



SOLVENCY AND FINANCIAL STATUS REPORT

April 2020
(2019 year end)

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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 2019 were:

Savings: Insurance with/without 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, Ember Alpha Limited bought the Company from Banco Sabadell.

The English limited liability company, Ember Alpha Limited (99% owned by the funds Elliott International, L.P. and Elliott Associates, L.P., the “Elliott Funds”) became the sole member of Mediterráneo Vida after acquiring all of the shares in the Company from Banco de Sabadell, S.A in June 2016, having obtained the necessary administrative authorisations and no opposition from the Directorate General of Insurance and Pension Funds.

Subsequent its acquisition by Amber Alpha Limited, Mediterráneo Vida's business plan seeks to effectively manage 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 (through which the Banco Sabadell Group's bancassurance operator works — the broker for all of Mediterráneo Vida's insurance contracts), their relationship with Mediterráneo Vida or the conditions of their policies. In this regard and bearing very much in mind the principles of prudence and protecting customers, there have been no changes in Mediterráneo Vida's operations, in its management, and in its information technologies. This investment structure is designed to reasonably generate the necessary returns for complying with the Company's future obligations (in both the short- and long-term), and for minimising its reinvestment risk. The change in shareholders has not modified customer relations, as the sale and change in control were transparent for customers and did not lead to any modifications and changes in how its policies are managed under this setting.

After the change in control of the Company, pursuant to the Framework Agreements signed with the Luxembourgian limited liability companies Water International Finance, s.à r.l. (“WIF”) and Water Associates Finance, s.à r.l. (“WAF”) transferred most of its financial assets to these companies. This asset transfer was formalised in the Global Master Agreement (GMA) and the Global Master Future Agreement (GMFA) signed for these purposes. The sole shareholders of WIF and WAF are the Elliott Funds.

As of the date of this report, the Company has already prepared its 2019 annual financial statements, which have been audited by PwC. According to the audit report, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company at

31 December 2019, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Status of the inspection proceedings (Inspection Order 41/2017)

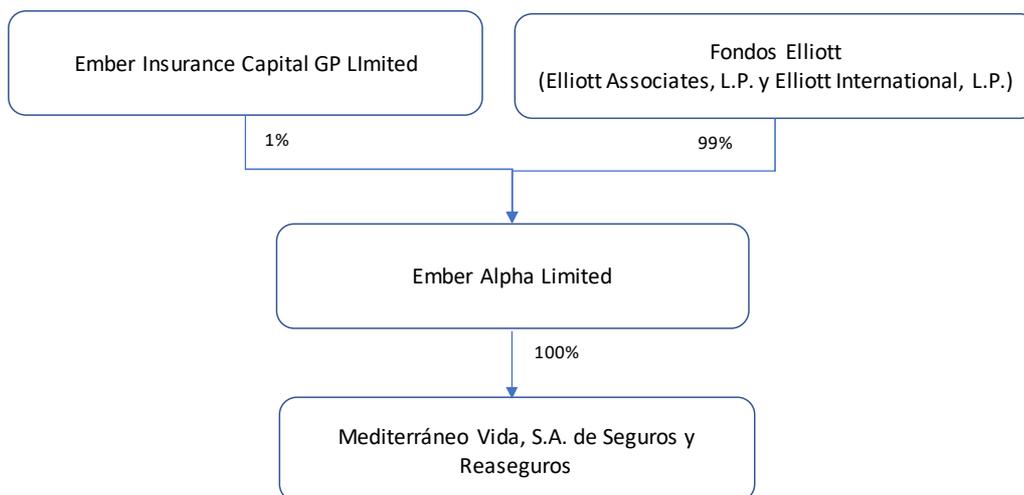
The Directorate General for Insurance and Pension Funds (DGSFP) issued an inspection certificate for the Company on 28 August 2018 pursuant to Inspection Order 41/2017 based on the verifications of its situation on 31 December 2017 on the basis of the contractual agreements in force at the time, and of the accounting and solvency information that the Company reported up to 31 July 2018.

After taking into account the Company's submissions, on 14 August 2019 the Directorate General for Insurance and Pension Funds issued the Resolution provided under section 126.1(e) of the Spanish Insurance and Reinsurance Company Regulation, Supervision and Solvency Act.

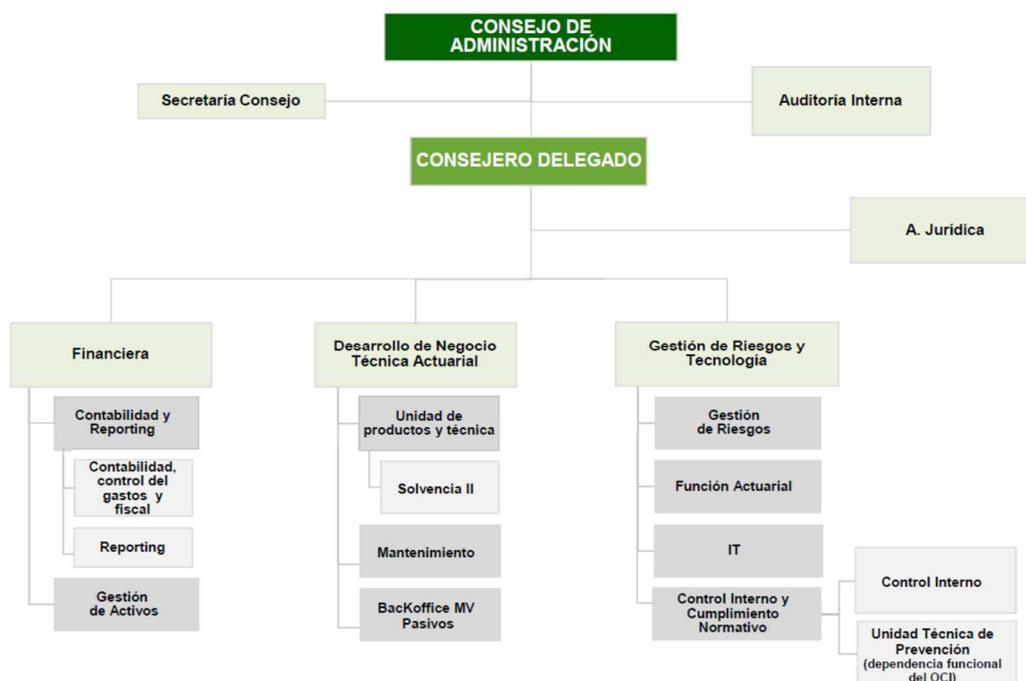
Under this Resolution, the Company was ordered to submit a Plan approved by its Board of Directors that would cover the steps to be taken on various aspects of the Master Agreements and other additional issues.

The Company sent this Plan of Action to the Directorate General for Insurance and Pension Funds on 14 November 2019.

The simplified structure of the 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:

- Internal control and regulatory compliance and the UTP (Money Laundering and Financing of Terrorism Prevention Technical Unit) are now under the Risks and Technical Department. The Liabilities Back Office now reports to the Actuarial Technical Business Development Department.
- Responsibility for the Actuarial Department has passed from the Director of Business and Actuarial Technical Development to the Director of Risks and Technology.

The internal audit department was insourced in early 2019, after being outsourced in 2018.

Below, a summary is provided of the Company's quantitative data at the close of 2019. The solvency ratio the Company achieved at the end of the year places its solvency at 370%, well above its capital required by regulations.

2019 RESULTS

(Amounts in thousands of €)	2019
TOTAL ASSETS	2,565,498
TOTAL LIABILITIES	2,293,223
SURPLUS OF ASSETS OVER LIABILITIES	272,275
Available own funds	272,275
Eligible own funds	272,275
Tier 1:	272,275
Global SCR	73,516
MCR	33,082
Surplus/Capital Needs	198,760
Solvency Ratio (SCR Coverage %)	370%
MCR Coverage %	823%

With regard to the quality of the Company's own funds, its results from the close of 2019 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).

In the 2019 financial year, the company has transferred the Employment Pension Funds to another management company and does not currently maintain any activity as a Pension Fund Manager.

The Company's main lines of business are:

Savings: Insurance with/without 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: Avenida del General Perón, 38 - 28020 Madrid (Provisional Headquarters) Telephone: 913.39.71.37 or 952.24.99.82
Email: dirseguros@mineco.es

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

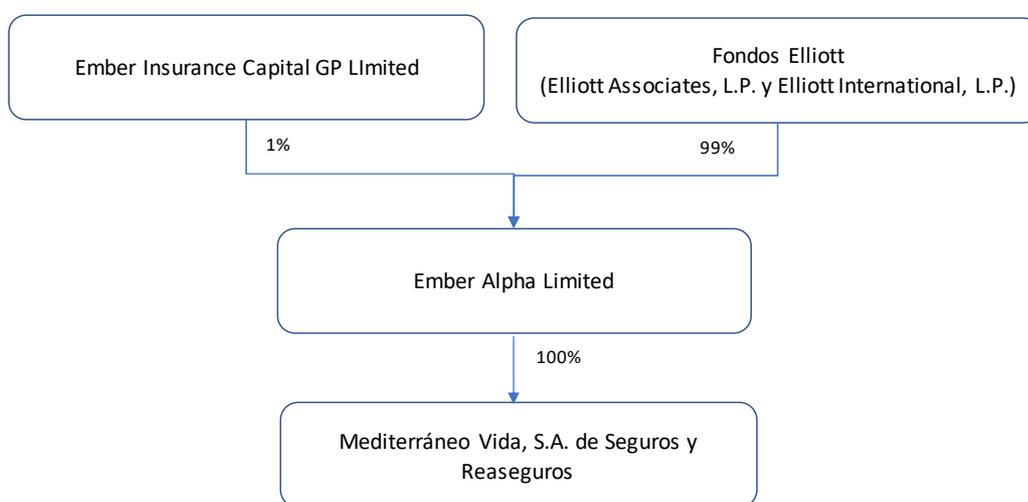
Address: Paseo de la Castellana, 259 B. Edificio Torre PwC – 28046 Madrid
Telephone: 902,021,111

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.

The English limited liability Ember Alpha Limited (99% owned by the funds Elliott International, L.P. and Elliott Associates, L.P., the "Elliot Funds") became the sole member of Mediterráneo Vida after acquiring all of the shares in the Company from Banco de Sabadell, S.A in June 2016, having obtained the necessary administrative authorisations and no opposition from the Directorate General for Insurance and Pension Funds.

Mediterráneo Vida's business plan seeks to effectively manage 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 (through which the Banco Sabadell Group's bancassurance operator works — the broker for all of Mediterráneo Vida's insurance contracts), their relationship with Mediterráneo Vida or the conditions of their policies. In this regard and bearing very much in mind the principles of prudence and protecting customers, there have been no changes in Mediterráneo Vida's operations, in its management, and in its information technologies. This investment structure is designed to reasonably generate the necessary returns for complying with the Company's future obligations (in both the short- and long-term), and for minimising its reinvestment risk. The change in shareholders has not modified customer relations, as the sale and change in control were transparent for customers and did not lead to any modifications and changes in how its policies are managed under this setting.

