.
- **Catastrophe risk**: this sub-module affects all liabilities the net value of which is sensitive to a notable uncertainty regarding the assumptions corresponding to extraordinary events.
- **Lapse or surrender risk**: this sub-module affects all liabilities the net value of which is sensitive to variations in the level or volatility of the policy discontinuation, cancellation, renewal and surrender rates
- **Expense risk**: this sub-module affects all liabilities the net value of which is sensitive to an increase in expenses.

The quantification in terms of regulatory capital for the underwriting risk sub-modules to which the company is exposed is:

Amounts in thousands of euros	2016	2017
Underwriting risk	7,137	8,926
Mortality risk	214	418
Longevity risk	754	608
Disability risk	33	36
Lapse risk	6,361	8,428
Expense risk	937	556
Catastrophe risk	55	74
Diversification underwriting risk	-1,217	-1,194

In relation to the concentration of underwriting risk, the significant concentration of risk to which the Company is exposed is the sub-module lapse risk.



Management of underwriting risk is monitored by the Company's Risk Management Unit through indicators that measure compliance with the risk appetite target established for the life ratio approved by the Board.

Underwriting risk is measured based on the following indicator:

- **Life ratio:** is the quotient obtained from dividing Life SCR by Global SCR as an expression of the weight that life underwriting risk has with respect to the total risk to which the Company is exposed.

Where:

- Life SCR: solvency capital requirement for life risk in accordance with the standard formula.
- Global SCR: global solvency capital requirement in accordance with the standard formula.

At 31 December 2017, the target risk appetite established for the life ratio is:

Indicadores		Definición	Objetivo Apetito	Incumple	Cumple	Sobre Cumple
Vida	Ratio de Vida	$RV = SCR \text{ Vida} / SCR \text{ Global}$	$\leq 55\%$	$> 65\%$	[65% , 45%]	$< 45\%$

Verifying compliance for 2017:

**Ratio:** 12% → **More than Complies** ✓

These sub-modules are measured in terms of capital in accordance with Directive 2009/138/EC of Solvency II and its technical specifications for the calculation of capital requirements for Solvency II. The measurement of these risks takes into account, where appropriate, the capacity of the technical provisions to absorb losses.

On a quarterly basis, the Technical Actuarial Department reports to the necessary inputs for calculating life SCR and its sub-modules to the head of risk management.

Mediterráneo Vida keeps the business processes related to underwriting and claims appropriately up-to-date in order to verify the suitability of the management procedures and to ensure the sufficiency and quality of the data related to underwriting and provisioning, as well as the consistency thereof with the Company's strategy.

The Technical Actuarial Department carries out actions to monitor this risk, such as analysing the mortality/claims and the suitability of the tables considered in the pricing of products and the provisioning of the obligations undertaken, as well as analysing the sufficiency of the surcharges on the premiums to cover the management expenses incurred. Quarterly monitoring of the total and partial surrender rates for the most significant products are added, updating the total and partial surrender assumptions in the calculation of the Life SCR.

Each product is sold pursuant to the underwriting rules that govern the Company, including the maximum quantitative limits for accepting risk and the general risk exclusions, to thus guarantee suitable control of the risks accepted.

For certain products, the Company grants surrenders, advances, guaranteed returns and profit participation. They are all measured in accordance with the product's contractual documentation.

It is worth noting that Mediterráneo Vida does not sell new products to individuals and, therefore, the management of underwriting risk is focused on the existing portfolio.

With regard to reinsurance, as a risk mitigation technique, when calculating the premium, the Company reinsures 93% of the accident business with Scor Global Life SE Ibérica and 7% with General Reinsurance AG, Cologne, Germany assuming between 80% and 90% of the claims based on the product. With regard to the life business, the Company has reinsured the life risk business aimed at individuals with Scor Global Life Reinsurance Ireland Designated Activity Company, which assumes 99% of the claims.

With regard to the group life risk business the Company has reinsured one group insurance with General Reinsurance AG, Cologne, Germany and the rest of the life risk group insurance is not reinsured due to the reduced exposure to risk.

In addition, the Company has an excess of loss reinsurance contract (XL Catastrophic) with the reinsurer General Reinsurance AG, in Cologne, Germany to cover the risks retained by the Company (both for life and accident products) in relation to the occurrence of a catastrophic event.

The mortality and disability risk assumed by the Company with the plan currently being applied to its reinsurance is entirely immaterial and not significant.

### 2017-2016 Table with maximum capital per insured person in case of death

Amounts in thousands of euros

Maximum insured capital		
Year	2017	2016
Life	600 (*)	600 (*)
Accident	500	500

(\*) At 31 December 2017, there are 2 insured persons that exceed this limit (standing at €950 thousand and €1.3 million respectively).

### Table with number of contracts based on the capital ranges insured for the individual life risk business:

No. of Contracts			
Capital ranges	2017	2016	Variation
Less than 50,000	49,313	59,673	-17%
50,000 to 100,000	23,551	27,363	-14%
100,000 to 150,000	6,797	8,058	-16%
150,000 to 200,000	1,421	1,779	-20%
200,000 to 250,000	227	270	-16%
250,000 to 300,000	40	68	-41%
More than 300,000	39	50	-22%
	<b>81,388</b>	<b>97,261</b>	<b>-16%</b>

Data at 31 December 2017

On an annual basis, the Company carries out a premium adequacy test, using an adverse scenario that combines an increase in claims and an increase in actual expenses, in order to verify the adequacy of the premiums.

The Technical-Actuarial Department carries out the following controls, among others:

- Monitoring control of the claim files opened for individual life risk products.
- Control and completion of health questionnaires when faced with increases in insured capital at risk or modifications that entail a greater biometric risk for the Company.
- Quarterly monitoring of total and partial surrender rates, as well as the terms of the insurance liabilities and the extraordinary contributions for the Company's products that include them.
- Annual analysis of adverse scenarios for the ORSA report.

The quantitative results of the stress tests and the sensitivity analyses in relation to underwriting risk are:

### Projections:

Importes en miles de euros	2017	2018	2019	2020
		Proyectado	Proyectado	Proyectado
Riesgo de suscripción	8.926	8.115	7.444	6.631
Riesgo mortalidad	418	380	349	311
Riesgo longevidad	608	552	507	451
Riesgo invalidez	36	33	30	27
Riesgo caída	8.428	7.662	7.029	6.261
Riesgo gastos	556	505	463	413
Riesgo catastrófico	74	67	62	55
Diversificación riesgo suscripción	-1.194	-1.085	-996	-887

### Stress tests:

#### Adverse scenario 1:

Importes en miles de euros	2017	2018	2019	2020
		Proyectado	Proyectado	Proyectado
Riesgo de suscripción	4.264	3.735	3.320	2.875
Riesgo mortalidad	260	227	202	175
Riesgo longevidad	615	539	479	415
Riesgo invalidez	33	29	25	22
Riesgo caída	3.307	2.897	2.575	2.230
Riesgo gastos	1.159	1.015	902	781
Riesgo catastrófico	56	49	44	38
Diversificación riesgo suscripción	-1.165	-1.021	-907	-786

#### Adverse scenario 2:

Importes en miles de euros	2017	2018	2019	2020
		Proyectado	Proyectado	Proyectado
Riesgo de suscripción	56.620	53.916	51.555	47.661
Riesgo mortalidad	1.653	1.574	1.505	1.391
Riesgo longevidad	0	0	0	0
Riesgo invalidez	39	37	35	33
Riesgo caída	56.281	53.594	51.247	47.376
Riesgo gastos	541	515	493	455
Riesgo catastrófico	144	137	131	121
Diversificación riesgo suscripción	-2.039	-1.941	-1.856	-1.716

## C.2 Market risk

The exposure to market risk is measured by the impact of the fluctuations in the level of financial variables such as share prices, interest rates, real estate prices and exchange rates. Market risk arises from the level or volatility of the market prices of financial instruments.

Market risk is measured based on the following main indicators:

- **Market Ratio:** is the quotient obtained from dividing market SCR by global SCR as an expression of the weight that market risk has with respect to the total risk to which the Company is exposed.
- **Investment Ratio:** measures the relationship between capital use due to market risk and the market value of the total portfolio. It is the quotient obtained from dividing the market SCR by the market value of the investments.

There were no significant changes to the Company's investment ratio in 2017. The market ratio reflects a decrease in market risk from 134% to 124% of total risk.

Indicator	2016	2017
Market Ratio	134%	124%
Investment Ratio	4.43%	3.81%

The Risk Management Unit is responsible for controlling and monitoring the market risk indicators and demonstrating possible deviations from the indicators with regard to the Company's risk appetite. The Risk Management Unit reports these possible deviations to the Asset Management Unit, who takes the appropriate measures to correct the possible deviations, without prejudice to the support it receives from other bodies of the Company, particularly the ALCO.

The sub-modules or sub-risks into which market risk is divided are measured in terms of capital in accordance with Directive 2009/138/EC of Solvency II and its technical specifications for the calculation of solvency capital requirements.

The aforementioned sub-modules into which market risk is divided are:

- Interest rate risk: this sub-module affects all assets and liabilities the net value of which is sensitive to variations in the temporary structure of interest rates or their volatility. The cost of capital is calculated in accordance with the possible impacts arising from an increase or decrease in interest rates.
- Equity risk: this sub-module affects all assets and liabilities the net value of which is sensitive to changes in the prices of equity securities. The cost of capital is calculated in accordance with the possible impacts arising from changes in the prices of equity securities.
- Real-estate risk: this sub-module affects all assets and liabilities the net value of which is sensitive to variations in real estate values.
- Foreign exchange risk: this sub-module affects all assets and liabilities the net value of which is sensitive to variations in foreign currency exchange rates. The capital requirement is calculated separately for each currency and they are subsequently aggregated.
- Spread risk: this sub-module affects all assets and liabilities the net value of which is sensitive to changes in the level or in the volatility of credit spreads in relation to the risk-free interest rate structure.

The Company's investments are managed in strict compliance with the laws in force, assuming, without exception, the obligation to observe the legislation applicable to the activities and transactions related to its investments and, in particular, the regulation of the insurance activity in relation to profitability, adequacy of liability and asset cash flows, diversification and spread, as well as currency matching.

Limits indicated in the Company's investment policy:

- Interest rate risk: The term of the investments aligns with the term of the liabilities. This risk is measured aggregately and not product by product, unless legal sanctions may be incurred as a result thereof. For reference purposes, mismatches with a term of between -3 and 1 years are considered neutral.
- Equity risk: Equity investments are limited to 5%.
- Foreign exchange risk: Investments are made in euros. However, a small percentage of investments in currency other than the euro may be recognised on the balance sheet. Hedging instruments are permitted to eliminate this risk.

With respect to the appropriate measurement of investments, this is a function delegated to SABADELL ASSET MANAGEMENT, S.A., S.G.I.I.C., S.U. that is subject to the guidelines established in the Company's outsourcing policy.

The market risk sub-modules to which the Company is exposed are:

Amounts in thousands of euros	2016	2017
Market risk	108,337	91,452
Gross interest rate risk	33,122	29,188
Real-estate risk	252	40
Spread risk	87,718	73,252
Concentration risk	0	1,174
Foreign currency risk	154	40
Diversification market risk	-12,910	-12,243

Market risk decreased in 2017 from €108 million to €91 million. This difference is mainly due to the reduction in spread risk from €87 million to €73 million, as a result of reduced exposure to corporate bonds and the reduction in interest rate risk from €33 million to €29 million, caused by an increase in the interest rate curve, as well as changes in the liability cash flows and the reduction of the term gap between assets and liabilities.

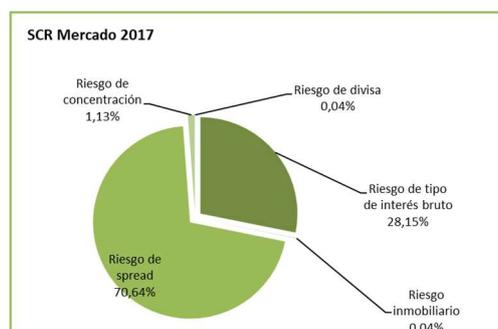
The portfolio assets have been invested in accordance with the principles of prudence established in article 132 of Directive 2009/138/EC. The investment policy, prepared in accordance with the principle of prudence, establishes requirements with respect to the type of appropriate assets, the composition of the portfolio and the diversification of the investments aimed at guaranteeing the security thereof.

At least every six months, unless there are specific additional requests made by the Board of Directors, the Asset-Liability Committee and the Risk Management Function, the Asset Management Unit will review the adequacy of the assets with respect to the liabilities based on the investment policy:

- Comparing the current value of the assets with the current value of the liabilities.
- Comparing the term of assets with the term of liabilities.
- Assessing the credit risk of the portfolios.
- Lastly, analysing the cover Surplus/Deficit.

The results of this review and, where applicable, of any imbalances identified will be notified, firstly to the head of the Risk Management Function, who will disclose these results in their reports.

The impact of market risk sensitivity, measured as a percentage of the global SCR ratio, is 70.64% in 2017, while this sensitivity amounted to 72.35% in 2016.



Within the context of the transactions to reduce market risk, the Company has not applied risk reduction techniques that transfer risks to third parties in 2017.

