

MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS

**INFORME ESPECIAL DE REVISIÓN DEL INFORME
SOBRE LA SITUACIÓN FINANCIERA Y DE SOLVENCIA
INDIVIDUAL CORRESPONDIENTE AL EJERCICIO
TERMINADO AL 31 DE DICIEMBRE DE 2021**

7 de abril de 2022



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INFORME ESPECIAL DE REVISIÓN INDEPENDIENTE

Al Consejo de Administración de MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS

Objetivo y alcance de nuestro trabajo

Hemos realizado la revisión, con alcance de seguridad razonable, de los apartados “Valoración a efectos de solvencia” y “Gestión de capital” contenidos en el informe adjunto sobre la situación financiera y de solvencia de MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS a 31 de diciembre de 2021, preparados conforme a lo dispuesto en la Ley 20/2015, de 14 de julio, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras, en su normativa de desarrollo reglamentario y en la normativa de la Unión Europea de directa aplicación, con el objetivo de suministrar una información completa y fiable en todos los aspectos significativos, conforme al marco normativo de Solvencia II.

Este trabajo no constituye una auditoría de cuentas ni se encuentra sometido a la normativa reguladora de la actividad de la auditoría vigente en España, por lo que no expresamos una opinión de auditoría en los términos previstos en la citada normativa.

Responsabilidad del Consejo de Administración de MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL)

El Consejo de Administración de MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS es responsable de la preparación, presentación y contenido del informe sobre la situación financiera y de solvencia, de conformidad con la Ley 20/2015, de 14 de julio, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras, y su normativa de desarrollo y con la normativa de la Unión Europea de directa aplicación.

El Consejo de Administración también es responsable de definir, implantar, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información necesaria para la preparación del citado informe. Estas responsabilidades incluyen el establecimiento de los controles que consideren necesarios para permitir que la preparación de los apartados “Valoración a efectos de solvencia” y “Gestión de capital” del informe sobre la situación financiera y de solvencia, objeto del presente informe de revisión, esté libre de incorrecciones significativas debidas a incumplimiento o error.

Nuestra independencia y control de calidad

Hemos realizado nuestro trabajo de acuerdo con las normas de independencia y control de calidad requeridas por la Circular 1/2017, de 22 de febrero, de la Dirección General de Seguros y Fondos de Pensiones, y por la Circular 1/2018, de 17 de abril, de la Dirección General de Seguros y Fondos de Pensiones, por la que se desarrollan los modelos de informes, las guías de actuación y la periodicidad del alcance del informe especial de revisión sobre la situación financiera y de solvencia, individual y de grupos, y el responsable de su elaboración.

Nuestra responsabilidad

Nuestra responsabilidad es llevar a cabo una revisión destinada a proporcionar un nivel de aseguramiento razonable sobre los apartados “Valoración a efectos de solvencia” y “Gestión de capital” contenidos en el informe adjunto sobre la situación financiera y de solvencia de MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS, correspondiente al 31 de diciembre de 2021, y expresar una conclusión basada en el trabajo realizado y las evidencias que hemos obtenido.

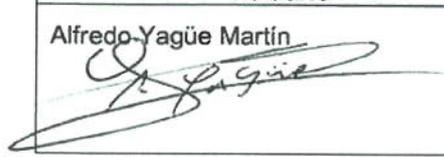
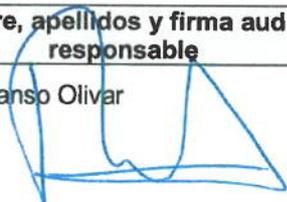
Nuestro trabajo de revisión depende de nuestro juicio profesional, e incluye la evaluación de los riesgos debidos a errores significativos.

Nuestro trabajo de revisión se ha basado en la aplicación de los procedimientos dirigidos a recopilar evidencias que se describen en la Circular 1/2017, de 22 de febrero, de la Dirección General de Seguros y Fondos de Pensiones, por la que se fija el contenido del informe especial de revisión de la situación financiera y de solvencia, individual y de grupos, y el responsable de su elaboración, y en la Circular 1/2018, de 17 de abril, de la Dirección General de Seguros y Fondos de Pensiones, por la que se desarrollan los modelos de informes, las guías de actuación y la periodicidad del alcance del informe especial de revisión sobre la situación financiera y de solvencia, individual y de grupos, y el responsable de su elaboración.

Conclusión

En nuestra opinión los apartados “Valoración a efectos de solvencia” y “Gestión del capital” contenidos en el informe adjunto sobre la situación financiera y de solvencia de MEDITERRANEO VIDA S.A. DE SEGUROS Y REASEGUROS al 31 de diciembre de 2021, han sido preparados en todos los aspectos significativos conforme a lo dispuesto en la Ley 20/2015, de 14 de julio, así como en su normativa de desarrollo reglamentario y en la normativa de la Unión Europea de directa aplicación.

Madrid, a 7 de abril de 2022

Denominación de la Sociedad de Actuarios	Domicilio social de la Sociedad de Actuarios	NIF
Analistas Financieros Internacionales	Calle Marqués de Villamejor, 5 28006 Madrid España	A78603206
Nombre, apellidos y firma del actuario	Domicilio profesional	Núm. colegiado
Alfredo Yagüe Martín 	Calle Marqués de Villamejor, 5 28006 Madrid España	2704
Nombre, apellidos y firma auditor responsable	Domicilio profesional	Núm. ROAC
Rubén Manso Olivar 	Calle General Castaños 15,1 Dcha 28004 Madrid España	19202

Instituto de Censores Jurados
de Cuentas de España

MANSO OLIVAR
RUBEN
Núm. D012200098
30,00 EUR

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Sello distintivo de otras actuaciones



SOLVENCY AND FINANCIAL CONDITION REPORT

March 2022
(Year end 2021)

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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 practises envisaged in the legislation governing insurance and pension funds.

The Company's main lines of business in the 2021 financial year were:

Savings: Insurance with/without profit participation.

Unit-linked: Index-linked and unit-linked insurance.

Risk: Other life risk insurance.

Annuities: Other life insurance.

The Company's activities are providing life insurance and participating deferred compensation savings schemes (capital-annuity), insurance with investment risk borne by the policyholder, accident insurance, and intermediate annuity life insurance in Spanish territory, mainly through the Grupo BancSabadell as bancassurance operator.

The Company has 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 company Ember Alpha Limited (99% held by "Elliot Funds" International, L.P. and Elliott Associates, L.P., the "Elliot Funds") is Mediterráneo Vida's sole shareholder.

The business plan of Mediterráneo Vida, following its acquisition by Ember Alpha Limited, aims to effectively manage the coverage of obligations arising from insurance contracts through investment in assets with low exposure to market risks and liquidity adjusted to the nature of the liabilities, as well as inorganic growth through the acquisition of portfolios or other savings life insurance companies. long term. The investment structure is designed to reasonably generate the returns necessary for the fulfilment of the Company's future obligations (both in the short and long term) and to minimise the risks of reinvestment.

In June 2017, Mediterráneo Vida transferred most of its financial assets to the Luxembourgian limited liability companies Water International Finance, s.à r.l. ("WIF") and Water Associates Finance, s.à r.l. ("WAF"). This transfer of assets was carried out under the Framework Agreements signed for this purpose known as the Global Framework Agreement ("GMA") and the Global Master Future Agreement ("GMFA" and jointly the "Framework Agreements"). The sole shareholders of WIF and WAF are the Elliott Funds.

The annual financial statements for 2021 were issued on 30 March 2022. The external auditor's opinion had not yet been issued on the date of issue of this report. PWC's opinion is not expected to have reservations or qualifications.

The quantitative data for the Company at the close of 2021 are summarised below. The solvency ratio at the end of the year places the Company at a solvency level of 311%, well above regulatory capital requirements.

2021 Financial Year

(Amounts in thousands of €)	2021
TOTAL ASSETS	2,385,030
TOTAL LIABILITIES	2,177,838
EXCESS OF ASSETS OVER LIABILITIES	207,192
Equity subject to the management activity	
Available own funds	207,192
Eligible own funds	207,192
Tier 1:	204,964
Tier 2:	0
Tier 3:	2,228
Overall SCR	66,523
MCR	29,935
Surplus/Capital Needs	140,669
Solvency Ratio (SCR Coverage %)	311%
MCR Coverage %	685%

In terms of own fund quality, 99% of the available own funds have the highest rating (Tier 1), the remaining 1% being Tier 3. All the available own funds are eligible to cover the SCR.

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

The Spanish Directorate-General for Insurance and Pension Funds [*DGSFP*] issued a Resolution on 14 August 2019 based on an inspection into Company's status on 31 December 2017 conducted pursuant to Inspection Order 41/2017 and on accounting and solvency information submitted by the Company up to 31 July 2018.

This Resolution required that the Company submit a Board approved Plan including the actions to be taken as regards various aspects of the Framework Agreements, and other additional matters.

The Company submitted the Action Plan to the DGSFP (as defined below) on 14 November 2019 and an addendum to the Plan on 22 June 2020.

The Company is carrying out the actions envisaged as detailed in Section A.5. of the Plan uneventfully and it has put in place controls to monitor compliance with the Action Plan.

A. Business and Performance

A. 1 Business

The Company's corporate purpose 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 practises envisaged in the legislation governing insurance and pension funds. Its main facilities are located in Alicante at Edificio Hispania, calle Ausó y Monzó, nº 16, 8ª Planta, and in Madrid at Paseo de la Castellana 110, 2a planta.

In 2014 the Company assigned its exclusive rights to marketing pension plans and life insurance via the Banco Sabadell network, except for group savings and company pension plans. As a result, it no longer sells new individual insurance products. Mediterráneo Vida continues to receive new inflows of premiums, contractual periodic premiums and, for certain portfolios, unscheduled premiums at the request of customers, in addition to premiums for renewals in its life/risk line (annual renewable premiums).

The Company's activities are providing life insurance and participating deferred compensation savings schemes (capital-annuity), insurance with investment risk borne by the policyholder, accident insurance, and intermediate annuity life insurance in Spanish territory, mainly through the Grupo BancSabadell as bancassurance operator.

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 Economic Affairs and Digital Transformation, the contact information for which is:

Address: Paseo de la Castellana 44 - 28046 Madrid Telephone number: 902 021 111

Email: dirseguros@mineco.es

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

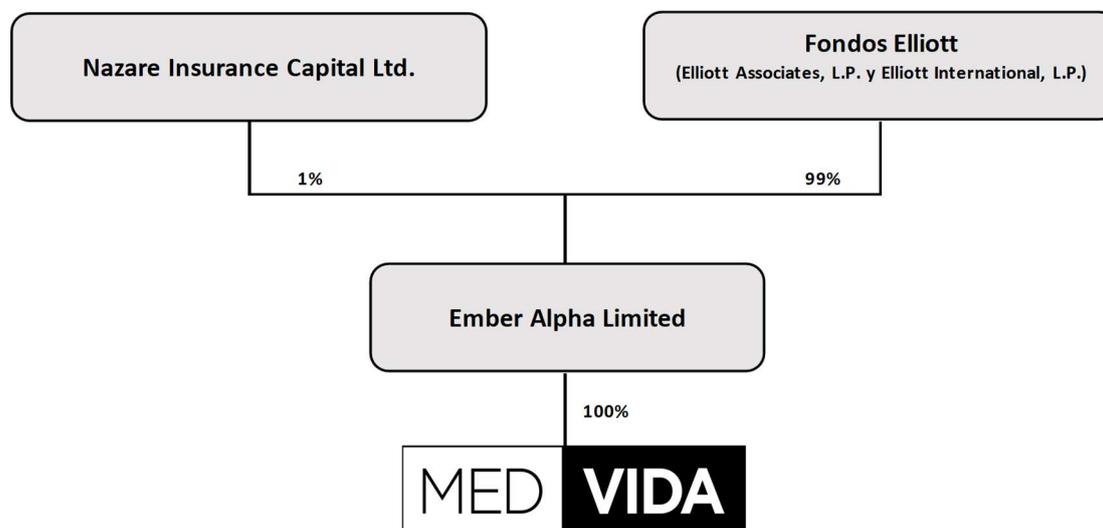
Address: Paseo de la Castellana, 259 B. Edificio Torre PwC – 28046 Madrid

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 company Ember Alpha Limited (99% owned by the Elliott International, L.P. and Elliott Associates, L.P. funds; "the Elliott Funds") is the sole shareholder of Mediterráneo Vida after acquiring all the Company's shares from Banco de Sabadell, S.A. in June 2017.

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



Mediterráneo owns 100% of the shares of 6 Luxembourg mortgage-holding companies.

Among its objectives, Mediterráneo Vida aims to effectively manage the coverage of obligations arising from insurance contracts through investment in assets with low exposure to market risks and liquidity adjusted to the nature of the liabilities and offer excellent levels of service to policyholders, policyholders and the Banco Sabadell network through which the banking-insurance operator of the Banco group operates. Sabadell, which is the mediator of all Insurance Contracts of Mediterráneo Vida. In this sense, and bearing in mind the principle of prudence and client protection, the investment structure is designed to reasonably generate the returns necessary for the fulfillment of the Company's future obligations (both in the short and long term) and minimize the risks of reinvestment.

A.2 Underwriting Performance

The Company's results compared to the previous year were as follows (in thousands of euros):

I. Technical account	2021	2020
I.1 Earned premiums, net of reinsurance	87,737	96,783
a) Accrued premiums	102,644	113,351
a1) Direct insurance	102,644	113,351
a3) Changes in impairment losses on uncollected premiums (+/-)	-	-
b) Reinsurance premiums ceded (-)	-14,910	-16,574
c) Change in the provision for unearned premiums and for unexpired risks (+/-)	66	99
c1) Direct insurance	66	99
d) Change in the provision for unearned premiums, reinsurance ceded (+/-)	-63	-93
I.2. Income from property, plant and equipment and from investments	92,373	93,635
b) Income from financial investments	72,306	71,453
b1) Group companies	-	-
b2) Income from financial investments	70,775	70,207
b3) Other finance income	1,531	1,246
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	987	572
c1) Property, plant and equipment and investment property	-	-

c2) Financial investments	987	572
d) Profit from property, plant and equipment and from investments	19,080	21,610
d2) Financial investments	19,080	21,610
I.3. Income from investments tied to insurance in which the policyholder bears the investment risk	1,726	2,404
I.4. Other technical income	-	-
I.5. Claims incurred in the year, net of reinsurance	175,203	197,794
a) Benefits and expenses paid	174,622	196,260
a1) Direct insurance	179,719	201,402
a3) Reinsurance ceded (-)	-5,097	-5,142
b) Changes in the provision for claims outstanding (+/-)	203	1,178
b1) Direct insurance	615	359
b3) Reinsurance ceded (-)	-412	819
c) Expenses attributable to claims	378	356
I.6. Changes in other technical provisions, net of reinsurance (+/-)	-46,348	-60,673
a) Life insurance provisions	-46,167	-59,585
a1) Direct insurance	-46,292	-59,738
a3) Reinsurance ceded (-)	125	153
b) Provisions for life insurance policies in which the insurance policyholders bear the investment risk	-344	-996
c) Other technical provisions	163	-92
I.7. Profit sharing and return of premiums.	2,964	4,781
a) Claims and expenses for profit commission and return of premiums	3,572	4,928
b) Changes in the provision for profit sharing and return of premiums (+/-)	-608	-147
I.8. Net operating expenses	3,995	4,446
a) Acquisition costs	4,912	5,626
b) Changes in deferred acquisition costs	-	-
c) Administrative expenses	1,381	1,516
d) Fees and share in reinsurance ceded and retroceded	-2,298	-2,696
I.9. Other technical expenses	2,142	2,731
c) Other	2,142	2,731
I. 10. Expenses from property, plant and equipment and from investments	14,980	15,257
a) Management expenses from property, plant and equipment and from investments	11,056	11,633
a2) Expenses from investments and financial accounts	11,056	11,633
b) Impairment losses on property, plant and equipment and on investments	1,576	2,572
b1) Amortisation of property, plant and equipment and investment property	9	14
b3) Impairment loss on financial investments	1,567	2,558
c) Losses from property, plant and equipment and from investments	2,348	1,052
c2) Financial investments	2,348	1,052
I.11. Expenses from investments tied to insurance in which the policyholder bears the investment risk	1,384	2,403
I.12. Subtotal. (Balance of the Technical Account)	27,516	26,083

II. Non-technical account	2021	2020
II.1. Income from property, plant and equipment and from investments	15,487	27,071
b) Income from financial investments	6,737	5,745
b1) Group companies	-	-
b2) Income from financial investments	6,637	5,551
b3) Other finance income	100	194
c) Valuation adjustments for impairment losses on property, plant and equipment and on investments	-	-
d) Profit from property, plant and equipment and from investments	8,750	21,326
d2) Financial investments	8,750	21,326
II.2. Expenses from property, plant and equipment and from investments	6,510	4,244
a) Investment management expenses	3,888	3,867
a1) Expenses from investments and financial accounts	3,888	3,867
b) Impairment losses on property, plant and equipment and on investments	-	-
b3) Impairment loss on financial investments	-	-
c) Losses from property, plant and equipment and from investments	2,622	377
c2) Financial investments	2,622	377
II.3. Other income	118	512
a) Income from pension fund administration	-	-
b) Other income	118	512
II.4. Other expenses	9,183	10,360
a) Expenses for pension fund administration	-	-
b) Other expenses	9,183	10,360
II.5 Subtotal. (Balance of the non-technical account) (II.1 - II.2 + II.3 - II.4)	-88	12,979
II.6 Profit before tax (II.1 + II.5)	27,428	39,062
II.7 Income tax	-6,944	-9,766
II.8. Profit from continuing operations (II.6 - II.7)	20,484	29,296
II.9. Profit/(Loss) from discontinued operations net of tax (+/-)	-	-
II.10. Profit for the year (II.8 + II.9)	20,484	29,296

Actual profits earned by the transitional portfolio's assets in 2021 were not enough to meet both the guaranteed interest rate and the future expenses of managing those commitments, and so a further provision was set aside (balance: EUR 20,332 million on 31 December 2021, EUR 21,961 million on 31 December 2020).

