



SOLVENCY AND FINANCIAL STATUS REPORT

April 2019
(2018 year end)

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

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EXECUTIVE SUMMARY

The corporate purpose of Mediterráneo Vida, S.A. de Seguros y Reaseguros (Single-Member 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 in 2018 were:

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 assigned the exclusive rights it had over the Banco Sabadell network for marketing pension plans and life insurance, with the exception of collective savings and occupational pension plans. It, therefore, does not sell new individual insurance products or pension plans through the Banco Sabadell network. Mediterráneo Vida continues to receive new entries of premiums, contractual periodic premiums and, in certain portfolios, extraordinary premiums requested by customers, in addition to premiums for renewing its life/risk business (these are renewable annual premiums).

The Company has entered into 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 via Banco Sabadell by the English limited liability company, Ember Alpha Limited, with no objections from the Directorate-General of Insurance and Pension Funds ("DGSFP") on 04 April 2017.

The strategic plan submitted in the request for no objections approved by the DGSFP is being implemented by the Company as specified in the request.

This strategic plan seeks to progressively improve cover of the obligations arising from the insurance contracts through the investment in capital-efficient assets from the capital point of view, without changing the daily interaction of policyholders and insured persons with the Banco Sabadell network, their relationship with Mediterráneo Vida, or the conditions of their policies. No changes are planned in Mediterráneo Vida operations: the plan is for the investment structure to generate returns that guarantee compliance with future obligations (both short and long term), minimise reinvestment risks and enables coverage of Mediterráneo Vida long term liabilities towards its policyholders and insured persons. The Company also hopes to specialise in managing long-term secured life insurance savings policies in Europe. It will, therefore, seek to acquire companies specialising in this field or to acquire or reinsure portfolios belonging to other insurers. Any other such transactions will require the Board to conduct an assessment and to potentially adapt its capital and risk profile based on the new risks that would be assumed.

Following the change of control of the company, Mediterráneo Vida, in accordance with the provisions of the Framework Agreements signed with Luxembourg Limited Liability Company Water International Finance, s.à r.l. (hereafter WIF) and Water Associates Finance, s.à r.l. (hereafter WAF), transferred most of its assets to these companies. Based on the standards contained in the Underwriting Entities' Accounting Plan, Mediterráneo Vida continues to maintain its balance sheet for as long as the risks and benefits of the portfolio of financial assets transferred via the WIF and WAF companies are retained, in accordance with the provisions of these agreements, to pay Mediterráneo Vida the same cash flows generated by the transferred financial assets, or to return the said assets (or equivalent assets) at any time when required by Mediterráneo Vida. If there is a default related to the transferred asset, the Luxembourg companies will not pay Mediterráneo Vida its nominal value, so the market risk of these assets is retained by the Company.

As of the date of this report, the Company has prepared its annual financial statements, although the audit of them has not yet been completed.

According to article 23.4 of the Spanish Directorate General for Insurance and Pension Funds' Circular 1/2018, of 17 April, if the Company becomes aware after this report that the audit report for the year will be issued with an unfavourable opinion, with reservations, or is rejected, and if the report recommends adjusting the Report on the Company's Financial Situation and Solvency, then it must indicate this so that the corrections or additional information can be provided as specified in the report. Once the appropriate verifications have been made, the Company will send a new report to the Directorate General for Insurance and Pension Funds indicating the errors and omissions detected in the audit of the annual financial statements that affect it, together with the new special review report.

Inspection Procedure Situation (Inspection Order 41/2017)

An inspection certificate was issued for the Company on 28 August 2018 derived from Inspection Order 41/2017 based on the verifications of its situation on 31 December 2017 on the basis of the contractual agreements in force at the time, and of the accounting and solvency information that the Company reported up to 31 July 2018.

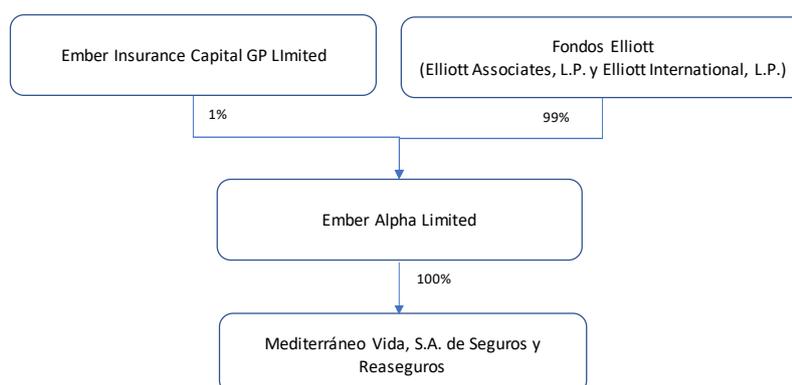
The Company filed its allegations on 27 September 2018 before the deadline specified under article 126.1 of Spanish Law 20/2015, of 14 July.

A supplemental certificate was issued on 28 February 2019 to the Company that referred to certain audit activities that the auditors performed in relation to certain types of evidence gathering.

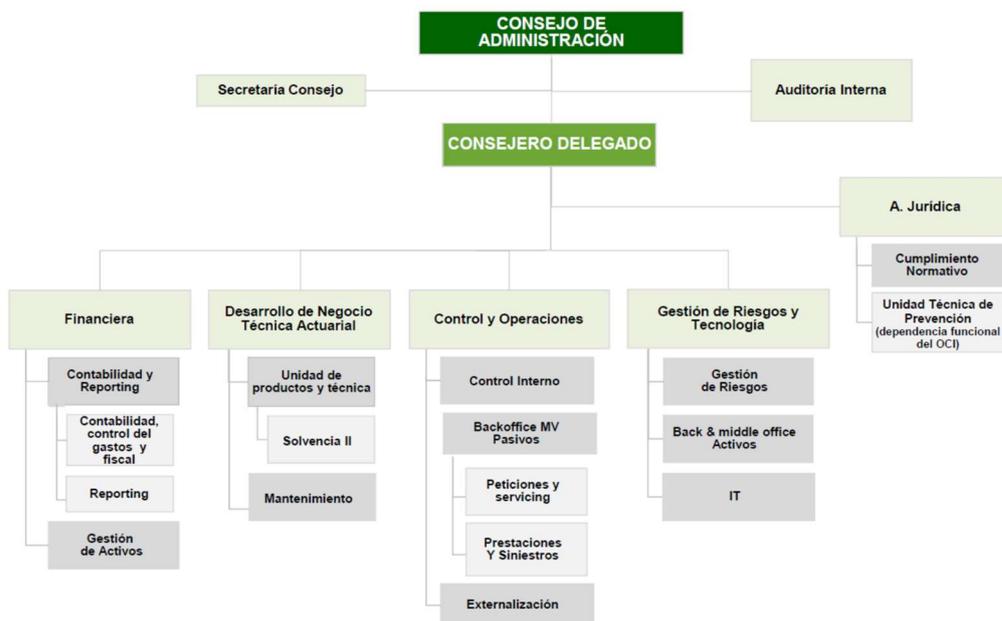
The Company filed its allegations for the supplemental certificate on 18 March 2019. As of the date of this report, the inspection remains open whilst waiting for the Directorate General for Insurance and Pension Funds to issue a resolution for it.

If, after the Report on its Financial and Solvency Situation is issued, the Company becomes aware of any significant circumstances of that resolution, then it will act as indicated above based on the audit of its annual financial statements.

The simplified structure of Group to which [Mediterráneo Vida belongs](#) is the following:



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



The most significant changes to the Company's organisational structure during the financial year were:

- The separation of its Finance and Risk Management Department into two separate departments (the Financial Department and the Risk Management Department), with the latter including risk management and the technology division.
- In late 2018, the decision was made to in-source the Company's internal auditing. Therefore, a Director of Internal Auditing was hired who has extensive experience in the sector and who began work early in the 2019 financial year.

Below, a summary is provided of the Company's quantitative data at the close of the 2018 financial year. The solvency ratio the Company achieved at the end of the year places its solvency at 557%.

RESULTS FOR 2018 FINANCIAL YEAR

Solvency Ratio (Amounts in thousands of €)	2018
TOTAL ASSETS	2,440,582
TOTAL LIABILITIES	2,148,449
SURPLUS OF ASSETS OVER LIABILITIES	292,133
Own funds used for management	-869
Available own funds	291,264
Eligible own funds	291,264
Tier 1:	291,264
Global SCR	52,321
MCR	23,544
Surplus/Capital Needs	238,943
Solvency Ratio (SCR Coverage %)	557%
MCR Coverage %	1237%

With regard to the quality of the Company's own funds, its results from the close of 2018 show that it all of its own funds have the top rating (Tier 1).

A. Business and Performance

A. 1 Business

Mediterráneo Vida, S.A. de Seguros y Reaseguros (Single-Member 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, and an office in Madrid at Paseo de la Castellana 110, 2 planta.

In the 2014 financial year, the Company assigned the exclusive rights it had over the Banco Sabadell network for marketing pension plans and life insurance, with the exception of collective savings and occupational pension plans. It, therefore, does not currently sell new individual insurance products or pension plans through the Banco Sabadell network. Mediterráneo Vida continues to receive new entries of premiums, contractual periodic premiums and, in certain portfolios, extraordinary premiums requested by customers, in addition to premiums for renewing its life/risk business (these are 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

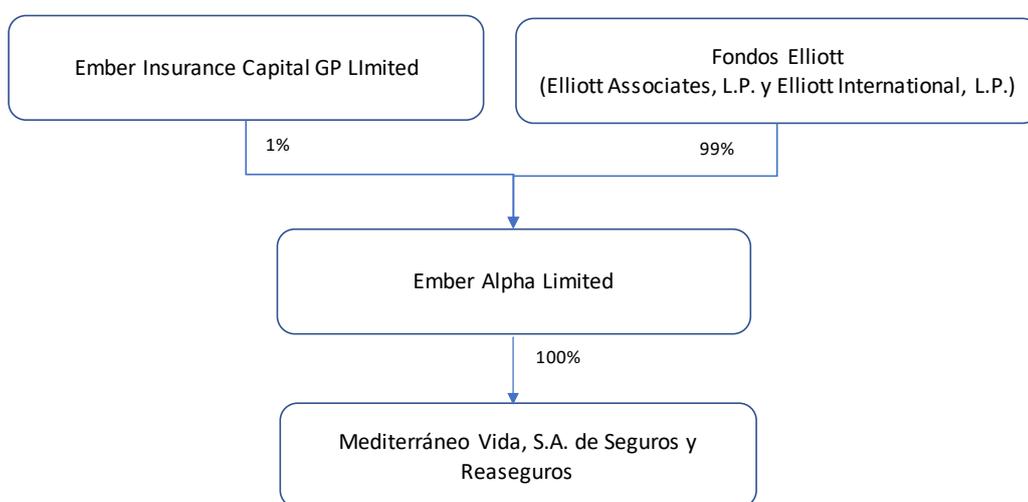
The Company has signed quota share reinsurance contracts with SCOR Global Life Reinsurance Ireland, Designated Activity Company, pursuant to which Mediterráneo Vida has ceded 99% of its individual life risk insurance business.