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



A.2 Underwriting Performance

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

I. Technical account	2019	2018
I.1 Earned premiums, net of reinsurance	109,655	121,879
a) Accrued premiums	127,893	141,807
a1) Direct insurance	127,893	141,807
a3) Changes in impairment losses on uncollected premiums (+/-)	-	-
b) Reinsurance premiums ceded (-)	-18,244	-19,938
c) Change in the provision for unearned premiums and for unexpired risks (+/-)	106	132
c1) Direct insurance	106	132
d) Change in the provision for unearned premiums, reinsurance ceded (+/-)	-100	-122
I.2. Income from property, plant and equipment and from investments	76,430	85,574
b) Income from financial investments	75,943	79,830
b1) Group companies	-	-
b2) Income from financial investments	75,943	79,830
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	-	-
c1) Property, plant and equipment and investment property	-	-
c2) Financial investments	-	-
d) Profit from property, plant and equipment and from investments	487	5,744
d2) Financial investments	487	5,744
I.3. Income from investments tied to insurance in which the policyholder bears the investment risk	1,534	1,593
I.4. Other technical income	-	-
I.5. Claims incurred in the year, net of reinsurance	176,346	199,644
a) Benefits and expenses paid	179,080	198,058
a1) Direct insurance	183,532	203,142
a3) Reinsurance ceded (-)	-4,452	-5,084
b) Changes in the provision for claims outstanding (+/-)	-3,014	1,242
b1) Direct insurance	-2,067	794
b3) Reinsurance ceded (-)	-947	448
c) Expenses attributable to claims	280	344
I.6. Changes in other technical provisions, net of reinsurance (+/-)	-21,281	-37,198
a) Life insurance provisions	-20,790	-36,087
a1) Direct insurance	-21,091	-36,677
a3) Reinsurance ceded (-)	301	590
b) Provisions for life insurance policies in which the insurance policyholders bear the investment risk	-436	-1,077
c) Other technical provisions	-55	-34
I.7. Profit sharing and return of premiums.	5,064	5,513
a) Claims and expenses for profit commission and return of premiums	5,614	5,824
b) Changes in the provision for profit sharing and return of premiums (+/-)	-550	-311
I.8. Net operating expenses	4,999	6,031
a) Acquisition costs	6,508	7,527
b) Changes in deferred acquisition costs	-	-
c) Administrative expenses	1,393	1,618
d) Fees and share in reinsurance ceded and retroceded	-2,902	-3,114
I.9. Other technical expenses	2,156	2,454
c) Other	2,156	2,454
I. 10. Expenses from property, plant and equipment and from investments	11,599	16,805
a) Management expenses from property, plant and equipment and from investments	11,232	11,115
a2) Expenses from investments and financial accounts	11,232	11,115
b) Impairment losses on property, plant and equipment and on investments	18	5
b1) Amortisation of property, plant and equipment and investment property	18	5

c) Losses from property, plant and equipment and from investments	349	5,685
c2) Financial investments	349	5,685
I.11. Expenses from investments tied to insurance in which the policyholder bears the investment risk	1,151	1,965
I.12. Subtotal. (Balance of the Technical Account)	7,585	13,832

II. Non-technical account	2019	2018
II.1. Income from property, plant and equipment and from investments	16,925	5,250
b) Income from financial investments	4,877	5,012
b1) Group companies	-	-
b2) Income from financial investments	4,868	5,012
b3) Other finance income	9	-
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	-	-
d) Profit from property, plant and equipment and from investments	12,048	238
d2) Financial investments	12,048	238
II.2. Expenses from property, plant and equipment and from investments	2,380	3,187
a) Investment management expenses	2,376	2,726
a1) Expenses from investments and financial accounts	2,376	2,726
b) Impairment losses on property, plant and equipment and on investments	-	-
b3) Impairment loss on investments	-	-
c) Losses from property, plant and equipment and from investments	4	461
c2) Financial investments	4	461
II.3. Other income	343	146
a) Income from pension fund administration	77	144
b) Other income	266	2
II.4. Other expenses	7,352	5,342
a) Expenses for pension fund administration	197	342
b) Other expenses	7,155	5,000
II.5 Subtotal. (Balance of the non-technical account) (II.1 - II.2 + II.3 - II.4)	7,536	-3,133
II.6 Profit before tax (I.12 + II.5)	15,121	10,699
II.7 Income tax	-3,780	-2,675
II.8. Profit from continuing operations (II.6 - II.7)	11,341	8,024
II.9. Profit/(Loss) from discontinued operations net of tax (+/-)	-	-
II.10. Profit for the year (II.8 + II.9)	11,341	8,024

For the commitments included in the Temporary Portfolio, the real profits earned by the portfolio's assets in 2019 were not sufficient to satisfy both the guaranteed interest rate and the future administration expenses for the commitments. Therefore, there is a supplemental provision that had a balance of €25,438 thousand at 31 December 2019 (€8,254 thousand on 31 December 2018).

At the close of 2017, the Company calculated the mathematical provisions for insurance policies, which at 31 December 2016 was calculated pursuant to section 33.2(a) of the Spanish Private Insurance Supervision and Organisation Regulation [*Reglamento de Ordenación y Supervisión de Seguros Privados*] (mainly life-contingent annuities), applying the interest rate included in section 33.1(a) of the Spanish Private Insurance Supervision and Organisation Regulation, 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 €54,677 thousand (€62,396 thousand at 31 December 2019).

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 2019 and 2018 are:

2019 (data in thousands of €)	Life/non-life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Earned premiums				
Gross amount	108,812	2	19,079	127,893
Reinsurance ceded (Share of the reinsurance)			18,244	18,244
Net amount	108,812	2	835	109,649
Earned premiums				
Gross amount	108,812	2	19,185	127,999
Reinsurance ceded (Share of the reinsurance)			18,344	18,344
Net amount	108,812	2	841	109,655
Claims (claims incurred)				
Gross amount	148,732	799	31,940	181,471
Reinsurance ceded (Share of the reinsurance)			5,399	5,399
Net amount	148,732	799	26,541	176,072
Variation of other technical provisions				
Gross amount				
Reinsurance ceded (Share of the reinsurance)				
Net amount				
Technical expenses	6,497	12	1,378	7,887
Other expenses				
Total expenses	6,497	12	1,378	7,887

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

A.3 Investment Performance

The net gains and losses on financial assets recognised in the income statement and in equity, by category for 2019 and 2018 is as follows:

	Thousands of euros				
	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Total
2019					
Finance income using the amortised cost method	-	-	-18	67,798	67,780
Change in fair value	328	-	-	-	328
Reversal of impairment	-	-	-	-	-
Impairment losses	-	-	-	-	-
Gains on disposal	48	-	-	12,535	12,583
Losses on disposal	-	-	-	-353	-353
Net gains/(losses) recognised in profit or loss	376	-	-18	79,980	80,338
Change in fair value	-	-	-	112,777	112,777
Reclassification from equity to gains and losses on disposal	-	-	-	-12,060	-12,060
Net gains/(losses) recognised in equity	-	-	-	100,717	100,717
Adjustments due to accounting mismatches	-	-	-	-45,610	-45,610
Net gains/(losses) recognised in equity	-	-	-	55,107	55,107
Total	376	-	-18	135,087	135,445
	Thousands of euros				
	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Total
2018					
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

After the change in control of the Company, pursuant to the Framework Agreements signed with the Luxembourgian limited liability companies Water International Finance, s.à r.l. ("WIF") and Water Associates Finance, s.à r.l. ("WAF") transferred most of its financial assets to these companies. This asset transfer was formalised in the Global Master Agreement (GMA) and the Global Master Future

Agreement (GMFA) signed for these purposes. The sole shareholders of WIF and WAF are the Elliott Funds.

WIF and WAF secure the above obligations vis-à-vis Mediterráneo Vida by assigning its own assets and assets in companies belonging to the Elliott Funds with the provision of real guarantees that suffice for Mediterráneo Vida to substantially retain the risk and rewards of the portfolio transferred, which means that the assets transferred in the balance sheet of Mediterráneo Vida are not deregistered.

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 €67,798 thousand.

The change in the fair value of the assets recognised under the Company's equity was an increase of €100,717 thousand, which was recognised under available-for-sale financial assets, the value of which increased as a result of the overall drop in interest rates in the year. Additionally, the correction of accounting mismatches reflects a decrease in the Company's equity of €45,610 thousand. In sum, the net increase in equity amounted to €55,107 thousand, once the accounting mismatches were corrected.

A.4 Performance of other activities

Under the "Other Income" heading of the 2019 non-technical account, the Company recorded €264 thousand in revenue from income obtained by the Company from the transfer of the "Fondimed, Fondo de Pensiones", "Previcorp, Fondo de Pensiones" and "Previcorp II F.P." pension funds from Entidad Gestora de Mediterráneo Vida, S.A.U. de Seguros y Pensiones to VidaCaixa, S.A.U, de Seguros y Reaseguros, assigning it management of the funds.

On 31 March 2017, the Company signed an operating lease agreement with EDHISPANIA ALACANT, 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 shall 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 €288 thousand (€73 thousand in 2018).

A.5 Other information

On 28 August 2018, the Directorate-General for Insurance and Pension Funds (DGSFP) issued the Company's Inspection Act by Inspection Order 41/2017, based on the checks on the situation of the Entity as of December 31, 2017 on the basis of the contractual agreements in force on that date and the accounting and solvency information submitted by the Entity until July 31, 2018.

On 14 August 2019, DGSFP issued the Resolution provided for in Article 126.1(e) of LOSSEAR.

Under this Resolution, the Company was ordered to submit a Plan approved by its Board of Directors that would cover the steps to be taken on various aspects of the Master Agreements.

The Company sent this Plan of Action to the Directorate General for Insurance and Pension Funds on 14 November 2019, the most significant sections of which were as follows:

1. A plan to pay off the Master Agreements signed with WIF/WAF during five to ten years, depending on how interest rates evolve, starting in 2019, with the financial assets transferred corresponding to capital and reserves.
2. A plan to pay off the Master Agreements signed with WIF/WAF during five to ten years, depending on how interest rates evolve, starting in 2019, with the financial assets transferred corresponding to capital and reserves.
3. The governance system. Strengthening of the tracking and control systems and increasing oversight of agreements by the Company's governance bodies: an action that was likewise initiated with the implementation of tracking indicators.
4. Disclosures to third parties. More detailed information on various aspects related to the Master Agreements, their management and the collateral in both the 2018 Annual Account Notes and in the ISFS Report.
5. Modification of guarantees. Restructuring the Master Agreements and the guarantees provided so that the guarantees can be used to mitigate the counterparty risk in the Company's Mandatory Solvency Capital, until the asset recovery plan is completed. The Elliot Funds, WIF and WAF will grant pledge rights over all of the Company's collateral, so that it can call them in directly and separately to improve the flexibility and speed of enforcement in the event of a breach.
6. Incorporating remuneration for Mediterráneo Vida from WIF and WAF for the signed Master Agreements, the GMA and the GMFA.
7. Dispelling all doubts about the existence of an alleged relation of control between Mediterráneo Vida and WIF/WAF (in the sense specified in section 42 of the Spanish Commercial Code [*Código de Comercio*] and section 84 of the Spanish Insurance and Reinsurance Company Regulation, Supervision and Solvency Act, and therefore about the non-existence of an obligation for Mediterráneo Vida to prepare consolidated financial statements with WIF and WAF for the next year.

Even though, as of the date of this report, the Directorate General for Insurance and Pension Funds has yet to rule on the submitted Plan of Action, the Company has already initiated most of the actions envisaged in it.

The following steps have thus been taken:

- Recovery in December of all the assets corresponding to disbursement of share capital plus the Company's Reserves.
- Implementation of tracking indicators to strengthen the tracking and control systems and increase oversight of agreements by the Company's governance bodies.
- Modifications to the Master Agreements that grant Mediterráneo Vida a pledge over the current accounts of the two subsidiaries of WIF/WAF.
- Accrual of the remuneration agreed in the modifications of the Master Agreements.
- Modifications in the Master Agreements, including the possibility that WIF/WAF may unilaterally ask to terminate them by returning Mediterráneo Vida the original financial assets.

On the occasion of the exceptional circumstances that occurred after the Company's 2019 closing date, with the publication of Spanish Royal Decree 463/2020, of 14 March 2020, declaring a state of alarm to manage the healthcare crisis generated by the coronavirus (COVID-19) [*Real Decreto 463/2020, por el que se declara el estado de alarma para la gestión de la situación de crisis sanitaria generada por el coronavirus (Covid-19)*] that came into force on that same date, 14 March, we declare that:

- The contingency plans drawn up for these circumstances have been activated, which have allowed business to continue as close as possible to normally. To do this, organisational measures to manage the crisis have been put into practice on both an individual (management of contagious situations and isolation) and collective level. These measures have turned out to be perfectly compatible with continuing the Company's activities and business, and it is ready to extend them for as long as the authorities may order without this putting the Company's activities in a critical situation.
- The Company does not expect that it will be unable to comply with any of its contracts, and it therefore foresees no consequences due to contractual breaches caused by the epidemic.
- Each day, the Company is closely monitoring the evolution of customer surrenders to anticipate any potential liquidity needs. The trend is normal thus far, with no changes detected that might indicate that the Company should take additional measures in this regard.
- Projections are being made on the evolution of the main items on the Company's Balance Sheet with an internally developed tool that provides a daily estimate of the Solvency Ratio with a high level of reliability to detect potential Equity needs. The observed data stress the high level of volatility being experienced in financial markets, but under no circumstances would they put the Company's solvency at risk, as it remains at a comfortable position above 200% of the amount committed to in the Plan of Action, without using other tools such as Transitory Measures and Matching Adjustment.
- With regard to the Master Agreements, the Company is tracking:
 - The evolution of assets held as collateral, with no significant decreases observed in their value that might call their sufficiency into question.
 - The evolution of risks and benefits, which shows that they are retained continuously at all times with high levels of over-collateralisation and liquidity even when stress and deep haircuts are applied to the assets in their assessment.

As of the date of this report, no-one knows the exact impacts this health crisis may have on global economies. Therefore, the Company is closely tracking the possible impacts, but at no point has it observed that the application of the principle of an on-going concern could be put at risk for Mediterráneo Vida.

B. System of Governance

General information on the system of governance

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

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

These key functions 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 Risks and Technology 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.