In accordance with the Spanish National Chart of Accounts for Insurance Companies, but using the lines of business from Solvency II as defined in Annex I of Delegated Regulation (EU) 2015/35, the premiums, claims, and expenses by line of business for 2021 and 2020 were:

2021 (in thousands of euros)	Life/non-life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Earned premiums				
Gross amount	87,091		15,553	102,644
Reinsurance ceded (Share of the reinsurance)			14,910	14,910
Net total	87,091		643	87,734
Earned premiums				
Gross amount	87,091		15,619	102,710
Reinsurance ceded (Share of the reinsurance)			14,973	14,973
Net total	87,091		646	87,737
Claims (claims incurred)				
Gross amount	145,230	603	34,458	180,291
Reinsurance ceded (Share of the reinsurance)			5,509	5,509
Net total	145,230	603	28,949	174,782
Variation of other technical provisions				
Gross amount				
Reinsurance ceded (Share of the reinsurance)	-	-	-	-
Net amount				
Technical expenses	5,978	14	1,145	7,137
Other expenses				
Total expenses	5,978	14	1,145	7,137

2020 (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	96,053		17,298	113,351
Reinsurance ceded (Share of the reinsurance)			16,574	16,574
Net amount	96,053		724	96,777
Earned premiums				
Gross amount	96,053		17,397	113,450
Reinsurance ceded (Share of the reinsurance)			16,667	16,667
Net amount	96,053		730	96,783
Claims (claims incurred)				
Gross amount	167,769	957	33,013	201,739
Reinsurance ceded (Share of the reinsurance)			4,323	4,323
Net amount	167,769	957	28,690	197,416
Variation of other technical provisions				
Gross amount				
Reinsurance ceded (Share of the reinsurance)	-	-	-	-
Net amount				
Technical expenses	6,692	17	1,425	8,134
Other expenses				
Total expenses	6,692	17	1,425	8,134

A.3 Investment Performance

Net gains and losses in 2021 and 2020 by category of financial asset recognised in the Income Statement and the Equity Statement were as follows:

2021	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Hedging derivatives	Total
Finance income using the amortised cost method	-	-	10,814	52,788	51	63,653
Dividends	-	-	-	247	-	247
Change in fair value	312	(248)	-	-	-	64
Reversal of impairment	-	-	987	-	-	987
Impairment losses	-	-	(1,567)	-	-	(1,567)
Gains on disposal	26	-	270	27,357	492	28,145
Losses on disposal	(2)	-	-	(5,011)	-	(5,013)
Net gains/(losses) recognised in profit or loss	336	(248)	10,504	75,381	543	86,516
Change in fair value	-	-	-	(128,658)	(8,379)	(137,037)
Reclassification from equity to gains and losses on disposal	-	-	-	(22,475)	(24)	(22,499)
Net gains/(losses) recognised in equity	-	-	-	(151,133)	(8,403)	(159,536)
Adjustments due to accounting mismatches	-	-	-	55,569	-	55,569
Net gains/(losses) recognised in equity	-	-	-	(95,564)	(8,403)	(103,967)
Total	336	(248)	10,504	(20,183)	(7,860)	(17,451)

Thousands of euros

2020	Assets at fair value through profit or loss	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Hedging derivatives	Total
Finance income using the amortised cost method	-	-	2,719	57,891	-15	60,595
Change in fair value	-7	-1,015	-	-	-	-1,022
Reversal of impairment	-	-	571	-	-	571
Impairment losses	-	-	-2,558	-	-	-2,558
Gains on disposal	6	-	-	42,936	-	42,942
Losses on disposal	-3	-	-	-413	-	-416
Net gains/(losses) recognised in profit or loss	-4	-1,015	732	100,414	-15	100,112
Change in fair value	-	-	-	78,450	1,582	80,032

Reclassification from equity to gains and losses on disposal	-	-	-	-40,994	-	-40,994
Net gains/(losses) recognised in equity	-	-	-	37,456	1,582	39,038
Adjustments due to accounting mismatches	-	-	-	-9,790	-	-9,790
Net gains/(losses) recognised in equity	-	-	-	27,666	1,582	29,248
Total	-4	-1,015	732	128,080	1,567	129,360

Mediterráneo Vida, has transferred to the limited liability companies of Luxembourg nationality WIF and WAF, a relevant part of its financial assets. The sole shareholders of WIF and WAF are the "Elliott Funds".

WIF and WAF secure Mediterráneo Vida's obligations by allocating own assets and pledging WIF and WAF shares and "TPECS" bonds, contributing sufficient collateral for substantial retention of the risks and earnings of the transferred portfolio by Mediterráneo Vida, hence the transferred assets have not been written off on Mediterráneo Vida's balance sheet.

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 assets produced finance income of 52,788 million euros.

The fair value of the assets listed on the Company's Equity Statement fell by 159,536 million euros, entered as "available-for-sale" financial assets and "hedging derivatives", which decreased in value as a result of rising interest rates during the year. Correction of accounting mismatches yielded an increase of 55,569 million euros in the Company's Net Equity. Thus, net equity decreased by 103,967 million euros after correcting for accounting mismatches.

A.4 Performance of other activities

On 31 March 2017, the Company signed an operating lease with EDHISPANIA ALACANT, S.L. to lease the premises in the office building located at Edificio Hispania, calle Ausó y Monzó, nº 16, 03006 Alicante. The lease term is four years starting from 1 April 2017. At the end of the period initially agreed, there will be a mandatory one-year extension of the lease followed by successive one-year extensions.

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

On 24 November 2021 the Company signed operating leases with Argyll Management Limited for premises in the office building located at 33 St James's Square in London. The lease term is twelve months starting from 22 November 2021. At the end of the period initially agreed, the lease will be automatically extended for twelve-month periods.

On 1 April 2020 the Company signed two operating leases with The Argyll Club LTD for premises in the office building located in London. Those agreements were cancelled on 14 November 2021 and 21 November 2021.

The Income Statement includes expenses for operating leases for premises and car parks amounting to 559 thousand euros (487 thousand euros in 2020).

A.5 Other information

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 based on the agreements in force at the time, and of the accounting and solvency information that the Company reported up to 31 July 2018.

After taking the Company's submissions into account, the Directorate-General for Insurance and Pension Funds issued a Resolution on 14 August 2019.

This Resolution required that the Company submit an Action a Board approved Plan including the actions to be taken as regards various aspects of the Framework Agreements, and other additional matters.

The Company submitted that Action Plan on 14 November 2019, and a subsequent addendum was filed with the Directorate-General for Insurance and Pension Funds on 22 June 2020.

The main aspects of the Action Plan were:

- A repayment plan for the Framework Agreements signed with WIF/WAF of between 5 and 10 years, depending on interest rate fluctuations, starting in 2019 with the transferred financial assets corresponding to share capital and reserves. Since this repayment plan started, 573 million euros had been repaid under the Framework Agreements by the end of 2020.
- Governance system. Strengthened monitoring and control systems and increased oversight of agreements by the Company's governance bodies in the context of the Action Plan.
- Disclosures to third parties. More detailed information on different aspects related to the Framework Agreements, their management and collateral in both the notes to the annual financial statements and the SFCR report. Action taken and reflected in this report, and in the Notes to the Annual Financial Statements.
- Modification of guarantees. Restructuring the Framework 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 rights of pledge so that, in the event of enforcement, the Company may directly and separately access the pledged assets, improving the flexibility and speed of enforcement in the case of a breach. All of the security interests were granted in compliance with this purpose.
- The inclusion of remuneration for Mediterráneo Vida by WIF and WAF for the signed Framework Agreements. The Company has been receiving this remuneration since the start of 2020.
- 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. Once the Framework Agreements were modified, including the possibility for WIF/WAF to unilaterally request the termination of these agreements and return the original financial assets (or equivalent financial assets) to Mediterráneo Vida, the doubts regarding the existence of an alleged controlling relationship was dispelled.

On 3 July 2020 the Directorate-General for Insurance and Pension Funds issued a Resolution instructing the Board to implement and comply with the Action Plan that had been submitted. This

settled a question that was pending at the close of 2019. The Company is implementing the Action Plan and meeting the stipulated time limits and has been submitting the corresponding supporting documents attesting to this to the Directorate-General for Insurance and Pension Funds.

It should be noted that, due to the exceptional circumstances that arose as a result of the health crisis being experienced due to the coronavirus (COVID-19), the Company has taken the necessary measures and monitored business variables so that the application of the going concern principle is not affected.

Thus, the contingency plans envisaged in view of these circumstances have been activated, allowing the business to continue, to a large extent, close to normal, and the Company has not suffered breaches of contractual obligations. Surrenders by clients are also being monitored closely, and no significant changes in trends were noted during the year. The Company is also monitoring progress under the Framework Agreements, their collateral, and retention of risks and earnings, and these can be said to have been maintained at all times.

The companies Mediterráneo Vida, CNP Assurances S.A. and CNP Caution S.A. (both companies, jointly, hereinafter, "CNP") have signed an option to sell the entire share capital of CNP Partners de Seguros y Reaseguros S.A. (hereinafter, "CNP Partners") under which these companies could unilaterally decide to sell to Mediterráneo Vida the entire share capital of CNP Partners.

CNP, as required by French law, is conducting a consultation process in relation to this potential operation with its workers' representative bodies. Once it is concluded, in the event that CNP decides to exercise the put option, the contract of sale would be formalized, which, as usual, would be subject to obtaining the relevant administrative authorizations.

The conflict between Russia and Ukraine is causing, among other effects, an increase in the price of certain raw materials and the cost of energy, as well as the activation of sanctions, embargoes and restrictions against Russia that affect the economy in general and companies with operations with and in Russia specifically. The extent to which this war will impact the Company's investment portfolio will depend on the development of future events that cannot be reliably predicted as of the date of this report. In any case, despite the existing uncertainty, the Directors of the Company consider that, due to the management of the investment portfolio, this event should not have a significant impact on said portfolio or on other magnitudes of the business.

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 and approval by the Board.

1. Risk Management Function.
2. Compliance Function.
3. Actuarial Function.
4. Internal Audit Function.

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

The Company has a specific unit related to the Internal Control System, which reports to the Risks and Technology Department. The Board has approved the unit's policy, which is compliant with 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.

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

Governance and Administration of the Company

Pursuant to the Company's Articles of Association, its governing bodies are: the General Meeting and the Board.

The Board has delegated ordinary running of the Company to a CEO, whose work focuses on the functions of strategy, monitoring, and control.

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 by law. The CEO's actions are always governed by these limitations, by the regulatory framework, and by the guidelines laid down by the Board.

As of the date of this Report, the Board comprises seven directors: a Chair, a CEO, three Independent Directors and two External Directors. The position of director is unremunerated, except for the CEO and the Independent Directors. The secretary and assistant secretary of the Board are not directors.

Directors must in all cases be persons known to be fit and proper with experience in the finance and insurance industries and must have the qualifications and professional experience and meet the other requirements laid down in the Spanish Insurance and Reinsurance Company Management, Supervision, and Solvency Act [*Ley de Ordenación, Supervisión y Solvencia de las Entidades Aseguradoras y Reaseguradoras*] and other applicable legislation. The Board is supported by the Audit, Remuneration, and Business Development Committees. The committees met as often as necessary for them to perform their duties properly in 2021. The Regulatory Committee was closed down in 2021, because its duties in the company are performed by other bodies.

These committees have the following duties:

Audit Committee

The Audit Committee comprises three members: The Chairman of the Board and two Directors (two of whom are independent directors, with one of these being the Committee chair). The secretary and assistant secretary of the Committee are not directors.

The main functions of the Audit Committee are the following:

- a) To report to the shareholders at the General Meeting regarding issues raised in relation to matters for which the committee is responsible and, in particular, regarding the results of the external audit.
- b) To monitor the effectiveness of the Company's internal control and compliance, internal audit and risk management systems, and to track any significant weaknesses in the internal control system identified by the auditor.
- c) To supervise the process of preparing financial information and submitting it to the Board, and for proposing any recommendations the committee may deem appropriate in this field.
- d) To send the Board 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) To review the retention of risks and benefits from asset assignments.

Remunerations Committee

The Remunerations Committee comprises three members: the Chair of the Board, a Proprietary Director (who is the chair) and an Independent Director.

This committee has the following duties:

- To submit proposals to modify the remuneration policy and incentive system for the Company's employees to the Board.
- To assess the skills, expertise and experience necessary for being a member of the Board, CEO, a senior manager, or a key functions manager.
- To report to the Board on proposed appointments and removals and on the contracts for new senior managers.

Business Development Committee

There are six members of the Business Development Committee: the Chairman of the Board, the CEO, two Non-Executive Directors (one of whom is the Committee chair) and two Independent Directors.

This Committee's functions are to analyse, study, and propose to the Board opportunities for the Company's growth, including, in particular, opportunities relating to transactions by the Company to acquire other insurance companies or life insurance portfolios.

Asset, Liability and Risk Committee (ALCO&R)

The Asset, Liability, and Risk Committee has eight members: Three directors, including the CEO (who serves as Committee chair), and five Company executives, the Director of Compliance and Internal Control, the Finance Director, the Chief Financial Officer, the Chief Risk Officer, and Technology Manager, and the Technical Director for Actuarial Services and Operations.

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

1. To analyse the composition and performance of the asset and liability portfolios.
2. To assess how changes in the markets affect the assets and liabilities on the balance sheet (ALM), to run simulations that enable the impact on the financial statements to be measured, differentiating between: Own Funds and Balance Sheet Risk
3. 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.
4. To assess capital consumption, the solvency ratio, actual return on hedging assets, and allocation of investments of own funds. This assessment will be carried out taking into account the legislation in force and any regulations being drafted that might have a significant impact on the values being monitored.
5. To measure and monitor counterparty risk monthly by supervising the WIF/WAF collateral assets and remote collateral; to assess the impact potential changes in these might have on counterparty risk, their creditworthiness, their liquidity, and other characteristics with a view to retaining risks and earnings substantially and maintaining counterparty SCR within established limits.
6. To propose relevant decisions regarding control of collaterals as envisaged in the Global Framework Agreements ("GMAs"), e.g., the inclusion of new types of assets in the acceptable collateral portfolio, to the Board.
7. To propose necessary measures to the Board, particularly measures relating to GMA management to adhere to the risk ratios always defined in the Company's risk appetite policy.
8. To analyse the evolution of product margins.
9. To approve proposals for new products and sales activities after the asset and liability ratings, fees, prices, and rates of return have been evaluated.
10. To approve and review, at least annually, the policies of the Risk Management Function, Actuarial Function, ORSA, capital management, and the Company's investment policy and risk appetite.
11. This Committee will also be responsible for the tasks assigned to it under the above policies.
12. To approve and propose to the Board the Company's Resolution Plan and to review it at least annually.
13. To propose to the Board asset loan policy and the terms and types of acceptable collateral.

Claims and Complaints Committee

The Claims and Complaints Committee is responsible for periodically assessing complaints, namely, those handled by the Customer Service Department (currently outsourced to Benedicto y Asociados, Asesores S.L., headed by Antonio Benedicto Martí), those submitted through the Directorate-General for Insurance and Pension Funds' Complaints Service, and those raised in the courts. It also assesses unusual benefits that pose problems and monitors trends in and the behaviour of claims during the year and compares them with previous years.

The Claims and Complaints Committee consists of seven members in charge of different departments in the Company plus the head of the Customer Service Department.

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

1. To assess the administrative, judicial, and out-of-court claims filed against the Company handled by Customer Service and to monitor their progress and their ultimate outcomes. To review claims submitted to the Directorate-General of Insurance and Pension Funds; those raised by customers, policyholders, beneficiaries; and those received through the network of intermediaries and MedVida's website.
2. To control the processing period of open cases and proposing any proactive actions that should be taken.
3. To analyse losses that are problematic, atypical, or of dubious legal or contractual validity, for the purpose of providing solutions that are in the interest of the Company and the policyholders/insured persons/beneficiaries.
4. To introduce, to the extent applicable in the terms and conditions of the products in the Company's portfolio, improvements in the contractual documents in order to avoid possible claims.
5. To control and monitor compensation paid out for claims.
6. To analyse the evolution of claims in the year and compare them with previous years.
7. To strengthen the internal controls to combat fraud set up by the Company.

Risk Committee

Its objective is to discuss all matters relating to risks and risk assessment, measurement, and monitoring, bringing to bear different viewpoints and trying to coordinate the different tasks and different departments.

The Risk Committee has seven members, including the CEO, Director of Risk Management and IT (the Committee chair), Chief Legal Officer, Director of Internal Audit, Finance Director, Technical Director of Actuarial Services and Operations, and the head of the compliance function.

The duties of the Risk Committee are:

- To discuss all topics relating to risks and risk assessment, measurement, and monitoring.
- To monitor the status of requirements raised by public authorities and the following reports: the Financial Statements, the Solvency and Financial Condition Report (SFCR), the Regular Supervisory Report (RSR), the Own Risk and Solvency Assessment (ORSA) Report, the reports prepared by the Core Functions.
- To consider all relevant projects being carried out at MedVida.
- To evaluate proposals on possible outsourcing to assess whether or not they should be considered critical and to propose the person to be in charge for submission to the Board.
- To consider the reports on outsourcing.
- To consider any draft regulations that could impact capital consumption or risks of any kind that might affect MedVida.
- To monitor the internal control and compliance scorecard indicators.

Internal Control Body (the "OCI")

In 2021 the internal control body split in two:

1. OCI on money laundering
2. OCI on crime

OCI on money laundering

This Body is responsible for applying the policies and procedures related to anti-money laundering and countering terrorist financing.

The Internal Control Body comprises eight members who are heads of various departments in the Company.

Its most relevant functions are:

- To prepare and periodically review the Risk Exposure Analysis Report
- To prepare and update the Anti-Money Laundering and Counter Terrorist Financing Manual and submit it to the Board for approval.
- To promote training and working with the Company in preparing annual training plans on this topic.
- To analyse suspicious transactions detected by employees and decide whether to report them to Spain's Executive Service (SEPBLAC) and whether or not to carry out certain transactions.
- To prepare an annually report explaining all action taken to prevent money laundering.

The Company's Internal Audit Director will attend the OCI as a guest. However, the OCI will operate organically and functionally separate from the Internal Audit Director, and under no circumstances will have voting rights.

Any changes to the structure and functioning of the OCI and the internal AML/CFT regulations must be approved by the Board. Other employees may also attend as observers at the proposal of OCI members.

OCI on crime

This Internal Control Body comprises eight members who are the heads of various departments in the Company.

It is responsible for supervising the crime prevention system and has sufficient independence, autonomy and power to act to be able to carry out its duties.

Its main duties are:

1. To adopt and implement supervisory and control measures to prevent or substantially reduce the risk of crime before offences are committed, in accordance with the Board's mandate.
2. To specify the control environment to be implemented to keep crimes from being committed having in mind legal requirements and the requirements set forth in internal standards and policies and to develop a crime risk map.
3. To propose regular updates to the Criminal Liability Prevention Manual, to be presented by the Compliance Department for review by the Audit Committee and then approval by the Board.
4. To develop a training programme for the Company's employees and keep the training course assessment results on file.
5. To encourage compliance with disciplinary procedures and if appropriate propose any necessary disciplinary action to Human Resources.

6. To monitor and supervise the operation and effectiveness of the system and system compliance, without prejudice to the duties and functions incumbent on other bodies.
7. To monitor and handle reports made through the reporting channel.
8. To check and review the annual report on the suitability of the system.

The Director of Internal Audit will be invited to attend the meetings. The Director of Legal Affairs may delegate attendance at OCI on crime meetings to any member of the Legal Affairs Department.

Changes to the structure and functioning of the OCI on crime or the Manual are to be approved by the Board.

Technology Committee

The Technology Committee was established to guide and provide follow-up for technological innovation and digital transformation in the company under the technology plan on which the Company's strategy of business growth, efficiency, and fair treatment of customers is based.

The Committee has 10 members, including the CEO, company executives, and the directors in technology-related areas.