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.

Following its acquisition by Ember Alpha Limited, Mediterráneo Vida's business plan seeks to progressively improve cover of the obligations arising from the insurance contracts through the

investment in capital-efficient assets, without changing the daily interaction of policyholders and insured persons with the Banco Sabadell network, their relationship with Mediterráneo Vida, or the conditions of their policies. This business plan seeks to progressively improve cover of the obligations arising from the insurance contracts through the investment in capital-efficient assets, without changing the daily interaction of policyholders and insured persons with the Banco Sabadell network, their relationship with Mediterráneo Vida, or the conditions of their policies. The Company also hopes to specialise in managing long-term secured life insurance savings policies in Europe. It will, therefore, seek to acquire companies specialising in this field or to acquire or reinsure portfolios belonging to other insurers. Any other such transactions will require the Board to conduct an assessment and to potentially adapt its capital and risk profile based on the new risks that would be assumed.

The simplified structure of the Group to which Mediterráneo Vida belongs is the following:



A.2 Underwriting Performance

The Company's results compared to those of last year are as follows (Thousands of euros):

I. Technical account	2018	2017
I.1 Earned premiums, net of reinsurance	121,879	142,161
a) Earned premiums	141,807	164,011
a1) Direct insurance	141,807	164,011
a3) Changes in impairment losses on uncollected premiums (+/-)	0	0
b) Reinsurance premiums ceded (-)	-19,938	-21,866
c) Change in the provision for unearned premiums and for unexpired risks (+/-)	132	144
c1) Direct insurance	132	144
d) Change in the provision for unearned premiums, reinsurance ceded (+/-)	-122	-128
I.2. Income from property, plant and equipment and from investments	85,574	94,447
b) Income from financial investments	79,830	84,527
b1) Group companies	0	0
b2) Income from financial investments	79,830	84,527
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	0	209
c1) Property, plant and equipment and investment property	0	0
c2) Financial investments	0	209
d) Profit from property, plant and equipment and from investments	5,744	9,711
d2) Financial investments	5,744	9,711
I.3. Income from investments tied to insurance in which the policyholder bears the investment risk	1,593	1,759
I.4. Other technical income	0	0
I.5. Claims incurred in the year, net of reinsurance	199,644	204,395
a) Benefits and expenses paid	198,058	206,801
a1) Direct insurance	203,142	213,373
a3) Reinsurance ceded (-)	-5,084	-6,572
b) Changes in the provision for claims outstanding (+/-)	1,242	-2,810
b1) Direct insurance	794	-4,149
b3) Reinsurance ceded (-)	448	1,339
c) Expenses attributable to claims	344	404
I.6. Changes in other technical provisions, net of reinsurance (+/-)	-37,198	44,086
a) Life insurance provisions	-36,087	44,975
a1) Direct insurance	-36,677	44,047
a3) Reinsurance ceded (-)	590	928
b) Provisions for life insurance policies in which the insurance policyholders bear the investment risk	-1,077	-930
c) Other technical provisions	-34	41
I.7. Profit sharing and return of premiums.	5,513	7,110
a) Claims and expenses for profit commission and return of premiums	5,824	8,022
b) Changes in the provision for profit sharing and return of premiums (+/-)	-311	-912
I.8. Net operating expenses	6,031	6,295
a) Acquisition costs	7,527	8,601
b) Changes in deferred acquisition costs	0	0
c) Administrative expenses	1,618	1,379

d) Fees and share in reinsurance ceded and retroceded	-3,114	-3,685
I.9. Other technical expenses	2,454	835
c) Other	2,454	835
I. 10. Expenses from property, plant and equipment and from investments	16,805	10,765
a) Management expenses from property, plant and equipment and from investments	11,115	9,344
a2) Expenses from investments and financial accounts	11,115	9,344
b) Impairment losses on property, plant and equipment and on investments	5	0
b1) Amortisation of property, plant and equipment and investment property	5	0
c) Losses from property, plant and equipment and from investments	5,685	1,421
c2) Financial investments	5,685	1,421
I.11. Expenses from investments tied to insurance in which the policyholder bears the investment risk	1,965	1,587
I.12. Subtotal. (Balance of the Technical Account)	13,832	-36,706

II. Non-technical account	2018	2017
II.1. Income from property, plant and equipment and from investments	5,250	5,295
b) Income from financial investments	5,012	5,179
b1) Group companies	0	0
b2) Income from financial investments	5,012	5,179
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	238	116
d2) Financial investments	238	116
II.2. Expenses from property, plant and equipment and from investments	3,187	2,955
a) Investment management expenses	2,726	2,953
a1) Expenses from investments and financial accounts	2,726	2,953
b) Impairment losses on property, plant and equipment and on investments	0	1
b3) Impairment loss on investments	0	1
c) Losses from property, plant and equipment and from investments	461	1
c2) Financial investments	461	1
II.3. Other income	146	56,239
a) Income from pension fund administration	144	162
b) Other income	2	56,077
II.4. Other expenses	5,342	938
a) Expenses for pension fund administration	342	271
b) Other expenses	5,000	667
II.5 Subtotal. (Balance of the non-technical account) (II.1 - II.2 + II.3 - II.4)	-3,133	57,641
II.6 Profit before tax (I.12 + II.5)	10,699	20,935
II.7 Income tax	-2,675	-5,382
II.8. Profit from continuing operations (II.6 - II.7)	8,024	15,553
II.9. Profit/(Loss) from discontinued operations net of tax (+/-)	0	0
II.10. Profit for the year (II.8 + II.9)	8,024	15,553

The Company does not sell new individual insurance products and, therefore, the reduction in premiums in 2018 with regard to 2017 is due entirely to policy lapses.

For certain modalities where the real profits earned in 2018 were not sufficient to satisfy both the guaranteed interest rate and the future administration expenses for the policies, there was a supplemental provision that had a balance of €8,254 thousand on 31 December 2018.

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) was 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. The amount of this additional provision was €62,396 thousand on 31 December 2018.

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 2018 and 2017 are:

2018 (data in thousands of €)	Life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Earned premiums				
Gross amount	120,945		20,862	141,807
Reinsurance ceded (Share of the reinsurance)			19,938	19,938
Net amount	120,945		924	121,869
Earned premiums				
Gross amount	120,945		20,994	141,939
Reinsurance ceded (Share of the reinsurance)			20,060	20,060
Net amount	120,945		934	121,879
Claims (claims incurred)				
Gross amount	165,332	687	37,919	203,938
Reinsurance ceded (Share of the reinsurance)			4,636	4,636
Net amount	165,332	687	33,283	199,302
Variation of other technical provisions				
Gross amount				
Reinsurance ceded (Share of the reinsurance)				
Net amount				
Technical expenses	7,667	16	1,575	9,258
Other expenses				
Total expenses	7,667	16	1,575	9,258

2017 (data in thousands of euros)	Life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Earned premiums				
Gross amount	141,128	8	22,875	164,011

Reinsurance ceded (Share of the reinsurance)			21,866	21,866
Net amount	141,128	8	1,009	142,145
Earned premiums				
Gross amount	141,128	8	23,019	164,155
Reinsurance ceded (Share of the reinsurance)			21,994	21,994
Net amount	141,128	8	1,025	142,161
Claims (claims incurred)				
Gross amount	170,960	1,092	37,175	209,227
Reinsurance ceded (Share of the reinsurance)			5,233	5,232.52
Net amount	170,960	1,092	31,942	203,994
Total expenses	7,116	13	952	8,081

A.3 Investment Performance

The net gains and losses on financial assets recognised in the income statement and in equity in the 2018 and 2017 financial years, by category, is as follows:

2018	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	-	-	-12	71,649	71,637
Change in fair value	-369	-	-	-	-369
Reversal of impairment	-	-	-	-	-
Impairment losses	-	-	-	-	-
Gains on disposal	2	-	-	5,982	5,984
Losses on disposal	-13	-	-	-6,145	-6,158
Net gains/(losses) recognised in profit or loss	-380	-	-12	71,486	71,094
Change in fair value	-	-	-	-31,773	-31,773
Reclassification from equity to gains and losses on disposal	-	-	-	306	306
Net gains/(losses) recognised in equity	-	-	-	-31,467	-31,467
Adjustments due to accounting mismatches	-	-	-	16,959	16,959
Net gains/(losses) recognised in equity	-	-	-	-14,508	-14,508
Total	-380	-	-12	56,978	56,586

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	<u>157</u>	<u>-</u>	<u>1,088</u>	<u>135,047</u>	<u>136,292</u>
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After the change in control of the Company, under 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”) transferred most of its assets to these companies. Based on the accounting rules specified in the Underwriting Entities Accounting Plan, 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 the same cash flows generated by the transferred financial 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 Elliott Funds 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 €71,694 thousand.

The change in the fair value of the assets recognised under the Company's equity was a decrease of €31,467 thousand, which was recognised under available-for-sale financial assets, the value of which decreased as a result of the increase in interest rates in the year. Additionally, the correction of accounting mismatches reflects an increase in the Company's equity of €16,959 thousand. In sum, the net decrease in equity amounted to €14,508 thousand, once the accounting mismatches were corrected.

A.4 Performance of other activities

In the Other Income heading in the Technical Accounts for 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.

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.

Furthermore, since 25 June 2018 the Company has had an operational lease agreement with Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija, for the lease of the office building in Madrid at Paseo de la Castellana número 110. The term of the lease is three years starting from 16 July 2018. Once the initially agreed term has elapsed, the agreement will have a mandatory two-year extension. The agreed-upon price will be reviewed based on the changes in the Consumer Price Index.