The quantitative results for the stress tests and the sensitivity analyses in relation to market risk are:

### Projections:

Importes en miles de euros	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
Riesgo de mercado	91.452	80.550	72.579	66.027
Riesgo de tipo de interés	29.188	28.759	28.299	28.321
Riesgo inmobiliario	40	40	40	40
Riesgo de spread	73.252	62.147	54.057	46.961
Riesgo de concentración	1.174	2.479	3.168	4.205
Riesgo de divisa	40	40	40	40
Diversificación riesgo mercado	-12.243	-12.916	-13.025	-13.540

### Stress tests:

#### Adverse scenario 1:

Importes en miles de euros	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
Riesgo de mercado	70.391	60.655	54.574	48.681
Riesgo de tipo de interés	14.950	14.392	15.102	14.790
Riesgo inmobiliario	40	40	40	40
Riesgo de spread	61.681	52.130	45.376	39.459
Riesgo de concentración	0	278	1.556	2.680
Riesgo de divisa	40	40	40	40
Diversificación riesgo mercado	-6.321	-6.225	-7.540	-8.329

#### Adverse scenario 2:

Importes en miles de euros	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
Riesgo de mercado	136.355	123.544	111.845	107.977
Riesgo de tipo de interés	65.128	64.986	61.334	65.473
Riesgo inmobiliario	40	40	40	40
Riesgo de spread	91.540	77.448	67.720	59.080
Riesgo de concentración	0	0	0	2.513
Riesgo de divisa	40	40	40	40
Diversificación riesgo mercado	-20.394	-18.971	-17.290	-19.169

## C.3 Credit risk

The Company has three types of significant sources of counterparty risk: Counterparty risk for the temporary transfer of assets to WIF and WAF, the reinsurance contracts and cash at banks.

a) After the transfer of assets to WIF and WAF companies, as a result of the formalisation of the corresponding framework agreements, WIF and WAF are obligated to pay Mediterráneo Vida the same cash flows and at the same time as the assets transferred.

The counterparty risk is calculated monthly taking into account the calculation and valuation rules established in Solvency II, in accordance with Delegated Regulation EU 2015/35.

An independent valuation entity measures all of the assets provided as collateral on a quarterly basis, including a description of the methodology.

Additionally, under the framework agreements, Mediterráneo Vida has a series of rights and WIF and WAF have a series of obligations that enable the counterparty risk to be mitigated and adequately managed.

b) The basic reinsurance risk management principles are based on the best business practices and the regulatory and consultative frameworks in force.

The reinsurance contract is used as a technique for reducing risk, allowing the Company to transfer a portion of its risk to third parties. To use this tool, the reinsurance entity must comply with a quality principle, which is:

Credit Rating Principle: Reinsurance business arrangements are only made with entities that have a minimum credit rating, greater than or equal to "BBB" in accordance with a recognised rating agency.

The average credit rating of the reinsurers with which the Company has agreements in 2017 is AA.

The Risk Management Unit is responsible for controlling and monitoring the principal that governs reinsurance risk and demonstrating possible deviations from this principle with regard to the target set by the Company for its risk appetite. The Risk Management Unit reports the possible deviations to the Technical Actuarial Department, who takes the appropriate measures to correct possible deviations, without prejudice to the support it receives from other bodies of the Company, particularly the ALCOyR.

On a quarterly basis, the Technical Actuarial Department reports to the head of risk management the inputs required to monitor the principles that set the objectives of the reinsurance risk management policy.

As stated earlier, currently, Mediterráneo Vida has 99% of its individual life risk portfolio with a single reinsurer, SCOR, which complies with the requirements defined by the Company.

Another component of risk mitigation is that the Company belongs to the compensation system of the Insurance Compensation Consortium. This system protects the Company against extraordinary risks.

c) The Company's cash at banks is regularly adjusted to liquidity needs to minimise counterparty risk.

The counterparty risk to which the Company is exposed is:

Amounts in thousands of euros	2016	2017
Counterparty risk	5,054	2,213

With respect to the concentration of counterparty risk, the Company's most significant exposure is its cash position at banks.

The Company has not applied counterparty risk reduction techniques that transfer risk to third parties in 2017.

The quantitative results for the stress tests and the sensitivity analyses in relation to credit or counterparty risk are:

### Projections:

Importes en miles de euros	2017	2018	2019	2020
Riesgo de contraparte	2.213	5.443	4.068	3.458

### Stress tests:

#### Adverse scenario 1:

Importes en miles de euros	2017	2018	2019	2020
	Proyectado	Proyectado	Proyectado	Proyectado
Riesgo de contraparte	2.212	3.361	4.125	1.642

### Adverse scenario 2:

Importes en miles de euros	2017	2018	2019	2020
	Proyectado	Proyectado	Proyectado	Proyectado
Riesgo de contraparte	4.821	4.718	5.745	6.834

## C.4 Liquidity risk

Asset and liability management (ALM) is a series of techniques and procedures that ensure proper decision-making regarding investments and financing at the Company, taking into account the relationships existing between the various asset and liability items.

The procedure implemented by the Asset Management Unit consists of an ALM model that identifies the necessary investments that guarantee the asset-liability relationship in order to obtain the necessary liquidity to meet the Company's obligations. Asset and liability management must take into account the Company's risks, mainly market risk and underwriting and provisioning risk.

When conducting its adequacy analysis, in addition to the statutory calculations, the Asset Management Unit will apply the appropriate methodologies and assumptions and will conduct the adequacy analyses based on the term of the assets and liabilities at a time horizon with a sufficient duration. The Company performs stress tests under a range of market scenarios, assessing the impact that the aforementioned scenarios would have on the Company's solvency, and reporting to the Asset-Liability Committee at least once a year.

The results of the ALM analysis carried out by the Company to quantify its liquidity risk are presented below.

Duración	2017	2016	Diferencia
Activo	6,84	6,43	0,41
Pasivo	9,32	9,3	0,02
Gap de duraciones	-2,48	-2,87	0,39

The term gap between assets and liabilities has been reduced by 0.39 years. The reduction is exclusively the result of the increase in the term of the assets, since the term of the liabilities remains essentially unchanged. The main factor was the increase in the term of the new investments.

Tipo de interés	Tasa de rescate	Producto 6%		Producto 4,5%		Producto 0,5%		Producto PPA	
		Curva actual	-100 pb	Curva actual	-100 pb	Curva actual	-100 pb	Curva actual	-100 pb
		Actual	Stress	Actual	Stress	Actual	Stress	Actual	Stress
Déficit o Superávit	2017	-23	-54	-25	-51	272	302	76	80
	2016	-29	-61	-26	-57	230	168	59	59
	Variación anual	6	7	1	6	42	134	17	21

For each one of the most representative products, the scenario at the analysis date is compared to a stressed scenario defined as an adverse change in interest rates of -100 basis points with regard

to the Spanish government debt curve and a 50% reduction in the surrender rates observed in the last year.

The impact of these factors on the deficit or surplus of products is not homogeneous, and each product must be analysed separately:

- 6% and 4.5% products: There is a year-on-year reduction of the deficits in both scenarios, this is a direct result of higher interest rates.
- 0.5% products: There is a year-on-year increase in the surplus both in the stressed scenario and in the current scenario. This is due to the increase in interest rates, above all in the longest sections of the curve, causing the value of the obligations with customers that are farther off to reduce, generating a larger surplus.
- Insured Pension Plan: There is a year-on-year increase in the surpluses in both scenarios as a result of the increase in interest rates.

With respect to the reduction in liquidity risk, in 2017 the Company has not applied risk reduction techniques that transfer liquidity risks to third parties.

The total amount of expected profit included in the future premiums in accordance with the calculation made pursuant to article 260, section 2, of Delegated Regulation (EU) 2015/35 is €369,308 at 2017 year end.

### C.5 Operational risk

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

In collaboration with the various operating units, the Internal Control Unit is responsible for ensuring the proper identification and characterisation of the risk factors that could give rise to operational risks. On an annual basis, the Internal Control Unit reports the inputs necessary to calculate the operational economic capital to the head of the Risk Management Unit.

Its management is based on minimising the negative impact and/or frequency of the materialisation of operational events by continuously improving the quality and security of the processes through their design and/or by strengthening operating controls. To that end, the main objective is broken down into:

- Fostering a culture of operational risk management.
- Carrying out an ongoing process of identifying, assessing, monitoring and reporting the existing operational risks.
- Incentivising the establishment of systems to continuously improve the processes and structure of the existing controls to mitigate operational risk.
- Promoting the development of contingency plans to ensure the organisation's long-term continuity.
- Promoting an effective review system.

The Company uses a questionnaire that is sent to all areas of Mediterráneo Vida to manage operational risk.

Although management is carried out with the same methodology and in the same application, the assessment of operational risk excludes risks arising from strategic decisions, as well as reputational risks.

Operational risk is measured in terms of regulatory capital in accordance with Directive 2009/138/EC of Solvency II (standard formula). In addition to measurement by the standard formula, operational

risk is measured based on the result of that formula to calculate the modified solvency capital (operational economic capital) based on the frequency and severity of the risks included in the operational risk map obtained from the Company's annual assessment process through questionnaires (internal formula).

Operational risk is measured based on the following indicators:

- Operational Ratio: is the quotient obtained from dividing Operational SCR by Global SCR as an expression of the weight that operational risk has with respect to the total risk to which the Company is exposed.
- The quotient obtained from dividing operational economic capital by operational SCR: whereby it is possible to obtain the deviation between the internal formula and the results obtained from the standard formula.

The Risk Management Unit is responsible for controlling and monitoring the operational risk indicators and demonstrating possible deviations from the indicator. The Risk Management Unit reports these possible deviations to the head of internal control who takes the appropriate measures to correct these possible deviations.

The operational risk to which the Company is exposed is:

Amounts in thousands of euros	2016	2017
Operational risk	9,994	9,456

With respect to the reduction in operational risk, in 2017 the Company has not applied risk reduction techniques that transfer risks to third parties.

The quantitative results for the stress tests and the sensitivity analyses in relation to operational risk are:

Amounts in thousands of euros	2017	Projected 2018	Projected 2019	Projected 2020
Operational Risk	9,456	8,581	7,883	7,024

### Stress tests:

#### Adverse scenario 1:

Importes en miles de euros	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
Riesgo Operacional	9.116	7.992	7.112	6.160

### Adverse scenario 2:

Importes en miles de euros	2017	2018	2019	2020
	Proyectado	Proyectado	Proyectado	Proyectado
Riesgo Operacional	8.669	8.235	7.890	7.300

## C.6 Other material risks.

The Company has identified the following as other significant and non-quantifiable risks: strategic risk and reputational risk.

### Strategic Risk

Strategic risk arises due to a lack of business vision, which may lead to the Company not meeting its economic or social objectives. It is a risk that is not included in Pillar I of the Solvency II regulations. Therefore, to establish the global economic capital, it is added to those of the standard formula.

The measurement of strategic risk is carried out by applying a corrective coefficient to the Company's Global SCR. The aforementioned correction coefficient will be determined through the qualitative assessment of factors such as the experience of the Board of Directors and Executives in similar positions, in managing the Company and industry knowledge and the degree of compliance with the budget in recent economic periods. The Risk Management Unit is responsible for calculating strategic risk.

The indicator used to measure this risk is the:

- **Strategic Ratio:** measures the weight that strategic risk has with respect to Global Economic Capital.

### Reputational Risk:

Reputational risk arises from image problems that the Company may suffer due to the materialisation of other types of risk, generally of an operational nature, although external events or relationships with third parties may also give rise to this risk.

It is a risk that is not included in Pillar I of the Solvency II regulations. Therefore, to establish the global economic capital, it is added to those of the standard formula.

The measurement of reputational risk is carried out by applying a corrective coefficient to the Company's Global SCR.

In collaboration with the various operating units, Internal Control will be responsible for ensuring the proper identification and characterisation of the risk factors that could give rise to reputational risks. The following categories of reputational risk will be considered: Business practices, incorrect customer information, internal fraud, external fraud, employment relationships, legal and other. On a quarterly basis, Internal Control will report the inputs necessary to calculate the reputational economic capital to the head of risk management.

The indicator used to measure this risk is the:

- **Reputational Ratio:** measures the weight that reputational risk has with respect to Global Economic Capital.

In collaboration with the various operating units, Internal Control will be responsible for ensuring the proper identification and characterisation of the risk factors that could give rise to reputational risks. Internal Control will report the inputs necessary to calculate the reputational economic capital to the head of risk management.

The capital added for non-quantifiable risks is:

Importes en miles de euros	2016	2017
Capital añadido para riesgos no cuantificables	2.367	2.148

Pillar II risks or risks classified as non-quantifiable are excluded from the capital projection, due to the ambiguity regarding the choice of variables to be used for their projection, and the assessment of the control environment is monitored.

## D. Valuation for solvency purposes

### D.1 Assets

At 31 December 2017, Mediterráneo Vida's most significant assets and their valuation methods are:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	49,587	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,642,082	Fair value
Bonds – Private debt	774,356	Fair value
Bonds – Structured financial assets	3,183	Fair value
Investment funds	161	Fair value
Deposits other than cash equivalents	4,003	Amortised cost
Assets held for "index-linked" and "unit-linked" plans	8,554	Fair value
Recoverables from reinsurance: Life insurance and health insurance similar to life insurance, excluding health and "index-linked" and "unit-linked" insurance	-9,309	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	32,719	Amortised cost

At 31 December 2016, the most significant assets and their valuation methods were:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	33,470	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,503,973	Fair value
Bonds – Private debt	867,912	Fair value
Bonds – Structured financial assets	3,346	Fair value
Investment funds	663	Fair value
Deposits other than cash equivalents	68,603	Amortised cost
Assets held for "index-linked" and "unit-linked" plans	9,484	Fair value
Recoverables from reinsurance: Life insurance and health insurance similar to life insurance, excluding health and "index-linked" and "unit-linked" insurance	-9,667	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	49,307	Amortised cost

The most significant assets correspond to financial assets. The fair values of investments are based on market prices. The main source for obtaining these prices is the Bloomberg financial information system, which in specific cases, when this information is not available, is supplemented with the Reuters financial information system.

The methodology used to obtain the fair value of financial assets by asset class is detailed below:

### Debt instruments

The valuation is carried out on a daily basis by means of the source most representative of the market price, using the Bloomberg information system, based on the contributor best suited at any given time to this criterion. The general criterion is based on the capture of the ex-coupon market, spot and sale ("BID") price from the contributor "BGN": *Bloomberg generic price*". The BGN is an agreed market price, calculated based on a wide range of prices of market contributors of renowned prestige. Should BGN not publish a price, another contributor will be selected of the same reputation that does publish a price in the Bloomberg system.