The Committee will monitor all matters relating to cybersecurity and cyber defence and potential risks connected with information technology and business operations, along with outsourced technology services. The Committee will also coordinate processes in the company in relation to data management and business technology and to innovation and technology projects carried out by the Company's various departments and lines of business. The Committee, through the Chief Technology Officer, will report to and advise the Board and raise strategic issues relating to technology and innovation.

Core functions

In accordance with regulatory requirements, the Company has written policies setting out the procedures and obligations of each of the core functions, which are managed by directors who meet fit and proper criteria.

Risk Management Function

Its main duties are:

1. To be in charge of ensuring consistent, uniform, and comprehensive management of the risks to which the Company is exposed and of overseeing the entire process of identifying, assessing, monitoring, controlling, and mitigating significant risks in accordance with the guidelines laid down by the Board and the regulations in force.
2. To coordinate compliance with the Risk Management Policy and with the other policies it oversees.
3. To coordinate Risk Management with the department heads and the directors of the different business processes identified on the Company's risk map. The latter are responsible for continuously identifying, mitigating, and assessing risks.
4. To coordinate calculation of each of the modules of the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) along with the strategic economic and reputation capital.
5. To propose the risk indicators it considers necessary to comply with the Risk Appetite approved by the Board.
6. To monitor the Tolerance and Risk Appetite Limits.

7. To coordinate the quarterly risk management report.
8. To coordinate the Own Risk and Solvency Assessment (ORSA) report.
9. To coordinate preparation of the Solvency and Financial Condition Report (SFCR) and the Regular Supervisory Report (RSR).

Compliance Function

Its main duties are:

1. To advise the Board on compliance with the legal, regulatory and administrative provisions that affect Mediterráneo Vida and on compliance with the Entity's own internal regulations.
2. To prepare and execute a Compliance Plan.
3. To perform verification tests to ensure that the Company's policies, documents and processes are in line with regulations. To monitor the areas of improvement detected.
4. To work together with the Risk Management Function to ensure that all of the regulatory risks are taken into account in the Internal Control System.
5. Periodically to inform the Audit Committee of the most relevant compliance aspects.
6. To prepare the annual and quarterly Internal Control and Compliance reports, indicating the conclusions and recommendations.
7. To work together with the Legal Department to identify regulatory changes that might affect the Company.

Actuarial Function

The Actuarial Function has the authority to perform the following activities, among others:

1. To coordinate the calculation of the technical provisions
2. To assess the suitability of the methodologies, basic models, and assumptions used to calculate the technical provisions, especially the adequacy of mortality tables, and to monitor them regularly.
3. To document the execution, decision-making, results, and monitoring of biometric assumptions and tables. To anticipate the impact of changes in underwriting risks.
4. To assess the sufficiency and quality of the data used in the calculation of the technical provisions as regards their adequacy, integrity and accuracy.
5. To report to the Board regarding the reliability, adequacy and sufficiency of the calculation of the technical provisions.
6. To rule on the general underwriting policy and the adequacy of the reinsurance contracts.
7. To contribute to effective implementation of the risk management system for internally assessing the risks it oversees and solvency risk (ORSA process), particularly as regards modelling the underwriting risk taken as a basis for calculating the minimum capital requirements and the solvency capital requirements.
8. To introduce comparison mechanisms to contrast the best estimates against experience.

9. To take part in product launches or modifications to advise on the sufficiency of the premiums and applicable reinsurance contracts.

Internal Audit Function

Its most significant competences are:

9. To develop and implement a multi-year audit activity plan using an appropriate risk-based methodology.
10. To implement the Annual Audit Plan, including any special tasks or projects required by the Board, the Audit Committee and Management.
11. To issue periodic reports to the Audit Committee and Management, summarising the results of the audit activities.
12. The head of the Audit Function must inform 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.

B.2 Fit and Proper Requirements

The persons who effectively Manage the Company or have other key functions have good reputations and integrity and will have the appropriate professional qualifications, skills, experience and comply with the proper requirements to manage the Company properly and prudently.

The following persons must be Fit and Proper:

- Effective management of the Company
- Heads of Key Functions.
- Relevant Personnel.

Board members collectively have the appropriate qualifications, experience and expertise regarding:

1. Insurance and financial markets.
2. Business strategies and models.
3. The governance system.
4. Financial and actuarial analysis.
5. The regulatory framework.

The Company has a procedure for evaluating the fitness and propriety of those who effectively manage the Company and perform key function, and the relevant personnel.

Remuneration policy

The general principles of the remuneration policy are the following:

1. Risk management: Remuneration must be compatible with adequate and effective risk management.
2. Proportionality: The remuneration policies will be established pursuant to the principle of proportionality, based on Mediterráneo Vida's size, complexity and type of business.

3. **Balance:** The fixed and variable components of the remuneration schemes must have a balanced and efficient relationship in which the fixed components form a sufficiently large portion of the total remuneration.
4. **Solid Capital Base:** The total variable remuneration will be subject to restrictions when it is incompatible with maintaining a solid capital base.
5. **Sustainable Strategy:** Targets for achieving annual variable remuneration will be aligned with the Company's long-term strategy.
6. **Appropriate Conduct:** The remuneration systems and incentives will not generate conflicts of interest that are detrimental to the Entity's customers and will promote responsible business conduct and the fair treatment of customers.
7. **Objectivity:** The application of the remuneration policy and the decisions regarding individual remuneration will be governed by internal and market remuneration benchmarks, taking into account the responsibility of the position, the professional experience contributed, the commitment to achieving the objectives established and performance.
8. **No gender discrimination:** the principle of no gender discrimination will be maintained at all times as regards remuneration based on gender, so that the same remuneration is guaranteed for the same work and the same objective and personal conditions, without there being any discriminatory differences due to sex.

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

Board members, Management, and those performing Fundamental Functions who do not possess supplemental pension plans or early retirement plans.

No Board members concluded any transactions with the Company or with other group companies that were outside the ordinary course of business or not on an arm's length basis in 2021. There were also no transactions with shareholders or with parties that exercise significant influence on the Company.

According to the articles of association, the position of Director is not remunerated, except for: (i) directors who are independent or non-proprietary external directors; and (ii) those assigned executive functions or tasks other than those inherent to their position as directors, regardless of the nature of their services relation with the Company, which will be remunerated. The maximum annual remuneration for all the directors together is set by the General Meeting, and the Board is empowered to distribute that sum.

B.3 Risk-Management System

Risk Management is the activity that aims at continuously identifying, measuring, controlling, managing and reporting on the risks that the Company is or may be exposed to.

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

The main objectives of the Risk Management Policy are the following:

1. To guarantee that there is an adequate and sufficient risk management system.
2. To ensure that risks are adequately managed so that Mediterráneo Vida can achieve its strategic objectives by uniformly and efficiently implementing the policies and procedures that make up the risk management system.
3. To coordinate the identification of the risks to which the Company is exposed.
4. To measure the impact, economic and otherwise, that the materialisation of the risks could have.
5. To monitor adequately the various risks to which the Company is exposed to keep them under control.
6. To manage, i.e., mitigate, the risks by setting limits and controls to minimise their impact or frequency.
7. To maintain the flow of communication and communicate any event and information related to the risks among the various levels of Mediterráneo Vida.

Risk Management Function Policy involves establishing an environment for controlling the risks to which Mediterráneo Vida is exposed, including controlling the method for transferring assets, such as:

1. Ensuring that the counterparty risks arising from the Framework Agreements with WIF/WAF (GMAs) allow for substantial retention of the risks and earnings of the transferred assets at all times.
2. Setting up and maintaining controls to verify that the risk profile of the Company's assets does not substantially differ before and after the asset transfer to WIF and WAF. Evaluating the scenarios that could give rise to significant variations in counterparty risk arising from the GMAs and preparing contingency plans to enable the Company to attain Solvency levels consistent with its risk appetite policy should any of these scenarios occur.

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 entitled "Risk Strategy and Appetite" that details all the risk indicators and their tolerance limits.

Block I: Overarching Risk Indicators

- Solvency Ratio: measures the Company's capacity to handle expected or unexpected losses with its own funds. The solvency ratio is defined as the ratio between Own Funds and the Overall SCR calculated using the standard formula.
- Liquidity Ratio: measures the ability to comply with payment obligations over the next 12 months with the liquid assets currently held by the Company (for further details see the Concentration and Liquidity Risk Policy).

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

Block II: Specific Risk Indicators

- **Market Ratio:** is the quotient obtained from dividing Market SCR by Global SCR as an expression of the weight that market risk has with respect to the total risk to which the Company is exposed.
- **Life Ratio:** is the quotient obtained from dividing Life SCR by Global SCR as an expression of the weight that life underwriting risk has with respect to the total risk to which the Company is exposed.
- **Counterparty Ratio:** is the quotient obtained from dividing Counterparty SCR by Global SCR as an expression of the weight that counterparty risk has with respect to the total risk to which the Company is exposed.
- **Operational Ratio:** is the quotient obtained from dividing Operational SCR by Global SCR as an expression of the weight that operational risk has with respect to the total risk to which the Company is exposed.
- **Reputation Ratio:** measures the weight that reputational risk has as regards Global Economic Capital.
- **Credit Rating Principle:** The reinsurance business is carried on only with companies that have a minimum credit rating greater than or equal to "BBB-" from a recognised rating agency and in accordance with the Risk Strategy and Appetite statement.

The Company's business model also identifies the level of its biometric Risk Appetite, differentiating at least the longevity, mortality, and disability risks on the exercise of policyholder options.

These sub-risks are measured in terms of capital in accordance with the Solvency II Directive and its technical specifications for calculating Solvency Capital requirements.

- i. **Longevity Ratio:** is the quotient obtained from dividing the longevity SCR by the Life SCR as an expression of the weight that longevity risk has as regards the total underwriting risk to which the Company is exposed.
- ii. **Mortality Ratio:** is the quotient obtained from dividing the mortality SCR by the Life SCR as an expression of the weight that mortality risk has as regards the total underwriting risk to which the Company is exposed.
- iii. **Disability Ratio:** is the quotient obtained from dividing the disability SCR by the Life SCR as an expression of the weight that disability risk has as regards the total underwriting risk to which the Company is exposed.
- iv. **Expense Risk:** The ratio between the expense risk capital requirement (Expense SCR) and the underwriting risk requirement (Underwriting SCR).
- v. **Catastrophe Risk:** The ratio between the catastrophe risk requirement (Catastrophe SCR) and the underwriting risk requirement (Underwriting SCR).
- vi. **Policyholder option exercise ratio:** is the quotient obtained from dividing the lapse SCR by the Life SCR as an expression of the weight that lapse risk has as regards the total underwriting 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, Risk Management will propose changes to the business strategy or the Company's risk tolerance framework.

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.

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 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.

These reports are reported directly by the Risk Management Function to the Board after they have been analysed by the Asset-Liability Committee (ALCO).

The Function's annual reports, and 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 enable the Company to be informed of its present and future position as regards its material risks from both a quantitative and a qualitative standpoint and as regards its risk appetite. The Company is 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 with a series of quantitative and qualitative indicators and risk tolerance thresholds.
- 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.
- A system for reporting the results of the process in which the risk appetite scheme is monitored by comparison with the risk profile used to prepare 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 Director of Risk Management reports to the Chief Risk Management and Technology Officer.

The Board and the heads of each of the lines of business are made aware of the risks to which the Company is exposed through the results produced by the ORSA process.

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

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

The Company's internal risk assessment is performed quantitatively through the standard formula for Pillar I risks, which form the regulatory capital requirement. This requirement includes the risks to which the Company is exposed sufficient in magnitude to be considered but not sufficiently covered under the standard formula of what are termed Pillar II risks.

In assessing its ongoing compliance with capital requirements and technical provision requirements, the Company applies the volatility adjustment and also performs that assessment with the volatility adjustment set at zero¹.

During the internal assessment process of all risks, a prospective risk analysis is performed with projections for both the balance sheet and capital consumption in keeping with the Capital Plan.

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

The methods used to formulate the risk profile and the risk appetite scheme are documented in the various policies making up the Company's Governance System, particularly Risk Management policies.

In that way the Company can be apprised of the future risks to which it will be exposed well in advance for efficient capital management and planning aligned with its risk appetite.

The ORSA process has the following attributes:

- Both the Board and management play an active role in directing and verifying prospective internal risk assessment.
- It complies with the overall solvency requirements by taking into account the specific risk profile, the risk tolerance limits that have been approved, and Company 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 is an integral part of its strategic plan that takes into consideration all relevant risks that could pose a threat in attaining its present and future capital requirement objectives under that plan.

¹ The criteria for applying the volatility adjustment are set out in Annex I to the Risk Management Function Policy.

The Board approves the corresponding report at the proposal of the Asset, Liability, and Risk Committee on completion of the ORSA process.

That report contributes to suitable integration in the decision-making process and makes it possible to take proper risk control measures.

The ORSA process is annual, however, there are circumstances that would require the Company to perform an extraordinary internal risk assessment. Ad hoc assessments are carried out in the event of special events capable of altering levels of exposure to one or more risks and changing the risk profile.

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

- Starting new lines of business that have a significant impact (more than 20%) on the Company's total overall business.
- Concluding a transaction in a certain line that has a significant impact on the Company's total overall business.
- A regulatory change that impacts the Company.
- A significant change in the economic environment.
- A new positioning of the Company in the market through mergers and/or acquisitions.

B.4 Internal Control System

The Internal Control System includes administrative and accounting procedures, 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:

- 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 also entails evaluating the impact of any changes in law on the Company's operations and assessing the risk of non-compliance. (This compliance function's competences are described in section B1 of this report)

We define 'internal controls' as processes that are continuous over time to obtain reasonable assurance of:

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

The 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:

1. The operating areas and their heads are responsible for identifying the risks to which the Company is or could be exposed and managing them in everyday operations, and for establishing the necessary controls to mitigate the risks.
2. The Compliance, Actuarial and Risk Management Functions monitor and control risk management to ensure that it is carried out properly.
3. 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, measuring the indicators and reporting on them.

Lastly, the Internal Audit Function is in charge of verifying the suitability and effectiveness of the internal control system and other elements of the Company's governance system, which will be implemented in accordance with the regulations governing the organisation, supervision and solvency of insurance companies and the auditing of accounts. The conclusions and recommendations arising from the Internal Audit are reported to Management, the Audit Committee, and the Board. The Board will determine what actions must be adopted with respect to each one and will guarantee that the above actions are carried out.

B.5 Internal Audit Function

The Company has an Internal Auditing Policy that develops and specifies the competences 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, and to protect the Organisation's assets, reputation and sustainability.

The Internal Audit Function must work together with supervisory bodies if certain circumstances envisaged under the legislation in force occur.

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

Internal Audit provides support to the Audit Committee and supervision of the proper design, implementation and effective functioning of the governance, risk management and control systems.

The head of the Internal Audit Function is functionally dependent on the Company's Audit Committee that grants the head thereof independence from the rest of the Company's management and positions the function at an appropriate level within the Company, providing it with the necessary support (communication, resource management, etc.) for its activity. Its reports, and any other communications that the Function head considers important, are reported directly to the Company's Audit Committee, without prejudice to the fact that the above function may report to the Board if its head considers it appropriate, and 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 is reported to the Audit Committee and the Board.

B.6 Actuarial Function.

The Actuarial Function provides the necessary support for effective Company management (Board members and the CEO) in managing the risks faced by Mediterráneo Vida, in particular underwriting risk and reinsurance risk, i.e., the risk of losses or adverse changes in the value of its insurance liabilities as a result of inadequate pricing assumptions and provisioning.

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

The Actuarial Function reports to the Company's other Key Functions those events that are relevant for them to meet their objectives.

The Actuarial Function is represented on the Claims and Complaints Committee and on the Asset, Liability, and Risk Committee to further joint risk management.

The Actuarial Function will issue an annual Report that includes aspects specific to its functions and duties. The Report, with evidence of the independence of the Governance Function, is submitted straight to the Company's Board. This Report is also sent to the Company's key functions and other relevant staff.

B.7 Outsourcing

The Company has an Outsourcing Policy approved by its Board 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 carried out in a manner that:
 - Clearly endangers the quality of the system of governance.
 - Unnecessarily increases operational risk.
 - Diminishes the supervisory capacity of authorities to verify that the company complies with its obligations.
 - Affects the provision of an ongoing and satisfactory service to insurance policyholders.

The unit proposing the initiative is responsible for assessing and documenting that the activity in question is essential to the Company's operations and that the Company would not be able to provide its services to policyholders without that function or activity

That analysis will be submitted to the Risk Committee, which, in view of the submitted documents, will decide on whether it should be outsourced, in the case that it is considered critical, and it will designate the person in charge of initiating the pre-outsourcing process based on this policy, and the person in the Company in charge of the outsourcing, with general responsibility for the outsourced

function/activity, who has sufficient expertise and experience in the activity in question to verify the performance of the services provider.

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 in accordance with two processes, the prospective process (projections) and the stress test process (adverse scenarios).

Projections process

Mediterráneo Vida projects the capital needs for each risk module, except for the Pillar II risks, which are not included in this capital forecast.

The various SCR sub-modules are forecast using methods suitable for the presumed most likely scenario, consistent with the Company's economic conditions and its current situation, and in accordance with the anticipated performance of the business in the next three years.

An own funds forecast is also made as the difference between assets and liabilities on the balance sheet projection. This enables the risk appetite indicators for Mediterráneo Vida's overall risk to be projected.

Accordingly, the methodology used to prepare these forecasts is based on projections for assets and liabilities. Calculations made based on these projections provide new capital consumption levels and new economic balances, thereby replicating the entire process and minimising deviations arising from future estimates.

The sensitivity process

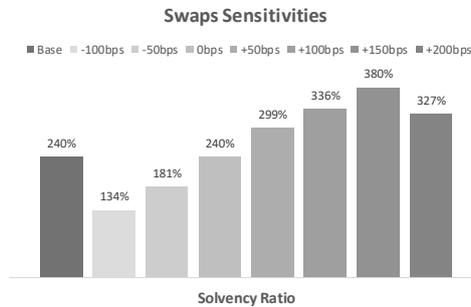
As part of its ORSA process, the Company performs sensitivities to movements in the interest rate curve, and expansions in market differentials for both the public and private sectors. In addition to these sensitivities, as part of its ORSA process, the Company carries out a sufficiently sensitive analysis of unfavourable deviations from biometric assumption factors that could have the most impact on the Company's revenues.

The purpose of these sensitivity tests is to track any potential solvency needs that the Company may face.

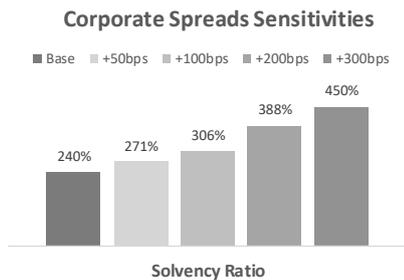
Of the results obtained in 2020 carried out in 2021 in the ORSA process, no solvency needs have been observed in any of them, also evidencing that there is margin on the solvency ratio set as the Company's risk appetite, at 200%, a level that the Company has committed to maintain as set out in its Action Plan while the asset transfer operation is maintains in force in relation to a certain significant level. (Note that the end of 2021 is 311% while at the end of 2020 it was 240%).