The Income Statement includes operating lease expenses corresponding to the lease of premises amounting to €73 thousand (€121 thousand in 2017).

B. System of Governance

B.1 General information on the system of governance

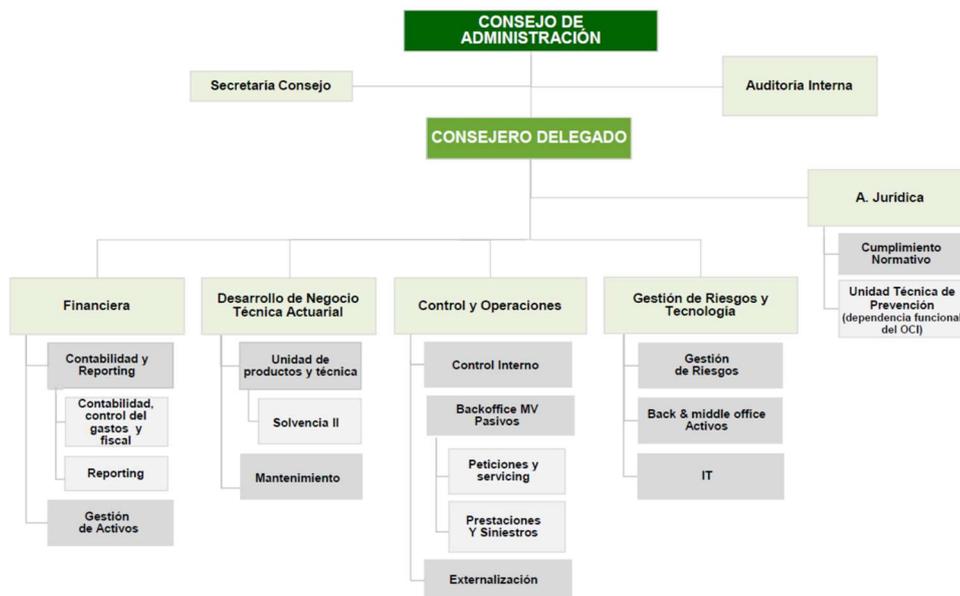
The Company's system of governance includes the following key functions, supported by its various policies that are subject to at least an annual review by the Board of Directors.

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

These key functions report directly to the Company's Board of Directors.

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 is the following:



The most significant changes to the Company's organisational structure during the period were: the separation of its Finance and Risk Management Department into two separate departments (the Financial Department and the Risk Management Department), with the latter including risk management and the technology division and in-sourcing of the Company's Internal Auditing Function. Therefore, a Director of Internal Auditing was hired who has extensive experience in the sector and who began work in early 2019. This function was previous outsourced to Deloitte.

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

Governance and Administration of the Company

As indicated in 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 Articles of Association.

The Board of Directors has the broadest powers to manage the Company and its assets and, except in legal matters and areas that the Articles of Association reserve for the General Shareholders Meeting, it is the Company's supreme governing body.

The Board has delegated ordinary management of the Company to a CEO, whose work focuses on exercising general functions related to strategy, tracking and monitoring, directly assuming and exercising the powers inherent to the functions and matters specified in the Articles of Association, which may not be delegated.

As the Company's chief executive officer reporting to the Board, the CEO has been delegated all of the Board's powers that may be delegated. The CEO's actions are always governed by these limitations, by the regulatory framework, and by the guidelines laid down by the Board of Directors.

As of the date of this Report, the Board of Directors comprises eight directors: a Chair, a Chief Executive Officer, two Independent Directors, three independent external directors, and a non-director secretary. The position of director is not remunerated except for the CEO, the independent directors and the non-independent directors who have been assigned executive functions or duties other than those inherent to their work as directors, whose position will be remunerated.

Directors are not required to be shareholders in order to be appointed to the Board. 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 terms 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. The committees met on a regular basis in the 2018 financial year as often as considered necessary.

These Committees have the following duties:

Audit Committee

The Audit Committee comprises four members: two independent directors, one of whom is the Committee Chair, 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 it 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 monitor any significant weaknesses in the internal control system identified by the auditor. To this end, the committee may submit any proposals to the Board it considers appropriate.
- c) To supervise the process of preparing financial information and submitting it to the Board, 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, 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 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 Board member, Chief Executive Officer, a senior manager, or a key function manager.
- Reporting on proposals for appointment or removal, and on the contracts of new senior managers.

Business Development Committee

There are five members of the Business Development Committee: the Chair of the Board, the CEO, and three 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 comprises four members: two independent directors, one of which is the Committee Chair, 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 on measures and changes in the Company's internal policies and procedures.
- Receiving information from the Compliance Department Function on any changes that are expected or that occurred recently in Spanish, European or international legislation.
- Receiving periodic information from the Compliance Department Function on the tasks for supervising and overseeing compliance with the mandatory policies in the Company, proposing any actions it considers appropriate to the Board.

Committees

To attain the Company's objectives and to help the CEO in day-to-day decision making, the Company has a structure of Committees that allow it to manage operations better and more efficiently. It, therefore, has the Committees discussed below.

Asset-Liability and Risk Committee (ALCOR)

The Asset-Liability Committee (the "ALCOR") is in charge of periodically assessing the Company's equity situation, its market and liquidity risks, the profitability of its portfolios and the profit margin of its products.

The ALCO consists of seven members: Three directors, among them the Chair of the Board and the Managing Director and four executives from the Company; the Control and Operations Manager, the Financial Manager, the Risk Management and Technology Manager, and the Technical Actuarial Manager.

The ALCO reports its proposed recommendations to the Board by notifying its chair.

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 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: Public Relations and Balance Sheet Risk
- To take decisions to adequate 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 capital consumption, the solvency ratio, the real return on assets held as coverage, as well as the assignment of investments of Own Funds. This analysis will be conducted taking into account the legislation in force and any developing regulations that may have a significant impact on the monitored indicators.
- Measure and monitor the counterparty risk on a monthly basis, by supervising the collateral assets, evaluating the impact that potential changes in them might have on the counterparty risk, their credit quality, their liquidity, and other characteristics, in order to substantially retain risks and profits and keep counterparty SCR within the specified limits.
- Propose to the Board the relevant decisions regarding the control of collaterals established in the WIF / WAF agreements, e.g. the inclusion of a new type of asset in the portfolio of acceptable collaterals.
- Propose to the Board the measures necessary and in particular those that might regard GMA and GMFA management, to maintain at all times the risk ratios defined in the Company's risk appetite policy.
- 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 and Risk Appetite.

- Likewise, this Committee will also be responsible for the tasks with which they are charged in the aforementioned policies.
- Approving the Company's Resolution Plan, proposing it to the Board, and reviewing it at least once a year.
- To establish the asset loan policy, as well as the terms and types of the acceptable collateral.

Policyholder Investment Risk Committee

The Policyholder Investment Risk Committee is comprised five members: two Company executives (the Control and Operations Manager and the Financial Manager), two representatives from Sabadell Asset Management, S.A., S.G.I.I.C., S.U. and a representative from Business Forecasting of 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.
- To analyse the volumes managed based on product type.
- To analyse the profitability of the managed 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 has five members:

- The Customer Service Manager (service outsourced to Benedicto y Asociados Asesores S.L.)
- Head of Operations
- Member of the Operations Unit (Benefits and Claims)
- Technical Actuarial Manager.
- Internal Controls Manager

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

- To assess and monitor any administrative, in- or out-of-court 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.

Internal Control Body (ICB)

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

Its relevant functions are as follows:

- To prepare and periodically review the Risk Exposure Analysis Report
- To prepare and update the prevention of the Money Laundering and Terrorist Financing Manual and submit it to the Board 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 ICB will operate organically and functionally separate from the aforementioned department.

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

Fundamental functions

In accordance with regulatory requirements and in compliance with the requirements for fitness and propriety, the Company has managers of its key functions and written policies that define each Function's procedures and obligations.

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 regard to the Company's situation 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

The Actuarial Function has the authority to perform the following activities:

- 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 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 regard to modelling the risk on which calculation of the minimum capital requirements and the solvency capital requirements are based, as well as the internal assessment of risks and solvency (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.

B.2 Fit and Honourable 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:

- Board members and the Company's effective Management.
- Heads of Key Functions.
- Other relevant personnel (managers and unit heads) not included in the above sections.

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, Board members 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 effectively run the Company and have other key functions and those who are in charge of key outsourced functions in the Company, 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.

Internal Controls must conduct a biannual re-assessment of everyone who effectively runs the Company, those in charge of its key functions, and those who responsible for fundamental functions or critical outsourced activities, asking them for information to prove that they still meet the requirements for being fit and proper.

Internal Controls will send remote notice to the Directorate-General of Insurance and Pension Funds on nominations and any changes in identity of those effectively running the Company and those who perform key functions or who are responsible for key functions or critical activities in the Company, to assess whether the nominees meet the requirements of fitness and propriety.

Remuneration policy

The basic principles of the Remuneration 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: Variable remuneration is that received by the employee 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 based on these principles will adhere to the criteria of moderation and appropriateness based on 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 2018.

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 2018, the Board members 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.

In accordance with the Articles of Association, the office of director is not remunerated, with the exception of the CEO, the independent directors and the non-independent external directors who are attributed functions other than those inherent to their position as director. The maximum amount of the annual remuneration for all of the directors is approved by the General Shareholders Meeting, with the Board empowered to distribute this sum.

B.3 Risk-Management System including the own risk and solvency assessment

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 based on 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 based on the Standard Formula.
- Liquidity Ratio: It measures the capacity to meet payment obligations with liquid assets held by the Company. The Liquidity Ratio is defined as total liquid assets¹/total technical provisions.

The aforementioned quantitative indicators will be used in order to offer an overview of the Company's overall level of compliance with regard 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 regard to the total risk to which the Company is exposed.
- 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 regard 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 regard 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 regard to the total risk to which the Company is exposed.
- Reputational Ratio: measures the weight that reputational risk has with regard to Global Economic Capital.
- Strategic Ratio: measures the weight that strategic risk has with regard to Global Economic Capital.

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 risk indicators indicated above, the Company also monitors any counterparty risks that may arise due to the asset transfer to WIF and WAF and the framework agreements that have

¹ The liquid assets category includes the assets that meet, at least, one of these criteria:

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

been 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 agreed by both 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:
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 after they have been approved by Asset-Liability Committee (ALCO).