The realisable value of fixed-income securities must include the accrued interest. This is not captured from any external source but rather is calculated directly by the valuation and accounting system of the portfolios based on the reference market convention.

### Shares and units of other collective investment undertakings

The valuation is carried out on a daily basis based on the last net asset value available from the institution. Should more than one net asset value be published for a single day, in general, that identified as the NAV price is captured.

### Currencies different than that of the financial statements

The counter-valuation of the base **currency** of the portfolio of the assets denominated in a currency other than the base currency of the portfolio is carried out at the historic closed rates of the different currencies published on Bloomberg such that the cutoffs in Tokyo (12:00 p.m.), London (7:00 p.m.) and New York (11:00 p.m.) are presented for each of them, based on the geographical area (source: Bloomberg currency composite).

If the market prices available for an asset are not of a sufficiently high quality, the fair value of the aforementioned asset is calculated using alternative valuation techniques (mark-to-model).

### Reinsurance contracts

The Company has signed quota share reinsurance contracts with SCOR Global Life Reinsurance Ireland, Designated Activity Company, pursuant to which Mediterráneo Vida has ceded 99% of its individual life risk insurance business.

The direct insurance premiums for the group life risk business with respect to that of the individual life risk is immaterial, representing 0.72%, and, therefore, in accordance with the principle of proportionality, the Company calculated the BEL (*Best Estimate Liabilities*) as if the entire individual and group life risk business were reinsured with Scor Global Life Ireland under the conditions of the contract.

The amount recoverable from reinsurance recognised in the economic balance sheet has been adjusted taking into account the risk of default of the reinsurer. The method used to make the aforementioned adjustment was the simplified method in accordance with the calculation formula contained in Directive 2009/138/EC.

### Significant differences between the bases, methods and main assumptions

The significant differences between the bases, methods and main assumptions that the Company uses for valuation for solvency purposes and those it uses for valuation in the financial statements, by asset class are:

### Commissions paid in advance.

In the accounting financial statements "Commissions Paid in Advance and Other Acquisition Costs" includes the commissions and other acquisition costs for the direct insurance that are allocated to that year or following years in accordance with the policy's coverage period and the limits established in the technical note. It amounts to €150 thousand (2016: €168 thousand) that under Solvency II is zero.

### Deferred tax assets.

The deferred tax assets recognised in the Company's financial statements correspond to the amount of the losses on its financial assets that, in the event they become effective would reduce the tax payable (25%), having deduced the portion of these losses that would correspond to the customer.

Deferred tax assets under Solvency II include the differences between the valuation of the balance sheet for Solvency II purposes and for tax purposes that led to an increase of €49,430 thousand (2016: €32,437 thousand).

As will be evident under "Other Liabilities", the Company has net deferred liabilities, i.e., the deferred liabilities exceed the deferred assets.

### Financial assets.

Under the Solvency II system, there are no valuation differences in the financial assets for 2017.

In 2016 the only difference existing with regard to the valuation of the financial assets corresponded to the valuation of the fiduciary deposits. In this case, the Solvency II value was considered the fair value of each underlying asset for the aforementioned deposits. Meanwhile, in the accounting financial statements, they were valued at residual amortised cost, which gave rise to an increase in value of €9,300 thousand.

### Recoverables from reinsurance.

They will be addressed in section D.2 of this document.

## **D.2 Technical provisions**

The value of the technical provisions at 2017 year end, including the amounts of the best estimate and the risk margin separately for each significant line of business is as follows:

Importes en miles de euros	Provisiones técnicas (SII)		BEL (SII)		Margen de riesgo		
	LoB	2016	2017	2016	2017	2016	2017
Seguro con participación en los beneficios		1.810.970	1.712.892	1.798.308	1.706.020	12.662	6.872
Seguro vinculado a índices y a fondos de inversión		9.024	8.401	8.898	8.338	126	63
Otro seguro de vida riesgo		-9.716	-9.357	-9.821	-9.456	105	99
Otro seguro de vida		444.641	415.888	440.476	412.452	4.165	3.436
<b>Total general</b>		<b>2.254.919</b>	<b>2.127.824</b>	<b>2.237.861</b>	<b>2.117.354</b>	<b>17.058</b>	<b>10.470</b>

The Company's technical provisions were calculated as the best estimate at the present value of all future cash flows based on a deterministic approach for the calculation of the financial guarantees.

The percentage of the Company's business that has been modelled for this calculation is more than 99% of the total provisions. With respect to the business not modelled, although it is immaterial (<0.6% of the total provisions), the Company has approximated it and included its best estimate in simplified form, with no significant impact.

The hypotheses taken into account for calculating best estimate of the obligations assumed were determined realistically and on a going concern basis. They are based on the operating experience of Mediterráneo Vida, as well as market data and taking into account that it is a mature business.

### 2016→2017 (\*) BEL EVOLUTION:

2017 BEL:	2,117
2016 BEL:	2,238
Variation:	-121
<b>(-5.38%)</b>	

(\*) Figures in millions of euros  
BEL (*Best Estimate Liabilities*)

Changes in BEL are affected by:

Var BEL 2016-->2017	Impacto(*)	% impacto
<b>Cambio curva/tipos</b>	-26,92	22%
<b>Cambios BBDD</b>	-90,74	75%
BBDD MV	36,08	22%
Paso de t	-64,81	40%
Cambio comisiones	-62,00	38%
<b>Resto</b>	-2,84	2%
<b>Total general</b>	<b>-121</b>	<b>100%</b>

The variation in the BEL is fundamentally affected (>97% of the impact) by:

- Impact on the DB in year: 75% of the variation
- Change in the discount curve, 22% of the variation

Within the variation in the DB, it is worth noting the reduction in the BEL due to the natural passage of time (-64 million) and the change in the fee assumptions (-62 million) in accordance with the new structure in force for them.

Technical Provisions.

The table shows the variation between the Solvency I and Solvency II technical provisions for 2016 and 2017:

Importes en miles de euros	Provisiones técnicas Solvencia I		Provisiones técnicas Solvencia II				Diferencia		% Impacto			
	2016	2017	BEL		Margen de riesgo		2016	2017	2016	2017		
Línea de negocio	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017		
Seguro con participación en los beneficios	1.512.581	1.518.866	1.798.308	1.706.020	12.662	6.872	1.810.970	1.712.892	298.389	194.026	87%	108%
Seguro vinculado a índices y a fondos de inversión	9.484	8.554	8.898	8.338	126	63	9.024	8.401	-460	-153	0%	0%
Otro seguro de vida riesgo	15.994	12.299	-9.821	-9.456	105	99	-9.716	-9.357	-25.710	-21.656	-7%	-12%
Otro seguro de vida	372.999	409.251	440.476	412.452	4.165	3.436	444.641	415.888	71.642	6.637	21%	4%
<b>Total general</b>	<b>1.911.058</b>	<b>1.948.970</b>	<b>2.237.861</b>	<b>2.117.354</b>	<b>17.058</b>	<b>10.470</b>	<b>2.254.919</b>	<b>2.127.824</b>	<b>343.861</b>	<b>178.854</b>		

Based on the calculation of the "best estimate liabilities", broken down by line of business, and the total increase due to the shift from Solvency I to Solvency II (an increase of €178,854 thousand), the line of business that has the greatest impact is "insurance with profit participation". The remaining impact is from the "other life risk insurance" line of business and practically the entire variation for both lines of business is due to the shift from Solvency I to Solvency II.

When calculating the BEL, realistic assumptions derived from the behaviour of policyholders are used. Likewise, Mediterráneo Vida uses the adjustment for volatility of the risk-free interest rate term structure, contained in article 77(5) of Directive 2009/138/EC, as the new market interest rate curve.

Of the assumptions used, that which has a significant impact — noteworthy due to its materiality — is the assumption used for the market interest rate curve. Thus, in the Company's most important line of business — insurance with profit participation — more than 60% of the impact arises only from this assumption:

Insurance with profit participation line of business:

Importes en miles de euros			
Línea de negocio	Provisiones técnicas Solvencia I	Provisiones técnicas Solvencia II	Diferencia
Seguro con participación en los beneficios	1.518.866	1.712.892	194.026

Var PT SI-->PT SII	Impacto	%
Cambio curva	124.162	64%
PB futura	58.568	30%
Margen de riesgo	6.872	4%
Resto	4.424	2%
<b>TOTAL</b>	<b>194.026</b>	<b>100%</b>

In the insurance with profit participation line of business, the difference between the Solvency II and Solvency I Technical Provisions is €194 million. There is an impact of €124 million due to the curve effect. The Solvency II Technical Provisions include the future profit participation assigned to insurers amounting to €58.5 million and the risk margin of €6.8 million. The remaining €4.4 million arises due to various reasons (best estimate assumption: lapses, recurrence of extraordinary premiums, etc.)

Other life insurance line of business:

Importes en miles de euros

Línea de negocio	Provisiones técnicas Solvencia I	Provisiones técnicas Solvencia II	Diferencia	Var PT SI->PT SII	Impacto	%
Otro seguro de vida	409.251	415.888	6.637			
				Cambio curva	42.935	35%
				Margen de riesgo	3.436	3%
				Dotación 33.2->33.1	-58.478	47%
				Resto	18.745	15%
				<b>TOTAL</b>	<b>6.637</b>	<b>100%</b>

In the other life insurance (Annuities) line of business, the difference between the Solvency II and Solvency I Technical Provisions is €6.6 million. There is an impact of €42.9 million due to the curve effect and €3.4 million due to the risk margin.

The Solvency I Technical Provisions include an additional allocation amounting to €58.4 million, due to having calculated the mathematical provision at the interest rate published by the Directorate-General of Insurance and Pension Funds for the calculation of life insurance provisions (article 33.1 of the private insurance regulations, 1.09% for 2017), instead of the technical interest rate for the product. The remaining €18.7 million arises due to various reasons (best estimate assumption: lapses, etc.)

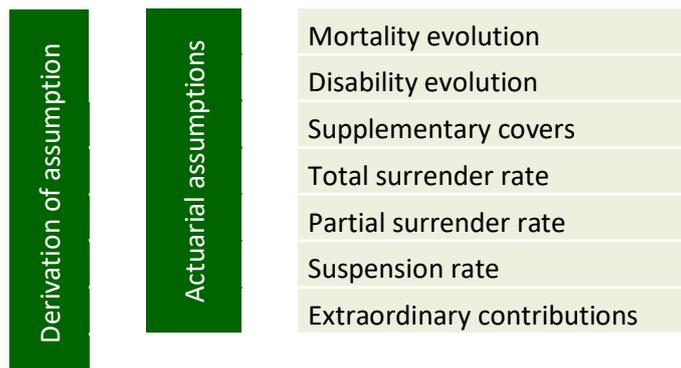
Other lines of business:

Of the Company's "Other" lines of business, although they have a scanty material effect on the total observable difference between Solvency I and Solvency II, "Other life risk insurance" stands out due to its circumstances, where the impact on the total difference is a result of the use of the calculation methodology applied in Solvency II.

In this case, for the products in this line of business, the reality is that the immense majority of insured persons in the risk portfolio (>70%) have annual renewal premiums during the first days of each year. This leads to a reduction of its provisions under Solvency II in practically all of the premiums for a full year, compared to the Solvency I methodology.

This is the reason for approximately 85% of the €21,656 thousand difference in this line of business due to the shift from Solvency I to Solvency II.

- Principal assumptions:



### Financial assumptions

Expenses
Interest rate on loans
Inflation
PP profitability
Rates for products without PP
Distribution fees

The level of uncertainty associated with the calculation of the BEL is due mainly to the degree of robustness of the estimates made regarding the assumptions of the model. To mitigate this uncertainty, the estimates were based on the Company's actual experience, adjusted based on a time horizon and purging atypical data, allowing for the most unbiased estimates possible in view of the expected reality.

#### Total surrender rate

This encompasses the insured person's option not to renew the policy and the insured person's option to totally terminate the contract (surrenders or withdrawals as they are called in some countries).

The methodology for the derivation of Mediterráneo Vida's lapses is based on the analysis of the number of policies exposed and the number of lapses, classifying both in accordance with the year of issue for each policy, with five-year statistical information and with the best segmentation possible of the policies.

#### Partial surrender rate

Defined as the insured person's option to partially surrender the fund or provision established.

The methodology for the derivation of Mediterráneo Vida is based on the amounts surrendered, considering the Company's own experience, with at least five-year statistical information and with the best segmentation possible of the policies.

#### Suspension rate

The periodic contractual contributions of the savings policies that currently form part of the portfolio that will be suspended in the future.

The methodology for the derivation is based on the analysis of the amounts of reinstatement premiums, annualised, that are currently suspended grouped by policy year and issue year compared to the total current reinstatement premiums, annualised, (including those suspended) grouped by policy year and policy issue year.

The reinstatement premium is the amount that the policyholder would pay to reactivate the policy and, therefore, includes possible increases and revaluations.

The suspension rate is adjusted with the reinstatement rate, conducting the analysis with the greatest possible segmentation of the policies.

#### Extraordinary contributions

The future recurring non-contractual extraordinary contributions of the savings policies that currently form part of the portfolio.

The methodology for the derivation is based on the analysis of the policies grouped by policy year, adding the extraordinary contributions made in the last five years and the certificates in force in each one of those years.

The extraordinary contributions in previous years are updated with the actual CPI for each year.

The assumption is the sum of the extraordinary contributions in each policy year divided by the number of insured persons in each policy year.

The greatest level of uncertainty will be related to the group's behaviour based on external factors not taken into account in the model (atypical future events, crises of various types, etc.), as well as the volatility of the financial markets themselves.

### Simplified calculation of the risk margin:

In accordance with article 58 of Delegated Regulation (EU) 2015/35 of the Commission, insurance and reinsurance undertakings may use simplified methods when they calculate the risk margin, therefore, Mediterráneo Vida has decided to use one of the simplifications proposed by EIOPA, specifically, simplification 3 within the hierarchy of simplifications.

Simplification 3 entails carrying out the approximate calculations of the total SCR for each future year using a proportional focus.