The scenarios were defined through internal deliberations after analysing various sensitivities, with the participation of all the Company's units and its Board. The variables subjected to stress testing affect the behaviour of both assets and liabilities. The sensitivities, closing 2020, carried out as a preliminary step for choosing adverse scenarios and projecting them three years ahead have yielded the following results:

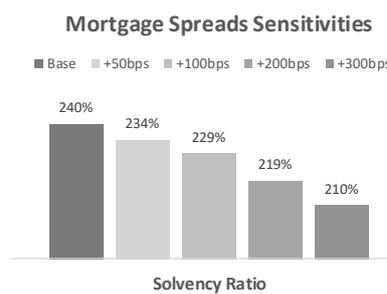
Swaps Sensitivities						
-100bps	-50bps	0bps	+50bps	+100bps	+150bps	+200bps
134%	181%	240%	299%	336%	380%	327%



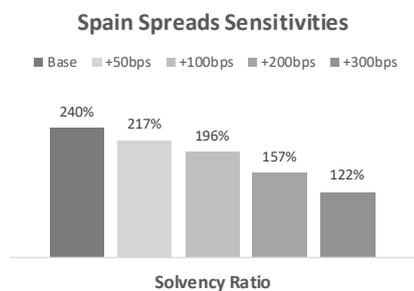
Corporate spreads Sensitivities			
+50bps	+100bps	+200bps	+300bps
271%	306%	388%	450%



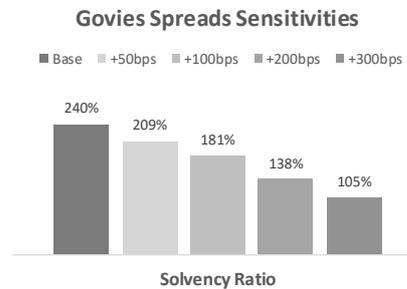
Mortgage Discount Margin Sensitivities			
+50bps	+100bps	+200bps	+300bps
234%	229%	219%	210%



Spain spreads Sensitivities			
+50bps	+100bps	+200bps	+300bps
217%	196%	157%	122%



Other Govies spreads Sensitivities			
+50bps	+100bps	+200bps	+300bps
209%	181%	138%	105%

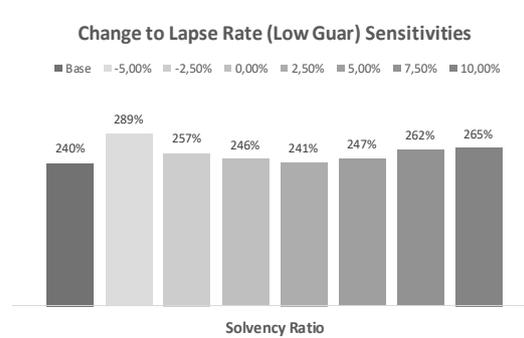
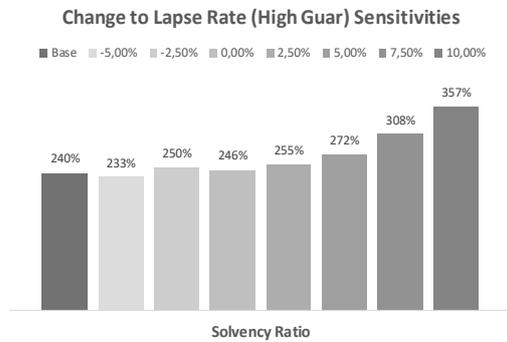


Change to Lapse Rate (High Guar)						
-5,00%	-2,50%	0,00%	2,50%	5,00%	7,50%	10,00%

Change to Lapse Rate (Low Guar)						
-5,00%	-2,50%	0,00%	2,50%	5,00%	7,50%	10,00%

Solvency Ratio (31.12.2021)						
233%	250%	246%	255%	272%	308%	357%

Solvency Ratio (31.12.2021)						
289%	257%	246%	241%	247%	262%	265%



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.

In carrying out this process, the Company has used a dual scenario analytical approach and stress tested certain of the variables. The variables subjected to stress testing affect the behaviour of both assets and liabilities.

The process of selecting which variables to subject to stress testing and to what extent is reviewed in each ORSA financial year according to the Company's situation and the current and historical performance of the business and the market when the ORSA preparation process is started.

C.1 Underwriting risk

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.

Underwriting risk includes the biometric and operational risks to which life insurance is exposed. Biometric risks are risks arising from uncertainties in the assumptions relating to mortality, longevity, and disability rates taken into account when pricing products and calculating the Company's obligations to the insured. 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.

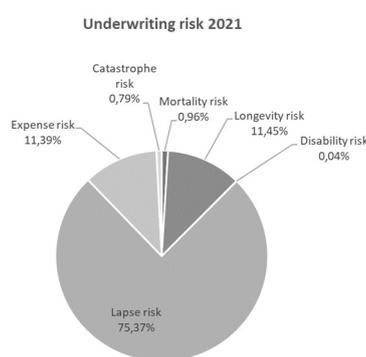
Catastrophe risk: this sub-module affects all liabilities the net value of which is sensitive to a notable uncertainty regarding the assumptions corresponding to extraordinary events.

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 thousands of EUR	2020	2021
Underwriting risk	81,078	50,253
Mortality risk	576	561
Longevity risk	8,897	6,721
Disability risk	27	24
Lapse risk	74,166	44,230
Expense risk	7,467	6,681
Catastrophe risk	509	466
Underwriting risk diversification	-10,563	-8,430



The underwriting risk mainly concerns the risk of decreases.

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 respect to the total risk to which the Company is exposed.

Where:

Underwriting SCR: the solvency capital requirement for life risk using the standard formula.

Overall SCR: the overall solvency capital requirement using the standard formula.

As of 31 December 2021 the risk appetite target established for the life ratio was:

Indicator	Definition	Risk appetite target	Non-compliant	Compliant	Over-compliant	2021 December	Compliance level
Life ratio	Life ratio = Life SCR / Overall SCR	≤ 120%	> 130%	[110%, 130%]	< 110%	76%	Over-compliant

On a quarterly basis, the Technical/Actuarial and Operations 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, and their consistency with the Company's strategy.

The Technical/Actuarial and Operations 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 guarantee suitable control of the risks accepted.

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

It should be noted that Mediterráneo Vida does not sell new products to individuals and, therefore, managing the underwriting risk focuses on the existing portfolio.

As regards reinsurance, as a risk mitigation technique, when calculating the premium, the Company reinsures 94% of the accident business with Scor Global Life SE Ibérica and 6% with General Reinsurance AG, Cologne, Germany assuming between 80% and 90% of the claims based on the product. As regards 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.

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.

Table showing maximum sums on death per insured, 2021-2020

Amounts in thousands of euros

Maximum insured capital		
Year	2020	2021
Life	600 (*)	600 (*)
Accidents	500	500

(*) As of 31 December 2021 there was 1 insured with a maximum in excess of this limit (EUR 799 thousand).

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

No. of Contracts			
Capital ranges	2020	2021	Variation

Less than 50,000	31,396	27,985	-11%
50,000 to 100,000	15,367	13,280	-14%
100,000 to 150,000	3,989	3,358	-16%
150,000 to 200,000	713	555	-22%
200,000 to 250,000	101	76	-25%
250,000 to 300,000	18	20	11%
More than 300,000	19	12	-37%
	51,603	45,286	-12%

Data as of 31 December 2021

As part of its annual actuarial report, the Company carries out a premium adequacy test taking an adverse scenario that combines increased claims and increased actual expenses.

The Technical/Actuarial and Operations 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 respect to the total risk to which the Company is exposed.

The Company increased its market ratio in 2021. The market ratio reflects an increase in exposure to market risk in proportion to the overall risk caused by a decrease in the underwriting risk.

Indicator	2020	2021
Market Ratio	66%	74%

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 above 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.
- **Equity risk:** this sub-module affects all assets and whose net value of which is sensitive to changes in the prices of equity securities.

- **Property risk:** this sub-module affects all assets and liabilities the net value of which is sensitive to variations in real estate values.
- **Currency 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 volatility of credit spreads as they relate to the risk-free interest rate structure.

The limits indicated in the investment policy; the main strategies adopted to mitigate these risks of the Company are as follows:

- **Interest rate risk:**

The Company's interest rate risk arises from fluctuations in the prices of assets and liabilities as a result of changes to the yield curve. This risk is measured aggregately and not product by product, unless required under the regulations in force. During 2020, it was approved that in order to measure the exposure of the Company's Equity to interest rate movements, the net DV01 of its assets and liabilities (a measure used to measure the changes in value due to a 1bp parallel movement in interest rates) will be calculated, which must be within the limits set by the Company at any given time as established in its investment policy.

- **Spread risk**

The limits for mitigating this risk will be determined based on the issue's credit rating. Where an investment has a credit rating from an external Credit Rating Agency (ECAI), the rating will be selected based on Solvency II criteria:

Rating selection criteria	
①	When the issue has a single rating from an Agency, the rating of that Rating Agency shall be used.
②	When the issue is rated by two agencies, the worst one should be used.
③	When the broadcast is rated by three agencies, the two best ratings will be used, and if the two best are not the same, the worst of these two bests must 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:

<ul style="list-style-type: none"> The portfolio's average rating will be at least 3
<ul style="list-style-type: none"> The portfolio's exposure to issuers with a rating a lower than 3 will not exceed 25%
<ul style="list-style-type: none"> The minimum rating at the time of purchase of an asset will be BBB (i.e., CQS = 3) unless approved by ALCOR in advance.
<ul style="list-style-type: none"> Continuing to hold assets with a BBB rating or higher that subsequently fall below BBB requires the approval of ALCOR (until approval is received, that asset will be considered to be an external risk appetite).

- Counterparty/concentration risk:** Counterparty exposure will be measured as the market value of the net exposure of any collateral held or received.

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%

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

Residential mortgage loans to any individual borrower will be limited to EUR 1 M.

The limit for all alternative assets, with mortgage loans included in this category, is currently 30%.

For alternative assets, the Company has set specific limits per asset class. The limits are (as a percentage of the total asset portfolio):

Asset class limits for alternative investments:

Mortgage-backed loans* 30%

Trade finance: 10%

Commercial real estate loans: 10%

Other alternative investments: 7%

Hedging instruments are allowed to facilitate efficient portfolio management or as a hedge against other risks:

Hedging instruments
<ul style="list-style-type: none"> For derivatives held for hedging purposes, exposure to a single derivative counterparty Will be limited to 5% for each counterparty.
<ul style="list-style-type: none"> For derivatives held for effective portfolio management, exposure Will be limited to a total of 5% for all counterparties.

- **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.

Indicator	Definition	Target Appetite	Falls short	Fulfils	Exceeds
Liquidity Coverage Ratio	LCR = Liquid assets/Sum of flows of assets for the next 12 months Where: Liquid assets: 1. Current accounts 2. Governments 3. Issues > 500 million	≥ 120%	< 120%	[120%, 130%]	≥ 130%

- **Currency risk:** Investments may be made in assets denominated in G10 currencies and other approved currencies. In the case of non-EUR investments, hedging instruments may be used to hedge the euros. Net exposure (after taking the effect of the hedges into account) to investments not in EUR must be less than or equal to 5% of the portfolio.

The basis for calculating the above limits will be the market value.

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

Amounts in thousands of €	2020	2021
Market risk	58,556	49,374
Interest rate risk	10,006	3,001
Equity risk	11	16
Real-estate risk	10	11
Spread risk	52,781	44,647
Concentration risk	3,463	17,235
Foreign currency risk	38	113
Diversification market risk	-7,742	-15,650

Exposure under the overall market risk requirement decreased by 9 million in 2021. Based on trends for the sub-risks in the market module, this decrease was due mainly to a reduction in exposure to interest rate and spread risks.

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

The Asset Management Unit carried out a half-yearly analysis of the consistency of deadlines between its assets and liabilities over a sufficiently long time horizon, reviewing the suitability of assets to liabilities in keeping with 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 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. In absolute terms, comparison of the spread risk at the close of 2021 to the spread risk at the close of 2020 shows this risk to have decreased by EUR 8 million, from EUR 53 million to EUR 45 million.

In the context of the transactions to reduce market risk, the Company took risk reduction measures to transfer risks to third parties during the period. Specifically, these are two types of derivatives for risk mitigation purposes: a swap contract on floating vs. fixed interest rates, which neutralises the risk of the volatility of interest rates associated with the mortgage portfolios. On the other hand, a USD/EUR cross currency swap has been contracted, the objective of which is to hedge part of the exchange rate risk of one of the bonds in the portfolio, which is denominated in dollars.

C.3 Credit risk

The Company has four 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
- d) Mortgage portfolios

a) Counterparty risk due to temporary asset transfers

Following the asset transfer to WIF and WAF under the corresponding GMAs, these companies are obligated to pay Mediterráneo Vida the same cash flows, at the same times, as the financial assets that have been transferred.

The Company tracks the counterparty risk that may derive from the asset transfer and the Framework 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 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 in various scenarios.

The counterparty risk is calculated each month in accordance with 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 performs a valuation of all the assets furnished as collateral on a quarterly basis, including a description of the methodology 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. Under these collateral agreements, Mediterráneo Vida has access to the collateral and guarantees.

Each quarter the counterparties under the Framework Agreements send Mediterráneo Vida an audit report issued by the firm of 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.

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 signing 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*.

The pledged WIF and WAF assets taken into account to mitigate the counterparty risk ensuing from the asset transfer transaction are:

Colaterales de activos transferidos				Millones de Euros	
Garantías constituidas	Jurisdicción de la garantía	Activos subyacentes	Principales riesgos	dic-21	2020
Deuda cotizada privada				30	7
Prenda de primer rango sobre cuenta de custodia de valores y contratos de control	Nueva York	Bausch Health Inc. 5,75% 15/08/2027 (US071734AC18) ARTISA 5 1/2 02/09/23 (XS2248014081)	Riesgo de tipo de interés y diferencial		
Activos hipotecarios				613	603
Prenda sobre los instrumentos de deuda (profit participating notes) emitidos por las sociedades tenedoras	Luxemburgo	Residencial mortgages	Riesgo de contraparte con garantía inmobiliaria		
Prenda sobre los instrumentos de deuda (profit participating notes) emitidos por las sociedades tenedoras	Luxemburgo	Residencial mortgages	Riesgo de contraparte con garantía inmobiliaria		
Tesorería				98	395
Prenda de primer rango sobre las cuentas bancarias de efectivo y contratos de control	Nueva York	Cuentas a la vista	Riesgo de contraparte		
Valor de mercado de los colaterales de activos transferidos				741	1.005

Garantías Adicionales

Garantías constituidas	Jurisdicción de la garantía	Activos subyacentes	Principales riesgos	Millones de Euros	
				dic-21	2020
Renta Variable no cotizada				1.061	342
Prenda de primer rango sobre la totalidad de las participaciones de las sociedades tenedoras (*)	Nueva York	Servicios educativos online (Academic Partnership)	Riesgo de renta variable no cotizada		
Prenda de primer rango sin desplazamiento de la posesión (equitable mortgage) sobre las acciones de las sociedades tenedoras (*)	Islas Caimán	Librerías	Riesgo de renta variable no cotizada		
Préstamos a entidades				30	31
Prenda de primer rango sobre la totalidad de las participaciones de las sociedades tenedoras (Ley de Nueva York) y Prenda de primer rango sin desplazamiento de la posesión (equitable mortgage) sobre las acciones de las sociedades tenedoras (Ley de Islas Caimán) (*)	Nueva York y Islas Caimán	Huertos solares	Riesgo de tipo de interés y diferencial		
Activos inmobiliarios				1.881	1.460
Prenda de primer rango sin desplazamiento de la posesión (equitable mortgage) sobre las acciones de las sociedades tenedoras (*)	Islas Caimán	Locales comerciales, Oficinas y Residencias	Riesgo inmobiliario		
Prenda de primer rango, sobre las participaciones de la sociedad tenedora (*)	Nueva York	Centro de datos	Riesgo inmobiliario		
Deuda cotizada pública				0	115
Prenda de primer rango sobre cuenta de custodia de valores	Nueva York	Letras del Tesoro EEUU	Riesgo de tipo de interés y diferencial		
Tesorería				0	60
Prenda de primer rango sobre las cuentas bancarias de efectivo y contratos de control	Nueva York	Cuentas a la vista	Riesgo de contraparte		
Valor de mercado total de los Colaterales adicionales propiedad de WIF/WAF				2.973	2.008

(*) First-ranking collateral on shares in the holding company for the investment in favour of Mediterráneo Vida (see the "underlying assets" column for the type of investment held by the company whose shares have been pledged).

The assets listed above are subject to the legal, liquidity, and counterparty risks of the two Luxembourg companies, WIF and WAF. These risks and those inherent to the assets they hold are covered by the collateral and excess collateral provided by these companies, their subsidiaries, and the Elliott Funds, respectively, and by Mediterráneo Vida's right to cancel the agreements at any time.

Exposure to changes in the Company's cash flows before and after the financial asset transfer has been analysed both at the date of the transfer and on an ongoing basis, and the results indicate substantial retention of risks and earnings.

As of 31 December 2021, the market value of all the assets of WIF and WAF totalled EUR 4.822 million (EUR 3,906 million in 2020) (according to the audited financial statements of WIF and WAF and the valuation report issued by an independent expert), and the market value of the financial assets transferred was EUR1.636 million on that same date (EUR 1,945 million in 2020).

Millions of euros

Assets for satisfying Mediterráneo Vida's obligations	2021	2020	Value of obligations to Mediterráneo Vida	2021	2020
Collateral for transferred assets	1.646	1,880			
Additional collateral owned by WIF/WAF	3.176	2,026			
Total market value of WIF/WAF assets (*)	4.822	3,906	Value of transferred financial assets	1,636	1,945

(*) The value of the assets includes both their valuation at market prices and, in the case of certain debt assets, their valuation at amortised cost. These values are consistent with the audited financial statements of WIF and WAF prepared according to International Financial Reporting Standards, and there is no impact on the accounting treatment of the transfer transaction carried out by Mediterráneo Vida.

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

Counterparty risk tolerance.

The **counterparty risk** derived from these GMAs has been calculated according to 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 the WIF and WAF 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 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, decreasing the value of the assets accounted for as collateral.