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, 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 regard to its material risks, both from a quantitative and qualitative perspective, and in relation to its risk appetite. The Company is, therefore, 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 Risk Function.

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 based on 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 zero².

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.

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 based on the aforementioned plan.

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

² The criteria regarding the application of the volatility adjustment are contained in Appendix I of the Risk Management Function Policy

- 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.

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:

1. Start-up of business in new branches, if it has a significant impact on the Company's business as a whole.
2. Completion of business in a certain branch, if it has a significant impact on the Company's business as a whole.
3. A regulatory change that impacts the Company.
4. A significant change in the economic environment.
5. 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 and carried out on an on-going basis 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 based on 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 Board, the Audit Committee, the Board of Directors.

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.

This Function was outsourced to Deloitte Advisory, S.L. in 2018 and, as required by the applicable legislation, Mediterráneo Vida has appointed a manager to supervise this Function at the Company, who had the experience and knowledge necessary to carry out this supervision. As noted above, in early 2019 the Company in-sourced this function by hiring an Internal Audit Manager.

The mission of the Internal Audit Function is to advise and offer assurance to the Board 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.

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.

Internal Audit provides support to the Audit Committee in 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 produced as Audit Plan on a multi-year basis based on an analysis of the audit risk.

The head of the Internal Audit Function is functionally dependent on the 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 if the head thereof considers it appropriate and/or at the request of the Board's Audit Committee.

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, which it reports to the Audit Committee and the Board of Management.

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: Board members and its CEO 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.

To carry out its activity, the Actuarial Function is authorised to request the information it considers relevant.

The Actuarial Function communicates 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 is represented on the Losses and Claims Committee and the Assets, Liabilities and Risks Committee.

The Actuarial Function issues, annually, a Report that it reports directly as well as any other communication that it considers relevant about its Function, to the Company's Board of Management.

B.7 Outsourcing

The goal of the outsourcing policy is to ensure that the Company's function heads and effective management are informed of and control the outsourcing of significant processes.

The Company appoints 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.

The Internal Controls Manager is in charge of the Outsourcing Policy in the Company and for providing the Directorate-General of Insurance and Pension Funds advance notice of any key functions, as applicable, or critical activities that will be outsourced, and of any significant subsequent changes related to these functions and activities so that it may oppose them within one month of receiving notice.

The individual appointed as head of the outsourcing functions or activities is 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.

C. Risk Profile

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

Each risk profile section includes the quantitative results for each risk category.

During the ORSA process, the quantitative use of capital is planned based on 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 based on 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 are also projected through the projection of the economic balance sheet, as the difference between assets and liabilities, and risk appetite indicators for Mediterráneo Vida's overall risk can thereby be projected.

The methodology used to prepare these projections is based on asset and liability protection. Based on these 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.

The sensitivity process

Each quarter the Company tests its sensitivity to expansions of market differentials in both the public and private sectors. The purpose of these sensitivity tests is to track any potential solvency needs that the Company may face.

The results observed from the four quarters of 2018 did not yield any solvency needs in any of the quarters, but they did show that the Company has an ample margin of 150% beyond its defined risk appetite.

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 Company’s shares’ rating dropping by one grade.

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, therefore, envisages the bailout rate increasing by 50% above its current level, and Scenario 2 envisages it decreasing down to the lowest observed rate.

The ORSA process is annual, however, if there are extraordinary circumstances that would affect the risk profile, the Company will perform an extraordinary internal risk assessment.

C.1 Underwriting risk

Insurance underwriting risk refers to the potential negative impact on the Technical Provisions that could come from a variation in the non-financial hypotheses that were used to calculate them.

Insurance underwriting risk includes the biometric and operational risks to which life insurance is exposed. Biometric risks are risks that derive from uncertainty in hypotheses in relation to mortality, longevity and disability rates that are taken into account when pricing products and calculating the Company’s obligations to the parties it insures. Operational risks come from potential deviations in the sum of expenses used for pricing, and from the possibility that policyholders may call in their contractual options.

During the last year, the calculation methodology has not undergone changes.

The Company uses the measurement of life underwriting risks established in Directive (EC) 2009/138 of the European Parliament and of the Council. Therefore, 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 decreases or surrenders.

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

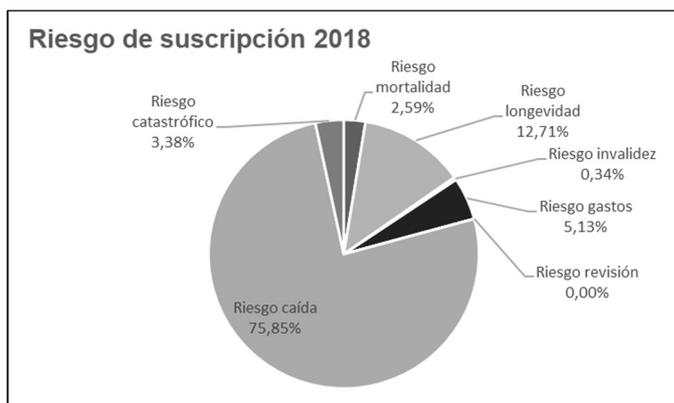
- **Mortality risk**: this sub-module affects all liabilities the net value of which is sensitive to an increase in mortality rates.
- **Longevity risk**: this sub-module affects all liabilities the net value of which is sensitive to a decrease in mortality rates.

- **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 €	2017	2018
Underwriting risk	8,926	11,883
Mortality risk	418	368
Longevity risk	608	1,805
Disability risk	36	49
Expense risk	556	729
Revision risk	0	0
Lapse risk	8,428	10,775
Catastrophe risk	74	480
Diversification underwriting risk	-1,194	-2,323

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:

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

Where:

- Underwriting SCR: solvency capital requirement for life risk based on the standard formula.
- Global SCR: global solvency capital requirement based on the standard formula.

At 31 December 2018, the target risk appetite established for the life ratio was:

Indicators	Indicator	Definition	Risk Appetite	Does not comply	Complies	Overcomplies
Underwriting	Underwriting Ratio	Underwriting SCR /Total SCR	≤ 55%	> 65%	[45%, 65%]	< 45%

Verifying compliance for 2018:

Ratio: 23% → **More than Complies** ✓

These sub-modules are measured in terms of capital in accordance with Directive (EC) 2009/138 of the European Parliament and of the Council, and its technical specifications for the calculation of capital requirements for Solvency II.

On a quarterly basis, the Business Development/Technical Actuarial Department reports 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 Business Development/Technical Actuarial Department works to monitor this risk by: (i) analysing the mortality/claims and the suitability of the tables considered in the pricing of products and the provisioning of the obligations undertaken; (ii) tracking the sufficiency of the technical management surcharges defined in the product's pricing to cover the real management expenses incurred; (iii) monthly tracking of the total and partial surrender rates in the most significant products, updating the total and partial surrender hypotheses in the calculation of the life insurance 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

For certain products, the Company grants surrenders, advances, guaranteed returns and profit participation. They are all measured using 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.

2018-2017 Table with maximum capital per insured person in case of death

Amounts in thousands of euros

Maximum insured capital		
Year	2017	2018
Life	600 (*)	600 (*)
Accident	500	500

(*) At 31 December 2018, there was 1 insured person that exceed this limit (standing at €920 thousand).

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

No. of Contracts			
Capital ranges	2017	2018	Variation
Less than 50,000	49,313	41,944	-15%
50,000 to 100,000	23,551	20,492	-13%
100,000 to 150,000	6,797	5,692	-16%
150,000 to 200,000	1,421	1,167	-18%
200,000 to 250,000	227	183	-19%
250,000 to 300,000	40	26	-35%
More than 300,000	39	33	-15%
	81,388	69,537	-15%

Data at 31 December 2018

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 Business/Technical and Actuarial Department handles other tasks that are also related to:

- Monitoring claim files opened for individual life risk and accident products.
- Monitoring of 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.
- Analysing new mergers and acquisitions

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 indicator:

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

The Company improved its market ratio in 2018. The market ratio reflects a decrease in market risk from 125% to 107% of total risk.

Indicator	2017	2018
Market Ratio	125%	107%

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 based on 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 based on 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 required to do so by law. For reference purposes, mismatches with a term of between -3 and 3 years are considered neutral.
- Equity risk: Equity investments are limited to 5%.
- Credit risk: The following limits are established to mitigate this risk:
 1. The average portfolio risk will be at least BBB.
 2. The portfolio's exposure to issuers with a rating lower than the investment grade will not exceed 25%.
 3. Maximum exposure to an issuer other than government issuers will depend on its rating
- Liquidity risk: The following ratios will be applied in the portfolio:
 1. Government bonds with a rating equal to or greater than that of the Kingdom of Spain. Min. 30% of the portfolio.
 2. Issues > €500 M. Min. 70% of the portfolio.
 3. Subordinated debt: Max. 5% of the portfolio.
- Counterparty risk: Collateral agreements (CSAs) will be admitted as hedging instruments.
- 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, or when hedge instruments are used to mitigate 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 €	2017	2018
Market risk	91,452	55,774
Interest rate risk	29,188	0
Equity risk	0	0
Real-estate risk	40.20	42
Spread risk	73,252	55,742
Concentration risk	1,174	120
Foreign currency risk	40	42
Diversification market risk	-12,243	-173

Market risk decreased in 2018 from €91 million to €56 million. This difference is mainly due to the reduction in spread risk from €73 million to €56 million, as a result of reduced exposure to corporate bonds, and the total reduction in interest rate risk mainly due to the reduction of the term gap between assets and liabilities.

The portfolio assets have been invested in accordance with the principles of care established in article 132 of Directive 2009/138/EC. The investment policy, prepared in accordance with the principle of

care, establishes requirements with regard 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 regard 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 market risks include spread risk, which has the highest weight of all the market risks, because nearly 100% of the Company's exposure to market risk comes from spread risk. An absolute comparison of the spread risk at the close of 2018 to the spread risk at the close of 2017 shows that this risk decreased significantly, dropping from €73 million to €55 million.

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 2018.

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 due to the formalisation of the corresponding framework agreements, these companies are obligated to pay Mediterráneo Vida the same cash flows and at the same time as the financial assets would have been transferred.