The quantification of the effect that changing the adjustment for volatility to zero would have on the Company's financial situation at 2017 year end is presented below.

Importes en miles de euros

	Con ajuste por volatilidad	Cambio a cero del ajuste por volatilidad
Provisiones Técnicas (SII)	2.117.354	2.125.152
SCR	73.141	73.122
MCR	32.913	32.905
Fondos Propios Básicos	255.052	249.203
Fondos Propios admisibles para cubrir el SCR	255.052	249.203
Fondos Propios admisibles para cubrir el MCR	255.052	249.203
Ratio de Solvencia	349%	341%

With respect to recoverables from reinsurance, i.e., the estimated amount that the Company would obtain for the reinsurance contracts signed for the risks that it assumes in the case of a claim and that are recognised on the economic balance sheet, has been adjusted taking into account the risk of default of the reinsurer. The method used to make the aforementioned adjustment was the simplified method in accordance with the calculation formula contained in Directive 2009/138/EC.

Amounts in thousands of euros

Article 57 of Delegated Regulation (EU) 2015/35

Model	MV Direct Insurance (Gross BEL)	After taking into account the unadjusted net BEL	Adjustment for default	Recoverable from Reinsurance
	(a)	(b)	(c)	(a)-(b)+(c)
TAR PP	-9,409	-94	0	-9,315
TAR PU	539	5	0	533
ACC	-586	-59	0	-527
			<b>Total</b>	<b>-9,309</b>

Amid adverse claims scenarios at the Company, the Company's best estimate liabilities after reinsurance will be practically unaffected line of business in individual risk life, since 99% of risk life insurance claims are assumed by the Reinsurer and the contract has no clause pursuant to which the contractual and/or economic terms are reviewed if the claims exceeds a certain rate.

There has been no significant change in the methodology for deriving the in results obtained and the impact on and changes in the technical provisions in the last year.

Simplified methods are not used to calculate the Company's total technical provision.

### D.3 Other liabilities.

The other significant elements of the other liabilities and their valuation of 31 December 2017 are the following:

LIABILITIES	Value	
	Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	87,925	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Payables for insurance and coinsurance transactions	245	Amortised cost
Payables for reinsurance transactions	684	Amortised cost
Other accounts payable	3,068	Amortised cost

At 31 December 2016, the significant items of the other liabilities and the valuation were:

LIABILITIES	Value	
	Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	41,426	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bank borrowings	11,101	Amortised cost
Payables for insurance and coinsurance transactions	2,937	Amortised cost

Payables for reinsurance transactions	1,044	Amortised cost
Other accounts payable	2,228	Amortised cost

The deferred tax liabilities correspond to the Company's gains on its financial assets that, in the event they become effective would give rise to tax payable (25%), having deduced the portion of these gains that would correspond to the customer.

The main difference between the other liability items with respect to the financial statements is that under Solvency II the amount of the correction of accounting mismatches is not recognised. The best estimate of the technical provisions under Solvency II includes the valuation of all potential future cash flows that could be incurred by the Company in order to meet the obligations acquired with the insured persons during the entire time horizon over which they extend. The liabilities for accounting mismatches under the Spanish National Chart of Accounts for Insurance Entities (€164,797 thousand at 31 December 2017 and €248,026 thousand at 31 December 2016), are zero under Solvency II.

### D.4. Alternative methods for valuation.

When the market prices available for an asset are not of a sufficiently high quality, the Company uses alternative valuation techniques (mark-to-model) to calculate its fair value. These valuations are carried out by an independent expert and in the cases listed below they are supplied by International Financial Analysts.

The Company uses mark-to-model techniques for the asset described in the following table:

Código ISIN	Descripción	Método de valoración
ES0236395036	OB.FERIA INTNL VALENCIA 6,04% VT.10/6/27	QMPS

QMPS: Precio de mercado cotizado en mercados activos para activos similares

#### ES0236395036 Asset

This is a fixed rate bond and it is valued by discounting the future cash flows of the reference instrument.

All of the procedures for discounting the values of the cash flows are based on the euro interbank interest rate curve (deposits and IRS) plus the estimated credit spread for the issuer.

To obtain the credit spread of the issuer of bond ES0236395036 due to the absence of CDS prices for the issuer, the credit spread applied was a generic curve calibrated for subordinated issues with the same subordination and rating as that of the issuer.

## E. Capital management

### E.1 Shareholders' Equity

The Company's capital management policy has been approved by the Board of Directors and its main objective is to establish a general framework for maintaining the level of capital within the limits established by the risk appetite framework, in addition to complying with the SCR and MCR.

The following are also objectives of this policy:

- To contribute to the existence of an effective system of governance that promotes proper and prudent management of the activity
- To ensure the proper classification and quality of the Company's own funds in accordance with the SCR and MCR.

The procedures associated with this policy are:

#### 1. Classification of own-fund items.

The head of Accounting and Reporting, who is responsible for classifying own funds, will ensure and document, prior to their classification by tiers, that:

- a) The features determining classification of own funds are complied with based on the following articles of the Delegated Regulation:
  - Tier 1: Article 71
  - Tier 2: Article 73
  - Tier 2 (ancillary own funds): Article 75
  - Tier 3: Article 77
- b) The items composing them are not encumbered by the existence of any related agreement or transaction or as a result of a group structure that could affect its efficacy as capital.
- c) The contractual terms and conditions are clear and unequivocal with respect to their classification criteria.

#### 2. Supervision on the issue of own funds

When there is a new issue of an own-fund item, the Company's Financial and Risk Management Manager will inform the Head of Accounting and Reporting of its characteristics so that, before being presented to the Board, it can be classified by tier.

#### 3. Beginning and end of own-fund items

If, with regard to any own-fund item, there is a certain measure required or permitted under the contractual, statutory or legal provisions regarding its life, the Head of the Accounting and Reporting Unit will be in charge of monitoring the periods established for its beginning and end, creating the necessary alerts to guarantee the timeliness required.

#### 4. Application for ancillary own funds

If the Company establishes ancillary own funds (it currently has none) the head of the Accounting and Reporting Unit will document and inform the Financial and Risk Management Manager of when and how to apply for them at the appropriate time and within the appropriate period, while at the same time creating the necessary alerts to apply for them at the appropriate time.

#### 5. Ring-fenced funds: identification and documentation

The Company does not have, nor does it expect to have ring-fenced funds at short-term. When the possibility that gives rise to the use of this type of fund is identified, either for legislative reasons or as a result of an agreement or due to a certain product, the Financial Department will notify the head of Accounting and Reporting who will perform the appropriate calculations and adjustments, taking into account the criteria defined in articles 80 to 82 of the Delegated Regulation for determining the solvency capital requirement and own funds.

### 6. Distribution of dividends

The Company's dividend distribution policy is to distribute dividends to shareholders with a charge to the profit generated each year. Prior to this distribution or any additional distribution, the head of Accounting and Reporting will verify that, after its distribution, there is sufficient regulatory capital at medium term and that it complies with the limits established in the Company's risk appetite.

### 7. Possibility of discretionary cancellation of tier 1 own funds

Once own funds have been classified by tiers, the head of Accounting and Reporting will identify and document the cases in which the distributions of tier 1 items may be cancelled on a discretionary basis in accordance with article 71 of the Delegated Regulation.

### 8. Deferral or cancellation of the distribution of own funds represented by share capital and the corresponding share premium, that have been classified as tier 1 or tier 2.

Before adopting any decision to reduce share capital or share premium, the Head of Accounting and Reporting will prepare a document that will be reported to the Financial and Risk Management Manager stating that the aforementioned distribution will not give rise to a non-compliance with the solvency capital requirement.

Even in the event of compliance with the aforementioned requirement, before effectively making the distribution, compliance will once again be verified, and if a non-compliance with the solvency capital requirement is detected, the aforementioned distribution will be cancelled or deferred.

### 9. Matters related to the Transitional Measures.

Given that the regulations allow an adjustment to be used for volatility of the risk-free curve for obtaining the best estimate, the Company makes use of this adjustment. In this manner, the Company improves its own funds, thus increasing its solvency ratio, thereby benefiting from improved coverage of the new requirements.

If the Company were to decide to avail itself of the Transitional Measure on Risk-Free Interest Rates or the Transitional Measure on Technical Provisions:

- The head of the Accounting and Reporting Unit will prepare a solvency and financial situation projection plan (which will be reported to General Management by the Financial and Risk Management Manager to be communicated to the Board) covering the transitional period and demonstrating projections of own funds sufficient to cover both the solvency capital requirement and the minimum capital requirement, including the profit distribution policy. It will also include the expected performance of these Transitional Measures in the ORSA in order to guarantee that they fulfil the objective for which they have been adopted, in particular the absorption of losses.
- If the Company does not comply with the regulatory capital without applying the transitional measures, the head of the Accounting and Reporting Unit will prepare a plan for introducing progressive measures to establish the eligible own funds to cover the

regulatory capital or a plan to reduce the risk profile in order to comply with the capital requirements at the end of the transitional period.

### 10. Medium-Term capital management plan.

On an annual basis, the Financial Manager will prepare a capital plan that will include the three-year ORSA report based on:

- The budget for the coming three years.
- The expected capital requirements for the coming three years.
- The expected capital movements for the coming three years, such as dividends.

The annual business plan and any business decision for which the corresponding impact on capital must be taken into account (capital consumption). In the event a new product is launched or an existing product is modified, the Company must estimate its marginal contribution to capital consumption as a whole.

QRT S.23.01 specifies information on the Company's own funds reported to the Directorate-General of Insurance and Pension Funds:

Clave de la entidad... C0677 Modelo S.23.01  
 NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS Página 1  
A 31/12/2017

#### FONDOS PROPIOS

Fondos propios básicos		Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
		C0010	C0020	C0030	C0040	C0050
Capital social ordinario (incluidas las acciones propias)	R0010	102.044.180,70	102.044.180,70		0,00	
Prima de emisión correspondientes al capital social ordinario	R0030	1.717,30	1.717,30		0,00	
Fondo mutual inicial	R0040	0,00	0,00		0,00	
Cuentas mutuales subordinadas	R0050	0,00		0,00	0,00	0,00
Fondos excedentarios	R0070	0,00	0,00			
Acciones preferentes	R0090	0,00		0,00	0,00	0,00
Primas de emisión de acciones y participaciones preferentes	R0110	0,00		0,00	0,00	0,00
Reserva de conciliación	R0130	153.885.661,09	153.885.661,09			
Pasivos subordinados	R0140	0,00		0,00	0,00	0,00
Importe equivalente al valor de los activos por impuestos diferidos netos	R0160	0,00				0,00
Otros elementos aprobados por la autoridad supervisora como fondos propios básicos no especificados anteriormente	R0180	0,00	0,00	0,00	0,00	0,00
<b>Fondos propios de los estados financieros que no deban estar representados por la reserva de conciliación y no cumplan los criterios para ser clasificación como fondos propios de Solvencia II</b>						
Fondos propios de los estados financieros que no deban estar representados por la reserva de conciliación y no cumplan los criterios para ser clasificación como fondos propios de Solvencia II	R0220	879.401,39				
<b>Deducciones no incluidas en la reserva de conciliación</b>						
Deducción por participaciones en entidades financieras y de crédito	R0230	0,00	0,00	0,00	0,00	0,00
<b>Total fondos propios básicos después de deducciones</b>	R0290	<b>255.052.157,70</b>	<b>255.052.157,70</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo S.23.01

Página 2

A 31/12/2017

### FONDOS PROPIOS

Fondos propios complementarios	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
Capital social ordinario no desembolsado ni exigido	R0300 0,00			0,00	
Fondo mutual inicial no desembolsado ni exigido	R0310 0,00			0,00	
Capital social de acciones preferentes no desembolsado ni exigido	R0320 0,00			0,00	0,00
Compromiso jurídicamente vinculante de suscribir y pagar pasivos subordinados a la vista	R0330 0,00			0,00	0,00
Cartas de crédito y garantías establecidas en el artículo 96.2 de la Directiva	R0340 0,00			0,00	
Cartas de crédito y garantías distintas de las previstas en el artículo 96.2 de la Directiva	R0350 0,00			0,00	0,00
Contribuciones adicionales exigidas a los miembros previstas en el artículo 96, apartado 3, párrafo primero, de la Directiva 2009/138/CE	R0360 0,00			0,00	
Contribuciones adicionales exigidas a los miembros distintas de las previstas en el artículo 96, apartado 3, párrafo primero, de la Directiva 2009/138/CE	R0370 0,00			0,00	0,00
Otros fondos propios complementarios	R0390 0,00			0,00	0,00
<b>Total de fondos propios complementarios</b>	R0400 0,00			0,00	0,00

Fondos propios disponibles y admisibles	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
<b>Total de fondos propios disponibles para cubrir el CSO</b>	R0500 255.052.157,70	255.052.157,70	0,00	0,00	0,00
<b>Total de fondos propios disponibles para cubrir el CMO</b>	R0510 255.052.157,70	255.052.157,70	0,00	0,00	
<b>Total de fondos propios admisibles para cubrir el CSO</b>	R0540 255.052.157,70	255.052.157,70	0,00	0,00	0,00
<b>Total de fondos propios admisibles para cubrir el CMO</b>	R0550 255.052.157,70	255.052.157,70	0,00	0,00	
<b>CSO</b>	R0580 73.140.792,51				
<b>CMO</b>	R0600 32.913.356,63				
<b>Ratio Fondos propios admisibles sobre CSO</b>	R0620 3,49				
<b>Ratio Fondos propios admisibles sobre CMO</b>	R0640 7,75				

As observed in the previous models, the Company's own funds are all classified as Tier 1 unrestricted basic own funds. All limits are complied with and, therefore, the unrestricted and eligible own funds to cover SCR and MCR coincide.