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 for the maximum limit of tolerance to the counterparty risk generated under the Framework Agreements at the close of 2021 were:

Market risk SCR for collateral (in thousands of euros)	WIF		WAF	
	% of MV	EUR	% of MV	EUR
Market Risk SCR Summary				
Interest rate scenario		Down		Down
Interest Rate risk	0.2%	6,432	0.2%	2,910
Equity risk	18.1%	479,726	17.7%	222,200
Property risk	17.2%	458,014	17.3%	217,324
Spread risk	0.4%	11,484	0.4%	5,338
Currency risk	20.1%	532,622	20.0%	250,297
Concentration risk	19.3%	512,032	19.2%	240,272
Undiversified Market Risk SCR	75.3%	2,000,309	74.9%	469,639
Diversified Market Risk SCR	47.5%	1,260,817	47.2%	308,804
Counterparty default risk SCR	0.4%	10,786	0.3%	6,565
Diversified Market + CDP risk	47.6%	1,263,557	47.3%	310,510

EUR in millions

WIF/WAF Assets (excl. Elliott Swap)		499,495		241,307
Elliott Collateral		2,156,464		1,011,415
Total collateral		2,655,958		1,252,721
Market haircut pre-div.	-75.3%	-2,000,309	-74.9%	-938,341
CDP haircut pre-div.	-0.4%	-10,786	-0.3%	-4,004
Diversification benefits		747,538		349,956
Collateral post hc & div		1,392,401		660,332
Total implied haircut	47.6%	1,263,557	47.3%	592,389

CPD Risk (overcollateral if negative)	-251,600	-123,022
As a % of MV of the lent securities, %	-22.61%	-23.49%

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

Each quarter the counterparties to these Framework Agreements provide Mediterráneo Vida report on agreed procedures issued by the firm Grant Thornton. 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 situation, 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 is therefore be analysed based on Mediterráneo Vida's liability needs.

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.

The results of the controls on 31 December 2021 were:

Description of Control 1	Description of Control 2	Description of Control 3
Category 1 (Cash and sight assets): it should be greater than 1.5 % of the value of the current GMA assets at the time of the control. For this calculation, the existing balances in the current accounts in WIF and WAF and their subsidiaries WIH and WAH, and in the deposits created with discretionary reimbursement by these companies at any time without penalty, will be taken into account.	Category 2 (Assets that are liquid directly, including liquid bonds and assets that can be converted into cash directly): Their value, added to the value of category 1, should be higher than the sum of the flows for the first 12 months since the date when the control was performed.	Category 3 (Assets liquid in under six months): Their value, added to the value of categories 1 and 2, should be higher than the sum of the flows for the first three months since the date when the report was issued.

Results of Control 1	thousands of €	Results of Control 2	thousands of €	Results of Control 3	thousands of €
COLLATERAL CATEGORY 1 (i)	97,989	COLLATERAL CATEGORY 2 or lower	929,109	COLLATERAL CATEGORY 3 or lower	4,709,750
1.5% · GMA (lent securities)	24,547	LIABILITIES FLOWS OF NEXT 12 MONTHS	347,494	LIABILITIES FLOWS OF NEXT 3 YEARS	851,642
Fulfil	OK	Fulfil	OK	Fulfil	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 GMFAs (Global Master Future Agreements) with WIF and WAF and termination of these agreements by sale and by maturity of the assets are traceable in each period.

The result of the control on 31 December 2021 was:

	Nominal amount	Call-in value
Difference/Variation	0	0.03%
Compliance	OK	OK

Description	Nominal amount	Call-in value
TOTAL WIF/WAF	1.248.440.693	1.636.487.084
TOTAL MV (*)	1.248.440.693	1.635.940.428
Difference	0	-546.656
Check (Dif/TOTAL MV)	0.00%	-0.03%

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

On a weekly basis:

- WIF/WAF send a schedule for Mediterráneo Vida's agreement (if it agrees, otherwise both parties will identify and settle discrepancies) for the following:
 1. Terminations and bonds transferred by new Framework Agreements in the last week (Weekly Transaction Schedule).
 2. Payment of coupons and bond maturities for the two following week (Securities maturing in the coming 2 weeks).

No incidents at the end of 2021.

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.

No incidents at the end of 2021.

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 Framework Agreements and the economic value of the collateral by controlling the tolerated levels set by the Board. This early warning system under this control framework provides the Company with key information to alert against possible deficits and allows corrective action to be taken to head off potential problems.

In addition, in the Addendum to the Action Plan, the Company set up a procedure to be followed by the Board in case breach of the Framework Agreements by WIF and WAF is detected, making early termination of the Framework Agreements necessary. That procedure sets forth the scaling up, the appropriate steps, and the minimum content of the plan to be implemented.

If WIF and WAF fail to comply with any of their contractual obligations listed above, the shares of both companies and the debt instruments issued by both companies would become the property of Mediterráneo Vida once the corresponding collateral has been called in, so that either the dividends obtained from both instruments or the proceeds from the sale of the instruments, or Mediterráneo Vida's ability to authorise the sale of assets on the balance sheets of WIF and WAF or of any of the entities that form part of its group would be used for the acquisition of a portfolio of securities identical or similar in nature, quality, term and profitability to that existing at the time of execution and subsequent changes that could take place due to the effect of the Framework Agreements. This termination is also backed by a liquidity and solvency guarantees signed by the shareholders, the Elliott International, L.P. and Elliott Associates, L.P. funds.

Therefore, this also ensures that if the above collateral (and the other collateral provided to the Company) is called in neither the substantial retention of risks and rewards nor the Company's operations would be compromised if the resolution plan is implemented.

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. 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.

On average the reinsurers with which the Company had agreements in place in 2021 had a credit rating of A.

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 €	2020	2021
Counterparty risk	5,019	5,430
Type 1	1,874	2,454
Type 2	3,459	3,342
Diversification of counterparty risk	-313	-365

The greatest exposure to counterparty concentration risk comes from tier 2, which includes the mortgage loan portfolio. Type 1 exposure comes mainly from the Company's cash position in banks.

Exposure to counterparty risk at the end of 2021 was practically at the same level as at the end of the previous year.

d) Mortgage loan portfolios

The Company has two mortgage loan portfolios for which the main risk is counterparty risk arising from mortgage loans by a Spanish credit institution. This asset type accounts for approximately 10.2% of the overall portfolio.

The Company has been using counterparty risk mitigation methods since these asset types were added to the balance sheet, and those methods were continued in 2021. This form of risk reduction acts by transferring risk to a third party by means of an option to return certain loans at a fixed price.

C.4 Liquidity risk

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

The procedure implemented by the Asset Management Unit consists of an ALM model that identifies the investments needed to secure the asset-liability relationship to be able to ensure the necessary liquidity to meet the Company's obligations. Asset and liability management needs to consider the Company's risks, mainly those falling under market risk (interest rates, credit, concentration, equity, currency, and real estate), counterparty risk, underwriting risk, and reserve risk, which are derived using the standard formula.

Specifically, the Asset Management Unit analyses the consistency of terms between its assets and liabilities over a sufficiently long time horizon:

- 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 the ALM analysis reveal any lack of consistency between terms, both in the basic scenario and in the various stressed scenarios (measuring the Company's robustness against changes in the risks that it faces). The results of this review and, where applicable, any inconsistencies identified are reported to the Chief Risk Management Officer, who reports these results to the Asset, Liability, and Risk Committee.

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

DV01	2021	2020
Activo	1.562.431,35	1.795.052,65
Pasivo	1.634.837,14	2.162.552,64
DV01 Neto	-72.405,79	-367.499,99

The Company uses the DV01 indicator (monetary sensitivity to a change in interest rates of one basis point) to monitor the risk posed changes in interest rates.

The net DV01 at the end of 2021 was EUR -72,405.79, within the range considered normal by the Company (EUR -600,000, EUR +600,000).

Since 2020 the Company's DV01 has been neutralised, approaching zero, by the asset rotations carried out in 2021, which have increased asset terms to approximate the terms of liabilities, thereby reducing sensitivity.

For each of the most representative products, the evolution of the surplus or deficit is analysed as regards the current value. Two scenarios are compared in which the sensitivity of this indicator to movements in surrender rates is measured. A current scenario includes the surrender rates observed by the Company in 2021, while a historical scenario considers the behaviour of surrender rates observed in the last 5 years for total surrenders and in the last 12 years for partial surrenders. 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 3%ANT.99		Producto 0,5%		Producto PPA con PB		Producto PPA sin PB		Rentas Vitalicias	
		Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico	Actual	Histórico
Déficit o Superávit	2021	-111	-97	-70	-59	-13	-12	85	85	13	12	29	29	75	75
	2020	-129	-105	-78	-63	-16	-14	99	105	16	16	26	27	66	64
Variación anual		18	8	8	4	3	2	-14	-20	-3	-4	3	2	9	11

Overall, the portfolios had a surplus of EUR 8 million in 2021, evidence of the Company's ability to meet its long-term commitments. The products' contribution to the surplus is not homogeneous, and each product must be analysed separately:

- **6%, 4.5%, and 3% ANT.99 products:**

All three portfolios exhibit deficits because of their high guaranteed interest rates compared to current market rates.

The interannual discount curves rose compared to the previous year, which has benefited the products by reducing the deficit.

The current scenario results in deficits that are greater than those for both years according to the historical scenario, reflecting the positive effect that would come from an increase in surrender rates to historical levels for these products.

- **0.5% products:**

The portfolio has a surplus in both scenarios.

The surpluses for the previous year have decreased in both scenarios as a result of a change in the method used to calculate the estimated premiums that excludes extra premium payments.

- **PPA with PB product**

The portfolio has a surplus in both scenarios.

The surplus in both scenarios decreased in 2021. The asset term is longer than the liability term, and the increase in the discount curves has impacted the portfolio surplus. The effect of the surrenders is not as large in this portfolio as in the previous portfolios, and therefore the results for both scenarios are similar.

- **Life- PPA without PB and Contingent Annuities:**

Both portfolios have a surplus in both scenarios.

The surplus has improved in both scenarios. These portfolios maintain mortgage loans to improve cash flow matching. The asset term is less than the liability term, and the increase in the discount curves has increased the portfolio surplus. The effect of the surrenders is not as large in this portfolio as in the previous portfolios, and therefore the results for both scenarios are similar.

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.

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 respect to the total risk to which the Company is exposed.

Operational risk is measured in terms of regulatory capital in accordance with Directive 2009/138/EC of Solvency II (standard formula). In addition to measurement by the standard formula, operational risk is measured based on the result of that formula to calculate the modified solvency capital (operational economic capital) based on the frequency and severity of the risks included in the operational risk map obtained from the Company's annual assessment process through questionnaires (internal formula).

The operational risk to which the Company is exposed is:

Amounts in thousands of €	2020	2021
Operational Risk	9,882	9,200

In connection with the reduction in operational risk, the Company did not apply risk reduction methods that transfer risks to third parties in 2021.

The Company has legal opinions from various international law firms for the various jurisdictions where the guarantees are located. These opinions corroborate the validity, effectiveness, and enforceability of the guarantees.

The Company also has a Resolution procedure mentioned above.

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 Action Plan, tracking of the following indicators in each quarterly and annual closing.

- 1.- Framework 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.- Analysis of transfer prices.
- 9.- 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, after the quarterly and annual closings for their information and assessment.

The Company has legal opinions from various international law firms for the various jurisdictions where the guarantees are located. These opinions corroborate the validity, effectiveness, and enforceability of the guarantees. A Spanish law firm was also requested to furnish a legal opinion to corroborate this conclusion.

The Company has an operational risk database managed by Internal Control, which contains entries for incidents that occur in any of MedVida's processes. These are assessed, and corrective measures are proposed.

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, with strategic risk understood as described above.

Reputational Risk:

Reputational risk arises from possible harm to the company's image caused by the occurrence of other types of risk, generally operational in 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.

D. Valuation for solvency purposes

D.1 Assets

On 31 December 2021, Mediterráneo Vida's most significant assets and their valuation methods were:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	84,877	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,503,337	Fair value
Bonds – Private debt	579,626	Fair value
Investment funds	9,943	Fair value
Derivatives	11,378	Fair value
Deposits other than cash equivalents	137,916	Amortised cost
Assets held for "index-linked" and "unit-linked" plans	5,702	Fair value
Recoverables from reinsurance	-1,347	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	47,398	Amortised cost
Other receivables	5,776	Amortised cost

On 31 December 2020, the most significant assets and their valuation methods were:

ASSETS	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax assets	110,023	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Bonds – Government debt	1,814,513	Fair value
Bonds – Private debt	685,304	Fair value
Investment funds	42	Fair value
Derivatives	16,046	Fair value
Deposits other than cash equivalents	34,491	Amortised cost
Assets held for "index-linked" and "unit-linked" plans	6,045	Fair value
Recoverables from reinsurance	-5,991	Best estimate adjusted by the default risk of the reinsurer
Cash and cash equivalents	13,687	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 capture of the ex-coupon, spot, and sales market prices by "BGN" contributors: *Bloomberg generic price*". The BGN is an agreed market price, calculated based on a wide range of prices of market contributors of renowned prestige. If BGN does

not publish a price, another equally prestigious contributor will be selected, taking the price that it provides the Company through the channel established for this purpose.

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. Generally, where more than one net asset value is published for a single day, the price identified as the NAV (Net Asset Value) price is captured.

Currencies different than that of the financial statements

Counter-valuation of the portfolio base currency for assets denominated in a currency other than the portfolio base currency is carried out at the historic closed rates for the different currencies published on Bloomberg taking the cutoffs in Tokyo (12:00 noon), London (7:00 pm), and New York (11:00 pm) into account for each, based on geographical region (source: Bloomberg currency composite).

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

Mortgage portfolios

On a general level, the portfolios are valued using the cash flow discount method. Discounting is performed using an updated interest rate curve and a discount spread, based on information available in the capital markets. Flows are projected at the individual mortgage level based on their attributes (outstanding balance, interest rate, time to maturity, etc.). The projected contractual inflows (i.e. the theoretical repayment tables) are adjusted to reflect the effect of defaults, prepayments and recoveries. This adjustment is made based on pre-calibrated parameters.

Hedging derivatives

The valuation is performed daily by using the price published by the calculation agent through the established communication channel (Bloomberg, email) as market price. The valuation is checked daily by modelling the assets according to market standards (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 Company has reinsured 94% of its accident business with Scor Global Life SE Ibérica and 6% with General Reinsurance AG, Cologne, in Germany assuming between 80% and 90% of claims, depending on the product.

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 above adjustment was the simplified method using the calculation formula in Directive 2009/138/EC.

Significant differences between the bases, methods and main assumptions

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

Commissions paid in advance.

In the accounting financial statements "Commissions Paid in Advance and Other Acquisition Costs" includes the commissions and other acquisition costs for the direct insurance that are allocated to that year or following years in accordance with the policy's coverage period and the limits established in the technical note. The total EUR 101 thousand (EUR 109 thousand in 2020), which under Solvency II is zero.

Intangible fixed assets.

The "intangible assets" heading in the accounting financial statements includes the sum of the computer applications activated by the Company. There was no amount under this item in 2021 (EUR 65 thousand in 2020). Under Solvency II, these values become zero.

Deferred tax assets.

Deferred tax assets recognised in the Company's financial statements relate to:

- the amount of losses on its financial assets which, if realised, would generate a lower tax payable (25%);
- the anticipated income tax on non-deductible items (e.g., impairments on financial investments);
- 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 balance sheet valuation for Solvency II purposes and for tax purposes, which has resulted in an increase of EUR 42,644 million (EUR 58,319 million in 2020).

The Company has a positive net deferred tax asset total, i.e., total deferred tax assets exceeds total deferred tax liabilities by EUR 2,228 million.

Financial assets.

Under Solvency II, the main difference in the valuation of the financial assets in 2021 was for the mortgage loan valuation. The Solvency II value has been taken to be the fair value of each underlying asset for each of the above. In contrast, in the financial statements they were valued at amortised cost, resulting in an increase in value of EUR 11,770 million (EUR 4,169 million in 2020).

Recoverables from reinsurance.

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

D.2 Technical provisions

The table in the Technical Provisions section shows the Technical Provisions under Solvency I and the Technical Provisions under Solvency II.

The technical surcharges of the Order 1 tables used by the Company to calculate the accounting provisions at year's end are as set out in the Directorate-General for Insurance and Pension Funds' Resolution of 17 December 2020 concerning the life tables to be used by insurance and reinsurance companies and approving the technical guidelines on supervisory criteria for biometric tables and certain recommendations to encourage the preparation of industry biometric statistics [*Resolución de 17 de diciembre de 2020, de la Dirección General de Seguros y Fondos de Pensiones, relativa a las tablas de mortalidad y supervivencia a utilizar por las entidades aseguradoras y reaseguradoras, y por la que se aprueba la guía técnica relativa a los criterios de supervisión en relación con las tablas biométricas, y sobre determinadas recomendaciones para fomentar la elaboración de estadísticas biométricas sectoriales*] (the "DGSFP Resolution of 17 December 2020").

The claims studies carried out by the Company clearly show that the Order 1 biometric tables used in the calculation of accounting mathematical provisions are sufficient.

The Company did not change the mortality assumptions used in calculating the Solvency II technical provisions for 2021 compared with 2020, so there has been no impact on technical provisions due to changes in the biometric mortality assumptions. All the Order 2 tables by product set forth in the DGSFP Resolution of 17 December 2020 continued to be used.

The table below lists the biometric tables used in calculating the accounting provisions and in calculating the Solvency II technical provisions.

Type	Coverage	Tables used to calculate accounting provisions	Tables used to calculate technical provisions - Solvency II (**)
Savings insurance	Survival-Death	PER2020_Ind_1er.orden / GK80 (*) / GK95(*) / PASEM 2010 (*)	PASEM2020_General_2ndo.orden
Life annuities	Survival-Death	PER2020_Ind_1er.orden / PER2020_CoI_1er.orden	PER2020_Ind_2ndo.orden
Life risk insurance	Death	GK95 (*) / PASEM 2010(*)	PASEM2020_General_2ndo.orden
Unit linked	Death	GK95 (*) / PASEM 2010 (*)	PASEM2020_General_2ndo.orden

(*) These biometric tables are contained in the technical note for the product and have been used for product pricing and in calculating the accounting provisions for death covers, because they are more prudent than the biometric tables for mortality risk used for related or unrelated life insurance set forth in the DGSFP Resolution of 17 December 2020 (PASEM 2020 _ 1er.order).

(***) These biometric tables are published in the DGSFP Resolution of 17 December 2020 as applicable for calculating technical provisions under Solvency II and are based on realistic assumptions required by the solvency framework, where:

PER2020_Ind_2ndo.orden: generational biometric tables for survival risk applicable in calculating technical provisions under Solvency II for individual life savings insurance with payment of the benefit as a lump sum or annuity. Survival risk is considered to be insurance with significant exposure to longevity risk. This insurance category does not include insurance in which the Company's exposure to biometric deviations by reason of the survival and mortality benefits (in the form of an annuity, lump sum payment, or both) is not significant over the term of the contract.

PASEM2020_General_2ndo.orden: biometric tables for the mortality risk applicable in calculating technical provisions under Solvency II for individual or group life risk insurance with lump sum payment of the benefit.