The counterparty risk is calculated each month based on the calculation and valuation guidelines defined in the Solvency II regulation for the standard formula, as stipulated in Delegated Regulation (EU) 2015/35.

An independent expert conducts an independent assessment of all of the assets provided as collateral on a quarterly basis, including a description of the methodology that was used

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.

The counterparty risk derived from these framework agreements is calculated in accordance with Solvency II regulations. Pursuant to Delegated Regulation EU 2015/35, counterparty risk can be mitigated by providing collateral agreements. In the case of Mediterráneo Vida, these agreements include the pledging of shares and other titles that grant economic rights over assets included in collateral. These collateral agreements provide Mediterráneo Vida access to the collateral and guarantees.

Each quarter the counterparties in these framework agreements provide Mediterráneo Vida an audit report issued by the firm Grant Thornton. This report audits the counterparty risk calculation and methodology, whilst also noting any differences of over 5% in collateral portfolio movements in terms of composition and valuation.

The market value of all of the assets provided as collateral for obligations to Mediterráneo Vida provided 164.4% coverage at 31 December 2018.

	2017	2018
Assets for satisfying Mediterráneo Vida's obligations		
Additional collateral owned by WIF/WAF	164.1%	164.4%

The Company performs controls to ensure that the risks before and after the transfer are not substantially different, with their risks and rewards substantially retained.

These controls verify the credit quality of the asset portfolios that were initially contributed and of any proposed subsequent movements in the collateral securing its obligations.

The credit quality, measured as the CQS, of Mediterráneo Vida's financial assets at the time of the transfer are constantly compared to the quality of the transferred financial assets, with the CQS of the transferred financial assets being higher than the CQS of the Mediterráneo Vida portfolio, without this risk excess being adequately offset by the excess contributed collateral and approved by the Mediterráneo Vida Board of Directors.

At the close of 2018, the collateral portfolio had a CQS of 2.31 (2.07 at the close of 2017): lower than the 2.67 CQS of Mediterráneo Vida's portfolio at the time of the transfer. (The lower the CQS, the higher the portfolio's credit quality.)

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.

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 ALCO.

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 €	2017	2018
Counterparty risk	2,212.63	2,407
Type 1	2,195	2,219
Type 2	23	244
Diversification of counterparty risk	6	56

As far as counterparty concentration risk is concerned, the Company's greatest counterparty exposure comes from its cash position in banks.

The Company has not applied counterparty risk reduction techniques that transfer risk to third parties in 2018.

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 applies the appropriate methodologies and assumptions and conducts 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.

Term	2018	2017	Difference
Assets	8.34	6.84	1.5
Liabilities	10.46	9.61	0.85
Term gap	-2.12	-2.77	0.65

The term gap between assets and liabilities has been reduced by 0.36 years. This decrease comes from the fact that the increased asset terms from new investments was greater than the increased liability terms from reduction of historical surrender rates.

For each of the most representative products, the evolution of the surplus or deficit is analysed with regard to the current value. Two scenarios are compared in which the sensitivity of this indicator to movements in surrender rates is measured. The current scenario includes the year-on-year surrender rates that the Company detected in the final quarter of 2018, while the historic scenario has surrender rates that are longer-term. In general, historic surrender rates are higher than those recorded in the short-term, due to the current extremely low interest rates.

Escenario		Producto 6%		Producto 4,5%		Producto 0,5%		Producto PPA	
		Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico
Déficit o Superávit	2018	-76	-64	-41	-32	197	140	62	61
	2017	-72	-44	-47	-34	167	115	65	65
	Variación anual	-4	-20	6	2	29	25	-3	-4

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

6% product:

- The current scenario results in deficits that are greater than those in both years of the historic scenario. This is because the surrender rates in the current scenario are minimal (close to 2.5%), versus historic surrender rates of around 4%.

- The year-on-year comparison of the two scenarios shows an increase in the deficit. The asset portfolio has been penalised by the increase in credit spreads in assets with terms over ten years, which has had a negative impact on the deficit. The surrender rates have also continued to drop in the historic scenario (from 4.5% to 3.8%), as the most recent data is included.

- 0.5% and 4.5% products: the surplus/deficit is improving in both scenarios thanks to the reduction in the Asset/Liability term gaps. The increase in the term of the asset portfolio has improved the tranche-to-tranche pairing, providing better coverage for the benefits farthest off in time. In the historic scenario, the variation is lower due to the year-on-year decrease of surrender rates in these products.

- Insured Pension Plan: There has been a slight year-on-year decrease in the surpluses of the same figure in both scenarios, due in the current scenario to the increase in surrender rates (from 4.9% to 6.5%). For this product, the current surrender rate is in line with the historic rate, and the rate is less dependent on interest rate changes than other products.

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 based on the following indicator:

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

Operational risk is stated 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).

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 €	2017	2018
Operational risk	9,456	9,177

With respect to the reduction in operational risk, in 2018 the Company has not applied risk reduction techniques that transfer risks to third parties.

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 is determined through the qualitative assessment of factors such as the experience of the Board and managers 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 regard to Global Economic Capital.

Reputational Risk:

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 is 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 are considered: Business practices, incorrect customer information, internal fraud, external fraud, employment relationships, legal and other. On a quarterly basis, Internal Control reports 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 regard to Global Economic Capital.

The capital added for non-quantifiable risks is:

Amounts in thousands of €	2017	2018
Capital added for non-quantifiable risks	2,148	1,573

D. Valuation for solvency purposes

D.1 Assets

At 31 December 2018, Mediterráneo Vida's most significant assets and their valuation methods are:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	42,454	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,779,525	Fair value
Bonds – Private debt	583,852	Fair value
Investment funds	169	Fair value
Assets held for "index-linked" and "unit-linked" plans	7,477	Fair value
Recoverables from reinsurance: Life insurance and health insurance similar to life insurance, excluding health and "index-linked" and "unit-linked" insurance	-8,168	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	33,077	Amortised cost

At 31 December 2017, the most significant assets and their valuation methods were:

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	1,642,081	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

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 (12:00pm), London (7:00pm) and New York (11:00pm) 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 relevant 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 Best Estimate Liabilities (BEL) was calculated for the Company taking into account the terms and conditions of each reinsurance contract in the individual and group life risk and the accidents lines of business.

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 based on 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 based on the policy's coverage period and the limits established in the technical note. It amounts to €134 thousand (2017: €150 thousand) that under Solvency II is zero.

Intangible assets.

The "intangible assets" heading in the accounting financial statements includes the sum of the computer applications activated by the Company. It amounts to €260 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 €42,171 thousand (2017: €49,430 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 and 2018.

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 2018 year end, including the amounts of the best estimate and the risk margin separately for each significant line of business is as follows:

Amounts in thousands of euros	Technical Provisions (SII)		BEL (SII)		Risk margin	
Line of business	2017	2018	2017	2018	2017	2018
Insurance with profit participation	1,712,892	1,675,513	1,706,020	1,667,564	6,872	7,950
Index-linked and unit-linked insurance	8,401	7,159	8,338	7,061	63	99
Other life risk insurance	-9,357	-7,885	-9,456	-8,291	99	406
Other life annuities insurance	415,888	388,579	412,452	386,144	3,436	2,436
General total	2,127,824	2,063,367	2,117,354	2,052,476	10,470	10,891

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, and on the risk margin calculated using simplified method 3 of article 58 of Delegated Regulation (EU) 2015/35.

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 (<0.08% 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.

2017→2018 (*) BEL EVOLUTION:

2018 BEL:	2,052
2017 BEL:	2,117
Variation:	-65
	(-3.06%)

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

The greater impact of the variation comes from the natural evolution of the portfolio one year after, plus market movements: i.e., the change in the discount curve.

Technical provisions.

The table shows the variation between the Solvency I and Solvency II Technical Provisions for 2018 and 2017:

Amounts in thousands of euros	Solvency II technical provisions											
	Solvency I technical provisions		BEL		Risk margin		Total SII Technical Provisions		Difference		% Impact	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Insurance with profit participation	1,518,866	1,510,235	1,706,020	1,667,564	6,872	7,950	1,712,892	1,675,513	194,026	165,278	108%	109%
Index-linked and unit-linked insurance	8,554	7,477	8,338	7,061	63	99	8,401	7,159	-153	-318	0%	0%
Other life risk insurance	12,299	10,402	-9,456	-8,291	99	406	-9,357	-7,885	-21,656	-18,287	-12%	-12%
Other life annuities insurance	409,251	383,453	412,452	386,144	3,436	2,436	415,888	388,579	6,637	5,127	4%	3%
General total	1,948,970	1,911,567	2,117,354	2,052,476	10,470	10,891	2,127,824	2,063,367	178,854	151,800		

The difference between the value of the Technical Provisions on the financial statements (Solvency I Technical Provisions) and the Solvency II Technical Provisions is due to the different methods used to evaluate the Company's liabilities. In general terms:

- Technical Provisions under Solvency II include future cash flows projected using the best estimate from the actuarial and financial hypotheses, and probable future payments in terms of profit sharing, *inter alias*, using the risk-free curve rates as the discount rate and assuming a margin of risk.
- The Technical Provisions on the annual accounts are calculated taking into account local accounting standards, i.e., using the technical interest rates from the standards, and technical management surcharges, and based on biometric hypotheses defined in the technical bases for the products, and without including sharing in future profits and portfolio decrease rates, *inter alias*.

The main sections with differences in valuation are:

- Interest rate: under Solvency II, the cash flows used for calculating technical provisions are discounted from the risk-free curve (including the adjustment for volatility), whereas under the standards for reserves in financial statements, they are discounted from the product's technical interest rate.
- Contractual options: under Solvency II, the surrender options in contractual documents are calculated as deductions, whilst under the standards for financial statements, these options are not included in the calculation of technical provisions.
- Expenses: under Solvency II, the best estimate of the Company's future expenses for complying with all of its contractual obligations is used, but when calculating the reserves in financial statements, the surcharges for management expenses included in the products' technical bases are taken into account.
- Risk margin: under Solvency II, an adjustment is included for potential deviations in the underwriting hypotheses used for calculating technical provisions, although this is not taken into account when calculating reserves in financial statements.

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 €151,800 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, in the "insurance with profit participation" line of business and in the "other life insurance (annuities)" line 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.

Most of the €18,287 thousand difference in this line of business is due to the shift from Solvency I to Solvency II.