During the year, the most significant changes in the company's organizational chart have been the change in ownership of Function Actuarial. It is carried out by the Director of Risk and Technology. In addition, the Control and Operations Directorate disappears. Internal Control, Regulatory Compliance and UTP (Technical Unit of Prevention of Money Laundering and Terrorism Financing) become dependent on the Risk and Technology Directorate, changing ownership of the Compliance Function. The BackOffice Unit of Liabilities becomes dependent on the Actuarial Technical Business Development Directorate.

The Internal Audit Department was also insourced at the beginning of the year after being outsourced in 2018.

Functions of the Administrative Bodies, Executive Committees, other Committees and Fundamental 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.

The Board of Directors to date of this Report is composed of seven members: a President, a CEO, three Independent Directors, two Proprietary Directors and a non-counseling Secretary. The position of director is free of charge with the exception of the CEO and the independent directors.

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 consists of three members: the President of the Council and two Independent Directors (one of them the Chairman of this Committee), and the Secretary non-Counsel 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.
- i) To review the retention of risks and benefits from asset assignments.

Remunerations Committee

The Remuneration Committee consists of three members: the Chairman of the Board of Directors, a Proprietary Director (being the President) and an Independent Director.

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

The Business Development Commission is composed of six members: the Chairman of the Board of Directors, the CEO, two Sunday directors (one of them the Chairman of this committee) and two independent directors.

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 Regulatory Committee consists of four members: three independent directors (one of them the Chairman) and a Proprietary Director.

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.

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 Risk Committee (ALCOR)

The Assets, Liabilities and Risks Committee is composed of 7 members: 3 directors, including the CEO, and 4 Company executives; The Head of Internal Control and Compliance, the Chief Financial Officer, the Director of Risks and Technology and the Director of Actuarial Technical Development.

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 WIF/WAF collateral assets and remote collaterals, 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 GMAs, 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 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.

Claims and Losses Committee

The Claims and Losses Committee has six members:

- The Customer Service Manager (service outsourced to Benedicto y Asociados Asesores S.L.)
- Risk Management and Technology Director
- Liabilities Back Office Manager
- Member of the Liabilities Back Office 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 most 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 Company's Internal Audit Director will attend the ICB as a guest. However, the ICB will operate organically and functionally separate from it, and under no circumstances will have voting rights. Any changes to the structure and functioning of the ICB and the internal regulations on money laundering and the financing of terrorism must be approved by the Board of Directors.

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 Company's policies, 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.
- Periodically inform the Audit Committee of the most relevant compliance aspects.
- Prepare an annual Compliance and Internal Control Verification Report, indicating conclusions and recommendations.
- Communicate to the other key functions at Mediterráneo Vida any events that are relevant for meeting their respective objectives.
- Notifying the Board of Directors of any relevant breaches that might present a risk for Mediterráneo Vida

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, and advise the committee and the board.
- 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:

- Effective management of the Company
- 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

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 "Solvency II Risk Appetite" prepared by the Risk

Management Department that details the method and procedure for creating and assessing risk indicators, their tolerance limits and the management steps.

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.

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 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.

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

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 (ALCOR).

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 process 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 reputational and liquidity risk.
- 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 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.

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 zero.

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:

- 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 Technical-Actuarial Department's Solvency II Unit is 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

The internal control system includes administrative and accounting procedures, an internal control framework, adequate information mechanisms at all levels of the Company, and a compliance verification function.

The Company has put two policies in place in this area, both of which have been approved by the Board of Directors:

- Internal Control Policy: with the goal of establishing the basic principles and the general framework for action for controlling and managing all types of risks that the Company faces to maintain an effective internal control system.
- Compliance Verification Policy: with the goal of performing verification tasks to ensure compliance with laws, regulations, administrative provisions and the Company's own internal regulations. This will also entail the evolution of the impact of any changes in the legal environment on the Company's operations and determining and assessing the risk of a breach. (This function's competences are described in section B1 of this report)

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.

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.

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.

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 must work 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 Company has an Outsourcing Policy approved by its Board of Directors that takes into account the incidence of outsourcing of its activities and the information and tracking systems put in place in the event of outsourcing.

The objectives of the Outsourcing Policy are:

- a) To establish the framework for action that the Company should take into account whenever an insurance activity or function is proposed for outsourcing.
- b) To guarantee that when critical or important operational functions and activities are outsourced, this is not be carried out a manner that:
 - i. Clearly endangers the quality of the system of governance.
 - ii. Unnecessarily increases operational risk.
 - iii. Diminishes the supervisory capacity of authorities to verify that the company complies with its obligations.
 - iv. Affects the provision of an ongoing and satisfactory service to insurance policyholders.

Through its Risks Committee, the Company has appointed a person at the organisation with general responsibility over the outsourced service/activity who has sufficient knowledge and experience regarding the activity in question to verify the performance of the service provider.

The Head of Internal Control is in the person in the Company who is in charge of compliance with the Outsourcing Policy and for first notifying the Directorate General for Insurance and Pension Funds if key functions and critical activities will be outsourced and of any significant subsequent changes in relation to those functions and activities. The Directorate General for Insurance and Pension Funds will have one month after receiving this communication to oppose the outsourcing if the circumstances described in paragraph (b) above are met.

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

- Sending a draft contract to:
 - the Legal Advisory Department for review
 - Internal Control and Compliance together with a completed requirements form.
- The outsourced activities must first be presented to the Risks Committee.
- Maintaining, updating and enriching knowledge, rules, techniques, disciplines, methodologies and tools that enable it to handle its responsibilities and meet its objectives with the highest levels of quality.
- Keeping a periodic scorecard to oversee the activity and control operational risk, and establishing and monitoring 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. For critical activities and functions, the scorecard must be reported to the Risks Committee or the forum it designates.
- Preparing an annual report. For critical and important functions and activities, the following will also have to be included:
 - Verification that the service provider has the necessary financial resources to perform the additional tasks correctly and reliably, and that all of its personnel who

will be dedicated to performing the outsourced functions and activities have the necessary qualifications and are trustworthy;

- Verification that the service provider has adequate emergency plans to handle urgent situations and interruptions of activity, and that it periodically tests its back-up systems whenever necessary, taking into account the outsourced functions and activities.
- Communicating to the Company's other key functions the events that are relevant for meeting their respective objectives.
- Working together with the Risk Management Function to identify and evaluate the risks of breach.

C. Risk Profile

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 — is consistent with the Company's economic terms and current situation — and based on the expected performance of the business in the coming three years.

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

As part of its ORSA process, the Company performs sensitivities to movements in the interest rate curve, and expansions in market differentials for 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 in 2019 did not yield any solvency needs in any of the quarters, but they did show that the Company has a margin of 150% beyond its defined risk appetite. a level that the company has committed to bring up to 200% as envisaged in the Plan of Action so long as the asset transfer plan is in force in relation to a certain significant level.

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. The results of these adverse scenarios lead to the conclusion that the Company would cover its capital requirements, since it has sufficient equity with no need for a capital increase.

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.

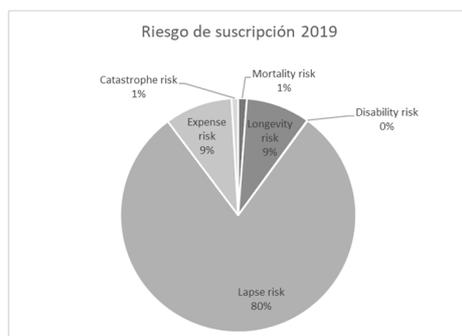
The Company uses the measurement of life underwriting risks established in Directive (EC) 2009/138 of the European Parliament and of the Council. Therefore, the underwriting sub-modules or sub-risks are taken into account, specifically: mortality, longevity, disability and catastrophe, plus the business 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:

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 2019, the target risk appetite established for the life ratio is:

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

The indicator was not met for 2019:

Ratio: 77% → Non-compliance

The reason why the “underwriting risk” indicator did not meet the set risk appetite on 31.12.2019 was because of the major interest rate drop and the methodological adjustment to how it is calculated, which is now performed on a certificate (insured) level, avoiding any compensation that might be between various insured parties under a single policy. The risk appetite review will call for updating it to reflect this fact in an aligned manner.

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 life SCR calculation 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 in the regular quarterly reports.

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.

2019-2018 Table with maximum capital per insured person in case of death

Amounts in thousands of euros

Maximum insured capital		
Year	2018	2019
Life	600 (*)	600 (*)
Accidents	500	500

(*) At 31 December 2019, there was 1 insured person that exceed this limit (standing at €885 thousand).

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

No. of Contracts			
Capital ranges	2018	2019	Variation
Less than 50,000	41,944	35,730	-15%
50,000 to 100,000	20,492	17,845	-13%
100,000 to 150,000	5,692	4,754	-16%
150,000 to 200,000	1,167	904	-23%
200,000 to 250,000	183	137	-25%
250,000 to 300,000	26	20	-23%
More than 300,000	33	27	-18%
	69,537	59,417	-15%

Data at 31 December 2019

As part of its annual actuarial report, 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 2019. The market ratio reflects a decrease in market risk from 107% to 77% of total risk.

Indicator	2018	2019
Market Ratio	107%	77%

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.
- Credit risk: The limits for mitigating this risk will be determined based on the issue's credit rating. When the investment has a credit rating from an external Credit Rating Agency (ECAI), the rating will be selected in accordance with Solvency II criteria:
 1. When the issue has only one rating from an Agency, the rating of that Credit Rating Agency will be used.
 2. When the issue has been rated by two agencies, the worst should be used.
 3. When the issue has been rated by three agencies, the two best ratings will be used, and if the two best ratings are not the same, the worst of these two best ratings should be chosen.

If there is no explicit rating for an asset, the Company may estimate the credit rating using methodologies accepted in the market using an alternative method.

The credit rating will be established in accordance with the grade scale referred to in Article 109.a, Section 1 of Directive 2009/138/EC, the credit rating of which is expressed from 0 to 6:

Rating	Rating Score (CQS)
AAA	0
AA	1
A	2
BBB	3
BB	4
B	5
C	6

The following limits are established to mitigate credit risk:

1. The portfolio's average rating must be at least 3.
2. The portfolio's exposure to issuers with a rating lower than 3 may not exceed 25%.
3. Maximum exposure to an issuer other than government issuers will depend on its rating:

Credit Rating (CQS)	Maximum Exposure
0-1	10%
2	7%
3	4%

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

If the exposure includes current accounts or fixed-term deposits, this limit will extend to 25%.

4. The minimum rating in the purchase must be 3. Purchases with a lower credit rating, as well as ensuing breach due to later drops in the rating are subject to approval by the ALCO&R.

- Equity risk: Equity investments are limited to 5%.
- Liquidity risk: Liquidity risk is managed by maintaining sufficient liquid and marketable assets to settle liabilities as they mature.
- Counterparty risk: Collateral agreements 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.

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

Amounts in thousands of €	2018	2019
Market risk	55,774	56,738
Interest rate risk	0	10,567
Equity risk	0	0
Real-estate risk	42	37
Spread risk	55,742	50,650
Concentration risk	120	1,877
Foreign currency risk	42	37
Diversification market risk	-173	-6,429

In 2019, the global risk requirement was maintained at practically the same levels. An analysis of the evolution of the sub-risks of the market module showed that they experienced increases in interest rate risk and concentration risk, while differential risk dropped by 5 million.

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 2019 to the spread risk at the close of 2018 shows that this risk decreased from €56 million to €51 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 2019.

C.3 Credit risk

The Company has three types of significant sources of counterparty risk:

- a) Counterparty risk for the temporary transfer of assets to WIF and WAF
- b) reinsurance contracts
- c) cash in 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.

Counterparty risk due to temporary asset transfers

The Company tracks the counterparty risk that may derive from the asset transfer and the Master Agreements signed, to assess contingency plans for managing the risks and to keep up the ratios in

accordance with the risk appetite defined by the Company's Board of Directors in various scenarios, to:

- Calculate the impact on counterparty risk based on Solvency II regulations.
- Ensure the substantial retention of the risks and benefits of the transferred assets.
- Evaluate contingency plans for managing previous risks and to keep up the ratios in accordance with the risk appetite defined by the Company's Board of Directors in various scenarios.

Below, a description is given of the controls the Company performs on collateral to monitor counterparty risk:

Description

After the transfer of financial 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 assets would have been transferred.

When WIF and WAF received the assigned assets from Mediterráneo Vida, they constituted an assets portfolio held exclusively by WIF and WAF called the *transferred collateral or transferred guarantees* portfolio. The Elliot Funds and their subsidiaries also contributed other assets entitled *additional direct collateral*.

Lastly, to secure WIF's and WAF's commitments to Mediterráneo Vida, other assets belonging to the Elliot Funds were also contributed, over which guarantees were formed in favour of WIF and WAF. These assets securing the Elliot Funds' obligations to WIF and WAF are additional collateral called *additional remote collateral*.