The breakdown of the Company's own funds compared to 2016 is as follows:

Fondos propios básicos (datos en miles de €)	2016	2017
Capital Social Ordinario	102.044	102.044
Prima de emisión correspondiente al capital social ordinario	2	2
Reserva de conciliación	115.947	153.886
Capital afecto a la actividad gestora de fondos de pensiones	879	879
<b>Total de fondos propios básicos</b>	<b>217.114</b>	<b>255.052</b>

Under Solvency II, capital used in the pension fund management activity is considered "Shareholders' Equity from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds".

The breakdown of the reconciliation reserve is as follows:

Reserva de conciliación (datos en miles de €)	2016	2017
Exceso de los activos respecto a los pasivos	227.500	285.932
Dividendos, distribuciones y costes previsibles	9.507	30.000
Otros elementos de los fondos propios básicos	102.046	102.046
<b>Total Reserva de conciliación</b>	<b>115.947</b>	<b>153.886</b>

Within the excess of assets over liabilities, the attribution of the valuation differences, obtained as a difference in the value between the Solvency II figures and the data from the financial statements are:

Excedente de los activos con respecto a los pasivos - atribución de las diferencias de valoración		
Valor SII - Estados financieros	2016	2017
Diferencia en la valoración de los activos	20.107	-30.564
Diferencia en la valoración de las provisiones técnicas	343.861	178.854
Diferencia en la valoración de otros pasivos	-248.069	-123.610
Total de reservas y beneficios no distribuidos de los estados financieros	201.140	208.566
Reservas de los estados financieros ajustadas a las diferencias de valoración de Solvencia II	125.454	183.886
Excedente de los activos con respecto a los pasivos atribuible a elementos de los fondos propios básicos (excluida la reserva de conciliación)	102.046	102.046
<b>Excedente de los activos respecto a los pasivos (miles de €)</b>	<b>227.500</b>	<b>285.932</b>

The Company does not have ancillary own funds.

The basic own funds indicated above are entirely available to cover both the minimum capital requirement and the solvency capital requirement.

Under the Spanish National Chart of Accounts for Insurance Entities, the equity recognised in the Company's financial statements has the following breakdown:

	2016	2017
<b>B-1) Fondos Propios</b>	<b>206.887</b>	<b>170.880</b>
I. Capital	102.044	102.044
II. Prima emisión	2	2
III. Reservas	78.657	53.281
VII. Resultado del ejercicio	26.184	15.553
<b>B-2) Ajustes por cambios de valor</b>	<b>96.299</b>	<b>139.732</b>
<b>TOTAL PATRIMONIO NETO (datos en miles de €)</b>	<b>303.186</b>	<b>310.612</b>

Under Solvency II, the excess of assets over liabilities is:

	2016	2017
Exceso de los activos respecto a los pasivos (datos en miles de €)	227.500	285.932

The valuation differences under Solvency I and Solvency II are summarised below:

(datos en miles de €)	2016	2017
Provisiones Técnicas Seguro Directo	1.911.058	1.948.970
Pasivos por asimetrías contables	248.026	164.797
<b>Pasivos Solvencia I</b>	<b>2.159.084</b>	<b>2.113.767</b>
Mejor estimación	2.237.861	2.117.354
Margen de riesgo	17.058	10.470
Cuentas a pagar	-43	-15
<b>Pasivos Solvencia II</b>	<b>2.254.877</b>	<b>2.127.809</b>
<b>Ajuste bruto en FFPP por valoración pasivos</b>	<b>-95.793</b>	<b>-14.042</b>
Provisiones Cedidas Reaseguro	4.438	3.341
Provisión Prestaciones Reaseguro	7.375	6.036
<b>Activos Solvencia I</b>	<b>11.813</b>	<b>9.377</b>
Recuperables Reaseguro	-9.667	-9.309
Depósitos fiduciarios	9.319	0
Cuentas a cobrar	-168	-180
<b>Activos Solvencia II</b>	<b>-517</b>	<b>-9.489</b>
<b>Ajuste bruto en FFPP por valoración Activos</b>	<b>-12.330</b>	<b>-18.866</b>
Efecto bruto en Fondos propios	-108.123	-32.908
Activos por impuestos diferidos	-32.437	-49.430
Pasivos por impuestos diferidos		41.203
<b>Efecto neto en Fondos propios</b>	<b>-75.686</b>	<b>-24.681</b>

The main valuation difference under the Spanish National Chart of Accounts for Insurance Entities and Solvency II arises from the valuation of technical provisions, both from direct insurance and reinsurance ceded. The technical provisions under Solvency II include the best estimate at the present value of all future cash flows plus a risk margin.

Likewise, in the valuation of fiduciary deposits, the Solvency II value is considered the fair value of each underlying asset for the aforementioned deposits. Meanwhile, in the accounting financial statements, they are valued at residual amortised cost, giving rise to an increase in value of €9,319 thousand in 2016.

Furthermore, under Solvency II both the amount of deferred acquisition costs and liabilities for accounting mismatches are €0.

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

At 2017 year end the Company's solvency capital requirement and minimum capital requirement are:

Importes en miles de euros	2017
SCR Global	73.141
MCR	32.913

The Company's solvency capital requirement broken down by risk module is:

<b>Desglose del CSO-SCR por categoría de riesgos (Importes en miles de euros)</b>	
Importes en miles de euros	<b>2017</b>
<b>Riesgo de mercado</b>	<b>91.452</b>
Riesgo de tipo de interés bruto	29.188
Riesgo inmobiliario	40
Riesgo de spread	73.252
Riesgo de concentración	1.174
Riesgo de divisa	40
Diversificación riesgo mercado	-12.243
<b>Riesgo de contraparte</b>	<b>2.213</b>
<b>Riesgo de suscripción</b>	<b>8.926</b>
Riesgo mortalidad	418
Riesgo longevidad	608
Riesgo invalidez	36
Riesgo caída	8.428
Riesgo gastos	556
Riesgo catastrófico	74
Diversificación riesgo suscripción	-1.194
Diversificación Riesgo Global BRUTA	-7.895
<b>BSCR</b>	<b>94.696</b>
Riesgo Operacional	9.456
Ajuste de capacidad de absorción de pérdidas de impuestos diferidos	-24.380
Ajuste de capacidad de absorción de las provisiones técnicas	-6.631
<b>SCR Global</b>	<b>73.141</b>

The Company did not use simplified calculations in the standard formula for the solvency capital requirement for the purposes of calculating the underwriting, market and counterparty risk modules.

The Company did not use specific company parameters in the standard formula for the solvency capital requirement for the purposes of calculating the underwriting, market and counterparty risk modules

The data used by the Company to calculate the minimum capital requirement are:

**MCR = max (combined MCR; AMCR)**

- **Combined MCR** = Combined Minimum Capital Requirement

AMCR = Absolute floor article 129.1d Directive 2009/138/EC and article 253 Regulation = 3,700,000 for life and 2,500,000 for non-life

Combined MCR =  $\min(\max(\text{linear MCR}; 0.25 \times \text{SCR}); 0.45 \times \text{SCR})$

- **Linear MCR** = Linear Minimum Capital Requirement (article 249 to article 251 Regulation)

Linear MCR = (linear MCR for non-life + linear MCR for life) (article 249 Regulation)

Linear MCR for life =  $0.037 \times \text{TP life 1} - 0.052 \times \text{TP life 2} + 0.007 \times \text{TP life 3} + 0.021 \times \text{TP life 4} + 0.0007 \times \text{CAR}$  (article 251 Regulation)

- *TP life 1: Technical provisions without a risk margin in relation to guaranteed benefits for life insurance obligations with profit participation, with a floor equal to zero.*
- *TP life 2: Technical provisions without a risk margin in relation to future discretionary benefits for life insurance obligations with profit participation, with a floor equal to zero.*
- *TP life 3: Technical provisions without a risk margin for unit-linked products, with a floor equal to zero.*
- *TP life 4: Technical provisions without a risk margin for all other life insurance and other obligations, with a floor equal to zero.*
- *CAR = Total capital at risk is the sum of the capital at risk of each contract and it is the  $\max(0)$  value of the Company's obligations in the event of death or disability - best estimate of obligations)*

### Importes en miles de euros

<b>MCR</b>	<b>32.913</b>
MCR combinado	32.913
AMCR	3.700
MCR lineal	67.001
MCR lineal vida	67.001
<b>SCR</b>	<b>73.141</b>

PT live 1	1.647.452
PT live 2	58.568
PT live 3	8.338
PT live 4	412.305
<b>CAR</b>	<b>534.337</b>

There were no significant changes in the solvency capital requirement and the minimum capital requirement in the reference period. The differences with respect to the preceding year are as follows:

Importes en miles de euros	2016	2017
SCR Global	80.593	73.141
MCR	36.267	32.913

In the first quarter of 2018, the Company performed management work on its asset portfolio, increasing the assets' duration and reducing the exposure to corporate bonds. This led to decreased capital consumption (due to a reduction in interest rate SCR and spread SCR), and therefore to a substantial increase in its solvency ratio.

A summary is given below of the quantitative data obtained by the Company in 2017 (the benchmark year) and those from the subsequent three-year forecasts for these results, and in the two stressed scenarios (ESC1 and ESC2) and their respective forecasts. In both scenarios, the stressed variables affect both own funds and capital requirements from both assets (based on the adverse scenarios published by the European Insurance and Occupational Pensions Authority, EIOPA) and from liabilities (using the adverse scenarios provided by the Company's Technical Actuarial Department). The stress to which the variables are currently subject in ESC2 is greater than the stress used in ESC1, thus testing the Company's ability to withstand scenarios with various levels of adversity. The solvency ratios that were obtained range from 354% to 120%, depending on the scenario, based on a 349% baseline ratio at the close of 2017.

### BASELINE SCENARIO

Ratio de Solvencia (miles €)	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.505.678	2.205.577	2.024.267	1.798.865
TOTAL PASIVO	2.219.747	1.968.327	1.799.923	1.602.219
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>285.932</b>	<b>237.250</b>	<b>224.344</b>	<b>196.647</b>
Dividendos y distribuciones previsibles	-30.000	-15.716	-13.552	-12.564
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>255.052</b>	<b>220.654</b>	<b>209.912</b>	<b>183.203</b>
<b>Fondos Propios Admisibles</b>	<b>255.052</b>	<b>220.654</b>	<b>209.912</b>	<b>183.203</b>
Tier 1:	255.052	236.371	239.181	225.036
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	73.141	64.969	59.358	60.011
MCR	32.913	29.236	26.711	27.005
Exceso/Necesidad de Capital	181.911	155.685	150.554	123.192
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>349%</b>	<b>340%</b>	<b>354%</b>	<b>305%</b>
<b>% Cobertura MCR</b>	<b>775%</b>	<b>808%</b>	<b>895%</b>	<b>833%</b>

### ADVERSE SCENARIO 1

Ratio de Solvencia (miles €)	2017	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.298.160	1.998.718	1.793.570	1.564.377
TOTAL PASIVO	2.077.775	1.817.844	1.613.724	1.398.824
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>220.385</b>	<b>180.874</b>	<b>179.847</b>	<b>165.553</b>
Dividendos y distribuciones previsibles	-30.000	-14.677	-11.799	-10.287
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>189.506</b>	<b>165.317</b>	<b>167.168</b>	<b>154.387</b>
<b>Fondos Propios Admisibles</b>	<b>189.506</b>	<b>165.317</b>	<b>167.168</b>	<b>154.387</b>
Tier 1:	189.506	179.994	193.644	191.150
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	61.962	61.226	59.365	53.060
MCR	27.883	27.552	26.714	23.877
Exceso/Necesidad de Capital	127.544	104.092	107.803	101.327
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>306%</b>	<b>270%</b>	<b>282%</b>	<b>291%</b>
<b>% Cobertura MCR</b>	<b>680%</b>	<b>653%</b>	<b>725%</b>	<b>801%</b>

### ADVERSE SCENARIO 2

Ratio de Solvencia (miles €)	2017 Base	2018 Proyectado	2019 Proyectado	2020 Proyectado
TOTAL ACTIVO	2.206.764	2.080.264	2.002.276	1.854.372
TOTAL PASIVO	1.994.461	1.896.114	1.811.587	1.677.613
<b>EXCEDENTE ACTIVOS RESPECTO A PASIVOS</b>	<b>212.302</b>	<b>184.150</b>	<b>190.689</b>	<b>176.760</b>
Dividendos y distribuciones previsibles	-30.000	-15.644	-14.254	-14.173
Fondos Propios afectos a la actividad gestora	-879	-879	-879	-879
<b>Fondos Propios Disponibles</b>	<b>181.423</b>	<b>167.627</b>	<b>175.555</b>	<b>161.708</b>
<b>Fondos Propios Admisibles</b>	<b>181.423</b>	<b>167.627</b>	<b>175.555</b>	<b>161.708</b>
Tier 1:	181.423	181.771	205.454	205.779
Tier 2:	0	0	0	0
Tier 3:	0	0	0	0
SCR Global	146.051	138.164	130.520	119.940
MCR	65.723	58.330	55.937	51.736
Exceso/Necesidad de Capital	35.372	29.462	45.035	41.768
	0			
<b>Ratio de Solvencia (% Cobertura SCR)</b>	<b>124%</b>	<b>121%</b>	<b>135%</b>	<b>135%</b>
<b>% Cobertura MCR</b>	<b>276%</b>	<b>312%</b>	<b>367%</b>	<b>398%</b>

The figures were calculated assuming the forecast of a 30 million euro dividend payout for 2017, although this distribution has yet to be approved by the general shareholders' meeting, and for subsequent years, the distribution of the profits from each year, , (the annual profit ranges between 10 and 30 million euros)

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

The Company does not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

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

The Company uses the standard formula to calculate the solvency capital requirement to evaluate the economic capital and does not expect to use complete or partial internal models to calculate the aforementioned capital.

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

The Company complies with the minimum capital requirement.