- Principal assumptions:

The hypotheses taken into account for calculating best estimate of the obligations assumed were determined realistically based on the Company's business figures and on a going concern basis (with no new production).

They are based on the operating experience of Mediterráneo Vida S.A., as well as market data and taking into account that it is a mature business.

Derivation of assumption	Actuarial assumptions	Mortality evolution	% over reference table	
		Disability evolution		
		Supplementary covers		
		Total surrender rate		% decrease in insured parties per year/policy
		Partial surrender rate		% MP reduction
		Suspension rate		% over premiums
	Extraordinary contributions	average per policy		
	Financial assumptions	Expenses	euros per policy (investment → %MP)	
		Interest rate on loans	Market data	
		Inflation	Market data	
PP profitability		Estimated curve		
Rates for products without PP		Estimated curve		
Distribution fees		% specified by contract		

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 based on 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 performance 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.

Quantification of volatility adjustment:

The quantification of the effect that changing the adjustment for volatility to zero would have on the Company's financial condition at 2018 year end is presented below.

figures in Thousands of €	With volatility adjustment	Change with volatility adjustment at zero
Technical Provisions (SII)	2,056,208	2,104,479
SCR	52,321	54,070
MCR	23,544	24,331
Basic own funds	291,264	254,979
Eligible own funds to cover SCR	261,264	254,979
Eligible own funds to cover MCR	261,264	254,979
Solvency ratio	557%	416%

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 based on 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)
Periodic Premium Risk	-8,351	34	0	-8,385
One-time Premium Risk	473	6	0	467
Accident	-413	-164	0	-249
			Total	-8,168

D.3 Other liabilities

The other significant elements of the other liabilities and their valuation of 31 December 2018 are the following:

LIABILITIES	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	80,184	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	237	Amortised cost

Payables for reinsurance transactions	610	Amortised cost
Other accounts payable	4,051	Amortised cost

At 31 December 2017, the significant items of the other liabilities and the valuation were:

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

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 regard 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 (€147,838 thousand at 31 December 2018 and €164,797 thousand at 31 December 2017), are zero under Solvency II.

D.4. Alternative methods for valuation

As of the close of 2018, the Company does not use mark-to-model methods to value any of its assets.

E. Capital management

E.1 Own funds

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 regard 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 Manager informs 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 are 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 will inform the Financial Manager of when and how to apply for them at the appropriate time and within the appropriate period, while at them 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 Arts. 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 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, therefore, 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 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:

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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	160.086.964,58	160.086.964,58			
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
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						
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	869.323,35				
Deducciones no incluidas en la reserva de conciliación						
Deducción por participaciones en entidades financieras y de crédito	R0230	0,00	0,00	0,00	0,00	0,00
Total fondos propios básicos después de deducciones	R0290	261.263.539,23	261.263.539,23	0,00	0,00	0,00

Clave de la entidad... C0677

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

Modelo S.23.01

Página 2

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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
Total de fondos propios complementarios	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
Total de fondos propios disponibles para cubrir el CSO	R0500	261.263.539,23	261.263.539,23	0,00	0,00	0,00
Total de fondos propios disponibles para cubrir el CMO	R0510	261.263.539,23	261.263.539,23	0,00	0,00	
Total de fondos propios admisibles para cubrir el CSO	R0540	261.263.539,23	261.263.539,23	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0550	261.263.539,23	261.263.539,23	0,00	0,00	
CSO	R0580	52.320.868,23				
CMO	R0600	23.544.390,70				
Ratio Fondos propios admisibles sobre CSO	R0620	4,99				
Ratio Fondos propios admisibles sobre CMO	R0640	11,10				

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 2017 is as follows:

Basic own funds (figures in thousands of €)	2017	2018
Ordinary share capital	102,044	102,044
Share premium from ordinary share capital	2	2
Reconciliation reserve	153,886	160,087
Capital subject to the pension fund management activity	879	869
Total basic own funds	255,052	261,264

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:

Reconciliation reserve (figures in thousands of €)	2017	2018
Surplus assets versus liabilities	285,932	292,133
Dividends, distributions and foreseeable costs	30,000	30,000
Other basic own fund items	102,046	102,046
Total reconciliation reserve	153,886	160,087

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:

Surplus assets versus liabilities - allocation of valuation differences		
SII value - Financial statements	2017	2018
Difference in asset valuation	30,564	25,288
Difference in technical provision valuation	178,854	151,800
Difference in other liabilities valuation	-123,610	-110,890
Total undistributed reserves and profits from financial statements	208,566	205,710
Financial statement reserves adjusted for Solvency II valuation differences	183,886	190,087
Surplus assets versus liabilities attributable to basic own fund items (not including reconciliation reserve)	102,046	102,046
Surplus assets versus liabilities (thousands of €)	285,932	292,133

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:

	2017	2018
B-1) Own funds	170,880	178,904
I. Capital	102,044	102,044
II. Share premium	2	2
III. Reserves	53,281	68,834
VII. Profit for the year	15,553	8,024
B-2) Valuation adjustments	139,732	128,851
TOTAL NET EQUITY (figures in thousands of €)	310,612	307,756

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

	2017	2018
Surplus assets versus liabilities (figures in thousands of €)	285,932	292,133

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

(figures in thousands of €)	2017	2018
Technical Provisions for Direct Insurance	1,948,970	1,911,567
Liabilities for accounting mismatches	164,797	147,838
Solvency I Liabilities	2,113,767	2,059,405
Best estimate	2,117,354	2,052,476
Risk margin	10,470	10,891
Accounts payable	-15	-15
Solvency II Liabilities	2,127,809	2,063,352
Gross equity adjustment for liability valuations	-14,042	-3,947
Reinsurance Provisions Transferred	3,341	2,664
Reinsurance Benefits Provision	6,036	5,588
Solvency I Assets	9,377	8,251
Reinsurance Recoverables	-9,309	-8,168

Accounts receivable	-180	-204
Intangible assets	0	-260
Solvency II Assets	-9,489	-8,632
Gross equity adjustment for asset valuations	-18,866	-16,883
Gross effect on own funds	-32,908	-20,830
Deferred tax assets	-49,430	-42,171
Deferred tax liabilities	41,203	36,963
Net effect on own funds	-24,681	-15,623

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.

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

At 2018 year end the Company's solvency capital requirement and minimum capital requirement are:

Amounts in thousands of €	2018
Global SCR	52,321
MCR	23,544

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

CSO-SCR breakdown by risk category (in thousands of €)	2018
Market risk	55,774
Interest rate risk	0
Equity risk	0
Real-estate risk	42
Spread risk	55,742
Concentration risk	120
Foreign currency risk	42
Diversification market risk	-173
Counterparty risk	2,407
Type 1	2,219
Type 2	244
Underwriting risk	11,883
Mortality risk	368
Longevity risk	1,805
Disability risk	49
Expense risk	729
Revision risk	0
Lapse risk	10,775
Catastrophe risk	480
Diversification underwriting risk	-2,323
BSCR	60,585
Total Risk Diversification	-9,479
Operational risk	9,177
Adjustment of capacity to absorb losses from deferred taxes	-17,440

Adjustment of capacity to absorb technical provisions	0
Global SCR	52,321

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 (linear MCR; 0.25 x SCR); 0.45 x 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 x TP life 1 - 0.052 x TP life 2 + 0.007 x TP life 3 + 0.021 x TP life 4 + 0.0007 x 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)*

Amounts in Thousands of €	2018
MCR	23,544
Combined MCR	23,544
Linear MCR	65,369
AMCR	3,700

Linear MCR, life	65,369
SCR	52,321

TP (live, 1)	1,613,177
TP (live, 2)	54,387
TP (live, 3)	7,061
TP (live, 4)	386,020
CAR	506,225

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

Amounts in Thousands of €	2018
Global SCR	52,321
MCR	23,544

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.

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

Modelo SE.02.01

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

Página 1

Ejercicio 2018

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		134.376,19	
Inmovilizado intangible	R0030	0,00	259.823,24	0,00
Activos por impuesto diferido	R0040	42.453.855,65	283.087,97	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	489.710,88	489.710,88	0,00
Inversiones (distintas de los activos que se posean para contratos "index-linked" y "unit-linked")	R0070	2.363.546.322,65	2.319.237.749,23	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	2.363.376.871,18	2.319.068.297,76	0,00
Deuda Pública	R0140	1.779.524.986,42	1.747.435.527,09	0,00
Deuda privada	R0150	583.851.884,76	571.632.770,67	0,00
Activos financieros estructurados	R0160	0,00	0,00	0,00
Titulaciones de activos	R0170	0,00	0,00	0,00
Fondos de inversión	R0180	169.451,47	169.451,47	0,00
Derivados	R0190	0,00	0,00	0,00
Depósitos distintos de los activos equivalentes al efectivo	R0200	0,00	0,00	0,00
Otras inversiones	R0210	0,00	0,00	0,00
Activos poseídos para contratos "index-linked" y "unit-linked"	R0220	7.476.815,64	7.475.275,62	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	-8.167.748,55	8.251.429,15	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	-8.167.748,55	8.251.429,15	
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	-8.167.748,55	8.251.429,15	
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	140,02	140,02	0,00
Créditos por operaciones de reaseguro	R0370	78.525,52	78.525,52	0,00
Otros créditos	R0380	1.627.690,22	1.627.690,22	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	33.076.663,88	33.207.317,82	0,00
Otros activos, no consignados en otras partidas	R0420	0,00	44.249.276,00	0,00
TOTAL ACTIVO	R0500	2.440.581.975,91	2.415.294.401,86	0,00