As of 31 December 2019, the market value of all of the assets provided as collateral for WIF's and WAF's obligations to Mediterráneo Vida was €3.823 billion (€3.827 billion in 2018) (according to the valuation report issued by an independent expert), well above the market value of the transferred assets (i.e., €2.192 billion as of the same date (€2.363 in 2018)).

€mn					
Assets for satisfying Mediterráneo Vida's obligations	2019	2018	Value of obligations to Mediterráneo Vida	2019	2018
Transferred asset collateral	2019	2,328			
Additional collateral owned by WIF/WAF	1,804	1,499			
Total market value of WIF/WAF assets (*)	3,823	3,827	Value of transferred financial assets	2,192	2,363

(*) This market value is based on WIF's and WAF's audited financial statements, which were prepared under the International Financial Reporting Standards, although this fact does not affect how the transfer by Mediterráneo Vida is accounted for.

The assets and guarantees are of the following types:

Type of asset	Millions of euros	
	2019	2018
Listed public and private debt	-	239
Mortgage assets (United Kingdom and Spain)	919	819
Loans to entities in the United Kingdom	21	12
Collateralised swaps	999	1,039
Cash	80	219

Total market value of the collateral of the transferred assets 2019 2,328

For the purposes of retention of risks and benefits, these assets are classified in terms of the counterparty risk assessment. The other assets are collateral assets additional to those classified above.

Type of asset	Millions of euros	
	2019	2018
Real estate assets (United Kingdom and Spain)	1,408	1,321
Cash	396	178
Total market value of the additional collateral owned by WIF/WAF	1,804	1,499

Guarantees to secure the swap	Millions of euros	
	2019	2018
Loans to entities in the United States, the United Kingdom and Italy	386	344
Real estate assets (United Kingdom, Malta and Italy)	322	160
Unlisted equities	194	140
Cash	9	168
Total market value of the additional guarantees securing some of the collateral of the transferred assets	911	812

WIF and WAF assets

Currency	Millions of euros		
	Transferred asset collateral	Additional collateral of WIF/WAF	2019
EUR	1,775	394	2,169
GBP	244	1,051	1,295
USD	-	359	359
	2019	1,804	3,823

Currency	Millions of euros		
	Transferred asset collateral	Additional collateral of WIF/WAF	2018
EUR	2,064	462	2,526
GBP	264	1,037	1,301
	2,328	1,499	3,827

Additional guarantees

Currency	2019	2018
EUR	677	499
GBP	21	170
USD	213	143
	911	812

The assets comprising these guarantees are always valued at market value following IFRS standards that classify assets based on (i) organised market listings; (ii) price formation data directly observed from organised markets; and (iii) assets valued using other methods such as the discounted cash flow method. The assets comprising the collateral that are not type (i) are valued by independent valuation experts and reviewed by audit firms.

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

Calculation of counterparty risk: Counterparty risk tolerance.

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 WIF's and WAF's direct and remote collateral.

Each month, the counterparty breach risk is checked to make sure it is under 5% (as a percentage of the market value of the transferred assets). This report is included in the document entitled "CPD Model" (calculation of counterparty risk), which WIF and WAF prepare and that Mediterráneo Vida echoes from the data WIF and WAF report to it.

	Maximum limit (risk tolerance)
Capital requirement for counterparty risk (generated by asset transfer contracts)	5% of the market value of the transferred assets

The counterparty risk consumption is calculated separately for WIF and WAF to obtain the SCR of the assets provided as collateral (except for the Elliot Swap) for each market risk module (interest rate, spread, equities, real estate, currency and concentration) and for the counterparty risk module, including the profit from diversification. This calculated SCR is the haircut (or collateral adjustment) that should be deducted from the assets' valuations, thus decreasing the value of the assets accounted for as collateral.

As noted above, the method used in the CPD model is based on Solvency II regulations by applying the corresponding discount to each item of collateral for each type of asset, based on the standard formula, before calculating its value (known as the value adjusted for risk of collateral). Thus for example, real estate assets have a 25% discount applied to them, those that are denominated in foreign currencies have an additional 25% discount applied to them (or otherwise the shock corresponding to each non-euro currency), and equity assets have their corresponding discounts applied to them adjusted with the symmetric adjustment published by the EIOPA depending on whether they are Type 1 or Type 2 (at 31 December 2017, these discounts were approximately 39% and 49%). The corresponding discounts are similarly applied to the interest rate risk and concentration risk modules and to the counterparty risk module.

The value adjusted for the risks from the real guarantees is used to adjust the market value of the collateral, and it is applied as a discount. This way the total market value of the provided collateral is adjusted for all of the risks to which it may be exposed.

Once the risks of each asset have been calculated, based on the risks to which they are exposed, the global capital consumption is calculated for each company using the standard formula (WIF's and WAF's SCR, also known as their haircut), including these assets' profit from diversification.

The results of the maximum limit of tolerance to the counterparty risk generated by the Master Agreements were as follows at the close of 2019:

Market risk SCR for collateral	WIF		WAF	
Market Risk SCR Summary	% of MV	EUR	% of MV	EUR
Interest rate scenario	Down		Down	
Interest Rate risk	0,3%	7.316.445	0,3%	3.443.863
Equity risk	2,8%	64.426.161	7,2%	85.938.142
Property risk	13,0%	298.744.898	11,8%	142.209.340
Spread risk	1,9%	42.460.116	1,6%	19.807.176
Currency risk	9,5%	217.578.872	10,9%	131.331.874
Concentration risk	5,6%	128.232.208	7,8%	94.169.109
Undiversified Market Risk SCR	33,1%	758.758.699,89	39,7%	476.899.504,29
Diversified Market Risk SCR	21,9%	502.583.679	25,7%	308.533.680
Counterparty default risk SCR	1,1%	24.593.085	0,6%	7.552.980
Life	0,0%		0,0%	
Health	0,0%		0,0%	

Non Life		0,0%		0,0%
Diversified Market + CPD risk		22,2%	509.288.932	25,9%
<i>EUR in millions</i>				
WIF/WAF Assets (excl. Elliott Swap, included Elliott Cash)			966.431.344	0
Elliott Collateral			1.327.669.710	0
Total collateral			2.294.101.054	0
Market haircut pre-div.	33,1%	(758.758.700)		39,7%
CPD haircut pre-div.	1,1%	(24.593.085)		0,6%
Diversification benefits		274.062.853		0
Collateral post hc & div		1.784.812.123		0,0%
Total implied haircut	22,2%	509.288.932		25,9%
CPD Risk (overcollateral if negative)		(264.642.468)		(169.877.651)
As a % of MV of the lent securities		(17,75%)		(24,22%)

A significant excess of collateral can be observed for the counterparty risk generated by the Master Agreements.

Each quarter the counterparties to these Master Agreements provide Mediterráneo Vida report on agreed procedures 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 Company performs controls to ensure that the risks before and after the asset transfer are not substantially different, with their **risks and rewards retained**.

These controls are conducted on the economic valuation, the legal valuation, the liquidity and the credit quality of the asset portfolios contributed initially and on the subsequent movements proposed by WIF and WAF, subject to approval by the Company, on the collateral that secure their obligations.

These analyses were conducted based on the economic value of the guarantees at the current time and in a stressed setting with the possibility of making them liquid, whilst also reviewing the validity and enforceability of the submitted pledges.

Controls on the liquidity of collateral assets

These controls verify that the portfolio of assets transferred to WIF and WAF is liquid enough to not substantially affect the Company's capacity to satisfy its liabilities just as it had before it transferred the Company assets. Liquidity will thus be analysed on the basis of Mediterráneo Vida's liability needs.

The liability needs for this analysis will be defined as the worst case observed to date in the Company (to date, 2011), and these surrender rates are extrapolated to the current mathematical provision (at the date of performance of each control) and the future mathematical provision of the Company, with these elevated surrender rates continuing over time.

Based on these liquidity needs, the assets in the WIF and WAF portfolios are grouped by liquidity categories and must meet at least the following requirements as regards the Company's liability needs.

- **Category 1 (Cash and current accounts):** must amount to more than €50 million, after discounting the existing balance in the Mediterráneo Vida current accounts and deposits. For this calculation, the existing balances in the current accounts in WIF and WAF and their subsidiaries WIH and WAH, as well as in the deposits created with discretionary reimbursement by these companies at any time without penalty, will be taken into account.

The result of the control at 31.12.2019 was:

Control 1	thousands of €
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COLLATERAL CATEGORY 1 (i)	489,526
CASH AND DEPOSITS IN Med Vida (ii)	82,214
(i) - (ii)	407,312
Limits	50,000
Compliance	OK

- Category 2 (Assets with immediate liquidity, including fully liquid bonds and assets that can be immediately converted into cash): their amount, together with the amount of category 1, must be more than the sum of the flows for the first 12 months from the date when the control was performed. For this calculation, the market values of the bonds and debentures in the portfolio of transferred assets will be considered, as well as the instruments regarded as "on first demand", such as loans or swaps made by WIF and WAF in which these companies reserve the right (and, therefore, the counterparty's obligation) of cancellation at any time without a penalty. For guidance purposes, at the current levels of mathematical provisions (approximately 1,900 millions), a minimum of 400 million euros (together with the amount of the previous category) will be maintained in this asset category. These liquidity levels may vary to the extent that the Mathematical Provision or the expected liability behaviour changes.

The result of the control at 31.12.2019 was:

Control 2	thousand of €
COLLATERAL CATEGORY 2 or lower	1.488.581
LIABILITIES FLOWS OF NEXT 12 MONTHS	368.250
Cumplimiento	OK

- Category 3 (Assets with liquidity of less than six months): their amount, together with the amounts of categories 1 and 2, must be higher than the sum of the flows for the first 3 years from the date when the report was issued. For guidance purposes, at the current levels of mathematical provisions (approximately 1,900 millions), a minimum of 1,000 million euros (together with the amount of categories 1 and 2) will be maintained in this asset category. These liquidity levels may vary to the extent that the Mathematical Provision or the expected liability behaviour changes.

The result of the control at 31.12.2019 was:

Control 3	thousand of €
COLLATERAL CATEGORY 3 or lower	3.278.425
LIABILITIES FLOWS OF NEXT 3 YEARS	902.511
Cumplimiento	OK

Controls on cash flow transfers with counterparties

The Company performs regular controls to verify that the transfer of the flows undertaken by the WIF and WAF counterparties are being done properly.

On a monthly basis:

- Extraction of the list of coupons and maturities foreseen for the incoming month from the Mediterráneo Vida database.
- Internal tallying by the Asset Management Unit with the Accounting and Reporting Unit of the final positions of each of the bonds remaining in the portfolio. In this way, the new Master Agreements entered into with WIF and WAF and the termination of these agreements, due both to the sale and expiry of assets are traceable in each period.

The result of the control at 31.12.2019 was:

	Nominal amount	Call-in value
Difference/Variation	0	0.02%
Compliance	OK	OK

Description	Nominal amount	Call-in value
TOTAL WIF/WAF	1,663,757,693	2,192,160,710
TOTAL MV (*)	1,663,757,693	2,191,778,160
Difference	0	-382,550
Check (Dif/TOTAL MV)	0.00%	-0.02%

(*) Call-in value calculated with D+2 coupon.

On a weekly basis:

- Each Friday, the WIF/WAF companies send a list so that Mediterráneo Vida states its agreement (if it agrees, otherwise both parties will identify and settle discrepancies) for the following notions:
 - Terminations and bonds transferred for new Master Agreements in the last week (Weekly Transaction Schedule).
 - Payment of coupons and bond maturities for the two following week (Securities maturing in the coming 2 weeks).