### Annexes:

Templates for the annual quantitative disclosures for individual undertakings in accordance with article 4 of Implementing Regulation (EU) 2015/2452

Insurance and reinsurance undertakings will publicly disclose as part of their solvency and financial condition report at least the following templates:

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Modelo SE.02.01

Página 1

Ejercicio 2017

ACTIVO		Valor Solvencia II	Valor contable	Ajustes por reclasificación
		C0010	C0020	EC0021
Fondo de comercio	R0010		0,00	
Comisiones anticipadas y otros costes de adquisición	R0020		150.434,17	
Inmovilizado intangible	R0030	0,00	0,00	0,00
Activos por impuesto diferido	R0040	49.586.991,27	156.915,94	0,00
Activos y derechos de reembolso por retribuciones a largo plazo al personal	R0050	0,00	0,00	0,00
Inmovilizado material para uso propio	R0060	133.420,88	133.420,88	0,00
Inversiones (distintas de los activos que se posean para contratos "index-linked" y "unit-linked")	R0070	2.423.784.267,62	2.379.583.186,61	0,00
Inmuebles (ajenos a los destinados al uso propio)	R0080	0,00	0,00	0,00
Participaciones	R0090	0,00	0,00	0,00
Acciones	R0100	0,00	0,00	0,00
Acciones - cotizadas	R0110	0,00	0,00	0,00
Acciones - no cotizadas	R0120	0,00	0,00	0,00
Bonos	R0130	2.419.620.032,33	2.375.418.951,32	0,00
Deuda Pública	R0140	1.642.081.885,61	1.613.638.694,29	0,00
Deuda privada	R0150	774.355.527,55	758.759.617,03	0,00
Activos financieros estructurados	R0160	3.182.619,17	3.020.640,00	0,00
Titulaciones de activos	R0170	0,00	0,00	0,00
Fondos de inversión	R0180	160.799,67	160.799,67	0,00
Derivados	R0190	0,00	0,00	0,00
Depósitos distintos de los activos equivalentes al efectivo	R0200	4.003.435,62	4.003.435,62	0,00
Otras inversiones	R0210	0,00	0,00	0,00
Activos poseídos para contratos "index-linked" y "unit-linked"	R0220	8.553.559,69	8.551.704,90	0,00
Préstamos con y sin garantía hipotecaria	R0230	0,00	0,00	0,00
Anticipos sobre pólizas	R0240	0,00	0,00	0,00
A personas físicas	R0250	0,00	0,00	0,00
Otros	R0260	0,00	0,00	0,00
Importes recuperables del reaseguro	R0270	-9.309.131,87	9.377.208,31	0,00
Seguros distintos del seguro de vida, y de salud similares a los seguros distintos del seguro de vida	R0280	0,00	0,00	
Seguros distintos del seguro de vida, excluidos los de salud	R0290	0,00	0,00	
Seguros de salud similares a los seguros distintos del seguro de vida	R0300	0,00	0,00	
Seguros de vida, y de salud similares a los de vida, excluidos los de salud y los "index-linked" y "unit-linked"	R0310	-9.309.131,87	9.377.208,31	
Seguros de salud similares a los seguros de vida	R0320	0,00	0,00	
Seguros de vida, excluidos los de salud y los "index-linked" y "unit-linked"	R0330	-9.309.131,87	9.377.208,31	
Seguros de vida "index-linked" y "unit-linked"	R0340	0,00	0,00	
Depósitos constituidos por reaseguro aceptado	R0350	0,00	0,00	0,00
Créditos por operaciones de seguro directo y coaseguro	R0360	4.375,20	4.375,20	0,00
Créditos por operaciones de reaseguro	R0370	78.193,16	78.193,16	0,00
Otros créditos	R0380	127.887,29	127.887,29	0,00
Acciones propias	R0390	0,00	0,00	0,00
Accionistas y mutualistas por desembolsos exigidos	R0400	0,00	0,00	0,00
Efectivo y otros activos líquidos equivalentes	R0410	32.718.744,48	32.741.876,41	0,00
Otros activos, no consignados en otras partidas	R0420	0,00	44.208.995,12	0,00
<b>TOTAL ACTIVO</b>	<b>R0500</b>	<b>2.505.678.307,72</b>	<b>2.475.114.197,99</b>	<b>0,00</b>

# Mediterráneo

## Vida

S.A. de Seguros y Reaseguros

SFCR

PASIVO	Valor Solvencia II		Valor contable	Ajustes por reclasificación
	C0010	C0020	C0020	EC0021
<b>Provisiones técnicas - seguros distintos del seguro de vida</b>	R0510	0,00	0,00	0,00
<b>Provisiones técnicas - seguros distintos del seguro de vida (Excluidos los de enfermedad)</b>	R0520	0,00	0,00	
PT calculadas en su conjunto	R0530	0,00		
Mejor estimación (ME)	R0540	0,00		
Margen de riesgo (MR)	R0550	0,00		
<b>Provisiones técnicas - seguros de salud (similares a los seguros distintos del seguro de vida)</b>	R0560	0,00	0,00	
PT calculadas en su conjunto	R0570	0,00		
Mejor estimación (ME)	R0580	0,00		
Margen de riesgo (MR)	R0590	0,00		
<b>Provisiones técnicas - seguros de vida (excluidos "index-linked" y "unit-linked")</b>	R0600	2.119.423.504,95	1.940.416.299,30	0,00
<b>Provisiones técnicas - seguros de salud (similares a los seguros de vida)</b>	R0610	0,00	0,00	
PT calculadas en su conjunto	R0620	0,00		
Mejor estimación (ME)	R0630	0,00		
Margen de riesgo (MR)	R0640	0,00		
<b>Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked")</b>	R0650	2.119.423.504,95	1.940.416.299,30	
PT calculadas en su conjunto	R0660	0,00		
Mejor estimación (ME)	R0670	2.109.015.868,86		
Margen de riesgo (MR)	R0680	10.407.636,09		
<b>Provisiones técnicas - "index-linked" y "unit-linked"</b>	R0690	8.400.689,75	8.553.559,69	0,00
PT calculadas en su conjunto	R0700	0,00		
Mejor estimación (ME)	R0710	8.337.878,02		
Margen de riesgo (MR)	R0720	62.811,73		
<b>Otras provisiones técnicas</b>	R0730		0,00	
<b>Pasivo contingente</b>	R0740	0,00	0,00	0,00
<b>Otras provisiones no técnicas</b>	R0750	0,00	0,00	0,00
<b>Provisión para pensiones y obligaciones similares</b>	R0760	0,00	0,00	0,00
<b>Depósitos recibidos por reaseguro cedido</b>	R0770	0,00	0,00	0,00
<b>Pasivos por impuesto diferidos</b>	R0780	87.924.966,16	46.721.793,15	0,00
<b>Derivados</b>	R0790	0,00	0,00	0,00
<b>Deudas con entidades de crédito</b>	R0800	0,00	0,00	0,00
Deudas con entidades de crédito residentes	ER0801	0,00		0,00
Deudas con entidades de crédito residentes en el resto de la zona euro	ER0802	0,00		0,00
Deudas con entidades de crédito residentes en el resto del mundo	ER0803	0,00		0,00
<b>Pasivos financieros distintos de las deudas con entidades de crédito</b>	R0810	0,00	0,00	0,00
Deudas con entidades no de crédito	ER0811	0,00		0,00
Deudas con entidades no de crédito residentes	ER0812	0,00		0,00
Deudas con entidades no de crédito residentes en el resto de la zona euro	ER0813	0,00		0,00
Deudas con entidades de no crédito residentes en el resto del mundo	ER0814	0,00		0,00
Otros pasivos financieros	ER0815	0,00		0,00
<b>Deudas por operaciones de seguro y coaseguro</b>	R0820	245.267,27	245.267,27	0,00
<b>Deudas por operaciones de reaseguro</b>	R0830	684.253,79	684.253,79	0,00
<b>Otras deudas y partidas a pagar</b>	R0840	3.068.066,71	3.068.066,71	0,00
<b>Pasivos subordinados</b>	R0850	0,00	0,00	0,00
Pasivos subordinados no incluidos en los fondos propios básicos	R0860	0,00	0,00	0,00
Pasivos subordinados incluidos en los fondos propios básicos	R0870	0,00	0,00	0,00
<b>Otros pasivos, no consignados en otras partidas</b>	R0880	0,00	164.812.692,04	0,00
<b>TOTAL PASIVO</b>	R0900	2.219.746.748,63	2.164.501.931,95	0,00
<b>EXCESO DE LOS ACTIVOS RESPECTO A LOS PASIVOS</b>	R1000	285.931.559,09	310.612.266,04	

# Mediterráneo

## Vida

S.A. de Seguros y Reaseguros

SFCR

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo S.05.01.02

Página 4

A 31/12/2017

### PRIMAS, SINIESTROS Y GASTOS POR LÍNEA DE NEGOCIO

		Obligaciones de seguro de vida					
		Seguro de enfermedad	Seguro con participación en los beneficios	Seguro vinculado a índices y a fondos de inversión	Otro seguro de vida	Rentas derivadas de contratos de seguro distinto del de vida y correspondientes a obligaciones de seguro de enfermedad	Rentas derivadas de contratos de seguro distinto del de vida y correspondientes a obligaciones de seguro distintas de las obligaciones de seguro de enfermedad
		C0210	C0220	C0230	C0240	C0250	C0260
<b>Primas devengadas</b>							
Importe bruto	R1410	0,00	141.128.665,93	8.000,00	22.875.129,63	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	0,00	21.866.076,91	0,00	0,00
Importe neto	R1500	0,00	141.128.665,93	8.000,00	1.009.052,72	0,00	0,00
<b>Primas imputadas</b>							
Importe bruto	R1510	0,00	141.128.665,93	8.000,00	23.018.965,14	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	0,00	21.994.167,53	0,00	0,00
Importe neto	R1600	0,00	141.128.665,93	8.000,00	1.024.797,61	0,00	0,00
<b>Siniestralidad (Siniestros incurridos)</b>							
Importe bruto	R1610	0,00	170.959.789,04	1.091.898,23	37.174.886,50	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	0,00	5.231.652,45	0,00	0,00
Importe neto	R1700	0,00	170.959.789,04	1.091.898,23	31.943.234,05	0,00	0,00
<b>Variación de otras provisiones técnicas</b>							
Importe bruto	R1710	0,00	0,00	0,00	0,00	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00	0,00	0,00	0,00	0,00	0,00
Importe neto	R1800	0,00	0,00	0,00	0,00	0,00	0,00
<b>Gastos técnicos</b>	R1900	0,00	7.116.130,01	13.322,46	951.773,13	0,00	0,00
<b>Otros gastos</b>	R2500						
<b>Total gastos</b>	R2600						

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo S.05.01.02

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A 31/12/2017

### PRIMAS, SINIESTROS Y GASTOS POR LÍNEA DE NEGOCIO

		Obligaciones de reaseguro de vida		TOTAL
		Reaseguro de enfermedad	Reaseguro de vida	
		C0270	C0280	C0300
<b>Primas devengadas</b>				
Importe bruto	R1410	0,00	0,00	164.011.795,56
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	21.866.076,91
Importe neto	R1500	0,00	0,00	142.145.718,65
<b>Primas imputadas</b>				
Importe bruto	R1510	0,00	0,00	164.155.631,07
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	21.994.167,53
Importe neto	R1600	0,00	0,00	142.161.463,54
<b>Siniestralidad (Siniestros incurridos)</b>				
Importe bruto	R1610	0,00	0,00	209.226.573,77
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	5.231.652,45
Importe neto	R1700	0,00	0,00	203.994.921,32
<b>Variación de otras provisiones técnicas</b>				
Importe bruto	R1710	0,00	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00	0,00	0,00
Importe neto	R1800	0,00	0,00	0,00
<b>Gastos técnicos</b>	R1900	0,00	0,00	8.081.225,60
<b>Otros gastos</b>	R2500			0,00
<b>Total gastos</b>	R2600			8.081.225,60

Clave de la entidad... C0677

Modelo S.05.01

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Página 6

Ejercicio 2017

### PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

		Obligaciones de seguro de vida			
		Seguro de enfermedad	Seguro con participación en beneficios	Seguro vinculado a índices y a fondos de inversión	Otro seguro de vida
		C0210	C0220	C0230	C0240
<b>Primas devengadas</b>					
Importe bruto	R1410	0,00	141.128.665,93	8.000,00	22.875.129,63
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	0,00	21.866.076,91
Importe neto	R1500	0,00	141.128.665,93	8.000,00	1.009.052,72
<b>Primas imputadas</b>					
Importe bruto	R1510	0,00	141.128.665,93	8.000,00	23.018.965,14
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	0,00	21.994.167,53
Importe neto	R1600	0,00	141.128.665,93	8.000,00	1.024.797,61
<b>Siniestralidad (Siniestros incurridos)</b>					
Importe bruto	R1610	0,00	170.959.789,04	1.091.898,23	37.174.886,50
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	0,00	5.231.652,45
Importe neto	R1700	0,00	170.959.789,04	1.091.898,23	31.943.234,05
<b>Variación de otras provisiones técnicas</b>					
Importe bruto	R1710	0,00	0,00	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00	0,00	0,00	0,00
Importe neto	R1800	0,00	0,00	0,00	0,00
<b>Gastos técnicos</b>					
	R1900	0,00	7.116.130,00	13.322,46	951.773,13
<b>Gastos administrativos</b>					
Importe bruto	R1910	0,00	1.073.636,28	5.062,38	300.312,26
Cuota de los reaseguradores	R1920	0,00	0,00	0,00	575.500,39
Importe neto	R2000	0,00	1.073.636,28	5.062,38	-275.188,13
<b>Gastos de gestión de inversiones</b>					
Importe bruto	R2010	0,00	282.075,57	1.671,42	72.838,57
Cuota de los reaseguradores	R2020	0,00	0,00	0,00	0,00
Importe neto	R2100	0,00	282.075,57	1.671,42	72.838,57
<b>Gastos de gestión de siniestros</b>					
Importe bruto	R2110	0,00	180.628,89	1.492,20	222.794,18
Cuota de los reaseguradores	R2120	0,00	0,00	0,00	0,00
Importe neto	R2200	0,00	180.628,89	1.492,20	222.794,18
<b>Gastos de adquisición</b>					
Importe bruto	R2210	0,00	4.964.441,43	2.548,36	3.633.850,01
Cuota de los reaseguradores	R2220	0,00	0,00	0,00	2.920.304,17
Importe neto	R2300	0,00	4.964.441,43	2.548,36	713.545,84
<b>Gastos generales</b>					
Importe bruto	R2310	0,00	615.347,83	2.548,10	217.782,67
Cuota de los reaseguradores	R2320	0,00	0,00	0,00	0,00
Importe neto	R2400	0,00	615.347,83	2.548,10	217.782,67
<b>Otros gastos</b>					
	R2500				
<b>Total gastos</b>					
	R2600				
<b>Importe total de los rescates</b>	R2700	0,00	97.820.518,45	967.151,20	6.470.907,23