Clave de la entidad... C0677

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

Modelo SE.02.01

Página 2

Ejercicio 2018

PASIVO		Valor Solvencia II	Valor contable	Ajustes por reclasificación
		C0010	C0020	EC0021
Provisiones técnicas - seguros distintos del seguro de vida	R0510	0,00	0,00	0,00
Provisiones técnicas - seguros distintos del seguro de vida (Excluidos los de enfermedad)	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		
Provisiones técnicas - seguros de salud (similares a los seguros distintos del seguro de vida)	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		
Provisiones técnicas - seguros de vida (excluidos "index-linked" y "unit-linked")	R0600	2.056.207.833,62	1.904.090.379,54	0,00
Provisiones técnicas - seguros de salud (similares a los seguros de vida)	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		
Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked")	R0650	2.056.207.833,62	1.904.090.379,54	
PT calculadas en su conjunto	R0660	0,00		
Mejor estimación (ME)	R0670	2.045.415.717,38		
Margen de riesgo (MR)	R0680	10.792.116,24		
Provisiones técnicas - "index-linked" y "unit-linked"	R0690	7.159.238,64	7.476.815,64	0,00
PT calculadas en su conjunto	R0700	0,00		
Mejor estimación (ME)	R0710	7.060.652,77		
Margen de riesgo (MR)	R0720	98.585,87		
Otras provisiones técnicas	R0730		0,00	
Pasivo contingente	R0740	0,00	0,00	0,00
Otras provisiones no técnicas	R0750	0,00	0,00	0,00
Provisión para pensiones y obligaciones similares	R0760	0,00	0,00	0,00
Depósitos recibidos por reaseguro cedido	R0770	0,00	0,00	0,00
Pasivos por impuesto diferidos	R0780	80.184.233,76	43.221.026,08	0,00
Derivados	R0790	0,00	0,00	0,00
Deudas con entidades de crédito	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
Pasivos financieros distintos de las deudas con entidades de crédito	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
Deudas por operaciones de seguro y coaseguro	R0820	237.177,84	237.177,84	0,00
Deudas por operaciones de reaseguro	R0830	609.512,03	609.512,03	0,00
Otras deudas y partidas a pagar	R0840	4.051.117,44	4.051.117,44	0,00
Pasivos subordinados	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
Otros pasivos, no consignados en otras partidas	R0880	0,00	147.852.830,73	0,00
TOTAL PASIVO	R0900	2.148.449.113,33	2.107.538.859,30	0,00
EXCESO DE LOS ACTIVOS RESPECTO A LOS PASIVOS	R1000	292.132.862,58	307.755.542,56	0,00

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

 Modelo S.05.01
 Página 6
 Ejercicio 2018

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
Primas devengadas					
Importe bruto	R1410	0,00	120.945.173,90	0,00	20.862.711,54
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	0,00	19.938.667,59
Importe neto	R1500	0,00	120.945.173,90	0,00	924.043,95
Primas imputadas					
Importe bruto	R1510	0,00	120.945.173,90	0,00	20.994.791,41
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	0,00	20.060.731,71
Importe neto	R1600	0,00	120.945.173,90	0,00	934.059,70
Siniestralidad (Siniestros incurridos)					
Importe bruto	R1610	0,00	165.331.848,61	687.025,12	37.919.083,42
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	0,00	4.635.678,65
Importe neto	R1700	0,00	165.331.848,61	687.025,12	33.283.404,77
Variación de otras provisiones técnicas					
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
Gastos técnicos					
Importe bruto	R1900	0,00	7.666.760,26	15.981,69	1.575.697,77
Gastos administrativos					
Importe bruto	R1910	0,00	1.051.430,81	4.560,30	562.682,08
Cuota de los reaseguradores	R1920	0,00	0,00	0,00	508.851,65
Importe neto	R2000	0,00	1.051.430,81	4.560,30	53.830,43
Gastos de gestión de inversiones					
Importe bruto	R2010	0,00	357.696,03	1.902,60	84.154,59
Cuota de los reaseguradores	R2020	0,00	0,00	0,00	0,00
Importe neto	R2100	0,00	357.696,03	1.902,60	84.154,59
Gastos de gestión de siniestros					
Importe bruto	R2110	0,00	212.096,24	1.375,55	136.221,09
Cuota de los reaseguradores	R2120	0,00	0,00	0,00	0,00
Importe neto	R2200	0,00	212.096,24	1.375,55	136.221,09
Gastos de adquisición					
Importe bruto	R2210	0,00	4.164.302,72	1.004,18	3.361.782,44
Cuota de los reaseguradores	R2220	0,00	0,00	0,00	2.625.542,94
Importe neto	R2300	0,00	4.164.302,72	1.004,18	736.239,50
Gastos generales					
Importe bruto	R2310	0,00	1.881.234,46	7.139,06	565.252,16
Cuota de los reaseguradores	R2320	0,00	0,00	0,00	0,00
Importe neto	R2400	0,00	1.881.234,46	7.139,06	565.252,16
Otros gastos					
Importe bruto	R2500	0,00	0,00	0,00	0,00
Total gastos					
Importe total de los rescates	R2600	0,00	0,00	0,00	0,00
Importe total de los rescates	R2700	0,00	89.097.195,11	572.620,65	7.800.288,11

Clave de la entidad... C0677

Modelo S.05.01

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

Página 8

Ejercicio 2018

PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

		Obligaciones de seguro y reaseguro de vida
		TOTAL
		C0300
Primas devengadas		
Importe bruto	R1410	141.807.885,44
Reaseguro cedido (Participación del reaseguro)	R1420	19.938.667,59
Importe neto	R1500	121.869.217,85
Primas imputadas		
Importe bruto	R1510	141.939.965,31
Reaseguro cedido (Participación del reaseguro)	R1520	20.060.731,71
Importe neto	R1600	121.879.233,60
Siniestralidad (Siniestros incurridos)		
Importe bruto	R1610	203.937.957,15
Reaseguro cedido (Participación del reaseguro)	R1620	4.635.678,65
Importe neto	R1700	199.302.278,50
Variación de otras provisiones técnicas		
Importe bruto	R1710	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00
Importe neto	R1800	0,00
Gastos técnicos	R1900	9.258.439,72
Gastos administrativos		
Importe bruto	R1910	1.618.673,19
Cuota de los reaseguradores	R1920	508.851,65
Importe neto	R2000	1.109.821,54
Gastos de gestión de inversiones		
Importe bruto	R2010	443.753,22
Cuota de los reaseguradores	R2020	0,00
Importe neto	R2100	443.753,22
Gastos de gestión de siniestros		
Importe bruto	R2110	349.692,88
Cuota de los reaseguradores	R2120	0,00
Importe neto	R2200	349.692,88
Gastos de adquisición		
Importe bruto	R2210	7.527.089,34
Cuota de los reaseguradores	R2220	2.625.542,94
Importe neto	R2300	4.901.546,40
Gastos generales		
Importe bruto	R2310	2.453.625,68
Cuota de los reaseguradores	R2320	0,00
Importe neto	R2400	2.453.625,68
Otros gastos	R2500	0,00
Total gastos	R2600	9.258.439,72
Importe total de los rescates	R2700	97.470.103,87

Clave de la entidad... C0677

Modelo AS.12.01

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

Ejercicio 2018

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
Provisiones técnicas calculadas en su conjunto	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		
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo					
Mejor estimación					
Mejor estimación bruta	R0030	1.667.563.664,39		0,00	7.060.652,77
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
Mejor estimación menos importes recuperables de reaseguro,SPV y reaseguro limitado	R0090	1.667.563.664,39		0,00	7.060.652,77
Margen de riesgo	R0100	7.949.827,39	98.585,87		
Importe de la medida transitoria sobre provisiones técnicas					
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		
Total Provisiones técnicas	R0200	1.675.513.491,78	7.159.238,64		
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	1.675.513.491,78	7.159.238,64		
Mejor estimación de los productos con opción de rescate	R0220	1.667.563.664,39	7.060.652,77		
Mejor estimación neta de los flujos de caja					
Salidas de caja					
Prestaciones garantizadas y discrecionales futuras	R0230		6.957.460,99		
Prestaciones garantizadas futuras	R0240	2.918.470.506,05			
Prestaciones discrecionales futuras	R0250	54.386.666,25			
Gastos y otras salidas de caja futuros	R0260	56.147.414,80	103.191,78		
Entradas de caja					
Primas futuras	R0270	1.361.440.922,71	0,00		
Otras entradas de caja	R0280	0,00	0,00		
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290	0,00	0,00		
Valor de rescate	R0300	1.470.924.604,94	7.398.199,73		
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés					
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0310	0,00	0,00		
	R0320	0,00	0,00		
Mejor estimación sujeta a ajuste por volatilidad	R0330	1.667.563.664,39	7.060.652,77		
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	1.707.206.902,46	7.172.513,65		
Mejor estimación sujeta a ajuste por casamiento	R0350	0,00	0,00		
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	0,00	0,00		

Clave de la entidad... C0677

Modelo AS.12.01

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

Ejercicio 2018

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... (*)
		C0060	Contratos sin opciones y garantías C0070	Contratos con opciones y garantías C0080	
Provisiones técnicas calculadas en su conjunto	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
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo					
Mejor estimación					
Mejor estimación bruta	R0030		0,00	377.852.052,99	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	-8.167.593,61	0,00
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050		0,00	-8.167.593,61	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	-8.167.748,55	0,00
Mejor estimación menos importes recuperables de reaseguro, SPV y reaseguro limitado	R0090		0,00	386.019.801,54	0,00
Margen de riesgo	R0100	2.842.288,85			0,00
Importe de la medida transitoria sobre provisiones técnicas					
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
Total Provisiones técnicas	R0200	380.694.341,84			0,00
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	388.862.090,39			0,00
Mejor estimación de los productos con opción de rescate	R0220	361.458.938,61			0,00
Mejor estimación neta de los flujos de caja					
Salidas de caja					
Prestaciones garantizadas y discrecionales futuras	R0230	386.745.539,31			0,00
Prestaciones garantizadas futuras	R0240				
Prestaciones discrecionales futuras	R0250				
Gastos y otras salidas de caja futuros	R0260	7.126.818,70			0,00
Entradas de caja					
Primas futuras	R0270	16.069.688,10			0,00
Otras entradas de caja	R0280	0,00			0,00
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290	0,00			0,00
Valor de rescate	R0300	318.037.455,10			0,00
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0310	0,00			0,00
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320	0,00			0,00
Mejor estimación sujeta a ajuste por volatilidad	R0330	377.852.052,99			0,00
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	386.480.056,09			0,00
Mejor estimación sujeta a ajuste por casamiento	R0350	0,00			0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	0,00			0,00