The result of the control at 31.12.2019 was:

WIF												
ISIN	Secsymp	Inc Rate	Dnc class	Net Posn This Loc	Prev Acc Dt	Factor	Factored Rate	Factored Coupon Payment	Next Coupon/Mat Date	Coupon /Maturity Ind	Confirmed by MedVida	
ES0312298021	@AYTCED/22SW	3,75	EUR	- 3.800.000,00	14-dic-2018	1,000000	3,75	- 142.500	16-dic-2019	COUPON	06/12/2019	
XS0208469923	@ALLRNV/19SW	4,50	EUR	- 9.789.000,00	17-dic-2018	1	4,50	- 440.505	17-dic-2019	COUPON	06/12/2019	
XS0208469923	@ALLRNV/19SW			- 9.789.000,00	17-dic-2018				17-dic-2019	MATURE	06/12/2019	
XS0140608398	@BACA/21SW	5,80	EUR	- 2.800.000,00	27-dic-2018	1	5,80	- 162.400	27-dic-2019	COUPON	24/12/2019	

WAF												
ISIN	Secsymp	Inc Rate	Dnc class	Net Posn This Loc	Prev Acc Dt	Factor	Factored Rate	Factored Coupon Payment	Next Coupon/Mat Date	Coupon/Maturity Ind	Confirmed by MedVida	
ES0312298021	@AYTCED/22SW	3,75	EUR	- 1.800.000,00	14-dic-2018	1,000000	3,75	- 67.500	16-dic-2019	COUPON	06/12/2019	
XS0208469923	@ALLRNV/19SW	4,50	EUR	- 4.607.000,00	17-dic-2018	1	4,50	- 207.315	17-dic-2019	COUPON	06/12/2019	
XS0208469923	@ALLRNV/19SW			- 4.607.000,00	17-dic-2018				17-dic-2019	MATURE	06/12/2019	
XS0140608398	@BACA/21SW	5,80	EUR	- 1.300.000,00	27-dic-2018	1	5,80	- 75.400	27-dic-2019	COUPON	24/12/2019	

On a daily basis:

- For payment of coupons, or Terminations, it is verified that the expected incoming flows enter the Company's current accounts. It is recorded both in the current account statements and in the emails to the depository, requesting the transfer of those flows from the sole current account used to receive the WIF and WAF flows (the RRPP account) to each of the corresponding portfolios.
- The Accounting Unit tallies, two days past due, the current accounts with the accounting. If there is an unpaid coupon or an unpaid maturity (which was not previously detected due to an operational error) the evidence will be examined. This is recorded in the daily bank reconciliations.

The result of the control at 31.12.2019 was:

Clase Flujo	ISIN	Descripción	Fecha cobro	Efectivo total	WIF	WAF	Control 1		Control 2	
							Fecha de Pago	Importe WIF	Importe WAF	
Cupón	ES0312298021	AYT CEDULAS GLOBAL 3,75% 141222	16/12/2019	210.000	142.500	67.500	Ok	Ok	Ok	
Amortización	ES0317045005	NOUN FINANCE BV 4,5% 171219	17/12/2019	14.396.000	9.789.000	4.607.000	Ok	Ok	Ok	
Cupón	ES0317045005	NOUN FINANCE BV 4,5% 171219	17/12/2019	647.820	440.505	207.315	Ok	Ok	Ok	
Cupón	XSO140608398	BANK OF AUSTRIA	27/12/2019	237.800	162.400	75.400	Ok	Ok	Ok	

Resolution Plan

In addition to the controls above, Mediterráneo Vida has also implemented a robust mechanism to regularly monitor and estimate any possible deficit between the economic collateral value (EcV) and the economic value of Mediterráneo Vida's portfolio (IPMV). To do this, it has a collateral control framework. The primary objective of this framework is to monitor and oversee possible deviations in the economic value of the obligations generated by the Master Agreements and the economic value of the collateral by controlling the tolerated levels set by the Board of Directors. Based on this early warning system, this control framework provides the Company key elements to alert possible deficits that might result in corrective actions being taken to anticipate potential problems.

This framework was prepared by an independent third party and it describes the road map, valuation and estimated times for repossessing the financial assets, if necessary

In the event that WIF and WAF default on any of their contractual obligations, both companies' stock and any debt instruments they have issued would become property of Mediterráneo Vida, so that the dividends from both instruments and the revenue from the sale of the former, or Mediterráneo Vida's capacity to order the assets on WIF's and WAF's balance sheet and those of any of the companies in their group, would be used to acquire a portfolio with securities that are the same or that are similar in nature, quality, duration and yield as those when it was formed and following the subsequent evolution that may have occurred due to the Master Agreements.

This way, there is also a guarantee that if the collateral is called in, neither the substantial retention of risks and benefits nor the operability of the Company would be compromised.

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

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

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

The average credit rating of the reinsurers with which the Company has agreements in 2019 is A on average.

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 €	2018	2019
Counterparty risk	2,407	3,974
Type 1	2,219	3,773
Type 2	244	264
Diversification of counterparty risk	56	-62

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 2019.

C.4 Liquidity risk

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

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

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

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

Term	2019	2018	Difference
Asset	9.54	8.34	1.2
Liabilities	11.26	10.46	0.8
Term gap	-1.72	-2.12	0.4

The duration of the liabilities continued to increase in 2019, with a decrease in surrender rates, but mainly due to the decrease in interest rates. The management of the assets portfolio has focused on increasing the duration in order to maintain the gap of durations at levels close to -2 years.

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 2019, 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.

Tasa de rescate		Producto 6%		Producto 4,5%		Producto 0,5%		Producto PPA		Rentas Vitalicias	
		Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico
Déficit o Superávit	2019	-103	-78	-61	-45	173	149	48	49	56	58
	2018	-76	-64	-41	-32	197	140	47	48	50	49
	Variación anual	-27	-14	-20	-12	-23	9	1	0	5	8

On an aggregate level, the portfolios had a €113 million surplus in 2019, showing the Company's capacity to satisfy its commitments in the long term. The products' contribution to the surplus is not homogeneous, and each product must be analysed separately:

· **6% and 4.5% products:**

- Both portfolios have deficits because of their high guaranteed interest rates compared to current market rates.
- The deficit has increased year-over-year. The surrender rates continue to be at minimum levels, and the discount curves have fallen from the previous year, which has increased the value of the liabilities. The assets' value, in turn, has also gone up because of the lower interest and the spread differentials, but because they are shorter than the liabilities, the deficit has increased.
- The current scenario results in deficits that are greater than those in both years of the historic scenario, reflecting the positive effect from surrender rates going up to the historical levels for the products (2% now versus 4% in the past).

· **0.5% products:**

- The portfolio has a surplus in both scenarios, with the current scenario being higher.
- Year-over-year, the surplus has moved in the opposite direction from the scenarios analysed. This effect is due to the magnitude of the variation in surrender rates. In 2019, the historic rate began to record the latest years' drop in surrender rates to a greater degree, using the surplus observed in the current scenario as the surplus in this scenario.

· **Life- PPA Contingent Annuities:**

- Both portfolios have a surplus in both scenarios.
- The surplus has improved in both scenarios. The products have a positive duration gap (the duration of the asset portfolio is longer than that of the liabilities portfolio). Therefore, they have benefited from the reduction in interest rates.

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 €	2018	2019
Operational Risk	9,177	9,595

With respect to the reduction in operational risk, in 2019 the Company has not applied risk reduction techniques that transfer risks to third parties.

To control risk and guarantee the rights of policyholders and beneficiaries, the Company has legal opinions from various international law firms that cover the various jurisdictions where the guarantees are located, that confirm their validity, effectiveness and enforceability.

The Company also has a Resolution Plan prepared by an independent third party that describes the road map, valuation and estimated times for repossessing the assigned financial assets if necessary.

The Resolution Plan would be implemented if one of the breach cases envisaged in the Master Agreements occurs:

- default on any sums due after 30 days of being claimed by the Company;
- if the Company does not receive the transferred asset on the agreement's termination date;
- a breach of the counterparty risk limit;
- a breach of the agreements signed by and between WIF and WAF and the Elliot Funds that regulate part of the collateral of the transferred assets.

In the event that WIF and WAF default on any of their contractual obligations mentioned above, both companies' stock and any debt instruments they have issued would become property of

Mediterráneo Vida, so that the dividends from both instruments and the revenue from the sale of the former, or Mediterráneo Vida's capacity to order the assets on WIF's and WAF's balance sheet and those of any of the companies in their group, would be used to acquire a portfolio with securities that are the same or that are similar in nature, quality, duration and yield as those when it was formed and following the subsequent evolution that may have occurred due to the Master Agreements. This termination also has a liquidity guarantee signed by the shareholders, the funds Elliott International, L.P. and Elliott Associates, L.P.

This way, there is also a guarantee that if the Resolution Plan is implemented, neither the substantial retention of risks and benefits nor the operability of the Company would be compromised.

Furthermore and in addition to these controls, to continuously verify its retention of the risks and benefits of the transferred assets, the Company has implemented, as indicated in its Plan of Action, tracking of the following indicators in each quarterly and annual closing.

- 1.- Master Agreements that guarantee the equivalent cash flows of the transferred assets. Changes and modifications
- 2.- Analysis of the Investment Risk Policy
- 3.- Legal analysis of collateral
- 4.- Verification of closed structure
- 5.- No substantial transfers of risks and benefits
- 6.- Economic analysis of collateral
- 7.- Control of operational risk
- 8.- Control of foreign exchange rate
- 9.- Analysis of transfer prices.
- 10.- Changes in collateral and cash distributions.

The Company tracks these indicators continuously and they are reported in each Audit Committee meeting and then to the Board of Directors, after the quarterly and annual closings for their information and assessment.

The potential risk deriving from the various jurisdictions and the nature of these guarantees is mitigated by their quality (equivalent to a first-rank real right of pledge) and the legal opinions, which the Company obtains on a regular basis and that confirm their effectiveness.

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. Mediterráneo Vida understands its exposure to strategic risk in its most literal sense as the risk present in the formalisation of mergers and acquisitions. Strategic risk control will be assessed by conducting a new ORSA or by adapting the previous ORSA. This rules out capital contributions for this cost, in this regard with strategic risk understood as described above.

Reputational Risk:

Reputational risk arises from image problems that the company may suffer due to the materialisation of other types of risk, generally of an operational nature. Since this risk is not included under Pillar I, it is added to those of the standard formula to comprise the economic capital.

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 respect to Global Economic Capital.

The capital added for non-quantifiable risks is:

Amounts in thousands of €	2018	2019
Additional capital for reputational risks	15	11

D. Valuation for solvency purposes

D.1 Assets

At 31 December 2019, Mediterráneo Vida's most significant assets and their valuation methods are:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	79,003	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,918,899	Fair value
Bonds – Private debt	483,369	Fair value
Investment funds	147	Fair value
Deposits other than cash equivalents	25,981	Amortised cost
Assets held for "index-linked" and "unit-linked" plans	7,041	Fair value
Recoverables from reinsurance	-6,606	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	56,233	Amortised cost

At 31 December 2018, the most significant assets and their valuation methods were:

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	-8,168	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	33,077	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 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 €121 thousand (2018: €134 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 €162 thousand (2018: €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%). These deferred tax assets also include the amount corresponding to the lower tax that would be paid as a result of the accounting differences in the Company's liabilities.

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 €29,474 thousand (2018: €42,171 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 2018 and 2019.

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 2019 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	2018	2019	2018	2019	2018	2019
Insurance with profit participation	1,675,513	1,784,353	1,667,564	1,752,148	7,950	32,205
Index-linked and unit-linked insurance	7,159	6,998	7,061	6,989	99	9
Other life risk insurance	-7,885	-6,377	-8,291	-6,665	406	287
Other life annuities insurance	388,579	397,529	386,144	393,024	2,436	4,505
General total	2,063,367	2,182,502	2,052,476	2,145,496	10,891	37,006

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 method 2 of the risk margin calculation methods, provided in the guidelines on valuating technical provisions.

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 (<0.02% 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.

2018→2019 (*) BEL EVOLUTION:

BEL 2019: 2,145
 BEL 2018: 2,052
Variation: 93
(4.53%)

(*) 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 2019 and 2018:

Amounts thousands euros	in of	Solvency II technical provisions											
		Solvency I technical provisions		BEL		Risk margin		Total SII Technical Provisions		Difference		% Impact	
		2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Line of business													
Insurance with profit participation		1,510,235	1,513,923	1,667,564	1,752,148	7,950	32,205	1,675,513	1,784,353	165,278	270,430	109%	92%
Index-linked and unit-linked insurance		7,477	7,041	7,061	6,989	99	9	7,159	6,998	-318	-43	0%	0%
Other life risk insurance		10,402	10,471	-8,291	-6,665	406	287	-7,885	-6,377	-18,287	-16,848	-12%	-6%
Other life annuities insurance		383,453	355,882	386,144	393,024	2,436	4,505	388,579	397,529	5,127	41,647	3%	14%
General total		1,911,567	1,887,316	2,052,476	2,145,496	10,891	37,006	2,063,367	2,182,502	151,800	295,186		

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 €295,186 thousand), the line of business that has the greatest impact is "*insurance with profit participation*". The remaining impact is from the "*other life annuities 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.

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 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 €16,848 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	
		Disability evolution	% over reference table
		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 2 within the hierarchy of simplifications specified in the guidelines on valuating technical provisions.

Simplification 2 entails carrying out the approximate calculations of the total SCR for each future year using a proportional focus. During the last quarter of the year, the calculation of the simplification being used improved, using more future points as the basis for calculating the underwriting risk capital consumption, thus fine tuning the calculation of the risk margin.