The value of the technical provisions at the end of 2021, including the amounts of the best estimate and the risk margin separately for each significant line of business was:

Line of business	Technical Provisions (SI)		BEL (SI)		Risk margin	
	2020	2021	2020	2021	2020	2021
Insurance with profit participation	1,801,239	1,668,239	1,761,801	1,639,241	39,438	28,998
Index-linked and unit-linked insurance	6,280	5,600	6,237	5,587	43	13
Other life risk insurance	-5,697	-809	-5,949	-1,057	252	248
Other life savings insurance	447,213	409,802	439,215	405,513	7,998	4,289
Overall total	2,249,035	2,082,832	2,201,304	2,049,284	47,731	33,548

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 (<0.004% 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.

BEL TREND 2020→2021(*):

2021 BEL:	2,049
2020 BEL:	2,201
Variation:	-152.02
	(-6.91%)

(*): Figures in millions of euros

BEL (Best Estimate Liabilities) includes TVFOG 2.4 and Forecast for outstanding claims 15.1

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 2021 and 2020:

The table shows the variation between the Solvency I and Solvency II technical provisions for 2021 and 2020:

Figures in thousands of euros	Solvency II technical provisions									
	Solvency I technical provisions		BEL		Risk margin		Total SII Technical Provisions		Difference	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Insurance with profit participation	1,465,759	1,446,543	1,761,801	1,639,241	39,438	28,998	1,801,239	1,668,239	335,480	221,696
Index-linked and unit-linked insurance	6,045	5,702	6,237	5,587	43	13	6,280	5,600	235	-102
Other life risk insurance	9,037	8,742	-5,949	-1,057	252	248	-5,697	-809	-14,734	-9,552
Other life savings insurance	345,854	319,014	439,215	405,513	7,998	4,289	447,213	409,802	101,359	90,788
Overall total	1,826,695	1,780,001	2,201,304	2,049,284	47,731	33,548	2,249,035	2,082,832	422,340	302,831

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

- Technical provisions under Solvency II include forecasts of future cash flows made using the best estimate in accordance with actuarial and financial assumptions, probable future payments for profit sharing, time value of options and guarantees, etc., taking the risk-free curve rates with an assumed risk margin as the discount rate.

- The technical provisions on the annual financial statements 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 on the regulations in force at any given time, 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 in calculating technical provisions are discounted from the risk-free curve (including the volatility adjustment), whereas under the regulations on reserves in financial statements, the flows are discounted on the basis of the product's technical interest rate applied in accordance with accounting standards.
- Contractual options: under Solvency II, the surrender options in contractual documents are calculated as deductions, converted into profits, while 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 to meet with all contractual obligations is used, whereas the reserves in financial statements take into account the surcharges for management expenses set out in product information documents.
- Risk margin: under Solvency II, an adjustment for potential deviations in the underwriting assumptions used in calculating the technical provisions is included, whereas this is not taken into account when calculating the reserves in financial statements.

Based on the calculation of the best estimate liabilities by line of business and the total increase on transitioning from Solvency I to Solvency II (an increase of EUR 302,831 million), "insurance with profit participation" is the line of business with the greatest impact. The remaining impact is from the "other life savings 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 savings" 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.

- 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

Financial assumptions	Conversion into income	% MP out of total MP
	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 in accordance with the year of issue for each policy, with five-year statistical information and with the best segmentation possible of the policies.

Partial surrender rate

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

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

Suspension rate

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

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

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

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

Conversion into income

For savings products, in the Company's experience the conversion to annuity income tends to be very low. Nevertheless, to be as conservative as possible, these conversions have been included in the model.

The growth of the fund is evolving according to the assumptions defined for these products. At maturity, a percentage converts into income and the remainder into capital.

Two types of hypotheses are differentiated:

- Conversion into actuarial life annuities.
- Conversion into financial income.

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.

Quantification of volatility adjustment:

Quantification of the effect that changing the volatility adjustment to zero would have on the Company's financial condition at the end of 2021 is presented below.

figures in thousands of €	With volatility adjustment	Change with volatility adjustment at zero
Technical Provisions (SII)	2,082,832	2,088,699
SCR	66,523	67,003
MCR	29,935	30,152
Basic own funds	207,192	202,792
Eligible own funds to cover the SCR	207,192	202,792
Eligible own funds to cover the MCR	204,964	199,097
Solvency ratio	311%	303%

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

Figures 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	Reinsurance recoverables
	(a)	(b)	(c)	(a)-(b)+(c)
Periodic Premium Risk	-5,953	-22	0	-5,930
One-time Premium Risk	528	54	0	474
Accident	-369	-168	0	-201
			Total	-5,657
			PPPP* Reinsurance	4,311
			Total Recoverable:	-1,347

*Provision for outstanding claims

D.3 Other liabilities

Other significant elements of the remaining liabilities and their valuation on 31 December 2021 are:

LIABILITIES	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	82,649	They will be recognised when differences arise between the balance sheet valuation for SII purposes and for tax purposes.
Derivatives	6,866	Fair value
Payables for insurance and coinsurance transactions	256	Amortised cost
Payables for reinsurance transactions	823	Amortised cost
Other accounts payable	4,434	Amortised cost

On 31 December 2020 the significant elements of the remaining liabilities and their valuation were:

LIABILITIES	Value Solvency II (thousands of euros)	SII Valuation
Deferred tax liabilities	116,366	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	251	Amortised cost
Payables for reinsurance transactions	598	Amortised cost
Other accounts payable	99,436	Amortised cost

Deferred tax liabilities are mainly from the Company's gains on its financial assets, which, if realised, would give rise to tax charges (25%).

The main difference between the other liability items with respect to the financial statements is that under Solvency II the amount of the correction of accounting mismatches is not recognised. The best estimate of the technical provisions under Solvency II includes the valuation of all potential future cash flows that could be incurred by the Company in order to meet the obligations acquired with the insured persons during the entire time horizon over which they extend. Liabilities for accounting mismatches under the National Chart of Accounts for Insurance Companies (EUR 147,668 million on 31 December 2021 and EUR 203,238 million on 31 December 2020) 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.

The Company closed 2021 using mark-to-model methods to determine the value of its mortgage loan portfolios described above.

E. Capital management

E.1 Own funds

The main purpose of the Company's Capital Management Policy approved by the Board consists of setting a general framework for action for managing, monitoring, reporting, and controlling capital and, in particular, maintaining the level of capital within the limits set by the risk appetite framework as well as the SCR and the 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 proper classification and quality of the Company's own funds in accordance with the SCR and MCR.

The main procedures associated with this policy are:

1. Classification of own-fund items.

Implementing this policy is the responsibility of the Finance Department, which is in charge of classifying own funds. When classifying by tiers, the Finance Department will assure and document:

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

2. Supervision on the issue of own funds

When there is a new issue of any own-fund item, the Financial Department will analyse its features so that this own-fund item can be classified by tiers prior to being submitted to the Board.

3. Distribution of dividends

The Company's dividend policy is to distribute annually the excess of Solvency II's own funds with respect to risk appetite. The Board shall propose the dividend to be distributed; this may be higher than the profit obtained in the year if the Company has voluntary reserves of free disposal. Prior to this distribution, the Financial Management will verify that, after its distribution, there is sufficiency of regulatory and statutory capital in the period of the plan, and complies with the limits set in the Company's Risk Appetite.

4. Possibility of discretionary cancellation of tier 1 own funds

At the request of the Board, the Finance Department will classify

the own funds by tier and will then identify and document the cases in which distributions of tier 1 own-fund items may be cancelled on a discretionary basis in accordance with Article 71 of the Delegated Regulation.

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

Before taking any decision to reduce the share capital or share premium, the Finance Department will prepare a document explaining that the distribution will not give rise to breach of the solvency capital requirement for discussion in the forums specified in point 3 of the policy.

Even where the above requirement is fulfilled, compliance will be verified again just before the distribution is made effective, and if this shows that the distribution would result in breach of the solvency capital requirement, the distribution will be cancelled or postponed.

6. Aspects relating to transitional measures and long-term savings measures.

Given that the regulations allow a volatility adjustment to be made to the risk-free curve in order to obtain the best estimate, the Company avails itself of this long term savings measure. The Company, therefore, improves its Own Funds and, consequently, increases its solvency ratio, thus benefiting from improved coverage of the new requirements.

If the Company decides to avail itself of the transitional measure on risk-free interest rates or the transitional measure on technical provisions:

- The Finance Department will prepare a solvency and financial position forecast (to be reported to the Risk Committee and the Board) for the transitional period, to confirm holdings of sufficient own funds to cover both the solvency capital requirement and the minimum capital requirement with the profit distribution policy included. 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 meet the regulatory capital requirements without the transitional measures, the Finance Department will draw up a plan for progressively introducing measures to establish the tier of eligible own funds to cover the regulatory capital requirements or a plan to reduce the risk profile in order to comply with the capital requirements at the end of the transitional period.

7. Capital management plan.

The Chief Financial Officer will prepare an annual capital plan for inclusion in the three-year ORSA report based on:

- The budget for the next three years.
- The business plan for the next three years.
- The expected capital requirements for the next three years.
- The expected capital movements for the next three years.

The annual business plan and all business decisions must take into account the corresponding impact on capital (capital consumption) and will include the analysis performed by the plan's second line of defence. If a new product is launched or an already existing product is changed, the Company will 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
 NOMBRE... MEDITERRANEO VIDA, S.A. DE SEGUROS Y REASEGUROS (S.A.U.)

Modelo S.23.01 |
 A 31/12/2021 | Página 1

FONDOS PROPIOS

Fondos propios básicos	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 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 102.917.917,42	102.917.917,42			
Pasivos subordinados	R0140 0,00		0,00	0,00	0,00
Importe equivalente al valor de los activos por impuestos diferidos netos	R0160 2.228.346,27				2.228.346,27
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 207.192.161,69	204.963.815,42	0,00	0,00	2.228.346,27

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

Modelo S.23.01 |
 A 31/12/2021 | Página 2

FONDOS PROPIOS

Fondos propios complementarios	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
Capital social ordinario no desembolsado ni exigido	R0300 0,00			0,00	
Fondo mutual inicial no desembolsado ni exigido	R0310 0,00			0,00	
Capital social de acciones preferentes no desembolsado ni exigido	R0320 0,00				0,00
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 C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
Total de fondos propios disponibles para cubrir el CSO	R0500 207.192.161,69	204.963.815,42	0,00	0,00	2.228.346,27
Total de fondos propios disponibles para cubrir el CMO	R0510 204.963.815,42	204.963.815,42	0,00	0,00	
Total de fondos propios admisibles para cubrir el CSO	R0540 207.192.161,69	204.963.815,42	0,00	0,00	2.228.346,27
Total de fondos propios admisibles para cubrir el CMO	R0550 204.963.815,42	204.963.815,42	0,00	0,00	
CSO	R0580 66.523.296,77				
CMO	R0600 29.935.483,55				
Ratio Fondos propios admisibles sobre CSO	R0620 3,11				
Ratio Fondos propios admisibles sobre CMO	R0640 6,85				

FONDOS PROPIOS
Reserva de conciliación

Reserva de conciliación		Total
		C0060
Exceso de los activos respecto a los pasivos	R0700	207.192.161,69
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	104.274.244,27
Ajuste de elementos de fondos propios restringidos respecto a FDL y CSAC	R0740	0,00
Total Reserva de conciliación	R0760	102.917.917,42

Beneficios esperados incluidos en primas futuras

Beneficios esperados		Total
		C0060
Beneficios esperados incluidos en primas futuras - Actividades de seguros de vida	R0770	30.522.796,93
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	30.522.796,93

As can be seen from the above models, the ordinary share capital and the issue share premium corresponding to the ordinary share capital are fully classified as unrestricted core Tier 1 equity. The Company has classified the total net deferred tax assets as basic Tier 3 own funds. Since all limits have been complied with, the unrestricted own funds are eligible for use in covering the SCR and MCR.

The composition of the Company's own funds compared to 2020 is shown below:

Basic own funds (figures in thousands of €)	2020	2021
Ordinary share capital	102,044	102,044
Share premium from ordinary share capital	2	2
Reconciliation reserve	110,049	102,918
Net deferred tax assets	-	2,228
Total basic own funds	212,095	207,192

The breakdown of the reconciliation reserve is as follows:

Reconciliation reserve (figures in thousands of €)	2020	2021
Surplus assets versus liabilities	212,095	207,192
Dividends, distributions and foreseeable costs	-	-
Other basic own fund items	102,046	104,274
Total reconciliation reserve	110,049	102,918

The valuation differences, i.e., the difference in the value between the Solvency II figures and the data in the financial statements, within the excess of assets over liabilities are allocated as follows:

Surplus assets versus liabilities - allocation of valuation differences			
SII value - Financial statements	2020	2021	
Difference in asset valuation	48,608	44,846	
Difference in technical provision valuation	422,340	302,831	

Difference in other liabilities valuation	-202,168	-139,010
Total undistributed reserves and profits from financial statements	281,613	224,121
Financial statement reserves adjusted for Solvency II valuation differences	110,049	105,146
Excess of assets over liabilities attributable to basic own fund items (not including reconciliation reserve)	102,046	104,274
Excess of assets over liabilities (thousands of €)	212,095	209,421

The Company does not have ancillary own funds.

The core Tier 1 own funds set out above are wholly unrestricted for use in covering both the minimum capital requirement and the solvency capital requirement. However, the basic Tier 3 own funds not available for use in covering the minimum capital requirement.

Under the National Chart of Accounts for Insurance Companies, the net equity recognised in the Company's financial statements has the following composition:

	2020	2021
B-1) Own funds	191,541	212,025
I. Capital	102,044	102,044
II. Share premium	2	2
III. Reserves	60,199	89,495
VII. Profit/(Loss) for the year	29,296	20,484
B-2) Valuation adjustments	192,117	114,142
TOTAL NET EQUITY (figures in thousands of €)	383,658	326,167

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

	2020	2021
Excess of assets over liabilities (figures in thousands of €)	212,095	207,192

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

(figures in thousands of €)	2020	2021
Technical Provisions for Direct Insurance	1,826,696	1,780,001
Liabilities for accounting mismatches	203,238	147,668
Solvency I Liabilities	2,029,933	1,927,669
Best estimate	2,201,304	2,049,284
Risk margin	47,731	33,548
Accounts payable	-62	5,673
Solvency II Liabilities	2,248,974	2,088,505
Gross equity adjustment for liability valuations	-219,041	-160,835
Reinsurance Provisions Transferred	2,163	1,812
Reinsurance Benefits Provision	5,716	6,128
Solvency I Assets	7,878	7,940
Reinsurance Recoverables	-5,991	-1,347
Valuation and classification of assets	4,412	11,721
Accounts receivable	-189	-232
Intangible assets	-65	0
Solvency II Assets	-1,833	10,142

Gross equity adjustment for asset valuations	-9,711	2,202
Gross effect on own funds	-228,751	-158,633
Deferred tax assets	-58,319	-42,644
Deferred tax liabilities	1,131	2,985
Net effect on own funds	-171,564	-118,975

The main valuation difference under the National Chart of Accounts for Insurance Companies and Solvency II arises from the valuation of technical provisions, both from direct insurance and from 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 come mainly from losses on its financial assets which, if realised, would lower the tax payable (25%). These deferred tax assets also include both the anticipated income tax for non-deductible items, and 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 come mainly from gains on the Company's financial assets which, if realised, would give rise to tax charges (25%).

The deferred tax assets and liabilities under Solvency II include the differences between the balance sheet for purposes of Solvency II and the balance sheet for tax purposes, which resulted in an increase of EUR 42,644 million in booked deferred tax assets (EUR 58,319 million in 2020) and an increase of EUR 2,985 million in booked deferred tax liabilities (EUR 1,131 million in 2020).

For the year that ended on 31 December 2021, the Company had net deferred tax assets of EUR 2.2 million on the economic balance sheet (net deferred tax liability of EUR 6.3 million for the year that ended 31 December 2020); i.e., deferred tax assets exceeded deferred tax liabilities. The Company tests for recoverability or the loss absorbing capacity of deferred taxes as grounds for using deferred tax assets against probable future taxable gains. As already mentioned, the Company has net deferred tax assets and hence has no basic own funds classified as Tier 3.

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

Assets / Liabilities	Description	Tax value	VSII	Difference SII vs Tax	Type	SII Tax
Assets	Deferred acquisition costs	101	0	101	Tax assets	25
Assets	Property, land, and equipment for own use	372	372	0	Tax assets	0
Assets	Property, land, and equipment for own use (UK CT Adjustment)	-19		-19	Tax liabilities	-4
Assets	Bonds – Government debt	1,280,935	1,503,337	-233,719	Tax liabilities	58,430
				11,317	Tax assets	2,829
Assets	Corporate bonds	485,520	579,626	2,352	Tax assets	588
				-11,770	Tax liabilities	-2,942

				-84,729	Tax liabilities	-
				40	Tax assets	10
Assets	Investment funds	10,404	9,943	50	Tax assets	12
				602	Tax assets	151
				-190	Tax liabilities	-48
Assets	Assets held for index-linked and unit-linked plans (interest)	5,702	5,702	0	Tax assets	0
Assets	Reinsurance recoverables - Life insurance, excluding health and "index-linked" and "unit-linked"	7,940	-1,347	9,287	Tax assets	2,322
Assets	Cash and cash equivalents (interest)	47,447	47,398	49	Tax assets	12
Assets	Other assets not booked under other items	131	0	131	Tax assets	33
Liabilities	Technical provisions – life insurance (excluding health and index-linked and unit-linked) – Best estimate	1,774,299	2,043,697	269,397	Tax assets	67,349
Liabilities	Technical provisions – life insurance (excluding health and index-linked and unit-linked) – Risk margin	0	33,535	33,535	Tax assets	8,384
Liabilities	Technical provisions – index-linked and unit-linked – Best estimate	5,702	5,587	-115	Tax liabilities	-29
Liabilities	Technical provisions – index-linked and unit-linked – Risk margin	0	13	13	Tax assets	3
Liabilities	Accounts payable (commercial, non-insurance) (UK CT adjustment)	-108	0	108	Tax assets	21
Liabilities	Derivatives	-5,685	6,866	5,730	Tax assets	1,432
				-1	Tax liabilities	-0
				6,822	Tax assets	1,706
Liabilities	Other liabilities not booked under other items	56	0	-56	Tax liabilities	-14
Tax assets						84,877
Tax liabilities						82,649

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company's solvency capital requirement and minimum capital requirement at the end of 2021 were:

Amounts in thousands of €	2021
Overall SCR	66,523
MCR	29,935

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

CSO-SCR breakdown by risk category (in thousands of €)	2021
Market risk	49,374
Interest Rate risk	3,001
Equity risk	16
Property risk	11
Spread risk	44,647
Concentration risk	17,235
Currency risk	113
Market risk diversification	-15,650
Counterparty risk	5,430
Underwriting risk	50,253
Mortality risk	561
Longevity risk	6,721

Disability risk	24
Lapse risk	44,230
Expense risk	6,681
Catastrophe risk	466
Underwriting risk diversification	-8,430
Global risk diversification	-24,411
BSCR	80,645
Operational risk	9,200
Adjustment for the loss-absorbing capacity of deferred taxes (25% tax)	-22,174
Adjustment for the loss-absorbing capacity of technical provisions	-1,148
Global SCR	66,523

The Company did not use simplified calculations or 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 instantaneous loss arising from the SCR generated an adjustment for the loss-absorbing capacity of deferred taxes of EUR 22.1 million.