Clave de la entidad... C0677

Modelo AS.12.01

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

Ejercicio 2018

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	Total (seguros de vida distintos de enfermedad, incl. los vinculados a fondos de inversión)
	Rentas... (*)	
	C0140	C0150
Provisiones técnicas calculadas en su conjunto	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
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo		
Mejor estimación		
Mejor estimación bruta	R0030	2.052.476.370,15
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040	-8.167.593,61
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050	-8.167.593,61
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	-8.167.748,55
Mejor estimación menos importes recuperables de reaseguro,SPV y reaseguro limitado	R0090	2.060.644.118,70
Margen de riesgo	R0100	10.890.702,11
Importe de la medida transitoria sobre provisiones técnicas		
Provisiones técnicas calculadas en su conjunto	R0110	0,00
Mejor estimación	R0120	0,00
Margen de riesgo	R0130	0,00
Total Provisiones técnicas	R0200	2.063.367.072,26
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	2.071.534.820,81
Mejor estimación de los productos con opción de rescate	R0220	
Mejor estimación neta de los flujos de caja		
Salidas de caja		
Prestaciones garantizadas y discretionales futuras	R0230	393.703.000,30
Prestaciones garantizadas futuras	R0240	2.918.470.506,05
Prestaciones discretionales futuras	R0250	54.386.666,25
Gastos y otras salidas de caja futuros	R0260	
Entradas de caja		
Primas futuras	R0270	
Otras entradas de caja	R0280	
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290	
Valor de rescate	R0300	1.796.360.259,77
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0310	0,00
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320	0,00
Mejor estimación sujeta a ajuste por volatilidad	R0330	2.052.476.370,15
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	2.100.859.472,20
Mejor estimación sujeta a ajuste por casamiento	R0350	0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	0,00

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

Modelo S.22.01
 Ejercicio 2018

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	2.063.347.072,26	2.063.347.072,26	0,00	2.063.347.072,26	0,00	2.111.750.174,31	48.383.107,05	2.111.750.174,31	0,00	48.383.107,05
Fondos propios básicos	R0020	291.263.539,23	291.263.539,23	0,00	291.263.539,23	0,00	254.979.307,15	-36.284.232,08	254.979.307,15	0,00	-36.284.232,08
Excedente de los activos respecto a los pasivos	R0030	292.132.867,58	292.132.867,58	0,00	292.132.867,58	0,00	255.848.630,50	-36.284.232,08	255.848.630,50	0,00	-36.284.232,08
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	291.263.539,23	291.263.539,23	0,00	291.263.539,23	0,00	254.979.307,15	-36.284.232,08	254.979.307,15	0,00	-36.284.232,08
Nivel 1	R0060	291.263.539,23	291.263.539,23	0,00	291.263.539,23	0,00	254.979.307,15	-36.284.232,08	254.979.307,15	0,00	-36.284.232,08
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	52.320.868,23	52.320.868,23	0,00	52.320.868,23	0,00	54.069.607,78	1.748.739,55	54.069.607,78	0,00	1.748.739,55
Fondos propios admisibles para cubrir el capital mínimo obligatorio	R0100	291.263.539,23	291.263.539,23	0,00	291.263.539,23	0,00	254.979.307,15	-36.284.232,08	254.979.307,15	0,00	-36.284.232,08
Capital mínimo obligatorio	R0110	23.544.390,70	23.544.390,70	0,00	23.544.390,70	0,00	24.331.323,50	786.932,80	24.331.323,50	0,00	786.932,80

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

Modelo S.23.01
 Ejercicio 2018
 Página 1

FONDOS PROPIOS

Fondos propios básicos		Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
		C0010	C0020	C0030	C0040	C0050
Capital social de acciones ordinarias (incluidas las acciones propias)	R0010	102.044.180,70	102.044.180,70		0,00	
Prima de emisión de las acciones ordinarias	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 reconciliación	R0130	190.086.964,58	190.086.964,58			
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
Fondos propios de los estados financieros que no deben representarse mediante la reserva de reconciliación y no satisfacen los criterios para su clasificación como fondos propios de Solvencia II						
Fondos propios de los estados financieros que no deben representarse mediante la reserva de reconciliación y no satisfacen los criterios para su clasificación como fondos propios de Solvencia II	R0220	869.323,35				
Deducciones no incluidas en la reserva de reconciliación						
Deducción por participaciones en entidades financieras y de crédito	R0230	0,00	0,00	0,00	0,00	0,00
Total fondos propios básicos después de ajustes	R0290	291.263.539,23	291.263.539,23	0,00	0,00	0,00

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

Modelo S.23.01
 Ejercicio 2018
 Página 2

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 jurídico para suscribir y pagar los pasivos subordinados a instancia del tenedor	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	
Otras cartas de crédito y garantías guardadas en depósito distintas de las establecidas en el artículo 96.2 de la Directiva	R0350	0,00			0,00	0,00
Derramas futuras exigibles a las mutuas y sociedades mutualistas de navieros establecidas en el párrafo primero punto 3 del art. 96 de la Directiva 2009/138/EC	R0360	0,00			0,00	
Derramas futuras exigibles a las mutuas y sociedades mutualistas de navieros distintas a las establecidas en el párrafo primero punto 3 del art. 96 de la Directiva 2009/138/EC	R0370	0,00			0,00	0,00
Otros fondos propios complementarios	R0390	0,00			0,00	0,00
Total de fondos propios complementarios	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
Total de fondos propios disponibles para cubrir el CSO	R0500	291.263.539,23	291.263.539,23	0,00	0,00	0,00
Total de fondos propios disponibles para cubrir el CMO	R0510	291.263.539,23	291.263.539,23	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CSO	R0540	291.263.539,23	291.263.539,23	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0550	291.263.539,23	291.263.539,23	0,00	0,00	0,00
CSO	R0580	52.320.868,23				
CMO	R0600	23.544.390,70				
Ratio Fondos propios admisibles sobre CSO	R0620	5,57				
Ratio Fondos propios admisibles sobre CMO	R0640	12,37				

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

Modelo S.23.01
 Ejercicio 2018
 Página 3

FONDOS PROPIOS

Reserva de conciliación

Reserva de reconciliación		Total
		C0060
Exceso de los activos respecto a los pasivos	R0700	292.132.862,58
Acciones propias (incluidas como activos en el balance)	R0710	0,00
Dividendos, distribuciones y costes previsibles	R0720	0,00
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
Total reserva de conciliación	R0760	190.086.964,58

Beneficios esperados incluidos en primas futuras

Beneficios esperados		Total
		C0060
Beneficios esperados incluidos en primas futuras - Actividades de seguros de vida	R0770	-22.280.761,02
Beneficios esperados incluidos en primas futuras - Actividades de seguros distintos del seguro de vida	R0780	0,00
Total de beneficios esperados incluidos en primas futuras	R0790	-22.280.761,02

Clave de la entidad... C0677

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

Modelo S.25.01

Ejercicio 2018

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	57.421.702,58	55.773.500,28	0,00
Riesgo de incumplimiento de contraparte	R0020	2.407.319,95	2.407.319,95	0,00
Riesgo de suscripción de seguro de vida	R0030	11.882.840,34	11.882.840,34	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	-9.511.906,46	-9.479.096,15	
Riesgo del inmovilizado intangible	R0070	0,00	0,00	
Capital de solvencia obligatorio básico	R0100	62.199.956,41	60.584.564,42	

Cálculo del Capital de Solvencia Obligatorio		Importe
		C0100
Ajuste por la agregación del CSO nomenclal para FDL/CSAC	R0120	0,00
Riesgo operacional	R0130	9.176.593,21
Capacidad de absorción de pérdidas de las PPTT	R0140	0,00
Capacidad de absorción de pérdidas de los impuestos diferidos	R0150	-17.440.289,40
Requerimiento de capital para actividades desarrolladas de acuerdo con el Artículo 4 de la Directiva 2003/41/EC	R0160	0,00
Capital de Solvencia Obligatorio excluida la adición de capital	R0200	52.320.868,23
Adición de capital	R0210	0,00
Capital de Solvencia Obligatorio	R0220	52.320.868,23

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	54.436.049,33

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

Modelo AS.28.01
 Ejercicio 2018
 Página 1

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
Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro distinto del seguro de vida		
Resultado CMO NI	0,00	
Seguro de gastos médicos y su reaseguro proporcional	0,00	0,00
Seguro de protección de los ingresos y su reaseguro proporcional	0,00	0,00
Seguro de accidentes laborales y su reaseguro proporcional	0,00	0,00
Seguro de responsabilidad civil en vehículos automóviles y su reaseguro proporcional	0,00	0,00
Otros seguros de vehículos automóviles y su reaseguro proporcional	0,00	0,00
Seguro marítimo, de aviación y de transporte y su reaseguro proporcional	0,00	0,00
Seguro de incendios y otros daños a los bienes y su reaseguro proporcional	0,00	0,00
Seguro de responsabilidad civil general y su reaseguro proporcional	0,00	0,00
Seguro de crédito y caución y su reaseguro proporcional	0,00	0,00
Seguro de defensa jurídica y su reaseguro proporcional	0,00	0,00
Seguro de asistencia y su reaseguro proporcional	0,00	0,00
Pérdidas pecuniarias diversas y su reaseguro proporcional	0,00	0,00
Reaseguro de enfermedad no proporcional	0,00	0,00
Reaseguro no proporcional de responsabilidad civil por daños	0,00	0,00
Reaseguro no proporcional marítimo, de aviación y de transporte	0,00	0,00
Reaseguro no proporcional de daños a los bienes	0,00	0,00

Componentes del CMO	Información general	
	Mejor estimación neta más provisiones calculadas en su conjunto	Capital en riesgo
C0040	C0050	C0060
Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro de vida		
Resultado CMO LI	65.369.640,12	
Obligaciones con participación en beneficios - prestaciones garantizadas	1.613.176.998,14	
Obligaciones con participación en beneficios - prestaciones discrecionales futuras	54.386.666,25	
Obligaciones de "index-linked" y "unit-linked"	7.060.652,77	
Otras obligaciones de (rea)seguro vida	386.019.801,54	
Capital en riesgo respecto a la totalidad de obligaciones de (rea)seguro de vida		506.224.899,77

Cálculo global del Capital Mínimo Obligatorio (CMO)		Cálculo global
		C0070
Capital Mínimo Obligatorio lineal	R0300	65.369.640,12
Capital de Solvencia Obligatorio	R0310	52.320.868,23
Límite superior del Capital Mínimo Obligatorio	R0320	23.544.390,70
Límite inferior del Capital Mínimo Obligatorio	R0330	13.080.217,06
Capital Mínimo Obligatorio combinado	R0340	23.544.390,70
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350	3.700.000,00
Capital Mínimo Obligatorio	R0400	23.544.390,70