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 2019 year end is presented below.

figures in thousands of €

With volatility

	adjustment	Change with volatility adjustment at zero
Technical Provisions (SII)	2,182,862	2,200,015
SCR	73,516	76,400
MCR	33,082	34,380
Basic own funds	272,275	259,412
Eligible own funds to cover SCR	272,275	259,412
Eligible own funds to cover MCR	272,275	259,412
Solvency ratio	370%	340%

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	-6,828	45	0	-6,874
One-time Premium Risk	543	45	0	499
Accident	-380	-149	0	-231
			Total	-6,606

D.3 Other liabilities

The other significant elements of the other liabilities and their valuation of 31 December 2019 are the following:

LIABILITIES	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	106,334	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	239	Amortised cost
Payables for reinsurance transactions	725	Amortised cost
Other accounts payable	3,322	Amortised cost

At 31 December 2018, the significant items of the other liabilities and the valuation were:

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

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%).

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 (€193,448 thousand at 31 December 2019 and €147,838 thousand at 31 December 2018), are zero under Solvency II.

D.4. Alternative methods for valuation

When the market prices available for an asset are not of a sufficiently high quality, the Company uses alternative valuation techniques (mark-to-model) to calculate its fair value. These valuations are calculated by an independent expert.

As of the close of 2019, the Company does not use mark-to-model methods to value any of its assets.

E. Capital management

E.1 Shareholders' Equity

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

The following are also objectives of this policy:

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

The procedures associated with this policy are:

1. Classification of own-fund items.

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

- a) The features determining classification of own funds are complied with based on the following articles of the Delegated Regulation:
 - Tier 1: Article 71
 - Tier 2: Article 73
 - Tier 2 (ancillary own funds): Article 75
 - Tier 3: Article 77
- b) The items composing them are not encumbered by the existence of any related agreement or transaction or as a result of a group structure that could affect its efficacy as capital.
- c) The contractual terms and conditions are clear and unequivocal with 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 inform the Financial Manager of when and how to apply for them at the appropriate time and within the appropriate period, while at the same time creating the necessary alerts to apply for them at the appropriate time.

5. Ring-fenced funds: identification and documentation

The Company does not have, nor does it expect to have ring-fenced funds at short-term. When the possibility that gives rise to the use of this type of fund is identified, either for legislative reasons or as a result of an agreement or due to a certain product, the Financial Department will notify the head of Accounting and Reporting who will perform the appropriate

calculations and adjustments, taking into account the criteria defined in 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:

Clave de la entidad... C0677 Modelo S.23.01
 NOMBRE... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (S.A.U.) Página 1
A 31/12/2019

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	170.229.518,47	170.229.518,47			
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	0,00				
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	272.275.416,47	272.275.416,47	0,00	0,00	0,00

Clave de la entidad... C0677 Modelo S.23.01
 NOMBRE... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (S.A.U.) Página 2
A 31/12/2019

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	272.275.416,47	272.275.416,47	0,00	0,00	0,00
Total de fondos propios disponibles para cubrir el CMO	R0510	272.275.416,47	272.275.416,47	0,00	0,00	
Total de fondos propios admisibles para cubrir el CSO	R0540	272.275.416,47	272.275.416,47	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0550	272.275.416,47	272.275.416,47	0,00	0,00	
CSO	R0580	73.515.513,64				
CMO	R0600	33.081.981,14				
Ratio Fondos propios admisibles sobre CSO	R0620	3,70				
Ratio Fondos propios admisibles sobre CMO	R0640	8,23				

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 2018 is as follows:

Basic own funds (figures in thousands of €)	2018	2019
Ordinary share capital	102,044	102,044
Share premium from ordinary share capital	2	2
Reconciliation reserve	160,087	170,230
Capital subject to the pension fund management activity	869	-
Total basic own funds	261,264	272,275

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". Since the Company has transferred management of its pension funds to VidaCaixa, S.A.U., de Seguros y Reaseguros, the capital subject to the pension fund management activity for the year ended 31 December 2019 is zero euros.

The breakdown of the reconciliation reserve is as follows:

Reconciliation reserve (figures in thousands of €)	2018	2019
Surplus assets versus liabilities	292,133	272,275
Dividends, distributions and foreseeable costs	30,000	-
Other basic own fund items	102,046	102,046
Total reconciliation reserve	160,087	170,230

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	2018	2019
Difference in asset valuation	25,288	13,368
Difference in technical provision valuation	151,800	295,186
Difference in other liabilities valuation	-110,890	-193,667
Total undistributed reserves and profits from financial statements	205,710	258,381
Financial statement reserves adjusted for Solvency II valuation differences	190,087	170,230
Surplus assets versus liabilities attributable to basic own fund items (not including reconciliation reserve)	102,046	102,046
Surplus assets versus liabilities (thousands of €)	292,133	272,275

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:

	2018	2019
B-1) Own funds	178,904	190,245
I. Capital	102,044	102,044

II. Share premium	2	2
III. Reserves	68,834	68,834
V. Accumulated profit/loss from previous years	-	8,024
VII. Profit/(Loss) for the year	8,024	11,341
B-2) Valuation adjustments	128,851	170,181
TOTAL NET EQUITY (figures in thousands of €)	307,756	360,426

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

	2018	2019
Surplus assets versus liabilities (figures in thousands of €)	292,133	272,275

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

(figures in thousands of €)	2018	2019
Technical Provisions for Direct Insurance	1,911,567	1,887,316
Liabilities for accounting mismatches	147,838	193,448
Solvency I Liabilities	2,059,405	2,080,764
Best estimate	2,052,476	2,145,496
Risk margin	10,891	37,006
Accounts payable	-15	-310
Solvency II Liabilities	2,063,352	2,182,193
Gross equity adjustment for liability valuations	-3,947	-101,428
Reinsurance Provisions Transferred	2,664	2,317
Reinsurance Benefits Provision	5,588	6,535
Solvency I Assets	8,251	8,851
Reinsurance Recoverables	-8,168	-6,606
Accounts receivable	-204	-487
Intangible assets	-260	-162
Solvency II Assets	-8,632	-7,255
Gross equity adjustment for asset valuations	-16,883	-16,106
Gross effect on own funds	-20,830	-117,535
Deferred tax assets	-42,171	-29,474
Deferred tax liabilities	36,963	90
Net effect on own funds	-15,623	-88,151

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.

Deferred tax assets

The amounts of assets and liabilities from deferred taxes arise from the recognition of a difference between the book value or Solvency II value of each balance sheet item and its tax value. The

analysis before and after 2019 took into account the provision of Criterion 2/2019 of the Directorate General for Insurance and Pension Funds.

As noted above, 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. These deferred tax assets also include the amount corresponding to the lower tax that would be paid as a result of the accounting differences in the Company's liabilities.

The deferred tax liabilities recognised in the financial statements correspond to the Company's gains on its financial assets that, in the event they become effective, would give rise to tax payable (25%).

The assets and liabilities from deferred taxes under Solvency II include the differences between the balance sheet for the purposes of Solvency II and the balance sheet for tax purposes, which resulted in an increase in book tax deferment assets of €29,474 thousand (€ 42,171 thousand in 2018) and an increase in book tax deferment liabilities of €90 thousand (€36,963 thousand in 2018).

For the years ended 31 December 2019 and 31 December 2018, the Company has on its accounting balance sheet and its economic balance sheet, a net deferred liability; i.e., its deferred liabilities are greater than its deferred assets. There is thus no need to use deferred tax assets with likely future tax benefits. Since the Company has no net deferred tax assets, it has no equity classified as Level 3.

The origin of each deferred tax amount and its calculation is as follows:

Activo / Pasivo	Descripción	V fiscal	VSII	Diferencia SII vs Fiscal	Tipo	Impuesto SII
Activo	Deferred acquisition costs / Costes de adquisición diferidos	121	0	121	Activo por impuesto	30
Activo	Intangible assets / Inmovilizado inmaterial - Activos intangibles	162	0	162	Activo por impuesto	41
Activo	Property, plant & equipment held for own use / Inmuebles, terrenos y equipos de uso propio	508	508	0	Activo por impuesto	0
Activo	Government Bonds / Bonos públicos - Deuda pública	1.607.086	1.918.899	-316.431	Pasivo por impuesto	-79.108
				4.617	Activo por impuesto	1.154
Activo	Corporate Bonds / Bonos de empresas - Renta fija privada	375.026	483.369	-108.343	Pasivo por impuesto	-27.086
Activo	Investment funds / Organismos de inversión colectiva - Fondos de inversión	-3	147	50	Activo por impuesto	12
				-200	Pasivo por impuesto	-50
Activo	Assets held for index-linked and unit-linked funds / Activos poseídos para fondos "index-linked" y "unit-linked" (intereses)	7.043	7.041	2	Activo por impuesto	0
Activo	Recuperables de reaseguro - Seguros de vida, excluidos los de salud y los "index-linked" y "unit-linked"	8.851	-6.606	15.457	Activo por impuesto	3.864
Activo	Cash and cash equivalents / Efectivo y activos equivalentes al efectivo (intereses)	56.529	56.233	296	Activo por impuesto	74
Activo	Any other assets, not elsewhere shown / Otros activos, no consignados en otras partidas	68	0	68	Activo por impuesto	17
Pasivo	Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked" - Best Estimate / Mejor estimación (ME)	1.880.275	2.138.507	258.232	Activo por impuesto	64.558
Pasivo	Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked" - Risk margin / Margen de riesgo (MR)	0	36.997	36.997	Activo por impuesto	9.249
Pasivo	Provisiones técnicas - "index-linked" y "unit-linked" - Best Estimate / Mejor estimación (ME)	7.041	6.989	-52	Pasivo por impuesto	-13
Pasivo	Provisiones técnicas - "index-linked" y "unit-linked" - Risk margin / Margen de riesgo (MR)	0	9	9	Activo por impuesto	2
Pasivo	Any other liabilities, not elsewhere shown / Otros pasivos, no consignados en otras partidas	310	0	-310	Pasivo por impuesto	-77
					Activo por impuesto	79.003
					Pasivo por impuesto	-106.334

E.2 Solvency Capital Requirement and Minimum Capital Requirement

At 2019 year end the Company's solvency capital requirement and minimum capital requirement are:

Amounts in thousands of €	2019
Global SCR	73,516
MCR	33,082

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

Desglose del CSO-SCR por categoría de riesgos (Importe en miles de €)	2019
Market risk	56.738
Interest Rate risk	10.567
Property risk	37
Spread risk	50.650
Concentration risk	1.877
Currency risk	37
Market risk divesification	-6.429
Counterparty risk	3.974
Underwriting risk	56.873
Mortality risk	763
Longevity risk	5.695
Disability risk	34
Lapse risk	51.695
Expense risk	6.013
Catastrophe risk	586
Underwriting risk divesification	-7.912
Global risk divesification	-26.433
BSCR	91.152
Operational risk	9.595
Adjustment for the loss-absorbing capacity of deferred taxes (25% tax)	-24.505
Adjustment for the loss-absorbing capacity of technical provisions	-2.726
Global SCR	73.516

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 €	2019
MCR	33,082
Combined MCR	33,082
Linear MCR	71,302
AMCR	3,700
Linear MCR, life	71,302
SCR	73,516
TP (life, 1)	1,728,272
TP (life, 2)	23,876
TP (life, 3)	6,989
TP (life, 4)	386,359
CAR	423,713

The QRT showing the results of the calculations is shown below:

Clave de la entidad... C0677

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

Modelo AS.28.02

A 31/12/2019

Página 1

CAPITAL MÍNIMO OBLIGATORIO (CMO). Entidades de seguros mixtas						
	Componentes del CMO		Información general			
	Actividades de seguros distintos del seguro de vida	Actividades de seguros de vida	Actividades de seguros distintos del seguro de vida		Actividades de seguros de vida	
	Resultado CMO (NL NL) C0010	Resultado CMO (NL L) C0020	Mejor estimación neta más provisiones calculadas en su conjunto C0030	Primas emitidas netas (en los últimos 12 meses) C0040	Mejor estimación neta más provisiones calculadas en su conjunto C0050	Primas emitidas netas (en los últimos 12 meses) C0060
Componente de la fórmula lineal correspondiente a obligaciones de seguro y de reaseguro de no vida	R0010	7,068,21	0,00			
Seguro y reaseguro proporcional de gastos médicos	R0020		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de protección de los ingresos	R0030		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de accidentes laborales	R0040		-149,483,42	94,242,82	0,00	0,00
Seguro y reaseguro proporcional de responsabilidad civil en vehículos automóviles	R0050		0,00	0,00	0,00	0,00
Otros seguros y reaseguro proporcional de vehículos automóviles	R0060		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional marítimo, de aviación y de transporte	R0070		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de incendios y otros daños a los bienes	R0080		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de responsabilidad civil general	R0090		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de crédito y caución	R0100		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de defensa jurídica	R0110		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de asistencia	R0120		0,00	0,00	0,00	0,00
Seguro y reaseguro proporcional de pérdidas pecuniarias diversas	R0130		0,00	0,00	0,00	0,00
Reaseguro no proporcional de enfermedad	R0140		0,00	0,00	0,00	0,00
Reaseguro no proporcional de responsabilidad civil por daños	R0150		0,00	0,00	0,00	0,00
Reaseguro no proporcional marítimo, de aviación y de transporte	R0160		0,00	0,00	0,00	0,00
Reaseguro no proporcional de daños a los bienes	R0170		0,00	0,00	0,00	0,00