Current regulations allow the Company to reduce its Solvency Capital Requirement (SCR) by the loss absorbing capacity of deferred taxes (LACDT). As can be seen in the above table, the loss-absorbing capacity of deferred taxes was EUR 22.2 million at year's end.

In order for the LACDT adjustment to be applied, the recoverability of the deferred tax assets must be demonstrated. For this demonstration, the Company has developed, taking into account the applicable regulations and with advice from a third party, a method in which the instantaneous pre-tax loss is assumed, future taxable profits are projected until maturity of the liabilities (assuming no new business as the Company's portfolios are in Run Off) and taking into account the restrictions reflected in the regulations on the annual use of profits for recovering tax losses.

The results obtained using this method demonstrated that loss-absorbing capacity of deferred taxes at the end of 2021 was applicable by Mediterráneo Vida.

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 €		2021
MCR		29,935
Combined MCR		29,935
Linear MCR		68,760
AMCR		3,700
Linear MCR, life		68,760
SCR		66,523

TP (life, 1)	1,631,238
TP (life, 2)	8,003
TP (life, 3)	5,587
TP (life, 4)	405,802
CAR	370,479

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

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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 (L NL)	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	R0200	0,00	68.759.951,92				
Obligaciones con participación en beneficios - prestaciones garantizadas	R0210			0,00		1.631.238.400,37	
Obligaciones con participación en beneficios - prestaciones discretionales futuras	R0220			0,00		8.002.937,25	
Obligaciones de "index-linked" y "unit-linked"	R0230			0,00		5.587.131,11	
Otras obligaciones de (rea)seguro de vida y enfermedad	R0240			0,00		405.801.846,06	
Capital en riesgo total por obligaciones de (rea)seguro de vida	R0250				0,00		370.478.800,40

Cálculo global del Capital Mínimo Obligatorio (CMO)		Cálculo global C0130	
Capital Mínimo Obligatorio lineal	R0300	68.759.951,92	
Capital de Solvencia Obligatorio	R0310	66.523.296,77	
Límite superior del Capital Mínimo Obligatorio	R0320	29.935.483,55	
Límite inferior del Capital Mínimo Obligatorio	R0330	16.630.824,19	
Capital Mínimo Obligatorio combinado	R0340	29.935.483,55	
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350	3.700.000,00	
Capital Mínimo Obligatorio	R0400	29.935.483,55	

Cálculo del Capital Mínimo Obligatorio nocial vida y no vida		Cálculo nocial	
		Actividades no vida	Actividades vida
		C0140	C0150
Capital Mínimo Obligatorio lineal nocial	R0500	0,00	68.759.951,92
Capital de Solvencia Obligatorio nocial, excluida la adición de capital (anual o el último cálculo)	R0510	0,01	66.523.296,77
Límite superior del Capital Mínimo Obligatorio nocial	R0520	0,00	29.935.483,54
Límite inferior del Capital Mínimo Obligatorio nocial	R0530	0,00	16.630.824,19
Capital Mínimo Obligatorio combinado nocial	R0540	0,00	29.935.483,55
Mínimo absoluto del Capital Mínimo Obligatorio nocial	R0550	0,00	3.700.000,00
Capital Mínimo Obligatorio Nocial	R0560	0,00	29.935.483,55

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 €	2020	2021
Overall SCR	88,619	66,523
MCR	39,836	29,935

The main reason why the capital requirement has gone from 88.6 million in 2020 to 66.5 million at the end of 2021, has been the decrease in consumption due to underwriting risk. The decrease in underwriting risk that has occurred during 2021 is due to a greater extent to the passage of time itself (60% approx), that is, this movement is mostly due to the natural evolution of the portfolio during the year and, secondly, due to a change in the discount curve (25% approx).

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.

Appendix

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:

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Modelo SE.02.01

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Ejercicio 2021

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		101.496,07	
Inmovilizado intangible	R0030	0,00	0,00	0,00
Activos por impuesto diferido	R0040	84.877.177,51	42.233.599,05	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	372.233,04	372.233,04	0,00
Inversiones (distintas de los activos que se posean para contratos "index-linked" y "unit-linked")	R0070	2.242.271.623,02	2.199.480.594,97	0,00
Inmuebles (ajenos a los destinados al uso propio)	R0080	0,00	0,00	0,00
Participaciones	R0090	72.000,00	72.000,00	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	2.082.962.938,22	2.040.171.910,17	0,00
Deuda Pública	R0140	1.503.337.102,70	1.479.808.802,81	0,00
Deuda privada	R0150	579.625.835,52	560.363.107,36	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	9.942.622,15	9.942.622,15	0,00
Derivados	R0190	11.377.585,97	11.377.585,97	0,00
Depósitos distintos de los activos equivalentes al efectivo	R0200	137.916.476,68	137.916.476,68	0,00
Otras inversiones	R0210	0,00	0,00	0,00
Activos poseídos para contratos "index-linked" y "unit-linked"	R0220	5.701.789,46	5.700.639,85	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	-1.346.523,25	7.940.137,27	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	-1.346.523,25	7.940.137,27	
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	-1.346.523,25	7.940.137,27	
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	393,44	393,44	0,00
Créditos por operaciones de reaseguro	R0370	0,00	0,00	0,00
Otros créditos	R0380	5.775.966,15	5.775.966,15	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	47.398.237,16	47.446.923,69	0,00
Otros activos, no consignados en otras partidas	R0420	0,00	31.153.388,56	0,00
TOTAL ACTIVO	R0500	2.385.050.896,53	2.340.205.332,09	0,00

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PASIVO		Valor Solvencia II	Valor contable	Ajustes por reclasificación
		C0010	C0020	EC0021
Provisiones técnicas - seguros distintos del seguro de vida	R0510	0,02	0,00	0,00
Provisiones técnicas - seguros distintos del seguro de vida (Excluidos los de enfermedad)	R0520	0,00	0,00	
PT calculadas en su conjunto	R0530	0,00		
Mejor estimación (ME)	R0540	0,00		
Margen de riesgo (MR)	R0550	0,00		
Provisiones técnicas - seguros de salud (similares a los seguros distintos del seguro de vida)	R0560	0,02	0,00	
PT calculadas en su conjunto	R0570	0,00		
Mejor estimación (ME)	R0580	0,01		
Margen de riesgo (MR)	R0590	0,01		
Provisiones técnicas - seguros de vida (excluidos "index-linked" y "unit-linked")	R0600	2.077.231.974,16	1.774.299.237,57	0,00
Provisiones técnicas - seguros de salud (similares a los seguros de vida)	R0610	0,00	0,00	
PT calculadas en su conjunto	R0620	0,00		
Mejor estimación (ME)	R0630	0,00		
Margen de riesgo (MR)	R0640	0,00		
Provisiones técnicas - seguros de vida (excluidos los de salud y los "index-linked" y "unit-linked")	R0650	2.077.231.974,16	1.774.299.237,57	
PT calculadas en su conjunto	R0660	0,00		
Mejor estimación (ME)	R0670	2.043.696.660,43		
Margen de riesgo (MR)	R0680	33.535.313,73		
Provisiones técnicas - "index-linked" y "unit-linked"	R0690	5.599.705,18	5.701.789,46	0,00
PT calculadas en su conjunto	R0700	0,00		
Mejor estimación (ME)	R0710	5.587.131,11		
Margen de riesgo (MR)	R0720	12.574,07		
Otras provisiones técnicas	R0730		0,00	
Pasivo contingente	R0740	0,00	0,00	0,00
Otras provisiones no técnicas	R0750	0,00	0,00	0,00
Provisión para pensiones y obligaciones similares	R0760	0,00	0,00	0,00
Depósitos recibidos por reaseguro cedido	R0770	0,00	0,00	0,00
Pasivos por impuesto diferidos	R0780	82.648.831,24	79.663.568,36	0,00
Derivados	R0790	6.866.078,73	1.088.754,33	0,00
Deudas con entidades de crédito	R0800	0,00	0,00	0,00
Deudas con entidades de crédito residentes	ER0801	0,00		0,00
Deudas con entidades de crédito residentes en el resto de la zona euro	ER0802	0,00		0,00
Deudas con entidades de crédito residentes en el resto del mundo	ER0803	0,00		0,00
Pasivos financieros distintos de las deudas con entidades de crédito	R0810	0,00	0,00	0,00
Deudas con entidades no de crédito	ER0811	0,00		0,00
Deudas con entidades no de crédito residentes	ER0812	0,00		0,00
Deudas con entidades no de crédito residentes en el resto de la zona euro	ER0813	0,00		0,00
Deudas con entidades de no crédito residentes en el resto del mundo	ER0814	0,00		0,00
Otros pasivos financieros	ER0815	0,00		0,00
Deudas por operaciones de seguro y coaseguro	R0820	255.574,58	255.574,58	0,00
Deudas por operaciones de reaseguro	R0830	822.607,38	822.607,38	0,00
Otras deudas y partidas a pagar	R0840	4.433.963,55	4.433.963,55	0,00
Pasivos subordinados	R0850	0,00	0,00	0,00
Pasivos subordinados no incluidos en los fondos propios básicos	R0860	0,00	0,00	0,00
Pasivos subordinados incluidos en los fondos propios básicos	R0870	0,00	0,00	0,00
Otros pasivos, no consignados en otras partidas	R0880	0,00	147.772.608,42	0,00
TOTAL PASIVO	R0900	2.177.858.734,84	2.014.038.103,65	0,00
EXCESO DE LOS ACTIVOS RESPECTO A LOS PASIVOS	R1000	207.192.161,69	326.167.228,44	0,00

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

Modelo S.05.01
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 Ejercicio 2021

PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

		Obligaciones de seguro de vida			
		Seguro de enfermedad	Seguro con participación en beneficios	Seguro vinculado a índices y a fondos de inversión	Otro seguro de vida
		C0210	C0220	C0230	C0240
Primas devengadas					
Importe bruto	R1410	0,00	87.091.204,44	0,00	15.553.263,19
Reaseguro cedido (Participación del reaseguro)	R1420	0,00	0,00	0,00	14.910.059,18
Importe neto	R1500	0,00	87.091.204,44	0,00	643.204,01
Primas imputadas					
Importe bruto	R1510	0,00	87.091.204,44	0,00	15.619.173,82
Reaseguro cedido (Participación del reaseguro)	R1520	0,00	0,00	0,00	14.972.637,67
Importe neto	R1600	0,00	87.091.204,44	0,00	646.536,15
Siniestralidad (Siniestros incurridos)					
Importe bruto	R1610	0,00	145.229.808,35	602.716,78	34.457.882,34
Reaseguro cedido (Participación del reaseguro)	R1620	0,00	0,00	0,00	5.508.927,92
Importe neto	R1700	0,00	145.229.808,35	602.716,78	28.948.954,42
Variación de otras provisiones técnicas					
Importe bruto	R1710	0,00	0,00	0,00	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00	0,00	0,00	0,00
Importe neto	R1800	0,00	0,00	0,00	0,00
Gastos técnicos					
Importe bruto	R1900	0,00	5.978.156,10	13.881,39	1.144.498,98
Gastos administrativos					
Importe bruto	R1910	0,00	1.001.195,11	3.817,90	375.898,98
Cuota de los reaseguradores	R1920	0,00	0,00	0,00	362.830,88
Importe neto	R2000	0,00	1.001.195,11	3.817,90	13.068,10
Gastos de gestión de inversiones					
Importe bruto	R2010	0,00	577.266,52	2.388,34	112.185,26
Cuota de los reaseguradores	R2020	0,00	0,00	0,00	0,00
Importe neto	R2100	0,00	577.266,52	2.388,34	112.185,26
Gastos de gestión de siniestros					
Importe bruto	R2110	0,00	242.846,72	1.519,80	133.559,67
Cuota de los reaseguradores	R2120	0,00	0,00	0,00	0,00
Importe neto	R2200	0,00	242.846,72	1.519,80	133.559,67
Gastos de adquisición					
Importe bruto	R2210	0,00	2.395.978,58	378,62	2.515.015,62
Cuota de los reaseguradores	R2220	0,00	0,00	0,00	2.004.298,28
Importe neto	R2300	0,00	2.395.978,58	378,62	510.717,34
Gastos generales					
Importe bruto	R2310	0,00	1.760.869,17	5.776,73	374.968,61
Cuota de los reaseguradores	R2320	0,00	0,00	0,00	0,00
Importe neto	R2400	0,00	1.760.869,17	5.776,73	374.968,61
Otros gastos					
	R2500				
Total gastos					
	R2600				
Importe total de los rescates	R2700	0,00	79.768.649,23	580.579,83	5.474.924,00

Clave de la entidad... C0677

Modelo S.05.01

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

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Ejercicio 2021

PRIMAS, SINIESTROS Y GASTOS POR LINEA DE NEGOCIO

		Obligaciones de seguro y reaseguro de vida
		TOTAL
		C0300
Primas devengadas		
Importe bruto	R1410	102.644.467,63
Reaseguro cedido (Participación del reaseguro)	R1420	14.910.059,18
Importe neto	R1500	87.734.408,45
Primas imputadas		
Importe bruto	R1510	102.710.378,26
Reaseguro cedido (Participación del reaseguro)	R1520	14.972.637,67
Importe neto	R1600	87.737.740,59
Siniestralidad (Siniestros incurridos)		
Importe bruto	R1610	180.290.407,47
Reaseguro cedido (Participación del reaseguro)	R1620	5.508.927,92
Importe neto	R1700	174.781.479,55
Variación de otras provisiones técnicas		
Importe bruto	R1710	0,00
Reaseguro cedido (Participación del reaseguro)	R1720	0,00
Importe neto	R1800	0,00
Gastos técnicos		
	R1900	7.136.536,47
Gastos administrativos		
Importe bruto	R1910	1.380.911,99
Cuota de los reaseguradores	R1920	362.830,88
Importe neto	R2000	1.018.081,11
Gastos de gestión de inversiones		
Importe bruto	R2010	691.840,12
Cuota de los reaseguradores	R2020	0,00
Importe neto	R2100	691.840,12
Gastos de gestión de siniestros		
Importe bruto	R2110	377.926,19
Cuota de los reaseguradores	R2120	0,00
Importe neto	R2200	377.926,19
Gastos de adquisición		
Importe bruto	R2210	4.911.372,82
Cuota de los reaseguradores	R2220	2.004.298,28
Importe neto	R2300	2.907.074,54
Gastos generales		
Importe bruto	R2310	2.141.614,51
Cuota de los reaseguradores	R2320	0,00
Importe neto	R2400	2.141.614,51
Otros gastos		
	R2500	0,00
Total gastos		
	R2600	7.136.536,47
Importe total de los rescates		
	R2700	85.824.153,06

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

Modelo AS.12.01
 Ejercicio 2021
 Página 1

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

		Seguros con participación en beneficios		Seguros vinculados a índices y a fondos de inversión ("unit-linked e index-linked")	
		C0020	C0030	Contratos sin opciones y garantías C0040	Contratos con opciones y garantías C0050
Provisiones técnicas calculadas en su conjunto	R0010	0,00	0,00		
Total importes recuperables del reaseguro, SPV y reaseguro limitado, después del ajuste por pérdidas esperadas por incumplimiento de la contraparte, correspondiente a las PPTT en su conjunto	R0020	0,00	0,00		
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo					
Mejor estimación					
Mejor estimación bruta	R0030	1.639.241.337,62		0,00	5.587.131,11
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	1.639.241.337,62		0,00	5.587.131,11
Margen de riesgo	R0100	28.997.682,51	12.574,07		
Importe de la medida transitoria sobre provisiones técnicas					
Provisiones técnicas calculadas en su conjunto	R0110	0,00	0,00		
Mejor estimación	R0120	0,00		0,00	0,00
Margen de riesgo	R0130	0,00	0,00		
Total Provisiones técnicas	R0200	1.668.239.020,13	5.599.705,18		
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	1.668.239.020,13	5.599.705,18		
Mejor estimación de los productos con opción de rescate	R0220	1.638.859.502,96	5.587.131,11		
Mejor estimación neta de los flujos de caja					
Salidas de caja					
Prestaciones garantizadas y discrecionales futuras	R0230		5.486.257,85		
Prestaciones garantizadas futuras	R0240	2.163.552.120,36			
Prestaciones discrecionales futuras	R0250	8.002.937,25			
Gastos y otras salidas de caja futuros	R0260	48.331.343,57	87.040,66		
Entradas de caja					
Primas futuras	R0270	585.906.217,59	0,00		
Otras entradas de caja	R0280	0,00	0,00		
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290	0,00	0,00		
Valor de rescate	R0300	1.393.390.499,36	5.687.796,67		
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés					
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0310	0,00	0,00		
	R0320	0,00	0,00		
Mejor estimación sujeta a ajuste por volatilidad	R0330	1.639.241.337,62	5.587.131,11		
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	1.643.950.132,40	5.596.856,58		
Mejor estimación sujeta a ajuste por casamiento	R0350	0,00	0,00		
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	0,00	0,00		

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

Modelo AS.12.01
 Ejercicio 2021
 Página 2

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

[(**)Rentas derivadas de contratos de seguro de no vida y correspondientes a obligaciones de seguro distintas de las obligaciones de seguro de enfermedad]		Otro seguro de vida			Rentas... (*)
		CD060	CD070	CD080	
Provisiones técnicas calculadas en su conjunto	R0010	0,00			0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, después del ajuste por pérdidas esperadas por incumplimiento de la contraparte, correspondiente a las PPTT en su conjunto	R0020	0,00			0,00
Provisiones técnicas calculadas como la suma de la mejor estimación y el margen de riesgo					
Mejor estimación					
Mejor estimación bruta	R0030		0,00	404.455.322,81	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	-1.346.398,87	0,00
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050		0,00	-1.346.398,87	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	-1.346.523,25	0,00
Mejor estimación menos importes recuperables de reaseguro, SPV y reaseguro limitado	R0090		0,00	405.801.846,06	0,00
Margen de riesgo	R0100	4.537.631,22			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	408.992.954,03			0,00
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	410.339.477,28			0,00
Mejor estimación de los productos con opción de rescate	R0220	366.763.866,44			0,00
Mejor estimación neta de los flujos de caja					
Salidas de caja					
Prestaciones garantizadas y discrecionales futuras	R0230	395.660.345,87			0,00
Prestaciones garantizadas futuras	R0240				
Prestaciones discrecionales futuras	R0250				
Gastos y otras salidas de caja futuros	R0260	9.042.276,19			0,00
Entradas de caja					
Primas futuras	R0270	12.501.716,78			0,00
Otras entradas de caja	R0280	0,00			0,00
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290	0,00			0,00
Valor de rescate	R0300	256.816.655,41			0,00
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0310	0,00			0,00
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320	0,00			0,00
Mejor estimación sujeta a ajuste por volatilidad	R0330	404.455.322,81			0,00
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340	405.603.925,84			0,00
Mejor estimación sujeta a ajuste por casamiento	R0350	0,00			0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360	0,00			0,00