Clave de la entidad... C0677

Modelo S.05.01

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

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Ejercicio 2017

### PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

		Obligaciones de seguro y reaseguro de vida
		TOTAL
		C0300
<b>Primas devengadas</b>		
Importe bruto	R1410	164.011.795,56
Reaseguro cedido (Participación del reaseguro)	R1420	21.866.076,91
Importe neto	R1500	142.145.718,65
<b>Primas imputadas</b>		
Importe bruto	R1510	164.155.631,07
Reaseguro cedido (Participación del reaseguro)	R1520	21.994.167,53
Importe neto	R1600	142.161.463,54
<b>Siniestralidad (Siniestros incurridos)</b>		
Importe bruto	R1610	209.226.573,77
Reaseguro cedido (Participación del reaseguro)	R1620	5.231.652,45
Importe neto	R1700	203.994.921,32
<b>Variación de otras provisiones técnicas</b>		
Importe bruto	R1710	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00
Importe neto	R1800	0,00
<b>Gastos técnicos</b>		
	R1900	8.081.225,59
<b>Gastos administrativos</b>		
Importe bruto	R1910	1.379.010,92
Cuota de los reaseguradores	R1920	575.500,39
Importe neto	R2000	803.510,53
<b>Gastos de gestión de inversiones</b>		
Importe bruto	R2010	356.585,56
Cuota de los reaseguradores	R2020	0,00
Importe neto	R2100	356.585,56
<b>Gastos de gestión de siniestros</b>		
Importe bruto	R2110	404.915,27
Cuota de los reaseguradores	R2120	0,00
Importe neto	R2200	404.915,27
<b>Gastos de adquisición</b>		
Importe bruto	R2210	8.600.839,80
Cuota de los reaseguradores	R2220	2.920.304,17
Importe neto	R2300	5.680.535,63
<b>Gastos generales</b>		
Importe bruto	R2310	835.678,60
Cuota de los reaseguradores	R2320	0,00
Importe neto	R2400	835.678,60
<b>Otros gastos</b>	R2500	0,00
<b>Total gastos</b>	R2600	8.081.225,59
<b>Importe total de los rescates</b>	R2700	105.258.576,88

Clave de la entidad... C0677

Modelo S.05.02

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Ejercicio 2017

Página 2

**PRIMAS, SINIESTRALIDAD Y GASTOS POR PAIS**

		España	Obligaciones de seguro vida CINCO PAÍSES PRINCIPALES	Total cinco países principales y España
		C0220	C0230	C0280
<b>Primas devengadas</b>				
Importe bruto	R1410	164.011.795,56		164.011.795,56
Reaseguro cedido (Participación del reaseguro)	R1420	21.866.076,91		21.866.076,91
Importe neto	R1500	142.145.718,65		142.145.718,65
<b>Primas imputadas</b>				
Importe bruto	R1510	164.155.631,07		164.155.631,07
Reaseguro cedido (Participación del reaseguro)	R1520	21.994.167,53		21.994.167,53
Importe neto	R1600	142.161.463,54		142.161.463,54
<b>Siniestralidad (Siniestros incurridos)</b>				
Importe bruto	R1610	209.226.573,77		209.226.573,77
Reaseguro cedido (Participación del reaseguro)	R1620	5.231.652,45		5.231.652,45
Importe neto	R1700	203.994.921,32		203.994.921,32
<b>Variación de otras provisiones técnicas</b>				
Importe bruto	R1710	0,00		0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00		0,00
Importe neto	R1800	0,00		0,00
<b>Gastos técnicos</b>	R1900	8.081.225,59		8.081.225,59
<b>Otros gastos</b>	R2500			0,00
<b>Total gastos</b>	R2600			8.081.225,59

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Modelo AS.12.01

Ejercicio 2017

Página 1

### PROVISIONES TÉCNICAS DE SEGUROS DE VIDA Y ENFERMEDAD CON TÉCNICAS SIMILARES A VIDA

		Seguros con participación en beneficios		Seguros vinculados a índices y a fondos de inversión ("unit-linked e index-linked")	
		C0020	C0030	Contratos sin opciones y garantías C0040	Contratos con opciones y garantías C0050
<b>Provisiones técnicas calculadas en su conjunto</b>	R0010	0,00	0,00		
Total importes recuperables del reaseguro, SPV y reaseguro limitado, después del ajuste por pérdidas esperadas por incumplimiento de la contraparte, correspondiente a las PPTT en su conjunto	R0020	0,00	0,00		
<b>Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo</b>					
<b>Mejor estimación</b>					
Mejor estimación bruta	R0030	1.706.019.979,31		0,00	8.337.878,02
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040	0,00		0,00	0,00
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050	0,00		0,00	0,00
Importes recuperables de SPV antes del ajuste por pérdidas esperadas	R0060	0,00		0,00	0,00
Importes recuperables de contratos de reaseguro limitado antes del ajuste por pérdidas esperadas	R0070	0,00		0,00	0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, tras el ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0080	0,00		0,00	0,00
<b>Mejor estimación menos importes recuperables de reaseguro, SPV y reaseguro limitado</b>	R0090	1.706.019.979,31		0,00	8.337.878,02
<b>Margen de riesgo</b>	R0100	6.872.255,47	62.811,73		
<b>Importe de la medida transitoria sobre provisiones técnicas</b>					
Provisiones técnicas calculadas en su conjunto	R0110	0,00	0,00		
Mejor estimación	R0120	0,00		0,00	0,00
Margen de riesgo	R0130	0,00	0,00		
<b>Total Provisiones técnicas</b>	R0200	1.712.892.234,78	8.400.689,75		
<b>Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado</b>	R0210	1.712.892.234,78	8.400.689,75		
<b>Mejor estimación de los productos con opción de rescate</b>	R0220	1.706.019.979,31	8.337.878,02		
<b>Mejor estimación neta de los flujos de caja</b>					
<b>Salidas de caja</b>					
Prestaciones garantizadas y discrecionales futuras	R0230		8.303.457,31		
Prestaciones garantizadas futuras	R0240	2.980.590.095,74			
Prestaciones discrecionales futuras	R0250	58.568.178,61			
Gastos y otras salidas de caja futuros	R0260	46.456.316,20	34.420,71		
<b>Entradas de caja</b>					
Primas futuras	R0270	1.379.594.611,24	0,00		
Otras entradas de caja	R0280	0,00	0,00		
<b>Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones</b>	R0290	0,18	29,29		
<b>Valor de rescate</b>	R0300	1.501.008.232,00	8.481.964,06		
<b>Mejor estimación sujeta a la medida transitoria sobre el tipo de interés</b>	R0310	0,00	0,00		
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320	1.712.892.234,78	8.400.689,75		
<b>Mejor estimación sujeta a ajuste por volatilidad</b>	R0330	1.706.019.979,31	8.337.878,02		
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	1.712.271.709,59	8.359.927,28		
<b>Mejor estimación sujeta a ajuste por casamiento</b>	R0350	0,00	0,00		
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	1.712.271.709,59	8.359.927,28		

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Modelo AS.12.01

Ejercicio 2017

Página 2

### PROVISIONES TÉCNICAS DE SEGUROS DE VIDA Y ENFERMEDAD CON TÉCNICAS SIMILARES A VIDA

[(*)Rentas derivadas de contratos de seguro de no vida y correspondientes a obligaciones de seguro distintas de las obligaciones de seguro de enfermedad]		Otro seguro de vida		Rentas... (*)	
		Contratos sin opciones y garantías	Contratos con opciones y garantías		
		C0060	C0070	C0080	C0090
<b>Provisiones técnicas calculadas en su conjunto</b>	R0010	0,00			0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, después del ajuste por pérdidas esperadas por incumplimiento de la contraparte, correspondiente a las PPTT en su conjunto	R0020	0,00			0,00
<b>Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo</b>					
<b>Mejor estimación</b>					
Mejor estimación bruta	R0030		0,00	402.995.889,55	0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040		0,00	-9.309.110,52	0,00
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050		0,00	-9.309.110,52	0,00
Importes recuperables de SPV antes del ajuste por pérdidas esperadas	R0060		0,00	0,00	0,00
Importes recuperables de contratos de reaseguro limitado antes del ajuste por pérdidas esperadas	R0070		0,00	0,00	0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, tras el ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0080		0,00	-9.309.131,87	0,00
<b>Mejor estimación menos importes recuperables de reaseguro,SPV y reaseguro limitado</b>	R0090		0,00	412.305.021,42	0,00
<b>Margen de riesgo</b>	R0100	3.535.380,62			0,00
<b>Importe de la medida transitoria sobre provisiones técnicas</b>					
Provisiones técnicas calculadas en su conjunto	R0110	0,00			0,00
Mejor estimación	R0120		0,00	0,00	0,00
Margen de riesgo	R0130	0,00			0,00
<b>Total Provisiones técnicas</b>	R0200	406.531.270,17			0,00
<b>Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado</b>	R0210	415.840.402,04			0,00
<b>Mejor estimación de los productos con opción de rescate</b>	R0220	389.035.695,13			0,00
<b>Mejor estimación neta de los flujos de caja</b>					
<b>Salidas de caja</b>					
Prestaciones garantizadas y discretionales futuras	R0230	413.544.280,88			0,00
Prestaciones garantizadas futuras	R0240				
Prestaciones discretionales futuras	R0250				
Gastos y otras salidas de caja futuros	R0260	6.620.403,71			0,00
<b>Entradas de caja</b>					
Primas futuras	R0270	17.168.795,04			0,00
Otras entradas de caja	R0280	0,00			0,00
<b>Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones</b>	R0290	0,30			0,00
<b>Valor de rescate</b>	R0300	339.815.295,22			0,00
<b>Mejor estimación sujeta a la medida transitoria sobre el tipo de interés</b>					
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0310	0,00			0,00
	R0320	406.531.270,17			0,00
<b>Mejor estimación sujeta a ajuste por volatilidad</b>	R0330	402.995.889,55			0,00
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	404.520.422,55			0,00
<b>Mejor estimación sujeta a ajuste por casamiento</b>					
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0350	0,00			0,00
	R0360	404.520.422,55			0,00

Clave de la entidad... C0677

Modelo AS.12.01

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Ejercicio 2017

Página 4

### PROVISIONES TÉCNICAS DE SEGUROS DE VIDA Y ENFERMEDAD CON TÉCNICAS SIMILARES A VIDA

[ (*)Rentas derivadas de contratos de seguro de no vida aceptado y correspondientes a obligaciones de seguro distintas de las obligaciones de seguro de enfermedad]	Reaseguro aceptado	
	Rentas... (*)	Total (seguros de vida distintos de enfermedad, incl. los vinculados a fondos de inversión)
	C0140	C0150
<b>Provisiones técnicas calculadas en su conjunto</b>	R0010	0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, después del ajuste por pérdidas esperadas por incumplimiento de la contraparte, correspondiente a las PPTT en su conjunto	R0020	0,00
<b>Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo</b>		
<b>Mejor estimación</b>		
Mejor estimación bruta	R0030	2.117.353.746,88
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040	-9.309.110,52
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050	-9.309.110,52
Importes recuperables de SPV antes del ajuste por pérdidas esperadas	R0060	0,00
Importes recuperables de contratos de reaseguro limitado antes del ajuste por pérdidas esperadas	R0070	0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, tras el ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0080	0,00
<b>Mejor estimación menos importes recuperables de reaseguro, SPV y reaseguro limitado</b>	R0090	2.126.662.878,75
<b>Margen de riesgo</b>	R0100	0,00
<b>Importe de la medida transitoria sobre provisiones técnicas</b>		
Provisiones técnicas calculadas en su conjunto	R0110	0,00
Mejor estimación	R0120	0,00
Margen de riesgo	R0130	0,00
<b>Total Provisiones técnicas</b>	R0200	2.127.824.194,70
<b>Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado</b>	R0210	0,00
<b>Mejor estimación de los productos con opción de rescate</b>	R0220	
<b>Mejor estimación neta de los flujos de caja</b>		
<b>Salidas de caja</b>		
Prestaciones garantizadas y discrecionales futuras	R0230	
Prestaciones garantizadas futuras	R0240	
Prestaciones discrecionales futuras	R0250	
Gastos y otras salidas de caja futuros	R0260	
<b>Entradas de caja</b>		
Primas futuras	R0270	
Otras entradas de caja	R0280	
<b>Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones</b>	R0290	
<b>Valor de rescate</b>	R0300	1.849.305.491,28
<b>Mejor estimación sujeta a la medida transitoria sobre el tipo de interés</b>	R0310	0,00
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320	2.127.824.194,70
<b>Mejor estimación sujeta a ajuste por volatilidad</b>	R0330	2.117.353.746,88
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	2.125.152.059,42
<b>Mejor estimación sujeta a ajuste por casamiento</b>	R0350	0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	2.125.152.059,42

# Mediterráneo

## Vida

S.A. de Seguros y Reaseguros

SFCR

Clave de la entidad... C0677  
 NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Modelo S.22.01  
 Ejercicio 2017