CAPITAL MÍNIMO OBLIGATORIO (CMO). Entidades de seguros mixtas

	Componentes del CMO		Información general			
	Actividades de seguros distintos del seguro de vida	Actividades de seguros de vida	Actividades de seguros distintos del seguro de vida		Actividades de seguros de vida	
	Resultado CMO (L.N.)	Resultado CMO (L.L.)	Mejor estimación neta más provisiones calculadas en su conjunto	Capital en riesgo	Mejor estimación neta más provisiones calculadas en su conjunto	Capital en riesgo
	C0070	C0080	C0090	C0100	C0110	C0120
Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro de vida						
Obligaciones con participación en beneficios - prestaciones garantizadas	R0200	0,00	71.127.811,04			
Obligaciones con participación en beneficios - prestaciones discretionales futuras	R0210			0,00	1.728.271.928,06	
Obligaciones de "index-linked" y "unit-linked"	R0220			0,00	23.876.113,38	
Otras obligaciones de (rea)seguro de vida y enfermedad	R0230			0,00	6.988.884,22	
Capital en riesgo total por obligaciones de (rea)seguro de vida	R0240			0,00	393.114.220,74	
	R0250			0,00		169.981.098,32

Cálculo global del Capital Mínimo Obligatorio (CMO)		Cálculo global C0130
Capital Mínimo Obligatorio lineal	R0300	71.134.879,25
Capital de Solvencia Obligatorio	R0310	73.515.513,64
Límite superior del Capital Mínimo Obligatorio	R0320	33.081.981,14
Límite inferior del Capital Mínimo Obligatorio	R0330	18.378.878,41
Capital Mínimo Obligatorio combinado	R0340	33.081.981,14
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350	3.700.000,00
Capital Mínimo Obligatorio	R0400	33.081.981,14

Cálculo del Capital Mínimo Obligatorio nocal vida y no vida	Cálculo nocal	
	Actividades no vida C0140	Actividades vida C0150
Capital Mínimo Obligatorio lineal nocal	R0500	7.068,21
Capital de Solvencia Obligatorio nocal, excluida la adición de capital (anual o el último cálculo)	R0510	7.304,76
Límite superior del Capital Mínimo Obligatorio nocal	R0520	3.287,14
Límite inferior del Capital Mínimo Obligatorio nocal	R0530	1.826,19
Capital Mínimo Obligatorio combinado nocal	R0540	3.287,14
Mínimo absoluto del Capital Mínimo Obligatorio nocal	R0550	0,00
Capital Mínimo Obligatorio Nocal	R0560	3.287,14

There were significant changes in the solvency capital requirement and the minimum capital requirement in the reference period. The differences with respect to the preceding year are as follows:

Amounts in thousands of €	2018	2019
Global SCR	52,321	73,516
MCR	23,544	33,082

In the last quarter of 2019, the Company conducted management operations on its asset portfolio to extend their duration and reduce its exposure to corporate bonds, but it was the change in how its underwriting risk consumption is calculated that led it to close 2019 with greater required capital consumption, and thus a higher minimum capital requirement.

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.

Annex

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 2019

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		121.481,48	
Inmovilizado intangible	R0030	0,00	162.389,48	0,00
Activos por impuesto diferido	R0040	79.002.902,94	49.528.739,99	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	507.702,75	507.702,75	0,00
Inversiones (distintas de los activos que se posean para contratos "index-linked" y "unit-linked")	R0070	2.428.397.090,58	2.387.952.223,33	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	2.402.268.569,95	2.361.823.702,70	0,00
Deuda Pública	R0140	1.918.899.408,61	1.888.490.370,18	0,00
Deuda privada	R0150	483.369.161,34	473.333.332,52	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	147.239,81	147.239,81	0,00
Derivados	R0190	0,00	0,00	0,00
Depósitos distintos de los activos equivalentes al efectivo	R0200	25.981.280,82	25.981.280,82	0,00
Otras inversiones	R0210	0,00	0,00	0,00
Activos poseídos para contratos "index-linked" y "unit-linked"	R0220	7.041.091,19	7.040.833,49	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	-6.605.781,72	8.851.447,48	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	-6.605.781,72	8.851.447,48	
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	-6.605.781,72	8.851.447,48	
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	450,44	450,44	0,00
Créditos por operaciones de reaseguro	R0370	70.137,37	70.137,37	0,00
Otros créditos	R0380	750.324,74	750.324,74	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	56.232.986,89	56.529.074,09	0,00
Otros activos, no consignados en otras partidas	R0420	0,00	40.514.405,65	0,00
TOTAL ACTIVO	R0500	2.565.396.905,18	2.552.029.210,29	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 2019

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
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	0,00
Mejor estimación (ME)	R0540	0,00	0,00
Margen de riesgo (MR)	R0550	0,00	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	0,00
Mejor estimación (ME)	R0580	0,00	0,00
Margen de riesgo (MR)	R0590	0,00	0,00
Provisiones técnicas - seguros de vida (excluidos "index-linked" y "unit-linked")	R0600	2.175.504,055,02	1.890,275,386,77
Provisiones técnicas - seguros de salud (similares a los seguros de vida)	R0610	0,00	0,00
PT calculadas en su conjunto	R0620	0,00	0,00
Mejor estimación (ME)	R0630	0,00	0,00
Margen de riesgo (MR)	R0640	0,00	0,00
Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked")	R0650	2.175.504,055,02	1.890,275,386,77
PT calculadas en su conjunto	R0660	0,00	0,00
Mejor estimación (ME)	R0670	2.138.506,997,03	0,00
Margen de riesgo (MR)	R0680	36,997,057,99	0,00
Provisiones técnicas - "index-linked" y "unit-linked"	R0690	6.998,234,34	7.041,091,19
PT calculadas en su conjunto	R0700	0,00	0,00
Mejor estimación (ME)	R0710	6.988,884,22	0,00
Margen de riesgo (MR)	R0720	9,350,12	0,00
Otras provisiones técnicas	R0730	0,00	0,00
Pasivo contingente	R0740	0,00	0,00
Otras provisiones no técnicas	R0750	0,00	0,00
Provisión para pensiones y obligaciones similares	R0760	0,00	0,00
Depósitos recibidos por reaseguro cedido	R0770	0,00	0,00
Pasivos por impuesto diferido	R0780	106.333,913,23	106.243,440,31
Derivados	R0790	0,00	0,00
Deudas con entidades de crédito	R0800	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
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	238.943,69	238.943,69
Otras deudas y partidas a pagar	R0830	724.690,10	724.690,10
Pasivos subordinados	R0840	3.321.652,32	3.321.652,32
Pasivos subordinados no incluidos en los fondos propios básicos	R0850	0,00	0,00
Pasivos subordinados incluidos en los fondos propios básicos	R0860	0,00	0,00
Otros pasivos, no consignados en otras partidas	R0870	0,00	0,00
	R0880	0,00	193.757,519,34
	R0900	2.293.121,488,70	2.191.602,723,72
TOTAL PASIVO	R1000	272.275,416,48	360.426,486,57
EXCESO DE LOS ACTIVOS RESPECTO A LOS PASIVOS			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 2019

PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

	Obligaciones de seguro de vida			
	Seguro de enfermedad C0210	Seguro con participación en beneficios C0220	Seguro vinculado a índices y a fondos de inversión C0230	Otro seguro de vida C0240
Primas devengadas				
Importe bruto	R1410	0,00	108.812.334,03	1.800,00
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	19.078.585,15
Importe neto	R1500	0,00	108.812.334,03	18.244.081,44
Primas imputadas				
Importe bruto	R1510	0,00	108.812.334,03	1.800,00
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	19.184.860,83
Importe neto	R1600	0,00	108.812.334,03	18.344.404,81
Sinistralidad (Sinistros incurridos)				
Importe bruto	R1610	0,00	148.731.975,52	798.864,85
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	31.940.298,48
Importe neto	R1700	0,00	148.731.975,52	5.398.641,36
Variación de otras provisiones técnicas				
Importe bruto	R1710	0,00	0,00	26.541.657,12
Reaseguro cedido (Participación del reaseguro)	R1720	0,00	0,00	0,00
Importe neto	R1800	0,00	0,00	0,00
Gastos técnicos				
Importe bruto	R1900	0,00	6.497.478,10	12.450,30
Importe neto	R1910	0,00	859.862,98	1.377.462,55
Gastos administrativos				
Importe bruto	R1920	0,00	0,00	529.330,59
Cuota de los reaseguradores	R2000	0,00	859.862,98	453.423,73
Importe neto	R2100	0,00	340.468,00	75.906,86
Gastos de gestión de inversiones				
Importe bruto	R2010	0,00	340.468,00	78.320,07
Cuota de los reaseguradores	R2020	0,00	0,00	0,00
Importe neto	R2100	0,00	340.468,00	78.320,07
Gastos de gestión de siniestros				
Importe bruto	R2110	0,00	160.170,26	669,79
Cuota de los reaseguradores	R2120	0,00	0,00	114.315,08
Importe neto	R2200	0,00	160.170,26	114.315,08
Gastos de adquisición				
Importe bruto	R2210	0,00	3.480.165,04	714,86
Cuota de los reaseguradores	R2220	0,00	0,00	3.026.771,88
Importe neto	R2300	0,00	3.480.165,04	2.410.528,30
Gastos generales				
Importe bruto	R2310	0,00	1.656.811,82	714,86
Cuota de los reaseguradores	R2320	0,00	0,00	616.243,58
Importe neto	R2400	0,00	1.656.811,82	616.243,58
Otros gastos				
Importe neto	R2500	0,00	0,00	492.676,96
Total gastos	R2600			
Importe total de los rescates	R2700	0,00	76.637.321,86	744.319,55
				4.723.037,12

Clave de la entidad... C0677

Modelo S.05.01

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

Página 8

Ejercicio 2019

PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

	Obligaciones de seguro y reaseguro de vida	
	TOTAL	C0300
Primas devengadas		
Importe bruto		127.892.719,18
Reaseguro cedido (Participación del reaseguro)		18.244.081,44
Importe neto		109.648.637,74
Primas imputadas		
Importe bruto		127.998.994,86
Reaseguro cedido (Participación del reaseguro)		18.344.404,81
Importe neto		109.654.590,05
Siniestralidad (Siniestros incurridos)		
Importe bruto		181.471.138,85
Reaseguro cedido (Participación del reaseguro)		5.398.641,36
Importe neto		176.072.497,49
Variación de otras provisiones técnicas		
Importe bruto		0,00
Reaseguro cedido (Participación del reaseguro)		0,00
Importe neto		0,00
Gastos técnicos		
Importe bruto		7.887.390,95
Gastos administrativos		
Importe bruto		1.392.668,24
Cuota de los reaseguradores		453.423,73
Importe neto		939.244,51
Gastos de gestión de inversiones		
Importe bruto		420.441,41
Cuota de los reaseguradores		0,00
Importe neto		420.441,41
Gastos de gestión de siniestros		
Importe bruto		275.155,13
Cuota de los reaseguradores		0,00
Importe neto		275.155,13
Gastos de adquisición		
Importe bruto		6.507.651,78
Cuota de los reaseguradores		2.410.528,30
Importe neto		4.097.123,48
Gastos generales		
Importe bruto		2.155.426,42
Cuota de los reaseguradores		0,00
Importe neto		2.155.426,42
Otros gastos		
Importe bruto		0,00
Importe neto		0,00
Total gastos		7.887.390,95
Importe total de los rescates		82.104.678,53

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

Modelo AS.12.01
 Ejercicio 2019
 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")	Seguros vinculados a índices y a fondos de inversión ("unit-linked e index-linked")	
			Contratos sin opciones y garantías	Contratos con opciones y garantías
	C0020	C0030	C0040	C0050
Provisiones técnicas calculadas en su conjunto				
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	R0010 0,00	0,00		
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo	R0020 0,00	0,00		
Mejor estimación				
Mejor estimación bruta	R0030 1.752.148,041,43		0,00	6.988.884,22
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 1.752.148,041,43		0,00	6.988.884,22
Margen de riesgo	R0100 32.204,866,79			
Importe de la medida transitoria sobre provisiones técnicas				
Provisiones técnicas calculadas en su conjunto	R0110 0,00		0,00	
Mejor estimación	R0120 0,00			
Margen de riesgo	R0130 1.784.352,908,22		0,00	0,00
Total Provisiones técnicas	R0200 1.784.352,908,22		6.998.234,34	
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210 1.784.352,908,22		6.998.234,34	
Mejor estimación de los productos con opción de rescate	R0220 1.751.680,065,10		6.988.884,22	
Mejor estimación neta de los flujos de caja				
Salidas de caja				
Prestaciones garantizadas y discretionales futuras	R0230 3.048.837,819,37		6.906.102,68	
Prestaciones garantizadas futuras	R0240 23.876,113,38			
Prestaciones discretionales futuras	R0250 49.984,222,68		82.781,54	
Gastos y otras salidas de caja futuros				
Entradas de caja				
Primas futuras	R0270 1.370.550,114,00		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				
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0300 1.471.823,615,05		6.961.659,67	
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0310 0,00		0,00	
Mejor estimación sujeta a ajuste por volatilidad				
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0320 0,00		0,00	
Mejor estimación sujeta a ajuste por casamiento				
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0330 1.752.148,041,43		6.988.884,22	
	R0340 1.766.682,383,99		7.019.170,41	
	R0350 0,00		0,00	
	R0360 0,00		0,00	