Clave de la entidad... C0677

Modelo AS.12.01

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

Ejercicio 2021

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

		Reaseguro aceptado	Total (seguros de vida distintos de enfermedad, incl. los vinculados a fondos de inversión)
[(*)]Rentas derivadas de contratos de seguro de no vida aceptado y correspondientes a obligaciones de seguro distintas de las obligaciones de seguro de enfermedad]		Rentas... (*)	
		C0140	C0150
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		2.049.283.791,54
Total importes recuperables del reaseguro, SPV y reaseguro limitado, antes del ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0040		-1.346.398,87
Importes recuperables de contratos de reaseguro (excepto SPV y reaseguro limitado antes del ajuste por pérdidas esperadas)	R0050		-1.346.398,87
Importes recuperables de SPV antes del ajuste por pérdidas esperadas	R0060		0,00
Importes recuperables de contratos de reaseguro limitado antes del ajuste por pérdidas esperadas	R0070		0,00
Total importes recuperables del reaseguro, SPV y reaseguro limitado, tras el ajuste por pérdidas esperadas por incumplimiento de la contraparte	R0080	0,00	-1.346.523,25
Mejor estimación menos importes recuperables de reaseguro,SPV y reaseguro limitado	R0090		2.050.630.314,79
Margen de riesgo	R0100	0,00	33.547.887,80
Importe de la medida transitoria sobre provisiones técnicas			
Provisiones técnicas calculadas en su conjunto	R0110		0,00
Mejor estimación	R0120		0,00
Margen de riesgo	R0130		0,00
Total Provisiones técnicas	R0200		2.082.831.679,34
Total Provisiones técnicas menos importes recuperables de reaseguro SPV y reaseguro limitado	R0210	0,00	2.084.178.202,59
Mejor estimación de los productos con opción de rescate	R0220		
Mejor estimación neta de los flujos de caja			
Salidas de caja			
Prestaciones garantizadas y discrecionales futuras	R0230		2.572.701.661,33
Prestaciones garantizadas futuras	R0240		2.163.552.120,36
Prestaciones discrecionales futuras	R0250		8.002.937,25
Gastos y otras salidas de caja futuros	R0260		
Entradas de caja			
Primas futuras	R0270		
Otras entradas de caja	R0280		
Porcentaje de la mejor estimación bruta calculado utilizando aproximaciones	R0290		
Valor de rescate	R0300		1.655.894.951,44
Mejor estimación sujeta a la medida transitoria sobre el tipo de interés	R0310		0,00
Provisiones técnicas sin medida transitoria sobre el tipo de interés	R0320		0,00
Mejor estimación sujeta a ajuste por volatilidad	R0330		2.049.283.791,54
Provisiones técnicas sin ajuste por volatilidad ni otras medidas transitorias	R0340		2.055.150.914,82
Mejor estimación sujeta a ajuste por casamiento	R0350		0,00
Provisiones técnicas sin ajuste por casamiento ni todas las demás medidas transitorias	R0360		0,00

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

Modelo S.22.01
 Ejercicio 2021

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

	Importe con medidas de garantías a largo plazo y medidas transitorias	Impacto de las medidas de garantías a largo plazo y las medidas transitorias (enfoque gradual)									
		Sin medida transitoria sobre las provisiones técnicas	Impacto de la medida transitoria sobre las provisiones técnicas	Sin medida transitoria sobre el tipo de interés	Impacto de la medida transitoria sobre el tipo de interés	Sin ajuste por volatilidad y sin otras medidas transitorias	Impacto del ajuste por volatilidad fijado en cero	Sin ajuste por casamiento ni todas las demás medidas transitorias	Impacto del ajuste por casamiento fijado en cero	Impacto de todas las medidas de garantías a largo plazo y las medidas transitorias	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	
Provisiones técnicas	R0010	2.082.831.679,36	2.082.831.679,36	0,00	2.082.831.679,36	0,00	3.088.698.802,64	5.807.123,28	3.088.698.802,64	0,00	5.807.123,28
Fondos propios básicos	R0020	207.192.161,69	207.192.161,69	0,00	207.192.161,69	0,00	303.792.188,98	-4.399.972,71	303.792.188,98	0,00	-4.399.972,71
Excedente de los activos respecto a los pasivos	R0030	207.192.161,69	207.192.161,69	0,00	207.192.161,69	0,00	303.792.188,98	-4.399.972,71	303.792.188,98	0,00	-4.399.972,71
Fondos propios restringidos debido a fondos de disponibilidad limitada y carteras sujetas a ajuste por casamiento	R0040	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Fondos propios admisibles para cubrir el capital de solvencia obligatorio	R0050	207.192.161,69	207.192.161,69	0,00	207.192.161,69	0,00	303.792.188,98	-4.399.972,71	303.792.188,98	0,00	-4.399.972,71
Nivel 1	R0060	204.963.815,42	204.963.815,42	0,00	204.963.815,42	0,00	199.097.185,15	-5.866.630,27	199.097.185,15	0,00	-5.866.630,27
Nivel 2	R0070	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Nivel 3	R0080	2.228.346,27	2.228.346,27	0,00	2.228.346,27	0,00	3.695.003,83	1.466.637,56	3.695.003,83	0,00	1.466.637,56
Capital de solvencia obligatorio	R0090	66.521.296,77	66.521.296,77	0,00	66.521.296,77	0,00	67.001.416,83	480.120,06	67.001.416,83	0,00	480.120,06
Fondos propios admisibles para cubrir el capital mínimo obligatorio	R0100	204.963.815,42	204.963.815,42	0,00	204.963.815,42	0,00	199.097.185,15	-5.866.630,27	199.097.185,15	0,00	-5.866.630,27
Capital mínimo obligatorio	R0110	29.935.483,52	29.935.483,52	0,00	29.935.483,52	0,00	30.151.537,57	216.054,02	30.151.537,57	0,00	216.054,02

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

Modelo S.23.01
 Ejercicio 2021
 Página 1

FONDOS PROPIOS

Fondos propios básicos	Total	Nivel 1 No restringido	Nivel 1 Restringido	Nivel 2	Nivel 3
	C0010	C0020	C0030	C0040	C0050
Capital social de acciones ordinarias (incluidas las acciones propias)	R0010	102.044.180,70	102.044.180,70		
Prima de emisión de las acciones ordinarias	R0030	1.717,30	1.717,30		
Fondo mutual inicial	R0040	0,00	0,00		
Cuentas mutuales subordinadas	R0050	0,00		0,00	0,00
Fondos excedentarios	R0070	0,00	0,00		
Acciones preferentes	R0090	0,00		0,00	0,00
Primas de emisión de acciones y participaciones preferentes	R0110	0,00		0,00	0,00
Reserva de conciliación	R0130	102.917.917,42	102.917.917,42		
Pasivos subordinados	R0140	0,00		0,00	0,00
Importe equivalente al valor de los activos por impuestos diferidos netos	R0160	2.228.346,27			2.228.346,27
Otros elementos aprobados por la autoridad supervisora como fondos propios básicos no especificados anteriormente	R0180	0,00	0,00	0,00	0,00
Fondos propios de los estados financieros que no deben representarse mediante la reserva de reconciliación y no satisfacen los criterios para su clasificación como fondos propios de Solvencia II					
Fondos propios de los estados financieros que no deben representarse mediante la reserva de reconciliación y no satisfacen los criterios para su clasificación como fondos propios de Solvencia II	R0220	0,00			
Deducciones no incluidas en la reserva de reconciliación					
Deducción por participaciones en entidades financieras y de crédito	R0230	0,00	0,00	0,00	0,00
Total fondos propios básicos después de ajustes	R0290	207.192.161,69	204.963.815,42	0,00	2.228.346,27

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

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 Página 2

FONDOS PROPIOS

Fondos propios complementarios	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
Capital social ordinario no desembolsado ni exigido	R0300	0,00		0,00	
Fondo mutual inicial no desembolsado ni exigido	R0310	0,00		0,00	
Capital social de acciones preferentes no desembolsado ni exigido	R0320	0,00		0,00	0,00
Compromiso jurídico para suscribir y pagar los pasivos subordinados a instancia del tenedor	R0330	0,00		0,00	0,00
Cartas de crédito y garantías establecidas en el artículo 96.2 de la Directiva	R0340	0,00		0,00	
Otras cartas de crédito y garantías guardadas en depósito distintas de las establecidas en el artículo 96.2 de la Directiva	R0350	0,00		0,00	0,00
Derramas futuras exigibles a las mutuas y sociedades mutualistas de navieros establecidas en el párrafo primero punto 3 del art. 96 de la Directiva 2009/138/EC	R0360	0,00		0,00	
Derramas futuras exigibles a las mutuas y sociedades mutualistas de navieros distintas a las establecidas en el párrafo primero punto 3 del art. 96 de la Directiva 2009/138/EC	R0370	0,00		0,00	0,00
Otros fondos propios complementarios	R0390	0,00		0,00	0,00
Total de fondos propios complementarios	R0400	0,00		0,00	0,00

Fondos propios disponibles y admisibles	Total C0010	Nivel 1 No restringido C0020	Nivel 1 Restringido C0030	Nivel 2 C0040	Nivel 3 C0050
Total de fondos propios disponibles para cubrir el CSO	R0500	207.192.161,69	204.963.815,42	0,00	0,00
Total de fondos propios disponibles para cubrir el CMO	R0510	204.963.815,42	204.963.815,42	0,00	0,00
Total de fondos propios admisibles para cubrir el CSO	R0540	207.192.161,69	204.963.815,42	0,00	0,00
Total de fondos propios admisibles para cubrir el CMO	R0550	204.963.815,42	204.963.815,42	0,00	0,00
CSO	R0580	66.523.296,77			
CMO	R0600	29.935.483,55			
Ratio Fondos propios admisibles sobre CSO	R0620	3,11			
Ratio Fondos propios admisibles sobre CMO	R0640	6,85			

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

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 Página 3

FONDOS PROPIOS

Reserva de conciliación

Reserva de reconciliación	Total C0060
Exceso de los activos respecto a los pasivos	R0700
Acciones propias (incluidas como activos en el balance)	R0710
Dividendos, distribuciones y costes previsibles	R0720
Otros elementos de los fondos propios básicos	R0730
Ajuste de elementos de fondos propios restringidos respecto a FDL y CSAC	R0740
Total reserva de conciliación	R0760

Beneficios esperados incluidos en primas futuras

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

Clave de la entidad... C0677

Modelo S.25.01

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

Ejercicio 2021

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	48.940.229,26	49.373.534,67	0,00
Riesgo de incumplimiento de contraparte	R0020	5.430.190,66	5.430.190,66	0,00
Riesgo de suscripción de seguro de vida	R0030	49.233.430,95	50.252.950,33	0,00
Riesgo de suscripción de seguros de salud	R0040	0,00	0,00	0,00
Riesgo de suscripción de seguros distintos del seguro de vida	R0050	0,00	0,00	0,00
Diversificación	R0060	-24.106.289,40	-24.411.339,71	
Riesgo del inmovilizado intangible	R0070	0,00	0,00	
Capital de solvencia obligatorio básico	R0100	79.497.561,47	80.645.335,95	

Cálculo del Capital de Solvencia Obligatorio		Importe
		C0100
Ajuste por la agregación del CSO nocional para FDL/CSAC	R0120	0,00
Riesgo operacional	R0130	9.200.167,57
Capacidad de absorción de pérdidas de las PPTT	R0140	-1.147.774,48
Capacidad de absorción de pérdidas de los impuestos diferidos	R0150	-22.174.432,26
Requerimiento de capital para actividades desarrolladas de acuerdo con el Artículo 4 de la Directiva 2003/41/EC	R0160	0,00
Capital de Solvencia Obligatorio excluida la adición de capital	R0200	66.523.296,78
Adición de capital	R0210	0,00
Capital de Solvencia Obligatorio	R0220	66.523.296,78

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 nocional para la parte restante	R0410	0,00
Importe total CSO nocional para los FDL	R0420	0,00
Importe total CSO nocional 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 nocional para FDL y CSAC	R0450 x38	
Beneficios discretionales futuros netos	R0460	8.002.937,25

Clave de la entidad... C0677

Modelo S.25.01

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

Ejercicio 2021

CAPITAL DE SOLVENCIA OBLIGATORIO			
Para empresas que emplean la fórmula estándar. Capacidad de absorción de pérdidas de los impuestos diferidos.			

Enfoque respecto al tipo impositivo		Si/No
		C0109
Enfoque basado en el tipo impositivo medio	R0590	Si

Cálculo del ajuste por la capacidad de absorción de pérdidas de los impuestos diferidos		Antes del shock	Después del shock	Capacidad de absorción de pérdidas de los impuestos diferidos
		C0110	C0120	C0130
Activos por impuestos diferidos	R0600	84877177,51	0	
Activos por impuestos diferidos, traspaso	R0610	621046,16	0	
Activos por impuestos diferidos debido a diferencias temporales deducibles	R0620	84256131,35	0	
Pasivos por impuestos diferidos	R0630	82648831,24	0	
Capacidad de absorción de pérdidas de los impuestos diferidos	R0640			-22174432,26
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por reversión de pasivos por impuestos diferidos	R0650			2228346,27
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por referencia a beneficios imponibles futuros probables	R0660			-24402778,53
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por traslado, año en curso	R0670			0
Capacidad de absorción de pérdidas de los impuestos diferidos justificada por traslado, años futuros	R0680			0
Máxima capacidad de absorción de pérdidas de los impuestos diferidos	R0690			-22174432,26

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.) C0078	Resultado CMO (L.L.) C0080	Mejor estimación neta más provisiones calculadas en su conjunto C0098	Capital en riesgo C0100	Mejor estimación neta más provisiones calculadas en su conjunto C0110	Capital en riesgo C0120
Componente de la fórmula lineal para las obligaciones de seguro y de reaseguro de vida	R0200	0,00	68.759.951,92			
Obligaciones con participación en beneficios - prestaciones garantizadas	R0210			0,00	1.631.238.400,37	
Obligaciones con participación en beneficios - prestaciones discretionales futuras	R0220			0,00	8.002.937,25	
Obligaciones de "index-linked" y "unit-linked"	R0230			0,00	5.587.131,11	
Otras obligaciones de (re)seguro de vida y enfermedad	R0240			0,00	405.801.846,06	
Capital en riesgo total por obligaciones de (re)seguro de vida	R0250					370.478.800,40

Cálculo global del Capital Mínimo Obligatorio (CMO)		Cálculo global C0138
Capital Mínimo Obligatorio lineal	R0300	68.759.951,92
Capital de Solvencia Obligatorio	R0310	66.523.296,77
Límite superior del Capital Mínimo Obligatorio	R0320	29.935.483,55
Límite inferior del Capital Mínimo Obligatorio	R0330	16.630.824,19
Capital Mínimo Obligatorio combinado	R0340	29.935.483,55
Límite mínimo absoluto del Capital Mínimo Obligatorio	R0350	3.700.000,00
Capital Mínimo Obligatorio	R0400	29.935.483,55

	Cálculo nacional	
	Actividades de seguros distintos del seguro de vida	Actividades de seguros de vida
	C0140	C0150
Capital Mínimo Obligatorio lineal nacional	R0500	68.759.951,92
Capital de Solvencia Obligatorio nacional, excluida la adición de C	R0510	0,01
Límite superior del Capital Mínimo Obligatorio nacional	R0520	29.935.483,54
Límite inferior del Capital Mínimo Obligatorio nacional	R0530	16.630.824,19
Capital Mínimo Obligatorio combinado nacional	R0540	29.935.483,55
Mínimo absoluto del Capital Mínimo Obligatorio nacional	R0550	3.700.000,00
Capital Mínimo Obligatorio Nacional	R0560	29.935.483,55

**CERTIFICACIÓN PARCIAL DE LOS ACUERDOS DEL CONSEJO DE ADMINISTRACIÓN
DE LA SOCIEDAD "MEDITERRÁNEO VIDA, SOCIEDAD ANÓNIMA DE SEGUROS Y
REASEGUROS" (SOCIEDAD UNIPERSONAL)**

D. Jaime Sánchez Santiago, en su condición de Secretario no consejero de la sociedad MEDITERRÁNEO VIDA, SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS (SOCIEDAD UNIPERSONAL), con domicilio social en Alicante, Edificio Hispania, calle Ausó y Monzó, 16, 8ª planta, inscrita en el Registro Mercantil de Alicante al tomo 1.423, folio 176, hoja A-12503, y titular de N.I.F. número A-03359635 (la "**Sociedad**"),

CERTIFICA

- I. Que el día **30** de marzo de 2022 se celebró mediante medios telemáticos, sin que mediara convocatoria previa, reunión del Consejo de Administración de la Sociedad con el carácter de universal.
- II. Que asistieron todos los miembros del Consejo de Administración, esto es, D. James P. Shinehouse, D. Antonio Trueba de Sinéty, D. Ignasi Camí Casellas, D. Eduardo Aguilar Fernández-Hontoria, D. Santiago Carlos Corral Escribano, D. Murray Andrew Wood y D. Antonio Delgado Infante, quienes decidieron por unanimidad constituirse en Consejo de Administración, así como D. Jaime Sánchez Santiago, Secretario no consejero del Consejo de Administración.
- III. Que actuaron como Presidente de la reunión el Presidente del Consejo, D. James P. Shinehouse, y como Secretario de la reunión D. Jaime Sánchez Santiago, Secretario no consejero del Consejo de Administración, con arreglo a los estatutos sociales.
- IV. Que los señores consejeros acordaron unánimemente debatir sobre, entre otros, el siguiente punto del Orden del Día:

ORDEN DEL DÍA

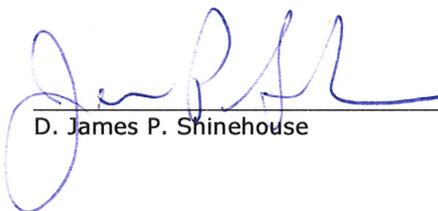
[...] Aprobación del Informe sobre Situación Financiera y de Solvencia de la Sociedad correspondiente al ejercicio 2021 [...]

- V. Que en dicha reunión se aprobó por acuerdo unánime de los miembros del Consejo de Administración el Informe sobre Situación Financiera y de Solvencia de la Sociedad correspondiente al ejercicio 2021 ("**ISFS**"), una copia del cual se adjunta como **Anexo I** a esta certificación, extendido en **82** folios de papel común, rubricados por el Secretario no Consejero. Asimismo, se aprobó por unanimidad que el citado ISFS se remitiera en tiempo y forma a la Dirección General de Seguros y Fondos de Pensiones, en el plazo y términos legalmente establecidos al efecto.

Y para que así conste a los efectos oportunos, yo, el Secretario no Consejero, expido la presente certificación, con el visto bueno del Sr. Presidente del Consejo, en Madrid, a **30** de marzo de 2022.

CON EL Vº Bº DEL SR. PRESIDENTE

EL SECRETARIO NO CONSEJERO



D. James P. Shinehouse



D. Jaime Sánchez Santiago