### IMPACTO DE LAS MEDIDAS DE GARANTÍAS A LARGO PLAZO Y LAS MEDIDAS TRANSITORIAS

	Importe con medidas de garantías a largo plazo y medidas transitorias	Impacto de las medidas de garantías a largo plazo y las medidas transitorias (enfoque gradual)									
		Sin medida transitoria sobre las provisiones técnicas	Impacto de la medida transitoria sobre las provisiones técnicas	Sin medida transitoria sobre el tipo de interés	Impacto de la medida transitoria sobre el tipo de interés	Sin ajuste por volatilidad y sin otras medidas transitorias	Impacto del ajuste por volatilidad fijado en cero	Sin ajuste por casamiento ni todas las demás medidas transitorias	Impacto del ajuste por casamiento fijado en cero	Impacto de todas las medidas de garantías a largo plazo y las medidas transitorias	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	
Provisiones técnicas	R0010	2.127.824.184,70	2.127.824.184,70	0,00	2.127.824.184,70	0,00	2.135.622.507,24	7.798.312,54	2.135.622.507,24	0,00	7.798.312,54
Fondos propios básicos	R0020	255.052.157,70	255.052.157,70	0,00	255.052.157,70	0,00	249.203.101,80	-5.849.055,90	249.203.101,80	0,00	-5.849.055,90
Excedente de los activos respecto a los pasivos	R0030	285.931.559,08	285.931.559,08	0,00	285.931.559,08	0,00	280.082.503,19	-5.849.055,90	280.082.503,19	0,00	-5.849.055,90
Fondos propios restringidos debido a fondos de disponibilidad limitada y carteras sujetas a ajuste por casamiento	R0040	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Fondos propios admisibles para cubrir el capital de solvencia obligatorio	R0050	255.052.157,70	255.052.157,70	0,00	255.052.157,70	0,00	249.203.101,80	-5.849.055,90	249.203.101,80	0,00	-5.849.055,90
Nivel 1	R0060	255.052.157,70	255.052.157,70	0,00	255.052.157,70	0,00	249.203.101,80	-5.849.055,90	249.203.101,80	0,00	-5.849.055,90
Nivel 2	R0070	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Nivel 3	R0080	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Capital de solvencia obligatorio	R0090	73.140.792,51	73.140.792,51	0,00	73.140.792,51	0,00	73.122.454,48	-18.338,03	73.122.454,48	0,00	-18.338,03
Fondos propios admisibles para cubrir el capital mínimo obligatorio	R0100	255.052.157,70	255.052.157,70	0,00	255.052.157,70	0,00	249.203.101,80	-5.849.055,90	249.203.101,80	0,00	-5.849.055,90
Capital mínimo obligatorio	R0110	32.913.356,63	32.913.356,63	0,00	32.913.356,63	0,00	32.905.104,52	-8.252,11	32.905.104,52	0,00	-8.252,11

Clave de la entidad... C0677  
 NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo S.23.01  
 Página 1  
 A 31/12/2017

### FONDOS PROPIOS

Fondos propios básicos	Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
	C0010	C0020	C0030	C0040	C0050
Capital social ordinario (incluidas las acciones propias)	R0010	102.044.180,70	102.044.180,70	0,00	0,00
Prima de emisión correspondientes al capital social ordinario	R0030	1.717,30	1.717,30	0,00	0,00
Fondo mutual inicial	R0040	0,00	0,00	0,00	0,00
Cuentas mutuales subordinadas	R0050	0,00	0,00	0,00	0,00
Fondos excedentarios	R0070	0,00	0,00	0,00	0,00
Acciones preferentes	R0090	0,00	0,00	0,00	0,00
Primas de emisión de acciones y participaciones preferentes	R0110	0,00	0,00	0,00	0,00
Reserva de conciliación	R0130	153.885.661,09	153.885.661,09	0,00	0,00
Pasivos subordinados	R0140	0,00	0,00	0,00	0,00
Importe equivalente al valor de los activos por impuestos diferidos netos	R0160	0,00	0,00	0,00	0,00
Otros elementos aprobados por la autoridad supervisora como fondos propios básicos no especificados anteriormente	R0180	0,00	0,00	0,00	0,00
<b>Fondos propios de los estados financieros que no deban estar representados por la reserva de conciliación y no cumplan los criterios para ser clasificación como fondos propios de Solvencia II</b>					
Fondos propios de los estados financieros que no deban estar representados por la reserva de conciliación y no cumplan los criterios para ser clasificación como fondos propios de Solvencia II	R0220	879.401,39	0,00	0,00	0,00
<b>Deducciones no incluidas en la reserva de conciliación</b>					
Deducción por participaciones en entidades financieras y de crédito	R0230	0,00	0,00	0,00	0,00
<b>Total fondos propios básicos después de deducciones</b>	R0290	255.052.157,70	255.052.157,70	0,00	0,00

Clave de la entidad... C0677  
 NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

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### FONDOS PROPIOS

Fondos propios complementarios		Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
		C0010	C0020	C0030	C0040	C0050
Capital social ordinario no desembolsado ni exigido	R0300	0,00			0,00	
Fondo mutual inicial no desembolsado ni exigido	R0310	0,00			0,00	
Capital social de acciones preferentes no desembolsado ni exigido	R0320	0,00			0,00	0,00
Compromiso jurídicamente vinculante de suscribir y pagar pasivos subordinados a la vista	R0330	0,00			0,00	0,00
Cartas de crédito y garantías establecidas en el artículo 96.2 de la Directiva	R0340	0,00			0,00	
Cartas de crédito y garantías distintas de las previstas en el artículo 96.2 de la Directiva	R0350	0,00			0,00	0,00
Contribuciones adicionales exigidas a los miembros previstas en el artículo 96, apartado 3, párrafo primero, de la Directiva 2009/138/CE	R0360	0,00			0,00	
Contribuciones adicionales exigidas a los miembros distintas de las previstas en el artículo 96, apartado 3, párrafo primero, de la Directiva 2009/138/CE	R0370	0,00			0,00	0,00
Otros fondos propios complementarios	R0390	0,00			0,00	0,00
<b>Total de fondos propios complementarios</b>	R0400	0,00			0,00	0,00

Fondos propios disponibles y admisibles		Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
		C0010	C0020	C0030	C0040	C0050
<b>Total de fondos propios disponibles para cubrir el CSO</b>	R0500	255.052.157,70	255.052.157,70	0,00	0,00	0,00
<b>Total de fondos propios disponibles para cubrir el CMO</b>	R0510	255.052.157,70	255.052.157,70	0,00	0,00	
<b>Total de fondos propios admisibles para cubrir el CSO</b>	R0540	255.052.157,70	255.052.157,70	0,00	0,00	0,00
<b>Total de fondos propios admisibles para cubrir el CMO</b>	R0550	255.052.157,70	255.052.157,70	0,00	0,00	
<b>CSO</b>	R0580	73.140.792,51				
<b>CMO</b>	R0600	32.913.356,63				
<b>Ratio Fondos propios admisibles sobre CSO</b>	R0620	3,49				
<b>Ratio Fondos propios admisibles sobre CMO</b>	R0640	7,75				

Clave de la entidad... C0677  
 NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo S.23.01  
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### FONDOS PROPIOS

#### Reserva de conciliación

Reserva de conciliación		Total
		C0060
Exceso de los activos respecto a los pasivos	R0700	285.931.559,09
Acciones propias (incluidas como activos en el balance)	R0710	0,00
Dividendos, distribuciones y costes previsibles	R0720	30.000.000,00
Otros elementos de los fondos propios básicos	R0730	102.045.898,00
Ajuste de elementos de fondos propios restringidos respecto a FDL y CSAC	R0740	0,00
	R0760	3,49
<b>Total Reserva de conciliación</b>		153.885.661,09

#### Beneficios esperados incluidos en primas futuras

Beneficios esperados		Total
		C0060
Beneficios esperados incluidos en primas futuras - Actividades de seguros de vida	R0770	369.308,44
Beneficios esperados incluidos en primas futuras - Actividades de seguros distintos del seguro de vida	R0780	0,00
	R0790	
<b>Total de beneficios esperados incluidos en primas futuras</b>		369.308,44

# Mediterráneo

## Vida

S.A. de Seguros y Reaseguros

SFCR

Clave de la entidad... C0677

Modelo S.25.01

NOMBRE..... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

Ejercicio 2017

### CAPITAL DE SOLVENCIA OBLIGATORIO

Para empresas que emplean la fórmula estándar

		Capital de solvencia obligatorio neto	Capital de solvencia obligatorio bruto	Asignación del ajuste por FDL y CSAC
		C0030	C0040	C0050
Riesgo de mercado	R0010	84.786.479,14	91.452.247,44	0,00
Riesgo de incumplimiento de contraparte	R0020	2.212.629,07	2.212.629,07	0,00
Riesgo de suscripción de seguro de vida	R0030	8.925.889,46	8.925.889,46	0,00
Riesgo de suscripción de seguros de salud	R0040	0,00	0,00	0,00
Riesgo de suscripción de seguros distintos del seguro de vida	R0050	0,00	0,00	0,00
Diversificación	R0060	-7.860.322,56	-7.895.059,04	
Riesgo del inmovilizado intangible	R0070	0,00	0,00	
<b>Capital de solvencia obligatorio básico</b>	<b>R0100</b>	<b>88.064.675,11</b>	<b>94.695.706,93</b>	

Cálculo del Capital de Solvencia Obligatorio		Importe
		C0100
Ajuste por la agregación del CSO nomenclal para FDL/CSAC	R0120	0,00
Riesgo operacional	R0130	9.456.381,57
Capacidad de absorción de pérdidas de las PPTT	R0140	-6.631.031,82
Capacidad de absorción de pérdidas de los impuestos diferidos	R0150	-24.380.264,17
Requerimiento de capital para actividades desarrolladas de acuerdo con el Artículo 4 de la Directiva 2003/41/EC	R0160	0,00
<b>Capital de Solvencia Obligatorio excluida la adición de capital</b>	<b>R0200</b>	<b>73.140.792,51</b>
Adición de capital	R0210	0,00
<b>Capital de Solvencia Obligatorio</b>	<b>R0220</b>	<b>73.140.792,51</b>

Otra información sobre el CSO:		Importe
		C0100
Requisito de capital para el riesgo del submódulo de renta variable por duraciones	R0400	0,00
Importe total CSO nomenclal para la parte restante	R0410	0,00
Importe total CSO nomenclal para los FDL	R0420	0,00
Importe total CSO nomenclal para las CSAC	R0430	0,00
Diversificación por la agregación de FDL y CSAC bajo el artículo 304	R0440	0,00
Método utilizado para calcular el ajuste por la agregación del CSO nomenclal para FDL y CSAC	R0450 x38	
Beneficios discretionales futuros netos	R0460	58.568.178,61

Clave de la entidad... C0677

NOMBRE..... MEDITERRANEO VIDA, S.A., DE SEGUROS Y REASEGUROS

Modelo AS.28.01

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### CAPITAL MÍNIMO OBLIGATORIO (CMO). Excepto para entidades mixtas

	Componentes del CMO	Información general	
		Mejor estimación neta más provisiones calculadas en su conjunto	Primas emitidas netas
	C0010	C0020	C0030
<b>Componente de la fórmula lineal correspondiente a obligaciones de seguro y de reaseguro de no vida</b>			
Resultado CMO <sub>RL</sub>	0,00		
Seguro y reaseguro proporcional de gastos médicos	R0010		
Seguro y reaseguro proporcional de protección de los ingresos	R0020	0,00	0,00
Seguro y reaseguro proporcional de accidentes laborales	R0030	0,00	0,00
Seguro y reaseguro proporcional de responsabilidad civil en vehículos automóviles	R0040	0,00	0,00
Otros seguros y reaseguro proporcional de vehículos automóviles	R0050	0,00	0,00
Seguro y reaseguro proporcional marítimo, de aviación y de transporte	R0060	0,00	0,00
Seguro y reaseguro proporcional de incendios y otros daños a los bienes	R0070	0,00	0,00
Seguro y reaseguro proporcional de responsabilidad civil general	R0080	0,00	0,00
Seguro y reaseguro proporcional de crédito y caución	R0090	0,00	0,00
Seguro y reaseguro proporcional de defensa jurídica	R0100	0,00	0,00
Seguro y reaseguro proporcional de asistencia	R0110	0,00	0,00
Seguro y reaseguro proporcional de pérdidas pecuniarias diversas	R0120	0,00	0,00
Reaseguro no proporcional de enfermedad	R0130	0,00	0,00
Reaseguro no proporcional de responsabilidad civil por daños	R0140	0,00	0,00
Reaseguro no proporcional marítimo, de aviación y de transporte	R0150	0,00	0,00
Reaseguro no proporcional de daños a los bienes	R0160	0,00	0,00
	R0170	0,00	0,00

	Componentes del CMO	Información general	
		Mejor estimación neta más provisiones calculadas en su conjunto	Capital en riesgo
	C0040	C0050	C0060
<b>Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro de vida</b>			
Resultado CMO <sub>L</sub>	67.000.977,49		
Obligaciones con participación en beneficios - prestaciones garantizadas	R0200		
	R0210	1.647.451.800,70	
Obligaciones con participación en beneficios - prestaciones discrecionales futuras	R0220	58.568.178,61	
Obligaciones de "index-linked" y "unit-linked"	R0230	8.337.878,02	
Otras obligaciones de (rea)seguro de vida y enfermedad	R0240	412.305.021,42	
Capital en riesgo total por obligaciones de (rea)seguro de vida	R0250		534.336.510,66

Cálculo global del Capital Mínimo Obligatorio (CMO)		Cálculo global
		C0070
Capital Mínimo Obligatorio lineal	R0300	67.000.977,49
Capital de Solvencia Obligatorio	R0310	73.140.792,51
Límite superior del Capital Mínimo Obligatorio	R0320	32.913.356,62
Límite inferior del Capital Mínimo Obligatorio	R0330	18.285.198,12
Capital Mínimo Obligatorio combinado	R0340	32.913.356,63
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350	3.700.000,00
<b>Capital Mínimo Obligatorio</b>	R0400	<b>32.913.356,63</b>