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

Modelo AS.12.01
 Ejercicio 2019
 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]	C0080	Otro seguro de vida		C0090 (*)
		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		386.358.955,60	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	-6.605.628,55	0,00
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050	0,00	-6.605.628,55	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	-6.605.781,72	0,00
Mejor estimación menos importes recuperables de reaseguro, SPV y reaseguro limitado	R0090		392.964.737,32	0,00
Margen de riesgo	R0100	4.792.191,20		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	391.151.146,80		0,00
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	397.756.928,52		0,00
Mejor estimación de los productos con opción de rescate	R0220	363.705.990,41		0,00
Mejor estimación neta de los flujos de caja				
Salidas de caja				
Prestaciones garantizadas y discretionales futuras	R0230	394.074.823,94		0,00
Prestaciones garantizadas futuras	R0240			
Prestaciones discretionales futuras	R0250			
Gastos y otras salidas de caja futuros	R0260	6.921.653,60		0,00
Entradas de caja				
Primas futuras	R0270	14.637.521,95		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				
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0300	290.387.631,18		0,00
Provisiones técnicas sin 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				
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0330	386.358.955,60		0,00
Mejor estimación sujeta a ajuste por casamiento	R0340	388.947.180,05		0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0350	0,00		0,00
	R0360	0,00		0,00

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

Modelo AS.12.01
 Ejercicio 2019
 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 de enfermedad]	Reaseguro aceptado	
	Rentas... (*)	Total (Seguros de vida distintos de enfermedad, incl. los vinculados a fondos de inversión)
Provisiones técnicas calculadas en su conjunto	R0010 0,00	C0150 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 2.145.495.881,25	
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040 -6.605.628,55	
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050 -6.605.628,55	
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 -6.605.781,72	
Mejor estimación menos importes recuperables de reaseguro,SPV y reaseguro limitado	R0090 2.152.101.662,97	
Margen de riesgo	R0100 37.006.408,11	
Importe de la medida transitoria sobre provisiones técnicas	R0110 0,00	
Provisiones técnicas calculadas en su conjunto	R0120 0,00	
Mejor estimación	R0130 0,00	
Margen de riesgo	R0200 2.182.502.289,36	
Total Provisiones técnicas		
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210 0,00	2.189.108.071,08
Mejor estimación de los productos con opción de rescate	R0220	
Mejor estimación neta de los flujos de caja		
Salidas de caja	R0230 3.473.694.859,37	
Prestaciones garantizadas y discrecionales futuras	R0240 3.048.837.819,37	
Prestaciones garantizadas futuras	R0250 23.876.113,38	
Prestaciones discrecionales futuras	R0260	
Gastos y otras salidas de caja futuros	R0270	
Entradas de caja	R0280	
Primas futuras	R0290	
Otras entradas de caja	R0300 1.769.172.905,30	
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0310 0,00	
Valor de rescate	R0320 0,00	
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0330 2.145.495.881,25	
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0340 2.162.648.734,45	
Mejor estimación sujeta a ajuste por volatilidad	R0350 0,00	
Provisiones técnicas sin ajuste por volatilidad ni otras 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 2019

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

	C0010	C0020	Impacto de las medidas de garantías a largo plazo y las medidas transitorias (enfoque gradual)						C0100	
			C0030	C0040	C0050	C0060	C0070	C0080		C0090
Provisiones técnicas	R0010	2.183.502.399,26	2.183.502.399,26	0,00	2.183.502.399,26	0,00	2.183.502.399,26	17.152.853,18	0,00	17.152.853,18
Fondos propios básicos	R0020	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	-12.862.482,08	0,00	-12.862.482,08
Excedente de los activos respecto a los pasivos	R0030	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	-12.862.482,08	0,00	-12.862.482,08
Fondos propios restringidos	R0040	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Disponibilidad limitada y Carteras sujetas a ajuste por castigo	R0050	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	-12.862.482,08	0,00	-12.862.482,08
Fondos propios administrables	R0060	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	0,00	0,00	0,00
Fondos propios administrables de solvencia obligatoria	R0070	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Nivel 1	R0080	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Nivel 2	R0090	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Nivel 3	R0100	73.515.518,64	73.515.518,64	0,00	73.515.518,64	0,00	73.515.518,64	2.884.337,34	0,00	2.884.337,34
Capital de solvencia obligatorio	R0110	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	-12.862.482,08	0,00	-12.862.482,08
Fondos propios administrables para cubrir el capital mínimo obligatorio	R0120	33.981.981,14	33.981.981,14	0,00	33.981.981,14	0,00	33.981.981,14	0,00	0,00	0,00
Capital mínimo obligatorio	R0130	33.981.981,14	33.981.981,14	0,00	33.981.981,14	0,00	33.981.981,14	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 2019
 Página 1

FONDOS PROPIOS

	Fondos propios básicos		Nivel 1 No Restringido		Nivel 1 Restringido		Nivel 2		Nivel 3	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Capital social de acciones ordinarias (Incluidas las acciones propias)	R0010	102.044.180,70	102.044.180,70	0,00	102.044.180,70	0,00	102.044.180,70	0,00	0,00	0,00
Prima de emisión de las acciones ordinarias	R0030	1.717,30	1.717,30	0,00	1.717,30	0,00	1.717,30	0,00	0,00	0,00
Fondo mutual inicial	R0040	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cuentas mutuales subordinadas	R0050	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Fondos excedentarios	R0070	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Acciones preferentes	R0090	0,00	0,00	0,00	0,00	0,00	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	0,00	0,00	0,00	0,00	0,00
Reserva de conciliación	R0130	170.229.518,48	170.229.518,48	0,00	170.229.518,48	0,00	170.229.518,48	0,00	0,00	0,00
Pasivos subordinados	R0140	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
ImpORTE equivalente al valor de los activos por impuestos diferidos netos	R0160	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Otros elementos aprobados por la autoridad supervisora como fondos propios básicos no especificados anteriormente	R0180	0,00	0,00	0,00	0,00	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	R0230	0,00	0,00	0,00	0,00	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	R0250	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Deducciones no incluidas en la reserva de reconciliación	R0230	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Deducción por participaciones en entidades financieras y de crédito	R0290	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	0,00	0,00	0,00
Total fondos propios básicos después de ajustes	R0290	272.275.416,48	272.275.416,48	0,00	272.275.416,48	0,00	272.275.416,48	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 2019
 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 beneficiario	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
Derivados futuros 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	
Derivados futuros 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 272.275.416,48	272.275.416,48	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0510 272.275.416,48	272.275.416,48	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CSO	R0540 272.275.416,48	272.275.416,48	0,00	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0550 272.275.416,48	272.275.416,48	0,00	0,00	0,00
CSO	R0580 724.515.519,64				
CMO	R0600 33.081.981,14				
Ratio Fondos propios admisibles sobre CSO	R0620 3,70				
Ratio Fondos propios admisibles sobre CMO	R0640 8,23				

Clave de la entidad... C0677

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

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FONDOS PROPIOS

Reserva de conciliación

Reserva de reconciliación	Total
	C0060
Exceso de los activos respecto a los pasivos	R0700 272.275.416,48
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 170.229.518,48

Beneficios esperados incluidos en primas futuras

Beneficios esperados	Total
	C0060
Beneficios esperados incluidos en primas futuras - Actividades de seguros de vida	R0770 18.319.450,65
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 18.319.450,65

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

Modelo S.25.01
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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	55.298.191,11	0,00
Riesgo de incumplimiento de contraparte	R0020	3.974.294,29	0,00
Riesgo de suscripción de seguro de vida	R0030	56.073.141,77	0,00
Riesgo de suscripción de seguros de salud	R0040	0,00	0,00
Riesgo de suscripción de seguros distintos del seguro de vida	R0050	0,00	0,00
Diversificación	R0060	-26.219.086,40	0,00
Riesgo del inmovilizado intangible	R0070	0,00	0,00
Capital de solvencia obligatorio básico	R0100	88.425.740,77	91.151.990,21

Cálculo del Capital de Solvencia Obligatorio

	Importe	
	C0100	
Ajuste por la agregación del CSO nacional para FDL/CSAC	R0120	0,00
Riesgo operacional	R0130	9.594.944,08
Capacidad de absorción de pérdidas de las PPT	R0140	-2.726.249,44
Capacidad de absorción de pérdidas de los impuestos diferidos	R0150	-24.505.171,21
Requerimiento de capital para actividades desampliadas 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	73.515.513,64
Adición de capital	R0210	0,00
Capital de Solvencia Obligatorio	R0220	73.515.513,64

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 nacional para la parte restante	R0410	0,00
Importe total CSO nacional para los FDL	R0420	0,00
Importe total CSO nacional 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 nacional para FDL y CSAC	R0450	X38
Beneficios discrecionales futuros netos	R0460	23.876.113,38

Clave de la entidad... C0677
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Modelo S.25.01
 Ejercicio 2019

CAPITAL DE SOLVENCIA OBLIGATORIO

Para empresas que emplean la fórmula estándar. Capacidad de absorción de pérdidas de los impuestos diferidos.

	Si/No	Antes del shock	Después del shock	Capacidad de absorción de pérdidas de los impuestos diferidos
	C0109	C0110	C0120	C0130
Enfoque basado en el tipo impositivo medio	R0590	X55		
Activos por impuestos diferidos	R0600	79002902,94	0	
Activos por impuestos diferidos, traspaso	R0610	1.2439,97	0	
Pasivos por impuestos diferidos debido a diferencias temporales deducibles	R0620	78990462,97	0	
Pasivos por impuestos diferidos	R0630	105333913,2	0	
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por reversión de pasivos por impuestos diferidos	R0640			-24505171,21
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por referencia a beneficios imponibles futuros probables	R0650			-24505171,21
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por capacidad de absorción de pérdidas de los impuestos diferidos justificada por traslado, años futuros	R0670			0
Máxima capacidad de absorción de pérdidas de los impuestos diferidos	R0680			0
	R0690			-24505171,21

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

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CAPITAL MÍNIMO OBLIGATORIO (CMO). Entidades de seguros mixtas

Componentes del CMO	Información general				
	Actividades de seguros distintos del seguro de vida	Actividades de seguros de vida	Actividades de seguros distintos del seguro de vida	Actividades de seguros de vida	
Resultado CMO (e.m.)	Resultado CMO (e.m.)	Mejor estimación neta más provisiones en su compañía	Capital en riesgo	Mejor estimación neta más provisiones en su compañía	Capital en riesgo
C0070	C0080	C0090	C0100	C0110	C0120
Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro de vida	0,00	71.302.284,19	0,00	1.728.271.929,06	423.712.969,93
Obligaciones con participación en beneficios - prestaciones garantizadas			0,00	23.876.113,39	
Obligaciones con participación en beneficios - prestaciones discrecionales fiducias			0,00	392.266/27,52	
Obligaciones de "attach-linked" y "un-attach-linked"			0,00		
Obligaciones de "attach-linked" y "un-attach-linked" de enfermedad			0,00		
Capital en riesgo total por obligaciones de (re)seguro de vida			0,00		

Cálculo global del Capital Mínimo Obligatorio (CMO)	
Capital Mínimo Obligatorio lineal	R0300 71.302.284,19
Capital de solvencia Obligatorio	R0310 73.515.513,64
Límite superior del Capital Mínimo Obligatorio	R0320 33.081.981,14
Límite inferior del Capital Mínimo Obligatorio	R0330 18.378.678,41
Capital Mínimo Obligatorio combinado	R0340 33.081.981,14
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350 3.700.000,00
Capital Mínimo Obligatorio	R0400 33.081.981,14

Cálculo nocturnal		
Actividades de seguros distintos del seguro de vida	C0140	71.302.284,19
Actividades de seguros de vida	C0150	73.515.513,64
		33.081.981,14
		18.378.678,41
		33.081.981,14
		3.700.000,00
		33.081.981,14

